



INTERIM REPORT 2022/23

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)

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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 (*Chairlady*)

Mr. Li Chi Fai

Mr. Man Yun Wah

(*Company Secretary*)

REMUNERATION COMMITTEE

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

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. Man Yun Wah

AUDITOR

UniTax Prism (HK) CPA Limited

LEGAL ADVISER

Cheng, Yeung & Co.

INVESTOR RELATIONS CONSULTANT

DLK Advisory Limited

STOCK CODE

959

BRANCH SHARE REGISTRAR

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HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Hong Kong

The board (the “**Board**”) of directors (the “**Directors**”) of Century Entertainment International Holdings Limited (“**Century Entertainment**” or the “**Company**”) reports the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2022 (the “**Period under Review**”) (the “**2022 Interim Results**”).

FINANCIAL REVIEW

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

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

Capital Structure

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

Subscription of the Convertible Bond

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

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

According to the announcement of the Company dated 30 August 2021, the Company reiterated that the CB was still held by the Subscriber. The Subscriber would not call for repayment of the abovementioned sum, and would instead provide further and sufficient financial support to the Group for at least 12 months until 29 June 2022. The Subscriber also reserved the right to convert the CB into equity shares, subject to the compliance of the terms and conditions of the CB and/or corresponding Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong (the "**Takeovers Code**"). None of the CB was converted as at 30 September 2022 and up to the date of this report.

References are made to the announcements of the Company dated 30 September 2022 and 29 November 2022 and the circular of the Company dated 11 November 2022. On 30 September 2022, the Company and the Subscriber entered into an amendment agreement in relation to a proposed extension of the original maturity date of the CB from 30 September 2022 to 30 September 2025, which is subject to, among others, the approval (the “**Approval**”) from the independent shareholders of the amendment agreement, the extension of the maturity date and the grant of the specific mandate at the special general meeting of the Company held on 29 November 2022 (the “**SGM**”). The Approval was obtained from the independent shareholders of the Company at the SGM.

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

Liquidity and Financial Resources

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

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



Management Discussion and Analysis

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

BUSINESS REVIEW

Overview

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

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

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



Gaming Table Business in Cambodia

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

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

As additional time is required to finalize the Cambodia legal opinion, the valuation of the New Gaming Table Business Rights and the terms of the Assignment Agreement, VMG, Lion King and Mr. Ng will enter into a further supplemental framework agreement for extending the Long Stop Date of the Supplemental Framework Agreement in due course. All other terms and conditions of the Supplemental Framework Agreement shall remain unchanged and shall continue in full force and effect.



Management Discussion and Analysis

Due to the slow progress in the reopening of gaming tables as a result of the COVID-19 outbreak, as well as the additional time required to finalize the relevant legal opinion and valuation, the date of the dispatch of circular is expected to be delayed further. Further announcement(s) will be made by the Company as and when appropriate in compliance with the Listing Rules. The Group will closely monitor the development of the business, and will keep the shareholders and potential investors informed. With the mass gaming tables business targeted to resume operation by end of 30 November 2022, and start contributing financially in 2023, the Group believes its business will return to an upward trajectory in the coming financial year.

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

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

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

Going Concern

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

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

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



Management Discussion and Analysis

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

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

Having taken into account of the abovementioned, the Directors opined that the Group will have sufficient working capital for its current requirements and it is reasonable to expect that the Group will remain as a commercially viable concern. Accordingly, the Directors are satisfied that it is appropriate to prepare the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2022 on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for future liabilities which might arise and to reclassify non-current assets and non-current liabilities to current respectively. The effect of these adjustments has not been reflected in the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2022.



OUTLOOK AND PROSPECTS

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

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

Appreciation

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



Management Discussion and Analysis

INTERIM DIVIDEND

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

FOREIGN EXCHANGE AND CURRENCY RISKS

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

EMPLOYEES AND REMUNERATION POLICY

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

CONTINGENT LIABILITIES

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

EVENTS AFTER THE REPORTING PERIOD

On 29 November 2022, an approval from the independent shareholders of the Company on the amendment agreement, the extension of the maturity date of the CB and the grant of the specific mandate was obtained at the special general meeting of the Company. For details, please refer to the circular of the Company dated 11 November 2022.

