



ANNUAL REPORT 2020

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 (*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

Tricor Secretaries Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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



Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Century Entertainment International Holdings Limited ("Century Entertainment" or the "Company"; stock code: 959) and its subsidiaries (collectively the "Group"), I present herewith the audited consolidated annual results for the year ended 31 March 2020 (the "Year under Review") (the "2020 Annual Results").

## COMPANY OVERVIEW FOR THE YEAR

I am glad to announce that the Company had made a giant step towards restructuring its business segments, of which the Company had committed to achieving since 2016, and re-piloted our focus to gaming business in Southeast Asia, during the Year under Review. To mark this milestone of the Company, name of the Company has officially changed from "Amax International Holdings Limited" to "Century Entertainment International Holdings Limited".

### Development Potential in Cambodia

During the Year under Review, the Company gained business rights of four gaming tables in Cambodia, which was the first step for the Company to further penetrate into gaming industry in Southeast Asia.

Cambodia continued its steady economic growth in 2019. Real gross domestic product for Cambodia expects to increase 7.0% in 2019 and to continue its growth trend to 2021, in spite of a short term and slight drop in 2020 due to COVID-19. according to a report by the Asian Development Bank. Leveraging its favorable location, stable political situation and good connectivity for international tourists, Cambodia becomes one of the most popular tourist destinations. Total international visits will continue to rise. The visitors' growth will greatly contribute to our mass gaming segment and is one of the key drivers to our business growth.

In addition to tourist visits, business travellers are another driving force to the gaming industry. In 2019, Cambodia attracted US\$3.6 billion in total foreign direct investment, up 11.7% year-on-year from US\$3.2 billion in 2018, 43% of which came from China. The inflow of foreign direct investment is expected to rise. The increase in foreign direct investment boosted the infrastructure and connectivity development. With Cambodia successfully tapping into the market of the Plus Three countries namely Japan, China and South Korea, this further attracted more factories and business visits to the country. This has not only brought more skilled workers to facilitate the infrastructure development, but also promoted our business growth in our gaming business operation.

### Recent Development: COVID-19

There is temporary closure of all casinos in Cambodia which has impacted on the Company's operation. With the Company's sincere effort in cost control and in-depth experience in gaming industry in Asia Pacific, we will successfully overcome this challenge and are positive towards the Company's long-term business development.



# Chairman's Statement

## OUTLOOK AND PROSPECT

Looking forward, the Company shall continue to focus on expanding our gaming business in Southeast Asia. Leveraging our extensive knowledge of gaming landscape, we are confident that the Group is able to capture more market opportunities, progress towards sustainable development and create fruitful returns for our shareholders.

## WORDS OF APPRECIATION

On behalf of the Board, I would like to extend my sincere thanks to the management and staff of the Group for their determined efforts and constant contributions during the past year. I wish to also express my gratitude to our shareholders for their unequivocal support. The Group resolves to continue to forge ahead, aiming to achieve sustainable growth in order to generate long-term value for our shareholders.

**Ng Man Sun**

*Chairman*

Hong Kong, 29 June 2020

The Directors of the Company hereby report the audited consolidated annual results of the Group for the year ended 31 March 2020. The 2020 Annual 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 and the VIP room respectively in Cambodia, the development of innovative intellectual properties and technological solutions in connection with AR/VR applications to clients, and the gaming business in Vanuatu which was disposed of on 31 March 2020.

The Group recorded a revenue of approximately HK\$45.9 million for the continuing operations for the Year under Review, decreasing 24.7% as compared to approximately HK\$61.0 million last year. The decrease in revenue was mainly attributable to the spread of COVID-19. Net loss for the Year under Review was approximately HK\$38.1 million, decreasing 90.9% as compared to approximately HK\$418.3 million last year. The decrease in loss was mainly due to (i) impairment and disposal loss recognised last year of the former associate company; and (ii) continuing cost streamlining efforts made by the Group.

## Capital Structure

As at 31 March 2020, the Company's total number of issued shares was 1,282,475,614 (31 March 2019: 1,232,475,614) at HK\$0.20 each. The Group's consolidated net assets totalled approximately HK\$10.1 million, representing a decrease of approximately HK\$77.2 million as compared to that of approximately HK\$87.3 million as at 31 March 2019.

### *Conversion Shares*

On 23 July 2018, the Group had resolved the dispute regarding the outstanding promissory notes of the aggregate sum of HK\$190,000,000 in accordance with the terms and conditions of the deeds of settlement entered among Ms. Lee Bing and Mr. Wu Weide, Mr. Ng Man Sun ("Mr. Ng") and the Company. Details of the abovementioned matters were set out in the circular of the Company dated 31 May 2018 and the announcement of the Company dated 23 July 2018.

