
INTERIM REPORT 2020/21

CENTURY ENTERTAINMENT INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 959)

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Corporate Information

BOARD OF DIRECTORS

Executive

Mr. Ng Man Sun (*Chairman and
Chief Executive Officer*)

Ms. Ng Wai Yee

Independent Non-executive

Ms. Yeung Pui Han, Regina

Mr. Li Chi Fai

Ms. Sie Nien Che, Celia

AUDIT COMMITTEE

Mr. Li Chi Fai (*Chairman*)

Ms. Yeung Pui Han, Regina

Ms. Sie Nien Che, Celia

COMPLIANCE COMMITTEE

Ms. Ng Wai Yee (*Chairman*)

Mr. Li Chi Fai

Mr. Wong Sze Lok

(*Assistant to the Director*)

Mr. Cheung Tai Chi

(*Company Secretary*)

REMUNERATION COMMITTEE

Ms. Yeung Pui Han, Regina (*Chairman*)

Ms. Ng Wai Yee

Ms. Sie Nien Che, Celia

NOMINATION COMMITTEE

Mr. Ng Man Sun (*Chairman*)

Ms. Yeung Pui Han, Regina

Ms. Sie Nien Che, Celia

COMPANY SECRETARY

Mr. Cheung Tai Chi

AUDITOR

Elite Partners CPA Limited

LEGAL ADVISER

Cheng, Yeung & Co.

INVESTOR RELATIONS

CONSULTANT

DLK Advisory Limited

STOCK CODE

959

BRANCH SHARE REGISTRAR

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Hong Kong

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Bermuda

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Central Plaza

18 Harbour Road, Wanchai

Hong Kong

The board (the "Board") of directors (the "Directors") of Century Entertainment International Holdings Limited ("Century Entertainment" or the "Company"; stock code: 959) report the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2020 (the "Period under Review") (the "2020 Interim Results"). The 2020 Interim Results have been reviewed by the audit committee of the Company.

FINANCIAL REVIEW

The principal activities of the Group are investment holdings, operating the gaming tables 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. For the Period under Review, the gaming business in Cambodia continued to be the main revenue driver for the Group.

The Group recorded a revenue of approximately HK\$2.7 million for the continuing operations for the Period under Review, decreasing 87.4% as compared to approximately HK\$21.5 million in the corresponding period 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 (i) the VIP room gaming business which had then been terminated from 1 June 2020; and (ii) the gaming table business and also that the work on the re-opening of the casino is still in progress. Net loss for the Period under Review was approximately HK\$6.2 million, decreasing 54.1% as compared to approximately HK\$13.5 million for the corresponding period last year. The decrease in loss was primarily the result of loss incurred for the period which was mainly due to the decrease in revenue as mentioned above and the amortisation of intangible assets for this period for continuing operations, which was then offset by the fair value gain on promissory notes and consultancy income.

Capital Structure

As at 30 September 2020, the Company's total number of issued shares was 1,282,475,614 (31 March 2020: 1,282,475,614) at HK\$0.20 each. The Group's consolidated net assets totalled approximately HK\$4.0 million, representing a decrease of approximately HK\$6.1 million as compared to that of approximately HK\$10.1 million as at 31 March 2020.

Management Discussion and Analysis

Settlement Promissory Notes and Convertible Bonds

On 29 December 2017, the Company entered into the Deed of Settlement in relation to the settlement of the disputes on the HK\$190 million promissory notes and issued the Settlement Promissory Notes and the Convertible Bonds to Ms. Lee Bing and Mr. Wu Weide (the "Holders"). The Settlement Promissory Notes amounted to HK\$30,000,000 fell due on 23 January 2020 and the Convertible Bonds amounted to HK\$30,000,000 matured on 23 October 2020 respectively. As at the date of this report, the Settlement Promissory Notes in the amount of HK\$28,000,000 and the Convertible Bonds in the amount of HK\$30,000,000 are outstanding and negotiation with the Holders on the settlement plan is in progress.

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 2020, the Group had total assets and net assets of approximately HK\$146.8 million (31 March 2020: approximately HK\$157.0 million) and approximately HK\$4.0 million (31 March 2020: approximately HK\$10.1 million) respectively, comprising non-current assets of approximately HK\$90.3 million (31 March 2020: approximately HK\$106.4 million) and current assets of approximately HK\$56.5 million (31 March 2020: approximately HK\$50.6 million) which were financed by shareholders' funds of approximately HK\$4.0 million (31 March 2020: approximately HK\$10.1 million). The Group also had current liabilities of approximately HK\$137.8 million (31 March 2020: approximately HK\$129.2 million) and non-current liabilities of approximately HK\$5.0 million (31 March 2020: approximately HK\$17.7 million).

The Group's gearing ratio, calculated as a ratio of debt to shareholders' equity, was approximately 3,594% (31 March 2020: approximately 1,449%).

BUSINESS REVIEW

Overview

The outbreak of the coronavirus (COVID-19) and its subsequential travel restriction hit hard the globe's economy. The number of international visitors to Cambodia during the first half of 2020 was down 64.6% year-on-year to 1.18 million, according to the Ministry of Tourism of Cambodia. Tourism revenue in 2020 thus decreased US\$5 billion. The temporary closure of all casinos in Cambodia since 1 April 2020 significantly impacted the landscape of the gaming industry in Cambodia, where the Group's businesses inevitably suffered.

Gaming Table Business in Cambodia

On 6 July 2020, the Company has been notified by Lion King Entertainment Company Limited ("Lion King"), a wholly-owned subsidiary of Cheung Shing Global Travel Entertainment Limited ("CSG") and being the assignor of the Gaming Table Business Rights, that in light of the outbreak of COVID-19 and the temporary closure of all casinos in Cambodia, Lion King was unsuccessful to negotiate with the landlord for any possibility to reduce the lease payment of the Century Entertainment casino (the "Casino") and decided to move the Casino to a new location.

On 30 September 2020, CSG and LongBay Entertainment Co., Ltd., a property investment and property development company, have entered into a casino lease and operation agreement for a term from 1 October 2020 to 30 September 2035, for a new casino location at Dara Sakor, Koh Kong Province. The new casino is currently under interior decoration and is expected to re-open by 31 January 2021.

Management Discussion and Analysis

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

The businesses of the Explicitly Grand Group had been affected by the outbreak of COVID-19 since early January 2020 and led to potential deals under negotiation could not be sealed. Given the uncertainties and sentiments surrounding the market, the Company holds a more conservative approach towards the business operation of the Explicitly Grand Group when assessing the viability of potential projects and by closely evaluating their financial performance. During the Period under Review, the Explicitly Grand Group contributed a revenue of approximately HK\$2.7 million to the Group.

Technical and Pre-opening Services

On 20 September 2020, Victor Mind Global Limited (“VMG”), a wholly-owned subsidiary of the Company, and a third-party hotel operator company entered into a service agreement (the “Service Agreement”), pursuant to which VMG shall provide technical and pre-opening services in relation to a casino operated by the hotel operator company.