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

Save as disclosed below, as at 30 September 2022, 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 pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

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	35,841,459	100,745,478 (Note 1)	136,586,937	106.50%
	Interest in a controlled corporation (Note 3)	30,737	-	30,737	0.03%
	Total	35,872,196	100,745,478 (Note 1)	136,617,674	106.53%
Ms. Ng Wai Yee	Beneficial owner	-	770,304 (Note 2)	770,304	0.60%
Ms. Yeung Pui Han, Regina	Beneficial owner	-	221,304 (Note 2)	221,304	0.17%
Mr. Li Chi Fai	Beneficial owner	-	196,478 (Note 2)	196,478	0.15%
Ms. Sie Nien Che, Celia	Beneficial owner	30,000	171,652 (Note 2)	201,652	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 (i) the 2012 Scheme (745,478 underlying shares and as defined below); and (ii) the CB issued to Mr. Ng on 31 March 2021 (100,000,000 underlying shares). Details of the 2012 Scheme are set out under section headed "Share Option Scheme" on page 15 of this report, and details of the CB are set out under the sub-section headed "Subscription of the Convertible Bond" of the Management Discussion and Analysis respectively. The exercise of the conversion rights under the CB shall be subject to compliance with the Listing Rules, the Takeovers Code or applicable laws or regulations.
2. These interests represent the number of underlying shares in respect of the 2012 Scheme, the details of which are set out under the section headed "Share Option Scheme" on page 15 of this report.
3. For 30,737 shares being held by East Legend Holdings Limited ("**East Legend**"), Mr. Ng is interested in the entire issued share capital of East Legend and he is deemed to be interested in the 30,737 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 2022 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 2022, the following persons (not being the Directors or chief executive) 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	9,621,212	7.50%
Mr. Huang Wei Qiang	Beneficial owner	8,690,000	6.78%
Mr. Wong Kam Wah	Beneficial owner	8,254,212	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 and has been expired on 11 September 2022.

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

Other Information

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	No. of share options ('000)				Adjusted exercise price HK\$ (Notes 2, 4)	
		As at 1 April 2022 (Notes 2, 4)	Granted	Lapsed	As at 30 September 2022 (Notes 2, 4)		
Directors							
Mr. Ng Man Sun	05/02/2013 (Note 1)	25	-	-	25	05/02/2013-04/02/2023	12.41
	03/03/2014	25	-	-	25	03/03/2014-02/03/2024	13.45
	10/03/2015	25	-	-	25	10/03/2015-09/03/2025	7.01
	01/12/2017	610	-	-	610	01/12/2017-30/11/2027	2.80
	17/12/2018	61	-	-	61	17/12/2018-16/12/2028	2.00
Ms. Ng Wai Yee	05/02/2013 (Note 1)	25	-	-	25	05/02/2013-04/02/2023	12.41
	03/03/2014	25	-	-	25	03/03/2014-02/03/2024	13.45
	10/03/2015	25	-	-	25	10/03/2015-09/03/2025	7.01
	25/04/2016	25	-	-	25	25/04/2016-24/04/2026	3.70
	01/12/2017	610	-	-	610	01/12/2017-30/11/2027	2.80
	17/12/2018	61	-	-	61	17/12/2018-16/12/2028	2.00
Ms. Yeung Pui Han, Regina	05/02/2013 (Note 1)	25	-	-	25	05/02/2013-04/02/2023	12.41
	03/03/2014	25	-	-	25	03/03/2014-02/03/2024	13.45
	10/03/2015	25	-	-	25	10/03/2015-09/03/2025	7.01
	25/04/2016	25	-	-	25	25/04/2016-24/04/2026	3.70
	01/12/2017	61	-	-	61	01/12/2017-30/11/2027	2.80
	17/12/2018	61	-	-	61	17/12/2018-16/12/2028	2.00

SHARE OPTION SCHEME (CONTINUED)