Meanwhile, on 12 July 2019, the Company received a formal request from Mr. Ng to transfer the Second Convertible Bonds in the total principal amount of HK\$15,000,000 to Mr. Chan Wai Man ("Mr. Chan") who is not a connected person as defined in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). On 17 July 2019, the Company received a conversion notice from Mr. Chan in relation to the exercise of the conversion rights attached to the Second Convertible Bonds, to convert the Second Convertible Bonds in the principal amount of HK\$15,000,000 at the Second Conversion Price of HK\$0.30 per Share. As a result of this conversion, the Company allotted and issued a total of 50,000,000 Second Conversion Shares on 26 July 2019. This conversion of convertible bonds had allowed the Company to improve the gearing ratio and also the financial position of the Company, equipping the Company for future development of its business. As at 31 March 2020, all the Second Convertible Bonds in the sum of HK\$104,500,000 had eventually been converted into 348,333,333 Second Conversion Shares.

# Management Discussion and Analysis

## Liquidity and Financial Resources

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

As at 31 March 2020, the Group had total assets and net assets of approximately HK\$157.0 million (2019: approximately HK\$201.3 million) and HK\$10.1 million (2019: approximately HK\$87.3 million), comprising non-current assets of approximately HK\$106.4 million (2019: approximately HK\$157.4 million) and current assets of approximately HK\$50.6 million (2019: approximately HK\$43.9 million) which were financed by shareholders' funds of approximately HK\$10.1 million (2019: approximately HK\$87.3 million). The Group also did not have any non-controlling interests (2019: approximately HK\$53.0 million), current liabilities of approximately HK\$129.2 million (2019: approximately HK\$60.3 million) and non-current liabilities of approximately HK\$17.7 million (2019: approximately HK\$53.7 million).

The Group's gearing ratio, calculated as a ratio of debt to shareholders' equity, was approximately 1,449% (2019: 130%). As at 31 March 2020, the Group had cash and cash equivalents of approximately HK\$3.2 million (2019: approximately HK\$1.2 million).

## Foreign Exchange and Currency Risks

It is the Group's policy for its operating entities to operate in their corresponding local currencies to minimise currency risks. The principal businesses of the Group are conducted and recorded in Hong Kong dollars, 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.

## BUSINESS REVIEW

### Turning a New Page for Future Development

During the Year under Review, the Group continued the business restructuring plan which had started since 2016 and strategically repositioned its focus to gaming business in Southeast Asian countries, especially in Cambodia. The business plan of acquiring gaming table business rights in Cambodia was also completed. All these effort mark a new phase of the Group. To reflect this transformation for future prospects, the Company has officially changed its name from "Amax International Holdings Limited" to "Century Entertainment International Holdings Limited".

### Gaming Business in Cambodia

#### *VIP room operation*

The Group has been operating a VIP Room with 13 baccarat tables in Cambodia via Victor Mind Global Limited ("VMG"), a wholly-owned subsidiary of the Company 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. During the Year under Review, the operation of the VIP room continued to make valuation contribution to the Group and recorded a net gaming win of approximately HK\$41.0 million.

After the Year under Review on 27 May 2020, the license agreement was early terminated 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.

## *Mass gaming tables operation*

VMG and Lion King Entertainment Company Limited ("Lion King"), a company wholly-owned by Mr. Ng Man Sun, the Chairman and Chief Executive Officer of the Company, has entered into an assignment agreement (the "Assignment Agreement") on 28 October 2019 regarding the assignment of the business rights of 4 mass gaming tables (the "Gaming Tables") at the casino named Century Entertainment in Sunshine Bay Hotel located at Sihanoukville Municipal of Cambodia. Century Entertainment casino is one of the largest casinos (in terms of number of gaming tables) in Sihanoukville with 80 gaming tables and a total gross floor area of 8,100 sq. m. The commencement of the Assignment Agreement was subject to the fulfillment of a number of conditions which were subsequently satisfied on 31 March 2020.

Pursuant to the Assignment Agreement, VMG has been granted the gaming table business rights for a period of five years at the consideration of HK\$120 million. There is guaranteed profit from Lion King and Mr. Ng Man Sun for the first year and second year after the assignment commenced, in which the audited net profit after tax of the gaming table business shall not be less than HK\$28,000,000 and HK\$32,000,000 respectively. In the event that the profit is failed to meet, the Company shall receive a maximum limit of HK\$56,000,000 and HK\$64,000,000 for the first year and second year respectively.

In addition, prior to the commencement of the Assignment Agreement, VMG has taken up a lease of the Gaming Tables for the period commencing 1 November 2019 to 30 September 2020 by entering into a lease agreement with Lion King on 28 October 2019, at a monthly rental of HK\$1,200,000. Following the commencement of Assignment Agreement, VMG and Lion King signed a written consent to terminate the lease agreement on 31 March 2020. During the Year under Review, the mass gaming tables operation contributed a net gaming win of approximately HK\$13.2 million to the Group.