The technical and pre-opening services are in relation to, among other things, (i) the design, development and implementation of information technology system in the casino; (ii) the overall design of the casino; (iii) the establishment of organization and operation structure of the casino; (iv) the setting up of internal control system of the casino; (v) the provision of headhunting and recruiting services for the casino; (vi) the procurement of essential hardware, equipment and peripheral facilities of the casino; (vii) liaise with the casino’s designer and constructor to monitor the overall progress and report deficiencies of the decoration of the casino; and (viii) the procurement of all relevant licenses and permits in Cambodia for the operation of the casino.

The Company has solid experience in pre-opening services and operation of gaming business in Asia Pacific region, and had also provided such services to CSG previously for its casino at Sunshine Bay Hotel. The term of technical and pre-opening services commenced from 20 September 2020 until completion, which is expected to be before 31 January 2021, and VMG received service fees of HK\$4 million.

Discontinued Operation

The Group has operated a VIP Room with 13 baccarat tables in Cambodia via VMG under a license agreement valid for a period of 3 years from 1 December 2017. The operation of the VIP Room was outsourced to an independent operator appointed by VMG.

Due to the temporary closure of all casinos in Cambodia since 1 April 2020, on 27 May 2020, VMG and the Licensor entered into a termination agreement (the "Termination Agreement") pursuant to which both parties have mutually agreed to early terminate the license agreement, which will expire on 30 November 2020, with effect from 1 June 2020. The Company is of the view that early termination of the license agreement without compensation is a favorable opportunity for the Company to minimize the Group's cash outlay during the COVID-19 epidemic period as well as minimizing the impact of the temporary closure of casino business to the Group.

OUTLOOK AND PROSPECT

In Cambodia, the new Law on the Management of Integrated Resorts and Commercial Gambling (“LMCG”) was enforced on 21 November 2020. The publication of LMCG is intended to boost the economic growth by promoting the tourism sector and creating jobs. LMCG establishes a standard for commercial gambling such as tax revenues, competencies, rules and procedures and a minimum capital for casino investments in Cambodia, where only tourists can legally gamble. The legislation divides Cambodia into three distinct gaming zones namely, Prohibited Zones, Permitted Zones and Favored Zones. Dara Sakor is located at the Favored Zones which are now the only areas where new integrated resorts can be developed.

With challenges come opportunities. During this difficult time, the Company believes that the new location of the casino operation at Dara Sakor in Cambodia will bring a brighter prospect in the future as it is one of the most rapidly developing districts in Cambodia, and is confident that the overall tourist and gaming industries will come with silver lining when potential vaccines are coming into place.

Looking ahead, the Group remains dedicated to strengthening Cambodia gaming business by riding on the Group’s comprehensive knowledge and in-depth experience in gaming industry in the Asia Pacific region. With the implementation of the LMCG, the Group believes that it will allow a more effective control and regulation over casino operation, gaining operators’ trust and facilitating the gaming industry in the long run. In addition, the Group will continue to leverage stringent cost control to mitigate the cost burden and operational risks.

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

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 2020 (2019: 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 2020.

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Save as disclosed below, as at 30 September 2020, none of the Directors and chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register(s) and kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange.

Long Position in shares and underlying shares of the Company

Name of Directors	Capacity	Number of shares held	Number of underlying shares held	Total	Approximate percentage of issued share capital
Mr. Ng Man Sun	Beneficial owner	355,494,593	7,454,780 <i>(Note 1)</i>	362,949,373	28.30%
	Interest in a controlled corporation <i>(Note 2)</i>	307,366	-	307,366	0.02%
	Total	355,801,959	7,454,780 <i>(Note 1)</i>	363,256,739	28.32%
Ms. Ng Wai Yee	Beneficial owner	-	7,703,040 <i>(Note 1)</i>	7,703,040	0.60%
Ms. Yeung Pui Han, Regina	Beneficial owner	-	2,213,040 <i>(Note 1)</i>	2,213,040	0.17%
Mr. Li Chi Fai	Beneficial owner	-	1,964,780 <i>(Note 1)</i>	1,964,780	0.15%
Ms. Sie Nien Che, Celia	Beneficial owner	300,000	1,716,520 <i>(Note 1)</i>	2,016,520	0.16%

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

Long Position in shares and underlying shares of the Company (CONTINUED)

Notes:

1. These interests represent the number of underlying shares in respect of the 2012 Scheme (as defined below), the details of which are set out under section headed "Share Option Scheme" on page 12 and note 19 to condensed consolidated interim financial statements.
2. For 307,366 shares being held by East Legend Holdings Limited ("East Legend"), Mr. Ng Man Sun is interested in the entire issued share capital of East Legend and he is deemed to be interested in the 307,366 shares held by East Legend.

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under sections headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above and "Share Option Scheme" below, at no time during the six months ended 30 September 2020 was the Company, or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate and neither the Directors nor any of their spouses or children under 18 years of age, had any right to subscribe for shares or debt securities of the Company, or had exercised any such rights during the Period under Review.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2020, other than interests as disclosed above in respect of Mr. Ng Man Sun as Director, the Chairman and CEO (as defined below), Ms. Ng Wai Yee, Ms. Yeung Pui Han, Regina, Mr. Li Chi Fai and Ms. Sie Nien Che, Celia as Directors, the following persons had interests or short position in the shares and underlying shares of the Company as recorded in the register(s) required to be kept under section 336 of the SFO.

Name	Capacity	Number of shares held	Approximate percentage of issued share capital
Ms. Cheng Wai Man	Beneficial owner	96,212,121	7.50%
Mr. Huang Wei Qiang	Beneficial owner	86,900,000	6.78%
Mr. Wong Kam Wah	Beneficial owner	82,542,121	6.44%

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "2012 Scheme") on 12 September 2012 which was valid and effective for 10 years from its date of adoption.

The purpose of the 2012 Scheme is to recognise eligible persons as incentives and rewards for their contribution to the Group.

SHARE OPTION SCHEME (CONTINUED)

The movements of the Company's share options outstanding under the 2012 Scheme during the Period under Review are as follows:

	Date of Grant (day/month/year)	No. of share options ('000)					Adjusted exercise price HK\$ (Note 2)
		As at 1 April 2020		As at 30 September 2020			
		Exercised (Note 2)	Lapsed	Exercise period (day/month/year)			
Directors							
Mr. Ng Man Sun	05/02/2013 (Note 1)	248	-	-	248	05/02/2013-04/02/2023	1.241
	03/03/2014	248	-	-	248	03/03/2014-02/03/2024	1.345
	10/03/2015	248	-	-	248	10/03/2015-09/03/2025	0.701
	01/12/2017	6,100	-	-	6,100	01/12/2017-30/11/2027	0.280
	17/12/2018	610	-	-	610	17/12/2018-16/12/2028	0.200
Ms. Ng Wai Yee	05/02/2013 (Note 1)	248	-	-	248	05/02/2013-04/02/2023	1.241
	03/03/2014	248	-	-	248	03/03/2014-02/03/2024	1.345
	10/03/2015	248	-	-	248	10/03/2015-09/03/2025	0.701
	25/04/2016	248	-	-	248	25/04/2016-24/04/2026	0.370
	01/12/2017	6,100	-	-	6,100	01/12/2017-30/11/2027	0.280
	17/12/2018	610	-	-	610	17/12/2018-16/12/2028	0.200
Ms. Yeung Pui Han, Regina	05/02/2013 (Note 1)	248	-	-	248	05/02/2013-04/02/2023	1.241
	03/03/2014	248	-	-	248	03/03/2014-02/03/2024	1.345
	10/03/2015	248	-	-	248	10/03/2015-09/03/2025	0.701
	25/04/2016	248	-	-	248	25/04/2016-24/04/2026	0.370
	01/12/2017	610	-	-	610	01/12/2017-30/11/2027	0.280
	17/12/2018	610	-	-	610	17/12/2018-16/12/2028	0.200

Other Information

SHARE OPTION SCHEME (CONTINUED)

	Date of Grant (day/month/year)	No. of share options ('000)					Adjusted exercise price HK\$ (Note 2)
		As at 1 April 2020		As at 30 September 2020			
		Exercised (Note 2)	Lapsed	Exercise period (day/month/year)			
Mr. Li Chi Fai	03/03/2014	248	-	-	248	03/03/2014-02/03/2024	1.345
	10/03/2015	248	-	-	248	10/03/2015-09/03/2025	0.701
	25/04/2016	248	-	-	248	25/04/2016-24/04/2026	0.370
	01/12/2017	610	-	-	610	01/12/2017-30/11/2027	0.280
	17/12/2018	610	-	-	610	17/12/2018-16/12/2028	0.200
Ms. Sie Nien Che, Celia	03/03/2014	248	-	-	248	03/03/2014-02/03/2024	1.345
	25/04/2016	248	-	-	248	25/04/2016-24/04/2026	0.370
	01/12/2017	610	-	-	610	01/12/2017-30/11/2027	0.280
	17/12/2018	610	-	-	610	17/12/2018-16/12/2028	0.200
Eligible employees	05/02/2013 (Note 1)	1,553	-	-	1,553	05/02/2013-04/02/2023	1.241
	03/03/2014	2,359	-	-	2,359	03/03/2014-02/03/2024	1.345
	10/03/2015	2,607	-	-	2,607	10/03/2015-09/03/2025	0.701
	25/04/2016	1,607	-	-	1,607	25/04/2016-24/04/2026	0.370
	01/12/2017	6,200	-	-	6,200	01/12/2017-30/11/2027	0.280
	17/12/2018	10,500	-	-	10,500	17/12/2018-16/12/2028	0.200

SHARE OPTION SCHEME (CONTINUED)

	Date of Grant (day/month/year)	No. of share options ('000)					Adjusted exercise price HK\$ (Note 2)
		As at 1 April 2020		As at 30 September 2020		Exercise period (day/month/year)	
		(Note 2)	Exercised	Lapsed	(Note 2)		
Service providers	05/02/2013 (Note 1)	2,483	-	-	2,483	05/02/2013-04/02/2023	1.241
	03/03/2014	2,483	-	-	2,483	03/03/2014-02/03/2024	1.345
	10/03/2015	1,242	-	-	1,242	10/03/2015-09/03/2025	0.701
	01/12/2017	6,100	-	-	6,100	01/12/2017-30/11/2027	0.280
	17/12/2018	8,000	-	-	8,000	17/12/2018-16/12/2028	0.200
In aggregate		66,182	-	-	66,182		

Notes:

- The exercise price of the share options has been changed from HK\$0.077 to HK\$1.540 as a result of the share consolidation passed by the shareholders at a special general meeting of the Company held on 27 March 2013, whereby every 20 shares of the Company of HK\$0.01 each were consolidated into 1 new share of the Company of HK\$0.20 each. Pursuant to the open offer of the Company completed on 16 May 2016, the number of share options were adjusted and the exercise price of the share options was also adjusted from HK\$1.540 to HK\$1.241.
- Pursuant to the open offer of the Company completed on 16 May 2016, the number of share options were adjusted and the exercise prices of the share options granted on 5 February 2013, 3 March 2014, 10 March 2015 and 25 April 2016 were also adjusted from HK\$1.540 to HK\$1.241, from HK\$1.670 to HK\$1.345, from HK\$0.870 to HK\$0.701 and from HK\$0.459 to HK\$0.370 respectively.
- At the annual general meeting of the Company held on 9 August 2016, shareholders have approved to refresh the general mandate limit that the total number of shares which may be issued upon exercise of all options to be granted under the 2012 Scheme must not exceed 10% of the shares of the Company in issue on the date of that annual general meeting.

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 Period under Review.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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 set out in the Model Code and its code of conduct regarding securities transactions throughout the Period under Review.

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 A.2.1 of the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

CORPORATE GOVERNANCE (CONTINUED)

Mr. Ng Man Sun currently assumes the roles of both the chairman (the “Chairman”) of the Board and the chief executive officer (the “CEO”) of the Company. 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 CG Code provides that non-executive directors should be appointed for a specific term, and subject to re-election.

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

Code provision E.1.2 of the CG Code provides that the chairman of the board should attend the annual general meeting.

Due to other business commitments, Mr. Ng Man Sun, being the Chairman of the Board, was unable to attend the AGM of the Company held on 10 September 2020. He had arranged Ms. Ng Wai Yee, another executive director (the “Executive Director”) of the Company and who is very familiar with the Group’s business and operations, to attend and chair the AGM.

REVIEW OF RESULTS

The Group's unaudited condensed consolidated interim financial statements for the six months ended 30 September 2020 and the accounting principles and practices adopted by the Group have been reviewed by the audit committee of the Company.

On behalf of the Board

Ng Man Sun

Chairman and Chief Executive Officer

Hong Kong, 26 November 2020

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 September 2020
(Expressed in Hong Kong dollars)

		Six months ended 30 September	
	<i>Note</i>	2020 HK\$' 000 (Unaudited)	2019 HK\$' 000 (Unaudited) (Re-presented)
Continuing operations			
Revenue	5	2,709	21,480
Cost of Sales		(600)	(14,068)
Gross profit		2,109	7,412
Other income and other gain	6	15,636	422
General and administrative expenses		(20,816)	(16,987)
Finance costs	7	(3,495)	(4,573)
Loss before taxation	8	(6,566)	(13,726)
Income tax	10	398	366
Loss for the period from continuing operations		(6,168)	(13,360)
Discontinued operation			
Loss for the period from discontinued operation		-	(181)
Loss for the period		(6,168)	(13,541)

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 September 2020

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 September	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Re-presented)
Loss for the period attributable to owners of the Company			
– from continuing operations		(6,168)	(13,360)
– from discontinued operation		–	(1,303)
		<u>(6,168)</u>	<u>(14,663)</u>
Profit for the period attributable to non-controlling interests			
– from continuing operations		–	–
– from discontinued operation		–	1,122
		<u>–</u>	<u>1,122</u>
Loss for the period		<u>(6,168)</u>	<u>(13,541)</u>
Loss per share			
Basic and diluted (HK cents)	12		
– From continuing and discontinued operations		(0.48)	(1.17)
– From continuing operations		(0.48)	(1.07)

The notes on pages 26 to 64 form part of these unaudited condensed consolidated interim financial statements.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2020
(Expressed in Hong Kong dollars)

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Loss and total comprehensive expense for the period	(6,168)	(13,541)
Total comprehensive expense attributable to:		
Owners of the Company	(6,168)	(14,663)
Non-controlling interests	-	1,122
	(6,168)	(13,541)

The notes on pages 26 to 64 form part of these unaudited condensed consolidated interim financial statements.