	Date of Grant	No. of share options ('000)				Adjusted exercise price HK\$ (Notes 2, 4)	
		As at 1 April 2022 (Notes 2, 4)	Granted	Lapsed	As at 30 September 2022 (Notes 2, 4)		
Mr. Li Chi Fai	03/03/2014	25	-	-	25	03/03/2014-02/03/2024	13.45
	10/03/2015	25	-	-	25	10/03/2015-09/03/2025	7.01
	25/04/2016	25	-	-	25	25/04/2016-24/04/2026	3.70
	01/12/2017	61	-	-	61	01/12/2017-30/11/2027	2.80
	17/12/2018	61	-	-	61	17/12/2018-16/12/2028	2.00
Ms. Sie Nien Che, Celia	03/03/2014	25	-	-	25	03/03/2014-02/03/2024	13.45
	25/04/2016	25	-	-	25	25/04/2016-24/04/2026	3.70
	01/12/2017	61	-	-	61	01/12/2017-30/11/2027	2.80
	17/12/2018	61	-	-	61	17/12/2018-16/12/2028	2.00
Eligible employees	05/02/2013 (Note 1)	31	-	-	31	05/02/2013-04/02/2023	12.41
	03/03/2014	49	-	-	49	03/03/2014-02/03/2024	13.45
Service providers	05/02/2013 (Note 1)	248	-	-	248	05/02/2013-04/02/2023	12.41
	03/03/2014	248	-	-	248	03/03/2014-02/03/2024	13.45
	10/03/2015	124	-	-	124	10/03/2015-09/03/2025	7.01
	01/12/2017	610	-	-	610	01/12/2017-30/11/2027	2.80
	17/12/2018	800	-	-	800	17/12/2018-16/12/2028	2.00
In aggregate		4,218	-	-	4,218		

SHARE OPTION SCHEME (CONTINUED)

Notes:

1. 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.
2. 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.
3. 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.
4. Pursuant to the share consolidation passed by the shareholders at a special general meeting of the Company held on 1 March 2021 and took effect on 3 March 2021, 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, 25 April 2016, 1 December 2017 and 17 December 2018 were also adjusted from HK\$1.241 to HK\$12.41, from HK\$1.345 to HK\$13.45, from HK\$0.701 to HK\$7.01, from HK\$0.370 to HK\$3.70, from HK\$0.280 to HK\$2.80 and from HK\$0.200 to HK\$2.00 respectively.



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

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

CORPORATE GOVERNANCE

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

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

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

CORPORATE GOVERNANCE (CONTINUED)

Mr. Ng currently assumes the roles of both the Chairman and 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 the Company's business strategies. The Board will regularly review effectiveness of such arrangement.

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

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

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

Due to other business commitments, Mr. Ng, being the Chairman, was unable to attend the AGM held on 16 September 2022 where he arranged Ms. Ng Wai Yee, an executive Director to take the chair.



REVIEW OF RESULTS

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

On behalf of the Board

Ng Man Sun

Chairman and Chief Executive Officer

Hong Kong, 28 November 2022

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2022
(Expressed in Hong Kong dollars)

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

Condensed Consolidated Statement of Financial Position

At 30 September 2022
(Expressed in Hong Kong dollars)

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

Condensed Consolidated Statement of Financial Position

At 30 September 2022

(Expressed in Hong Kong dollars)

	<i>Notes</i>	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Total assets less current liabilities		(32,516)	(26,670)
NET LIABILITIES		(32,516)	(26,670)
Equity			
Share capital	16	1,282	1,282
Reserves		(33,798)	(27,952)
TOTAL DEFICIT		(32,516)	(26,670)

Condensed Consolidated Statement of Changes in Equity

At 30 September 2022
(Expressed in Hong Kong dollars)

	Share capital	Share premium	Special reserve	Contributed surplus	Capital reserve	Convertible bonds reserve	Accumulated losses	Total
	HK\$'000 (note 16)	HK\$'000 (note(ii))	HK\$'000 (note(iii))	HK\$'000 (note(iiii))	HK\$'000 (note(iv))	HK\$'000 (note(v))	HK\$'000	HK\$'000
At 1 April 2021 (Audited balance)								
brought forward from 31 March 2021)	1,282	571,880	(22,470)	2,435,239	37,957	9,863	(3,056,746)	(22,995)
loss for the period	-	-	-	-	-	-	(20,808)	(20,808)
At 30 September 2021 (unaudited)	1,282	571,880	(22,470)	2,435,239	37,957	9,863	(3,077,554)	(43,803)
At 1 April 2022 (Audited balance)								
forward from 31 March 2022)	1,282	571,880	(22,470)	2,435,239	32,030	9,863	(3,054,494)	(26,670)
loss for the period	-	-	-	-	-	-	(5,846)	(5,846)
At 30 September 2022	1,282	571,880	(22,470)	2,435,239	32,030	9,863	(3,060,340)	(32,516)

Notes:

The amounts of the Group's reserves and movements therein are presented in the condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of changes in equity.