## **Augmented Reality ("AR")/Virtual Reality ("VR") Entertainment**

Explicitly Grand Investments Limited, a wholly-owned subsidiary of the Group, and its subsidiaries (collectively the "Explicitly Grand Group") specialize in the AR/VR entertainment developments and apps on mobile devices platforms and also provide customized IT and design solutions for its customers from a great variety of industries in China. During the Year under Review, Explicitly Grand Group contributed a revenue of approximately HK\$2.0 million to the Group.

The businesses of the Explicitly Grand Group had been affected by the on-going trade-war between the United States and China throughout the financial year and 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, a more conservative approach on valuation, which led to the recognition of the Impairment, had been adopted by the Company.

Income Approach had been applied for estimating the value in use of 100% equity interest of the cash generating units ("CGU") at the time of acquisition and at 31 March 2020 for impairment assessment on the goodwill. This was in compliance with the requirements set out in "Hong Kong Accounting Standard 36 Impairment of Assets" that Income Approach (i.e. discounted cashflow) shall be applied when estimating the value in use of assets. During the Year under Review, impairment loss of HK\$27,504,000 has been recognised.

# Management Discussion and Analysis

## Disposal of Forenzia Enterprises Limited

The Group acquired 60% equity interests in Forenzia Enterprises Limited in 2014, which principally operates gaming business in Vanuatu under an interactive gaming license. On 28 October 2019, VMG and Lion King entered into the Assignment Agreement, pursuant to which Lion King conditionally agreed to assign and VMG conditionally agreed to accept the assignment of the gaming table business rights, partially by way of disposing of 60% of the total issued and paid up capital of Forenzia Enterprises Limited upon the commencement of the assignment. The Company was of the view that due to the keen competition from the continuous and rapid developing ASEAN countries, and given that more attractive and convenient choices are available for high-roller players, high-roller players became more reluctant to visit the Company's Vanuatu casino. The disposal represented an opportunity for the Company to divest its investment in gaming business in Vanuatu and concentrate on its business focus in Cambodia.

On 31 March 2020, the disposal of Forenzia Enterprises Limited was completed following the approval granted by the independent shareholders of the Company at the special general meeting held on 30 March 2020. The Group has ceased to have any equity interest in Forenzia Enterprises Limited and it will no longer contribute to the Group's revenue thereafter. Nevertheless, the gaming business in Vanuatu contributed a revenue of approximately HK\$8.4 million to the Group during the Year under Review.

## Disposal of Mobile Game Apps

On 11 October 2019, the Group completed the disposal of the mobile game apps, which comprise of 30 offline mobile game apps at a consideration of HK\$30 million. The disposal was based on the following consideration, which include (i) the business direction to place more focus in exploring gaming business opportunities within Asia Pacific regions and IT solutions businesses; (ii) the disposal represents a good opportunity for the company to divest its investment in the mobile game apps; and (iii) capital liquidity to support the Group's future development in gaming and IT solutions businesses. The Group is also in the view that this disposal allowed further capital flexibility for the Group's longer-term strategies to be carried out.

## Principal risks of the Group

The following are keys risks that are considered to be of great significance to the Group and have potential to affect the Group's business adversely and materially. This list is likely to change over time. The continually changing environment in which the Group operates also mean that the list cannot be an exhaustive list of all significant risks that could affect the Group.

### *(1) Market competition and economy*

The Group operates in a highly competitive industry and demand for the type of gaming services the Group offer is sensitive to downturns and uncertainties in the global and regional economy and corresponding decreases in discretionary consumer spending. Changes in discretionary consumer spending or consumer preferences could be driven by factors such as perceived or actual general economic conditions, energy, fuel and other commodity prices, the cost of travel, employment and job market conditions, actual or perceived levels of disposable consumer income and wealth, and consumer confidence in the economy. These and other factors have in the past reduced consumer demand for the gaming services the Group offer, imposed practical limits on pricing and materially and adversely affected its business, financial condition and results of operations and could affect the Group's liquidity position.

## Risk mitigation

The Group carries out continual review of competition and market trends with an aim to maintain a competitive position through diversifying its portfolio and geographical revenue.

## (2) *Money laundering and other illegal activities*

Gaming business is easily subject to exploitation for money laundering purposes. Any incident of money laundering, accusations of money laundering or regulatory investigations into possible money laundering activities involving the Group, the operator, its employees, its junkets or its players could have a material adverse impact on its reputation, relationship with its regulators, business, cash flows, financial condition, prospects and results of operations. Any serious incident of money laundering or regulatory investigation into money laundering activities may cause a revocation or suspension of applicable gaming business licenses.