Condensed Consolidated Statement of Financial Position

At 30 September 2020

(Expressed in Hong Kong dollars)

	Note	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	13	1,334	1,576
Right-of-use assets		2,430	9,082
Intangible assets		71,041	80,251
Goodwill		14,257	14,257
Deposits paid for acquisition of computer software and property, plant and equipment		1,248	1,248
		90,310	106,414
Current assets			
Trade and other receivables	14	52,822	47,393
Cash and cash equivalents		3,650	3,217
		56,472	50,610
Current liabilities			
Trade and other payables	15	8,513	7,467
Other borrowings		96,046	84,745
Lease liabilities		2,606	8,297
Convertible bonds	17	29,650	27,723
Tax payables		999	999
		137,814	129,231
Net current liabilities		(81,342)	(78,621)

Condensed Consolidated Statement of Financial Position

At 30 September 2020
(Expressed in Hong Kong dollars)

	<i>Note</i>	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Total assets less current liabilities		8,968	27,793
Non-current liabilities			
Lease liabilities		–	1,213
Promissory notes	16	3,371	14,417
Deferred tax liabilities		1,624	2,022
		4,995	17,652
NET ASSETS		3,973	10,141
Capital and reserves			
Share capital	18	256,495	256,495
Reserves		(252,522)	(246,354)
TOTAL EQUITY		3,973	10,141

The notes on pages 26 to 64 form part of these unaudited condensed consolidated interim financial statements.

Condensed Consolidated Statement of Changes in Equity

At 30 September 2020

(Expressed in Hong Kong dollars)

	Attributable to the owners of the Company								Non-controlling interest	Total
	Share capital	Share premium	Special reserve	Contributed surplus	Capital reserve	Convertible bonds reserve	Accumulated losses	Sub-total		
	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
At 1 April 2019 (Audited balance)										
brought forward from 31 March 2019)	246,495	563,397	(22,470)	2,180,026	23,637	17,803	(2,974,528)	34,360	52,973	87,333
Issuance of convertible bonds	10,000	8,483	-	-	-	(3,483)	-	15,000	-	15,000
Loss for the period	-	-	-	-	-	-	(14,663)	(14,663)	1,122	(13,541)
At 30 September 2019 (unaudited)	256,495	571,880	(22,470)	2,180,026	23,637	14,320	(2,989,191)	34,697	54,095	88,792
At 1 April 2020 (Audited balance)										
brought forward from										
31 March 2020)	256,495	571,880	(22,470)	2,180,026	23,637	14,320	(3,013,747)	10,141	-	10,141
Loss for the period	-	-	-	-	-	-	(6,168)	(6,168)	-	(6,168)
At 30 September 2020 (unaudited)	256,495	571,880	(22,470)	2,180,026	23,637	14,320	(3,019,915)	3,973	-	3,973

The notes on pages 26 to 64 form part of these unaudited condensed consolidated interim financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2020
(Expressed in Hong Kong dollars)

	Six months ended 30 September	
	2020	2019
	HK\$' 000	HK\$' 000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(8,021)	(18,902)
Net cash generated from investing activities	32	548
Net cash generated from financing activities	8,422	21,080
Net increase/(decrease) in cash and cash equivalents	433	2,726
Cash and cash equivalents as at 1 April	3,217	1,201
Cash and cash equivalents as at 30 September	3,650	3,927

The notes on pages 26 to 64 form part of these unaudited condensed consolidated interim financial statements.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2020

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 Suite 6303-04, 63/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

The principal activities of the Company and its subsidiaries (together 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.

2. BASIS OF PREPARATION

(a) Statement of compliance

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” and other relevant HKASs and Interpretations and Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange.

2. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (CONTINUED)

The unaudited condensed consolidated interim financial statements should be read in conjunction with the Annual Report of the Group for the year ended 31 March 2020.

The unaudited condensed consolidated interim 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.

(b) Going concern

In preparing the unaudited condensed consolidated interim financial statements, the directors have considered the future liquidity of the Group in view of its net current liabilities position as at 30 September 2020. The Group incurred a consolidated net loss after taxation attributable to owners of the Company of approximately HK\$6,168,000 for the six months ended 30 September 2020, and had consolidated net current liabilities of approximately HK\$81,342,000 as at 30 September 2020. The consolidated net current liabilities of approximately HK\$81,342,000 were mainly contributed by the loan of approximately HK\$66,817,000 due to Mr. Ng Man Sun. The loan is interest free, unsecured and has no fixed repayment terms.

The directors adopted the going concern basis in the preparation of the unaudited condensed consolidated interim financial statements by obtaining financial support from Mr. Ng Man Sun.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2020

2. BASIS OF PREPARATION (CONTINUED)

(b) Going concern (CONTINUED)

In the opinion of the directors, 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 are satisfied that it is appropriate to prepare the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2020 on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for future liabilities which might arise and to reclassify non-current assets and non-current liabilities to current respectively. The effect of these adjustments has not been reflected in the unaudited condensed consolidated interim financial statements.

(c) Judgments and estimates

Preparing the unaudited condensed consolidated interim 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 unaudited condensed consolidated interim 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 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in preparing these unaudited condensed consolidated interim financial statements are consistent with those used in the Group's audited consolidated financial statements for the year ended 31 March 2020, except for the adoption of the Amendments to Reference to the Conceptual Framework in HKFRS Standards and the new/revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA which are relevant to the Group's operations and are effective for the Group's financial year beginning on 1 April 2020 as described below.

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated interim financial statements.