(i) Share premium

The application of share premium is governed by Section 40 of the Bermuda Companies Act 1981.

(ii) Special reserve

The special reserve of the Group represents the difference between the nominal amount of the shares of the subsidiaries acquired and the nominal value of the Company's shares issued for the acquisition pursuant to the corporate reorganisation prior to the listing of the Company's shares.

(iii) Contributed surplus

The contributed surplus of the Company represents the following:

- the differences between the consolidated shareholders' funds of subsidiaries at the date on which they were acquired by the Company and the nominal amount of the shares of the Company issued under the corporate reorganisation; and
- the credit of approximately HK\$255,213,000 arising from the capital reduction on 3 March 2021 transferred from the Company's share capital account.

Under The Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution to shareholders or for set-off the accumulated losses of the Company in full.

(iv) Capital reserve

The capital reserve comprises the following:

- the fair value of the unexercised share options granted to employees and service provider of the Company recognised in accordance with the accounting policy; and
- the amount transfer from convertible bonds reserve in regarding to the equity component of unexercised convertible bonds at the expiry date recognised in accordance with the accounting policy.

(v) Convertible bonds reserve

The convertible bonds reserve comprises the amount allocated to equity component of the convertible bonds on issue date recognised in accordance with the accounting policy.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2022
(Expressed in Hong Kong dollars)

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Net cash used in operating activities	(7,330)	(8,258)
Net cash generated from investing activities	-	6
Net cash generated from financing activities	7,363	8,435
Net increase in cash and cash equivalents	33	183
Cash and cash equivalents as at 1 April	3,756	3,495
Cash and cash equivalents as at 30 September	3,789	3,678

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

1. GENERAL INFORMATION

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

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

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



Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

2. BASIS OF PREPARATION

(a) Statement of compliance

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

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

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

2. BASIS OF PREPARATION (CONTINUED)

(b) Going concern

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

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

1. The borrowings from Mr. Ng Man Sun (“**Mr. Ng**”), an executive director, the Chairman, the CEO and a substantial shareholder of the Company, of HK\$12,305,000 was included in other borrowings of the Group;
2. Mr. Ng undertook that he will not call for repayment of the abovementioned sum;
3. Mr. Ng is willing to provide the Company with financial assistance to fill the shortfall of the Company’s working capital;

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

2. BASIS OF PREPARATION (CONTINUED)

(b) Going concern (CONTINUED)

4. included in the other borrowings, there is a sum of HK\$58,000,000 due to independent third parties which are personally guaranteed by Mr. Ng; and
5. a convertible bond amounted to HK\$50,000,000 in principal is held by Mr. Ng and he is able to convert the convertible bond into equity shares subject to the compliance of the terms and conditions of the convertible bond and/or corresponding Listing Rules and Takeovers Code.

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

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

2. BASIS OF PREPARATION (CONTINUED)

(b) Going concern (CONTINUED)

Having taken into account of the abovementioned, the Directors opined that the Group will have sufficient working capital for its current requirements and it is reasonable to expect that the Group will remain as a commercially viable concern. Accordingly, the Directors are satisfied that it is appropriate to prepare the condensed consolidated financial statements for the six months ended 30 September 2022 on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for future liabilities which might arise and to reclassify non-current assets and non-current liabilities to current respectively. The effect of these adjustments has not been reflected in the condensed consolidated financial statements.