## Risk mitigation

The Group has to comply with the Code of Practice of Vanuatu Interactive Gaming Act No. 16 of 2000 ("Code of Practice") issued by the Ministry for Finance and Economic Management of Vanuatu in respect of anti-money laundering. While for the gaming business in Cambodia, the Law on Anti-Money Laundering and Combating the Financing of Terrorism is applied in general. Measures covered by the Code of Practice and AML policies and procedures include, but not limited to:

1. to verify individuals' identities and keep proper records on the players and junkets (where applicable) in the database of the operating application;
2. to record any bets, single or aggregated, over a certain amount by the recording system of the operating application, which can record and report on each transactions with the parties involving in such transaction; and
3. to report suspicious irregularities to relevant authorities, which the Group and/or the operator will monitor the operation and/or report from the operating application to identify any suspicious irregularities and report to the relevant authorities immediately.

In addition, the Group does not intend to incorporate payment gateways into the operating application, therefore, the operating application cannot accept credit card or any forms of electronic currencies for the transactions.

Moreover, all the games in the operating application for the Vanuatu operation are run in a computer system and the operator can track high value and suspicious transactions and generate a report when it detects any suspicious or high value transaction. Upon receiving reports of high value or suspicious transactions, the operator will review the details of the case and decide on the course of action. If there is a suspicious transaction, the operator will report to the Financial Intelligence Unit of Vanuatu and will provide a report to the regulator.

The Company conducted internal control review on the internal systems and procedures of the Group and will continue to monitor the anti-money laundry mechanism of the Group.

# Management Discussion and Analysis

## *(3) Catastrophic events*

The Group's operation could be disrupted by catastrophic events such as severe storm or flood. The occurrence of these events could adversely affect the Group's operation and require substantial expenditures and recovery time in order to resume operations.

### *Risk mitigation*

The Group has taken these potential risks into account when selecting appropriate locations for the operation and will also ensure that adequate insurance coverage is in place.

## **ADDRESSING ALL CONCERNS RAISED BY THE COMPANY'S AUDITORS**

In the audited report of the Company last year, the Company's auditors issued disclaimer of opinion on the follow matters in respect of the Company's disposal of its then associate company, Greek Mythology (Macau) Entertainment Group Corporation Limited ("Greek Mythology") arising from their failure to obtain sufficient audit evidence:

1. On the opening balances and corresponding figures since they are unable to carry out audit procedures to satisfy themselves whether the consolidated financial statements for the year ended 31 March 2018 gave a true and fair view;
2. Scope limitation on the Company's interest in Greek Mythology and share of results of Greek Mythology since they are unable to determine whether the carrying amount of the Company's interest in Greek Mythology was fairly stated and whether the accumulated impairment loss as at the date of disposal was free from material misstatement and hence the financial impact from the disposal; and
3. Scope limitation on the recoverability of amount due from Greek Mythology and valuation of intangible assets since they are unable to (i) ascertain the appropriateness of the impairment amount on the amount due from Greek Mythology and its recognition was free from material misstatement; and (ii) determine whether the carrying amount of the intangible assets relating to the rights granted to Greek Mythology to operate and manage certain gaming tables and slot machines was fairly stated and whether the amount of written off of such carrying amount was free from material misstatement.

The Company's auditors were of the view that following the disposal of the Company's interest in Greek Mythology on 29 March 2019, they were unable to obtain sufficient appropriate audit evidence to determine whether the gain or loss on the disposal was free from material misstatement and therefore issued a disclaimer of opinion on the results of the Group's consolidated financial statements for the year ended 31 March 2019. The scope limitation giving rise to the disclaimer of opinion as mentioned in 2. and 3. above would no longer be required for the year ended 31 March 2020. Nevertheless, they issued a modification to the auditor's report for the financial year ended 31 March 2020 relating to the opening financial position and will propose a modification to the auditor's report for the financial year ending 31 March 2021 relating to the opening balances of the comparative figures of the retained earnings and the change in equity. The Board of Directors and the Audit Committee of the Company are aware that this modification would not have any continuing effect on the results and the closing financial position of the Company for the financial year ending 31 March 2021.

## OUTLOOK AND PROSPECT

Looking ahead, the Group remains focused on Cambodia gaming business by riding on the Group's comprehensive knowledge and in-depth experience in gaming industry in the Asia Pacific region. In 2019, Cambodia attracted US\$3.6 billion in foreign direct investment ("FDI"), up 11.7% year-on-year from US\$3.2 billion in 2018, which encouraged international business visits to the country. Over the years, Cambodia has become a popular vacation destination. In the first 11 months of 2019, 5.9 million international visitors visited the country, an increase of 8.3% year-on-year. Visitors from Southeast Asia to Cambodia increased 9.4% to 1.9 million which accounted for 32.7%. Chinese visitors also increased 19.5% to 2.2 million, which contributed 37.0% to total tourist visits.