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 six months ended 30 September 2020 and 30 September 2019, the Group's operating activities are attributable to two operating segments focusing on (i) gaming and entertainment related businesses; and (ii) AR/VR applications.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2020

4. SEGMENT REPORT (CONTINUED)

These operating segments have been identified on the basis of internal management reports prepared in accordance with accounting policies which conform to HKFRSs, that are regularly reviewed by the CODM. Also, the gaming business in Vanuatu was disposed of on 31 March 2020 and was classified as discontinued operation. The following is an analysis of the Group's revenue and results by reportable and operating segments:

(a) Segment revenue and results

	Six months ended 30 September 2020 (Unaudited)		
	Gaming and entertainment HK\$'000	AR/VR applications HK\$'000	Total HK\$'000
Segment revenue			
External	-	2,709	2,709
Timing of revenue recognition			
Point in time	-	2,709	2,709
Segment results	(1,391)	2,104	713
Reconciliation:			
Other income			15,636
Amortisation of intangible assets			(9,210)
Impairment of trade receivables			(293)
Impairment of other receivables			(755)
Unallocated corporate expenses			(9,162)
Unallocated finance costs			(3,495)
Loss before taxation			(6,566)

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2020

4. SEGMENT REPORT (CONTINUED)

(a) Segment revenue and results (CONTINUED)

	Six months ended 30 September 2019 (Unaudited)				
	Continuing operations		Discontinued operation		Total
	Gaming and entertainment	AR/VR applications	Subtotal	Gaming and entertainment	
	HK\$'000 (Re-presented)	HK\$'000 (Re-presented)	HK\$'000 (Re-presented)	HK\$'000 (Re-presented)	HK\$'000 (Re-presented)
Segment revenue					
External	19,500	1,980	21,480	7,021	28,501
Timing of revenue recognition					
Point in time	<u>19,500</u>	<u>1,980</u>	<u>21,480</u>	<u>7,021</u>	<u>28,501</u>
Segment results	1,182	1,190	2,372	2,807	5,179
Reconciliation:					
Amortisation of intangible assets			(2,410)	(2,988)	(5,398)
Unallocated corporate expenses			(9,115)	-	(9,115)
Unallocated finance costs			<u>(4,573)</u>	<u>-</u>	<u>(4,573)</u>
Loss before taxation			(13,726)	(181)	(13,907)

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2020

4. SEGMENT REPORT (CONTINUED)

(a) Segment revenue and results (CONTINUED)

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

(b) Segment assets and liabilities

	30 September 2020 (Unaudited)			31 March 2020 (Audited)		
	Gaming and entertainment HK\$'000	AR/VR applications HK\$'000	Total HK\$'000	Gaming and entertainment HK\$'000	AR/VR applications HK\$'000	Total HK\$'000
Assets						
Segment assets	<u>78,174</u>	<u>59,996</u>	<u>138,170</u>	<u>117,113</u>	<u>29,910</u>	<u>147,023</u>
Unallocated corporate assets			<u>8,612</u>			<u>10,001</u>
Consolidated total assets			<u>146,782</u>			<u>157,024</u>
Liabilities						
Segment liabilities	<u>1,404</u>	<u>3,940</u>	<u>5,344</u>	<u>19,993</u>	<u>3,838</u>	<u>23,831</u>
Unallocated corporate liabilities			<u>148,510</u>			<u>123,052</u>
Consolidated total liabilities			<u>153,854</u>			<u>146,883</u>

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2020

4. SEGMENT REPORT (CONTINUED)

(c) Other segment information

	Six months ended 30 September 2020 (Unaudited)			
	Gaming and entertainment	AR/VR applications	Other	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other segment information				
Amounts included in the measure of segment profit or loss or segment assets				
Depreciation of property, plant and equipment	55	-	187	242
Depreciation of right-of-use assets	1,332	-	1,325	2,657
Finance costs	17	-	3,478	3,495
Income tax credit	-	(398)	-	(398)
Amortisation of intangible assets	6,800	2,410	-	9,210

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2020

4. SEGMENT REPORT (CONTINUED)

(c) Other segment information (CONTINUED)

	Six months ended 30 September 2019 (Unaudited)					Total HK\$' 000 (Re-presented)
	Gaming and entertainment HK\$' 000 (Re-presented)	Continuing operations AR/VR applications HK\$' 000 (Re-presented)	Other HK\$' 000 (Re-presented)	Subtotal HK\$' 000 (Re-presented)	Discontinued operation Gaming and entertainment HK\$' 000 (Re-presented)	
Depreciation of property, plant and equipment	55	27	151	233	1,312	1,545
Depreciation of right-of-use assets	-	-	1,420	1,420	-	1,420
Finance costs	-	-	4,573	4,573	-	4,573
Income tax credit	-	(366)	-	(366)	-	(366)
Amortisation of intangible assets	-	2,410	-	2,410	2,988	5,398

Other segment information

Amounts included in the
measure of segment
profit or loss or
segment assets

Depreciation of property, plant and equipment	55	27	151	233	1,312	1,545
Depreciation of right-of-use assets	-	-	1,420	1,420	-	1,420
Finance costs	-	-	4,573	4,573	-	4,573
Income tax credit	-	(366)	-	(366)	-	(366)
Amortisation of intangible assets	-	2,410	-	2,410	2,988	5,398

4. SEGMENT REPORT (CONTINUED)

(d) Major customer

Revenue from external customers contributing 10% or more to the Group's revenue for the six months ended 30 September 2020 are as follows:

Customer	Six months ended 30 September	
	2020 HK\$' 000 (Unaudited)	2019 HK\$' 000 (Unaudited)
A	1,600	N/A (Note a)
B	909	N/A (Note a)

Other than as disclosed above, no other sales to a single customer of the Group accounted for 10% or more of total revenue of the Groups for the both periods.

Note:

- (a) The corresponding revenue did not contribute over 10% of the total revenue of the Group.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2020

4. SEGMENT REPORT (CONTINUED)

(e) Geographical

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

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Re-presented)
Continuing operations		
Hong Kong	2,709	1,980
Kingdom of Cambodia ("Cambodia")	—	19,500
	<u>2,709</u>	<u>21,480</u>
Discontinued operation		
Republic of Vanuatu ("Vanuatu")	—	7,021
Total	<u>2,709</u>	<u>28,501</u>

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2020

4. SEGMENT REPORT (CONTINUED)

(e) Geographical (CONTINUED)

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

	30 September 2020 HK\$' 000 (Unaudited)	31 March 2020 HK\$' 000 (Audited)
Hong Kong	27,624	31,548
Cambodia	62,686	74,866
	90,310	106,414

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2020

5. REVENUE

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

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Re-presented)
Continuing operations		
Revenue from investments in gaming and entertainment related businesses – Investment in VIP room in Cambodia		
Net gaming win	–	26,170
Less: Commission	–	(6,670)
Service income derived from AR/VR applications	2,709	1,980
	2,709	21,480

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2020

6. OTHER INCOME AND OTHER GAIN

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

	Six months ended 30 September	
	2020 HK\$' 000 (Unaudited)	2019 HK\$' 000 (Unaudited)
Continuing operations		
Consultancy fee income	4,000	–
Bank interest income	32	–
Fair value gain on promissory notes	11,046	–
Gain on disposal of property, plant and equipment	–	419
Gain on disposal of right-of-use assets	195	–
Government subsidy	363	–
Sundry income	–	3
	15,636	422

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2020

7. FINANCE COSTS

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Continuing operations		
Interest on promissory notes	–	2,187
Interest on convertible bonds	1,927	2,274
Interest on lease liabilities	168	90
Finance charges on obligations under a finance lease	–	1
Interest on other borrowings	1,400	21
Total interest expense on financial liabilities not at fair value through profit or loss	3,495	4,573

8. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Re-presented)
Continuing operations		
(a) Staff costs (including directors' emoluments)		
Salaries, allowances and other benefits	2,949	3,477
Contributions to defined contribution retirement plans	46	105
	<u>2,995</u>	<u>3,582</u>
(b) Other items		
Depreciation of property, plant and equipment	242	233
Depreciation of right-of-use assets	2,657	1,420
Amortisation of intangible assets	9,210	2,410
Expense related to short-term lease	538	4,340
Impairment of trade receivables	293	–
Impairment of other receivables	755	–

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2020

9. DIRECTORS' EMOLUMENTS

The summary of Directors' remuneration is as follows:

For the six months ended 30 September 2020

	Directors' fee HK\$'000 (Unaudited)	Salaries, allowances and benefits-in-kind HK\$'000 (Unaudited)	Retirement scheme contributions HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Executive Directors	-	666	9	675
Independent Non-executive Directors	222	-	-	222
	222	666	9	897

For the six months ended 30 September 2019

	Directors' fee HK\$'000 (Unaudited)	Salaries, allowances and benefits-in-kind HK\$'000 (Unaudited)	Retirement scheme contributions HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Executive Directors	-	664	9	673
Independent Non-executive Directors	222	-	-	222
	222	664	9	895

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2020

10. INCOME TAX

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

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

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Continuing operations		
Hong Kong profits tax		
Current period provision	–	(32)
Deferred tax		
In respect of current period	398	398
Total tax credit for the period	398	366

11. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2020 (2019: Nil).

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2020

12. LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share was based on the unaudited loss from continuing operations and loss from discontinued operation attributable to owners of the Company of approximately HK\$6,168,000 (2019: HK\$14,663,000) and the weighted average number of 1,282,475,000 (2019: 1,250,782,000) 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 2020 and 30 September 2019 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.

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2020, the Group has not acquired any property, plant and equipment (six months ended 30 September 2019: Nil). No property, plant and equipment was disposed of during the six months ended 30 September 2020 (six months ended 30 September 2019: HK\$129,000).

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2020

14. TRADE AND OTHER RECEIVABLES

	30 September 2020 HK\$' 000 (Unaudited)	31 March 2020 HK\$' 000 (Audited)
Trade receivables	4,049	2,840
Less: Allowance for credit losses	(841)	(548)
	3,208	2,292
Other receivables	56,116	52,116
Less: Allowance for credit losses	(10,599)	(9,844)
	45,517	42,272
Rental and other deposits	2,090	1,050
	50,815	45,614
Prepayments	2,007	1,779
	52,822	47,393

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2020

15. TRADE AND OTHER PAYABLES

	30 September 2020	31 March 2020
<i>Note</i>	HK\$' 000 (Unaudited)	HK\$' 000 (Audited)
Trade payables	600	-
Accruals and other payables	7,913	7,167
Due to related companies	-	300
	8,513	7,467

Note:

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

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

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2020

16. PROMISSORY NOTES

	30 September 2020 HK\$' 000 (Unaudited)	31 March 2020 HK\$' 000 (Audited)
At the beginning of the period/year	14,417	46,475
Issuance of promissory notes	-	62,000
Fair value adjustment	(11,046)	(47,583)
Effective interest on promissory notes	-	3,525
Transfer to other borrowing	-	(50,000)
	3,371	14,417
At the end of the period/year	3,371	14,417
Portion classified as current liabilities	-	-
Non-current portion	3,371	14,417

Notes:

- (a) On 18 October 2017, the Company issued unsecured promissory notes with principal value of HK\$14,000,000 for the acquisition of Explicitly Grand Investments Limited. The promissory notes are interest free and fall due on 17 October 2019. The fair values of the promissory notes at date of issuance was HK\$12,490,000. The promissory notes are subsequently measured at amortised cost, using effective interest rate of 5.87%. The promissory notes were settled on 4 March 2019.
- (b) In 2006, the Company issued promissory notes to directors of Greek Mythology and certain independent third parties with total face value of approximately HK\$1,454,722,000 as part of the consideration for the further 30% equity interest in Greek Mythology. The promissory notes were unsecured, non-interest bearing and repayable in 2016.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2020

16. PROMISSORY NOTES (CONTINUED)

Notes: (CONTINUED)

- (c) Pursuant to a subscription agreement (the "Subscription Agreement") entered into between the Company and a shareholder and director of the Company, Mr. Ng Man Sun, ("Mr. Ng") irrevocably undertook and guaranteed the Company that the irrecoverable debts from certain collaborators of AMA International Limited ("AMA") should not be more than HK\$50,000,000 for the year ended 31 March 2010. Otherwise, Mr. Ng would compensate the Company by offsetting against his promissory notes for the excess with a cap of face value of HK\$300,000,000.

In addition, during the year ended 31 March 2010, Mr. Ng irrevocably undertook and guaranteed the Company the repayment of debts due from the specified collaborators of AMA of up to HK\$300,000,000 on security of other promissory notes with a total face value of HK\$300,000,000.

During the year ended 31 March 2010, AMA made an allowance for impairment of bad and doubtful debts of approximately HK\$2,515,674,000 which included the amounts due from specific collaborators.

As a result, approximately HK\$400,106,000 was deducted from the face value of the promissory notes of HK\$600,000,000 held by Mr. Ng to offset against the bad and doubtful debts in AMA and recognised in the consolidated income statement for the year ended 31 March 2010.

On 18 March 2016 and 15 September 2016, the Company issued two separate writ of summons in the Court of First Instance of the High Court of Hong Kong claiming against Ms. Lee Bing ("Ms. Lee") and Mr. Wu Weide ("Mr. Wu").

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2020

16. PROMISSORY NOTES (CONTINUED)

Notes: (CONTINUED)

(c) (CONTINUED)

On 29 December 2017, the Company entered into the Deed of Settlement (the "Deed") in relation to the settlement of the disputes on the HK\$190 million promissory notes (the "PNs") with Ms. Lee and Mr. Wu (collectively the "Holders"), pursuant to which the Company has agreed with the Holders on a settlement proposal in respect of the PNs concerned. The Company and the Holders agreed the settlement as follow:

- i) paying a total sum of HK\$85,500,000 to the Holders in the following manner:
 - (a) the sum of HK\$5,500,000 and which shall be paid to the solicitors of the Holders;
 - (b) the sum of HK\$20,000,000 by the issuance of promissory notes ("PN1") in favour of the Holders and with a maturity date falling on the last business day of the period of nine calendar months after the issuance of promissory notes;
 - (c) the sum of HK\$30,000,000 by the issuance of promissory notes ("PN2") in favour of the Holders and with a maturity date falling on the last business day of the period of eighteen calendar months after the issuance of promissory notes; and
 - (d) the balance of HK\$30,000,000 to be satisfied by the issuance by the Company of convertible bonds in favour of the Holders ("CB1") at a conversion price of HK\$0.249 per share. In case the Holders intend to sell, transfer, assign or dispose of the CB1 or any part thereof to a third party, the Holders shall first serve a written notice to Mr. Ng, with a copy to the Company offering to sell to Mr. Ng;

and

- ii) transferring and assigning a total sum of HK\$104,500,000 of the PNs in favour of Mr. Ng Man Sun ("Mr. Ng") or such other person or entity as the Company shall nominate and the total sum of HK\$104,500,000 of the PNs was settled by issuing the convertible bonds ("CB2") at a conversion price of HK\$0.3 per share.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2020

16. PROMISSORY NOTES (CONTINUED)

Notes: (CONTINUED)

(c) (CONTINUED)

The above settlement have been approved by the independent shareholders at a special general meeting of the Company held on 19 June 2018. All the PN1, PN2, CB1 and CB2 were issued on 23 July 2018.