(c) Judgments and estimates

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

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

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

4. SEGMENT INFORMATION

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

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

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

4. SEGMENT INFORMATION (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. The following is an analysis of the Group's revenue and results by reportable and operating segments:

(a) Segment revenue and results

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

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

4. SEGMENT INFORMATION (CONTINUED)

(a) Segment revenue and results (CONTINUED)

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

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

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

4. SEGMENT INFORMATION (CONTINUED)

(b) Segment assets and liabilities

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

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

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

4. SEGMENT INFORMATION (CONTINUED)

(b) Segment assets and liabilities (CONTINUED)

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

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

5. REVENUE

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

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

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

6. OTHER INCOME AND GAINS

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

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	-	6
Government subsidies (note)	108	-
Others	1	-
	109	6

Note:

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

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

7. FINANCE COSTS

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

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

8. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

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

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

9. INCOME TAX CREDIT

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

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

10. DIVIDENDS

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

11. LOSS PER SHARE

(a) Basic loss per share

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

(b) Diluted loss per share

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

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

12. ACCOUNTS AND OTHER RECEIVABLES

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

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

12. ACCOUNTS AND OTHER RECEIVABLES (CONTINUED)

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

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

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
0-90 days	—	—
Over 180 days, but within 1 year	—	150
	—	150

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

13. OTHER BORROWINGS

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

Notes:

- (a) Loan from a director, Mr. Ng, is unsecured, interest free and repayable on demand.
- (b) On 28 June 2022, the Group entered into the Debt Assignment Agreements of other receivables for the sum approximately of HK\$37,237,000 with Mr. Ng, the director of the Company who is also the substantial shareholder of the Company for the consideration approximately of HK\$37,237,000.
- (c) Other loans from independent third parties with an amount of HK\$30,000,000 (31 March 2022: HK\$30,000,000) are unsecured, interest free and repayable on demand.

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

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

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

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

Reconciliation of financial assets and financial liabilities are as follow:

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

14. FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Note:

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

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

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

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

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

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

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

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

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

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

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

15. CONVERTIBLE BOND

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

Note:

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

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

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

15. CONVERTIBLE BOND (CONTINUED)

Note: (Continued)

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

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

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

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

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

16. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
Ordinary Share of HK\$0.01 each at 31 March 2022 (audited) and 30 September 2022	40,000,000	400,000
Issued and fully paid:		
Ordinary Share of HK\$0.01 each at 31 March 2022 (audited), and 30 September 2022	128,247	1,282

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 meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.



17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following table presents financial assets and liabilities measured at fair value in the condensed consolidated statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

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For the six months ended 30 September 2022

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

The financial liabilities measured at fair value in the condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	30 September 2022			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Financial assets at FVTPL				
Profit guarantee	-	-	120,000	120,000
Financial liabilities at FVTPL				
Promissory note	-	-	62,000	62,000

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17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

	At 31 March 2022			Total HK\$'000 (Audited)
	Level 1	Level 2	Level 3	
	HK\$'000 (Audited)	HK\$'000 (Audited)	HK\$'000 (Audited)	
Financial assets at FVTPL				
Profit guarantee	-	-	113,400	113,400
Financial liabilities at FVTPL				
Promissory note	-	-	57,518	57,518

During the six months ended 30 September 2022 and 2021, there was no transfer between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements. The Group's policy is to recognise transfer between levels as at the end of the reporting period.

18. MATERIAL RELATED PARTY TRANSACTION

The Group had no significant transaction with related party during the six months ended 30 September 2022 and 2021.

The remuneration of key management personnel for the six months ended 30 September 2022 amounted to HK\$899,000 (six months ended 30 September 2021: HK\$897,000).

19. EVENTS AFTER REPORTING PERIOD

On 29 November 2022, an approval from the independent shareholders of the Company on the amendment agreement, the extension of the maturity date of the CB and the grant of the specific mandate was obtained at the special general meeting of the Company. For details, please refer to the circular of the Company dated 11 November 2022.



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For the six months ended 30 September 2022

20. COMPARATIVE FIGURE

Certain comparative figures have been reclassified to confirm the presentation of the current period for the purpose of better representation of the Group's activities:

For the period ended 30 September 2021, amounts of approximately HK\$494,000 which had previously been recorded as "Finance costs", was reclassified as "Fair value loss on financial assets and financial liabilities at fair value through profit or loss, net" in the condensed consolidated statement of profit or loss and other comprehensive income.