The COVID-19 epidemic has been affecting all industries in a global scale and all walks of life since late 2019. Specifically, tourism and entertainment industries suffered severely. Being a player in the Southeast Asia entertainment and gaming industries, the Group's business operation has also been significantly influenced due to the calls for casino closure from 1 April 2020 by the Cambodian government to curb the spread of COVID-19. Although the operation at Cambodia completely paused at the moment, the Group believes that its business in Cambodia will be on an upward trend by leveraging the country's robust foreign investment and tourism development in the long term. The increase in FDI, strong connectivity development and steady tourism growth will drive more visits to Century Entertainment casino in the long run, further promoting the Group's business growth. In addition, the exemption of tax expenses and staff costs mitigated the Group's cost burden during the said period. With profit guarantee from Lion King and Mr. Ng Man Sun, it has further mitigated the Group's operational risks.

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

Unlike the virtual casino and the VIP room operated by the Group previously, Mr. Ng Man Sun has established a land-based casino which laid the foundation for developing the Group's future business plan in the gaming industry in Southeast Asia. The Group will continue to strive for strengthening its gaming business in Cambodia. By paying close attention to the related development in the area, the Group will seize market opportunities for a long term and sustainable growth.

# Corporate Governance Report

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.

## CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of, and complied with all applicable code provisions as set out in the Corporate Governance Code (the "CG Code") in Appendix 14 to the Listing Rules throughout the year ended 31 March 2020 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.

Mr. Ng Man Sun currently assumes the roles of both the chairman (the "Chairman") of the Board and chief executive officer (the "CEO") of the Company. The Board believes that the roles of Chairman and CEO performed by Mr. Ng provide the Group with strong and consistent leadership and are beneficial to the Group especially in planning and implementation of the Company's business strategies. The Board will regularly review effectiveness of such arrangement.

Code provision A.4.1 of the 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 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 29 August 2019. 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.

Code provision A.6.7 of the CG Code provides that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

Due to other business commitments, Ms. Sie Nien Che, Celia, being an INED of the Company, did not attend the AGM of the Company held on 29 August 2019 and the special general meetings of the Company held on 10 October 2019 and 30 March 2020 respectively.

The Company periodically reviews its corporate governance practices and policy to ensure that they continue to meet the requirements of the CG Code, and acknowledges the important role of the Board in providing effective leadership and direction to the Company's business, and ensuring transparency and accountability of the Company's operations.

As such, the Company considers that sufficient measures have been in place to ensure that the Company's corporate governance practices and policy are no less exacting than the code provisions.

## MODEL CODE FOR SECURITIES TRANSACTIONS

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

Having made specific enquiries of all Directors, all Directors confirm that they have complied with the required standard as stated in the Model Code regarding securities transactions throughout the year ended 31 March 2020.

## BOARD OF DIRECTORS

### Responsibilities

The Board, led by the Chairman, Mr. Ng Man Sun, provides leadership, devises and approves policies, strategies and plans, and oversees their implementation to further the healthy growth of the Company in the interests of its shareholders. The day-to-day management, administration and operations of the Company and implementation of the Board’s decisions are delegated to the CEO and the Executive Directors.

### Board Diversity Policy

Recognizing and embracing the benefits of having a diverse member of the Board to uphold corporate governance, the Company announced the Board Diversity Policy to set out clear guidelines in designing the Board’s composition, in terms of but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The Board may seek to improve one of more aspects of its diversity at any given time, and measure its progress accordingly.

Currently, Mr. Ng Man Sun, Ms. Ng Wai Yee, Ms. Yeung Pui Han, Regina, Mr. Li Chi Fai and Ms. Sie Nien Che, Celia are the members of the Board. The Board is confident that its Directors will continue to work towards a common goal and vision for the best interests of the Group and its shareholders.

### Nomination Policy

The Board has adopted a Nomination Policy which aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirement of the Company’s businesses. In determining the suitability of a candidate, the Nomination Committee and the Board shall consider the following criteria:

- the candidate’s personal ethics, reputation, character and integrity;
- the candidate’s qualifications, skills, knowledge, business judgment and experience that are relevant to the operations of the Group;
- willingness to devote adequate time to discharge duties as a member of the Board;
- the Board Diversity Policy for achieving diversity on the Board;

# Corporate Governance Report

- the candidate for the position of an independent non-executive Director must comply with the independence criteria as prescribed under the Listing Rules; and
- any other factors that the Nomination Committee and/or the Board may consider appropriate.

These factors are for reference only, and not meant to be exhaustive and decisive.