The PN1 and PN2 are interest free and fall due on 23 April 2019 and 23 January 2020 respectively. The fair values of PN1 and PN2 at the date of issuance were approximately HK\$18,064,000 and HK\$24,083,000 respectively. The PN1 and PN2 are subsequently measured at amortised cost, using effective interest rate of 14.53% and 15.73% respectively.

(d) On 31 March 2020, the Company issued unsecured promissory notes with principal value HK\$62,000,000 for the acquisition of the license right of gaming tables in Cambodia for 5 years. The promissory note are interest free and fall due on 29 September 2022. Pursuant to the Assignment Agreement, the promissory note is subjected to change according to the profits guarantee as following:

(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, the promissory note holder will use the promissory note to settle the first compensation amount as follow:

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

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2020

16. PROMISSORY NOTES (CONTINUED)

Notes: (CONTINUED)

(d) (CONTINUED)

In the event that the actual profit for the second 12 months ("Second Actual Profit") failed to meet the Second Guaranteed Profit, the promissory note holder will use the promissory note 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 assignment commencement.

The fair value of the promissory note at the date of issue is approximately HK\$14,417,000. The promissory note was treated as contingent consideration payable 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.

At 30 September 2020, the fair value of the promissory note is HK\$3,371,000.

The fair value of the promissory note as at 30 September 2020 was categorised as Level 3 under the fair value measurement hierarchy and was determined by an independent qualified valuer engaged by the Company using Monte-Carlo simulation approach with the key assumptions and input described below:

Key input	Sensitivity analysis
17.6% discount rate	The higher the discount rate, the lower the value of the promissory note and vice versa

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2020

17. CONVERTIBLE BONDS

The liabilities component of convertible bonds is as follows:

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
CB1	29,650	27,723
CB2	-	-
At the end of the period/year	29,650	27,723
Portion classified as current liabilities	(29,650)	(27,723)
Non-current portion	-	-

17. CONVERTIBLE BONDS (CONTINUED)

As mentioned in note 16 to the condensed consolidated interim financial statements, the Company issued CB1 and CB2 to settle part of the PNs.

CB1

The principal amount of CB1 is HK\$30,000,000. The holders of the CB1 will be able to convert the outstanding principal amount in whole or in part (in multiples of HK\$1,000,000) into ordinary shares of the Company at a conversion price of HK\$0.249 per conversion share (subject to be customary anti-dilutive adjustments) until the maturity date (i.e. 23 October 2020). The Company has an option to early redeem the CB1 at an amount equal to 100% of the principal amount any time since the issue date but before the maturity date. The CB1 is not interest bearing.

The CB1 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 CB1 on maturity date if the CB1 is not converted or redeemed).

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2020

17. CONVERTIBLE BONDS (CONTINUED)

CB1 (CONTINUED)

On initial recognition of the CB1, the equity component 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. The value of the early redemption option embedded in the CB1 other than the equity component (i.e. the conversion option) is included in 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 CB1 as a whole. The fair value of the liability component was calculated using a discounted cash flow approach. The key unobservable input of the valuation is the discount rate adopted of 14.34%. At subsequent reporting dates, the liability component (that does not include the early redemption option) is carried at amortised cost with an effective interest rate of 14.34%.

Movements of the carrying amount of the liability component of the CB1 are as follow:

	30 September 2020 HK\$' 000 (Unaudited)	31 March 2020 HK\$' 000 (Audited)
At the beginning of the period/year	27,723	24,237
Interest expense (based on effective interest)	1,927	3,486
At the end of the period/year	29,650	27,723

17. CONVERTIBLE BONDS (CONTINUED)

CB2

The principal amount of CB2 is HK\$104,500,000. The holder of the CB2 will be able to convert the outstanding principal amount in whole or in part (in multiples of HK\$1,000,000) into ordinary shares of the Company at a conversion price of HK\$0.3 per conversion share (subject to be customary anti-dilutive adjustments) until the maturity date (i.e. 23 July 2019). The Company has an option to early redeem the CB2 at an amount equal to 100% of the principal amount any time since the issue date but before the maturity date. The CB2 is not interest bearing.

The CB2 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 CB2 on maturity date if the CB2 is not converted or redeemed).

On initial recognition of the CB2, the equity component 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. The value of the early redemption option embedded in the CB2 other than the equity component (i.e. the conversion option) is included in 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 CB2 as a whole. The fair value of the liability component was calculated using a discounted cash flow approach. The key unobservable input of the valuation is the discount rate adopted of 13.84%. At subsequent reporting dates, the liability component (that does not include the early redemption option) is carried at amortised cost with an effective interest rate of 13.84%.

Notes to Condensed Consolidated Interim Financial Statements

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17. CONVERTIBLE BONDS (CONTINUED)

CB2 (CONTINUED)

Movements of the carrying amount of the liability component of the CB2 are as follows:

	30 September 2020 HK\$' 000 (Unaudited)	31 March 2020 HK\$' 000 (Audited)
At the beginning of the period/year	-	14,410
Interest expense (based on effective interest)	-	590
Conversion	-	(15,000)
At the end of the period/year	-	-

Notes to Condensed Consolidated Interim Financial Statements

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18. SHARE CAPITAL

	<i>Note</i>	Number of ordinary shares of HK\$0.2 per share '000	HK\$' 000
Authorised:			
At 31 March 2020, 1 April 2020 and 30 September 2020		<u>2,000,000</u>	<u>400,000</u>
Issued and fully paid:			
At 1 April 2019		1,232,475	246,495
Shares issued under conversion of convertible bonds	a	<u>50,000</u>	<u>10,000</u>
At 31 March 2020, 1 April 2020 and 30 September 2020		<u>1,282,475</u>	<u>256,495</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2020

18. SHARE CAPITAL (CONTINUED)

Note:

- (a) Shares issued under conversion of convertible bonds

On 26 July 2019, convertible bonds with an aggregate principal amount of HK\$15,000,000 were converted into 50,000,000 ordinary shares of the Company at a conversion price of HK\$0.3 each.