The Nomination Committee identifies individual(s) suitably qualified to become board members, having due regard to the Nomination Policy and the Board Diversity Policy, and assesses the independence of the proposed independent non-executive Director(s) as appropriate. The Nomination Committee also considers each retiring Director, having due regard to the Nomination Policy and the Board Diversity Policy, and assesses the independence of each retiring independent non-executive Director. In recommending candidates for appointment to the Board or re-appointment of retiring Directors to the Board, the Nomination Committee will convene a meeting to evaluate each proposed Director on merit against objective criteria and with due regards to the benefits of the Board. The Nomination Committee shall make recommendations by submitting the proposed Director's personal profile to the Board for its consideration.

For each proposed new appointment or re-appointment of a Director, the Nomination Committee shall obtain all applicable declarations and undertakings as required under the laws of Bermuda and the Listing Rules. The Board shall have the final decision on all matters relating to the recommendation of candidates to stand for election (and re-election) at a general meeting. The ultimate responsibility for the selection and appointment of Directors rests with the entire Board.

## Board Composition

The Board currently consists of five members, including two Executive Directors, namely Mr. Ng Man Sun (the Chairman and CEO) and Ms. Ng Wai Yee; and three INEDs, namely Ms. Yeung Pui Han, Regina, Mr. Li Chi Fai and Ms. Sie Nien Che, Celia. Their biographical details are set out on page 32 of this report and are posted on the Company's website. The list of Directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules.

Except that Ms. Ng Wai Yee is the daughter of Mr. Ng Man Sun, to the best knowledge of the Board, there is no financial, business, family or other material/relevant relationship between each Board member.

## Chairman and Chief Executive Officer

The roles and responsibilities respectively of the Chairman and CEO are clearly defined and set out in writing, and are now both exercised by Mr. Ng Man Sun.

The Chairman provides leadership and is responsible for effective functioning of the Board in accordance with good corporate governance practices and standard. With the full support of the management of the Company, the Chairman is principally responsible for determining the overall strategy and corporate development and ensuring the business operations are properly monitored.

The CEO, with the full support of the management of the Company, focuses on implementing objectives, policies and strategies approved and delegated by the Board. He is in charge of the Company's day-to-day management and operations. He is also responsible for developing strategic plans and formulating the Company practices and procedures, business objectives, and risk assessment for the Board's approval.

The functions reserved to the Board and those delegated to the management have been formalized in writing and are periodically reviewed by the Board to ensure that they remain appropriate to the Company's needs.

## Independence of Independent Non-executive Directors

Composition of the INEDs reflects the necessary balance of skills and varied business experiences of different geographical regions and independence in their decision making for effective and constructive contribution to the Board for governance of the Company. The Board currently has three INEDs representing more than one third of the Board and one of them possessing appropriate professional qualification in accounting or related financial management expertise.

The Company has received written annual confirmation of independence from each INED pursuant to Rule 3.13 of the Listing Rules. The Company considers all INEDs to be independent in accordance with the independence guidelines set out in the Listing Rules.

## Board Meetings

All Directors have full and timely access to the management for any information to enable them to make informed decisions, as well as the advice and services of the company secretary (the "Company Secretary") of the Company with a view of ensuring that Board procedures and all applicable rules and regulations are followed. The Board has agreed procedures to enable each Director to seek independent professional advice in appropriate circumstances at the Company's expenses.

Each Director has given sufficient time and attention to the affairs of the Company. Owing to the Chairman's encouragement to the Directors to make full and active contribution to the affairs of the Board, a culture of openness and debate is developing among the Directors to ensure Board decisions fairly reflected consensus. Eight Board meetings and three general meetings of the Company were held during the year ended 31 March 2020 and the attendances of each Board member are set out below:

	Number of meetings attended/eligible to attend	
	Board meetings	General meetings
<b>Executive Directors</b>		
Mr. Ng Man Sun ( <i>Chairman and CEO</i> )	0/8	0/3
Ms. Ng Wai Yee	8/8	3/3
<b>Independent Non-executive Directors</b>		
Ms. Yeung Pui Han, Regina	8/8	3/3
Mr. Li Chi Fai	8/8	3/3
Ms. Sie Nien Che, Celia	5/8	0/3

Board meeting schedules and draft agendas of each meeting are made available to the Directors in advance. Notice of each regular Board meeting is served to all Directors at least 14 days before the meeting. For other Board or Board committee meeting, reasonable notice is generally given. Board papers together with all adequate, accurate, appropriate, clear, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or Board committee meeting or promptly upon request by the Directors to keep the Directors apprised of the latest developments and financial position of the Company. With the full support of the management of the Company, such Board papers and materials are provided in a timely manner and in a form and quality sufficient with appropriate explanation to enable the Board to make informed decisions.

# Corporate Governance Report

The Company Secretary is responsible for keeping minutes of all Board meetings and Board committee meetings. Draft minutes are normally circulated to the Directors for comments within a reasonable time after each meeting and the final version is open for the Directors' inspection. According to the current Board practices, any material transaction, which involves a conflict of interests for a substantial shareholder or a Director, will be considered and dealt with by the Board at a duly convened Board meeting. The Company's Bye-laws also contain provisions requiring Director(s) to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Director(s) or any of his/her/their associates have a material interest.

The Company has arranged appropriate insurance cover in respect of possible legal action against their Directors and officers.

## Appointment and re-election of Directors

The Company has established formal, considered and transparent procedures for the appointment of the Directors. The nomination committee (the "Nomination Committee") is responsible for considering the suitability of individual to act as a Director and to make recommendations to the Board on appointment or re-election of Directors.

All Directors entered into letters of appointment with the Company without specific term of office. However, their term of office each is the period up to his/her retirement by rotation or retirement, but eligible for re-election at general meetings of the Company in accordance with the Company's Bye-laws. In accordance with the Company's Bye-laws, the Company may from time to time in general meeting elect any person to be a Director to fill a casual vacancy or as an addition to the Board. The Directors shall have power from time to time to appoint any person as a Director either to fill a casual vacancy or, subject to the authorization by shareholders in general meeting, as an addition to the Board. Any Director so appointed shall hold office only until the next following general meeting (in the case of filling a casual vacancy) or until the next following AGM (in the case of an addition to the Board), and shall then be eligible for re-election at that meeting. At each AGM, one-third of the Directors for the time being shall retire from office by rotation provided that each Director shall be subject to retirement by rotation at least once every three years at the AGM.

Each Director has disclosed to the Company at the time of his/her appointment or election, and in a timely manner of any changes in number of offices held in public companies or organizations and other significant commitments. A list of the Directors identifying their roles and functions is available on the websites of Company and the Stock Exchange. The Directors and their biographical details as at the date of this report are set out on page 32.

## Directors' Training and Continuous Professional Development

Every new Director received a comprehensive, formal and tailored induction at the time of his/her appointment or election, so as to ensure that he/she has appropriate understanding of the operations and business of the Company, and that he/she is fully aware of his/her responsibilities under the Listing Rules and relevant other regulatory requirements and the Company's business and governance policies.

Directors are continually updated on the latest development of the Listing Rules, legal and other regulatory requirements to ensure compliance and upkeep of good corporate governance practice. The Company encourages all Directors to participate in continuous professional development to develop and refresh their knowledge and skill. During the Year under Review and up to the date of this report, all Directors have provided their records of training they received to the Company for record and a summary of which is as follows:

## Forms of continuous training and professional development *(Note)*

### Directors

#### Executive Directors

	A	B	C
Mr. Ng Man Sun	√	√	–
Ms. Ng Wai Yee	√	√	–

#### Independent Non-executive Directors

Ms. Yeung Pui Han, Regina	√	√	–
Mr. Li Chi Fai	√	√	√
Ms. Sie Nien Che, Celia	√	√	–

#### Notes:

- Reading new/journal/magazine/other reading materials and/or attending in-house training as regards legal and regulatory changes and matters of relevance in the discharge of the duties as a listed company director. Each of the Directors has attended the training sessions arranged by the Company on the topic of Listing Rules compliance and director's duties.
- Reading memoranda issued or information and materials provided from time to time by the Company regarding the business of the Group, legal and regulatory changes and matters of relevance in the discharge of the duties as a listed company director.
- Participation in continuous professional training and seminars/conferences/courses/workshops on subjects relating to directors' duties, corporate governance and other matters of relevance.

## BOARD COMMITTEES

Four committees, namely audit committee (the "Audit Committee"), compliance committee (the "Compliance Committee"), remuneration committee (the "Remuneration Committee") and the Nomination Committee were established under the Board to oversee their respective functions set out below, and to report to the Board on their decisions or recommendations. Each committee or each committee member is allowed to obtain independent professional advice and services at the Company's expenses.

### Audit Committee

As at 31 March 2020 and up to the date of this report, the Audit Committee comprised three INEDs, namely Ms. Yeung Pui Han, Regina, Mr. Li Chi Fai and Ms. Sie Nien Che, Celia, and is chaired by Mr. Li Chi Fai who has substantial accounting and related financial management expertise.

The main duties of the Audit Committee are to review and monitor and provide supervision over the Company's financial reporting process, risk management and internal control system, perform corporate governance duties delegated by the Board and maintain an appropriate relationship with the Company's auditor. The roles and functions of the Audit Committee are clearly set out in terms of reference which are no less exacting than the CG Code and are available on the websites of the Company and the Stock Exchange.