19. SHARE OPTION SCHEME

2012 Scheme

The Company's share option scheme (the "2012 Scheme"), which was adopted pursuant to an ordinary resolution passed by the shareholders of the Company on 12 September 2012 for the purpose of providing incentives to certain eligible participants and unless otherwise cancelled or amended, will expire on 11 September 2022. Under the 2012 Scheme, the Directors may grant share options to eligible employees, including Executive Directors, or any persons or entities who have contributed or will contribute to the growth and development of the Group, to subscribe for shares in the Company.

19. SHARE OPTION SCHEME (CONTINUED)

2012 Scheme (CONTINUED)

Under the 2012 Scheme, the Directors may grant options to the following eligible participants:

- (i) any employee, executives or officers or proposed employees, executives or officers (whether full time or part time and including any Executive Director) of the Company, and of its subsidiaries or any entity (the "Invested Entity") in which the Group holds any equity interests and any of such subsidiaries or any Invested Entity;
- (ii) any Non-executive Directors (including Independent Non-executive Directors) of the Company and any of its subsidiaries or any Invested Entity;
- (iii) any supplier of goods or services to any member of the Group or any Invested Entity;
- (iv) any customer of the Group or any Invested Entity;
- (v) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and
- (vi) any person or entity who from time to time determined by the Board of Directors as having contributed or may contribute to the development and growth of the Group based on his or its performance and/or years of service, or is regarded as valuable resources of the Group based on his/its working experience, knowledge in the industry and other relevant factors.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2020

19. SHARE OPTION SCHEME (CONTINUED)

2012 Scheme (CONTINUED)

The total number of shares which may be issued upon exercise of all options to be granted under the 2012 Scheme of the Company must not in aggregate exceed 10% of the shares in issue at the date of approval of the 2012 Scheme. The total number of shares available for issue under the 2012 Scheme is 415,265,572 shares (25,773,458 shares after share consolidation and open offer), representing approximately 10% of the shares in issue as at the date of approval of the 2012 Scheme on 12 September 2012.

The number and exercise prices of the share options are adjusted as a result of the completion of open offer on 16 May 2016 in the proportion of one offer shares for every two existing shares held. The exercise prices shown as below represent the adjusted exercise prices as at 30 September 2020.

	30 September 2020		31 March 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
At the beginning of the period/year and outstanding at the end of the period/year	<u>66,182,000</u>	<u>0.373</u>	<u>66,182,000</u>	<u>0.373</u>
Exercisable at the end of the period/year	<u>66,182,000</u>	<u>0.373</u>	<u>66,182,000</u>	<u>0.373</u>

19. SHARE OPTION SCHEME (CONTINUED)

2012 Scheme (CONTINUED)

At the annual general meeting held on 9 August 2016, shareholders have approved to refresh the general mandate limit that the total number of shares which may be issued upon exercise of all options to be granted under the 2012 Scheme must not exceed 10% of the shares of the Company in issue on the date of that annual general meeting. A total of 51,319,917 options to subscribe for a total of 51,319,917 shares, representing 10% of the total number of shares in issue as at the annual general meeting on 9 August 2016, were approved to be granted.

The maximum number of shares in respect of which options may be granted under the 2012 Scheme must not in aggregate exceed 30% of the shares of the Company in issue from time to time. The number of shares in respect of which options may be granted to any participant is not permitted to exceed 1% of the shares of the Company in issue during the 12-month period before the date of grant without prior approval from the Company's shareholders. Any grant of options under the 2012 Scheme to a Director, chief executive or substantial shareholder of the Company or any of their respective associates (as defined under the Listing Rules) must be approved by the Independent Non-executive Directors of the Company. In addition, any grant of options to a substantial shareholder or an Independent Non-executive Director or any of their respective associates in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK\$5 million within any 12-month period must be approved by shareholders of the Company in general meeting.

Unless otherwise determined by the Directors of the Company and stated in the offer of the grant of options to a grantee, there is no minimum period required under the 2012 Scheme for holding of an option before it can be exercised.

Notes to Condensed Consolidated Interim Financial Statements

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19. SHARE OPTION SCHEME (CONTINUED)

2012 Scheme (CONTINUED)

An offer for the grant of options to a grantee shall be accepted by no later than 28 days from the date of offer. HK\$1 per grant of options is payable on the acceptance of the grant of options. Options may be exercised in accordance with the terms of the 2012 Scheme and expiring in accordance with the terms of the 2012 Scheme or upon the expiry of the tenth anniversary of the 2012 Scheme, whichever is the earlier.

The exercise price is determined by the Directors of the Company, and shall not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotations sheets of the Stock Exchange on the date of the offer of grant; (ii) the average closing price of the Company's shares as stated in the daily quotations sheets of the Stock Exchange for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Company's share.

The 2012 Scheme will remain in force for a period of 10 years commencing 12 September 2012.

Fair value of share options and assumptions

(i) Grant to eligible employees

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the Binomial Option Pricing Model. The contractual life of the share options is used as an input into this model. Expectations of early exercise are incorporated into the Binomial Option Pricing Model.

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19. SHARE OPTION SCHEME (CONTINUED)

Fair value of share options and assumptions (CONTINUED)

(i) Grant to eligible employees (CONTINUED)

	17 December 2018	1 December 2017	25 April 2016	10 March 2015	3 March 2014	5 February 2013
Fair value at measurement date	HK\$0.047	HK\$0.042– HK\$0.077	HK\$0.246– HK\$0.269	HK\$0.480– HK\$0.526	HK\$1.479	HK\$0.072
Share price	HK\$0.161	HK\$0.280	HK\$0.430	HK\$0.840	HK\$1.670	HK\$0.077
Exercise price	HK\$0.200	HK\$0.280	HK\$0.459	HK\$0.870	HK\$1.670	HK\$0.077
Expected volatility (expressed as weighted average volatility used in the modeling under the Binomial Option Price Model)	65.20%	73.86%	74.14%	73.28%	100.31%	126.44%
Option life (expressed as weighted average life used in the modeling under the Binomial Option Price Model)	10 years	10 years	10 years	10 years	10 years	10 years
Expected dividends	0%	0%	0%	0%	0%	0%
Risk-free interest rate (based on exchange fund notes)	2.103%	1.847%	1.823%	1.685%	2.135%	1.245%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2020

19. SHARE OPTION SCHEME (CONTINUED)

Fair value of share options and assumptions (CONTINUED)

(i) *Grant to eligible employees* (CONTINUED)

Share options were granted under a service condition. This condition has not been taken into account of fair value measurement of the services received on the grant date. There was no market conditions associated with the share option granted.

(ii) *Grant to service providers*

The fair value for share options granted on 18 January 2018, 3 March 2014 and 5 February 2013 is measured using the market-based approach, by reference to the discounted cash flows to estimate the fair value of the professional fees that should have been paid. The fair value for share options granted on 17 December 2018, 25 April 2016 and 10 March 2015 is measured base on the Binomial Option Pricing Model as described as above.

20. MATERIAL RELATED PARTY TRANSACTIONS

Directors' emoluments for the six months ended 30 September 2020 are disclosed in note 9.