# Corporate Governance Report

Four Audit Committee meetings were held during the year ended 31 March 2020. The attendances of each Audit Committee member are set out as follows:

**Number of  
meetings  
attended/  
eligible to  
attend**

---

## **Independent Non-executive Directors**

Ms. Yeung Pui Han, Regina	4/4
Mr. Li Chi Fai	4/4
Ms. Sie Nien Che, Celia	3/4

The major works performed by the Audit Committee during the year and up to the date of this report include the following:

- reviewed and recommended for the Board's approval the draft audited consolidated financial statements of the Year under Review together with the auditor's report attached thereto and the draft announcement of the 2020 Annual Results, and the draft unaudited consolidated financial statements and announcement of the interim result for the six months ended 30 September 2019 (the "2019 Interim Results").
- reviewed tax issues, compliance and salient features of 2020 Annual Results and 2019 Interim Results.
- discussed with the auditor the nature and scope of the audit and reporting obligations.
- considered and recommended to the Board for the terms of engagement and fee proposals provided by the auditor.
- reviewed the appointment of the auditor.
- recommended to the Board for the proposal for the re-appointment of Elite Partners CPA Limited as the auditor of the Company at the forthcoming AGM of the Company.
- reviewed the appointment of the internal auditor and the internal audit plan.
- reviewed the effectiveness of the financial controls, risk management and internal control system of the Company.
- reviewed the Company's application of its policy and practices of corporate governance and disclosures in this report.
- reviewed the training and continuous professional development of the Directors and senior management.
- reviewed arrangements for employees of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters.

The chairman of the Audit Committee will report the findings and recommendations, if any, to the Board after each meeting. During the year ended 31 March 2020, the Board had no disagreement with the Audit Committee's view on the selection and appointment of the external auditor.

## Compliance Committee

As at 31 March 2020 and up to the date of this report, the Compliance Committee comprised an Executive Director, namely Ms. Ng Wai Yee, an INED, namely Mr. Li Chi Fai, the Assistant to the Director, Mr. Wong Sze Lok and the Company Secretary, Mr. Cheung Tai Chi, and is chaired by Ms. Ng Wai Yee.

The main duties of the Compliance Committee are to formulate, review, approve, and monitor the Company's policies and practices on compliance with legal and regulatory requirements, supervise the implementation and monitor the efficiency and effectiveness of the compliance management system. The roles and functions of the Compliance Committee are clearly set out in terms of reference which are no less exacting than the CG Code and are available on the websites of the Company and the Stock Exchange.

Two Compliance Committee meetings were held during the year ended 31 March 2020. The attendances of each Compliance Committee member are set out as follows:

	<b>Number of meetings attended/ eligible to attend</b>
<b>Executive Director</b>	
Ms. Ng Wai Yee	2/2
<b>Independent Non-executive Directors</b>	
Mr. Li Chi Fai	1/2
Mr. Wong Sze Lok ( <i>Assistant to the Director</i> )	2/2
Mr. Cheung Tai Chi ( <i>Company Secretary</i> )	2/2

The major works performed by the Compliance Committee during the year and up to the date of this report include the following:

- reviewed the Company's compliance with the CG code and disclosure in the CG Report.
- reviewed the Company's compliance with legal and regulatory requirements.
- monitored the training and continuous professional development of the Directors and senior management.
- prepared and submitted summary reports to the Board on the overall compliance performance and corporate governance practices of the Company.

## Remuneration Committee

As at 31 March 2020 and up to the date of this report, the Remuneration Committee comprised an Executive Director, namely Ms. Ng Wai Yee, and two INEDs, namely Ms. Yeung Pui Han, Regina and Ms. Sie Nien Che, Celia, and is chaired by Ms. Yeung Pui Han, Regina.

# Corporate Governance Report

The main duties of the Remuneration Committee are to review the Company's policy on remuneration structure, approve the management's remuneration by reference to corporate goals and objectives of the Company, recommend to the Board on the remuneration packages of the INEDs, review and determine the remuneration packages for the Executive Directors with delegated responsibility according to the model set out in code provision B.1.2(c)(i) of the CG Code as adopted by the terms of reference of the Remuneration Committee. No Director will determine his/her own remuneration. The roles and functions of the Remuneration Committee are clearly set out in the terms of reference which are no less exacting than the CG Code and are available on the websites of the Company and the Stock Exchange.

One Remuneration Committee meetings were held during the year ended 31 March 2020. The attendances of each Remuneration Committee member are set out below:

	<b>Number of meetings attended/ eligible to attend</b>
<b>Executive Director</b>	
Ms. Ng Wai Yee	1/1
<b>Independent Non-executive Directors</b>	
Ms. Yeung Pui Han, Regina	1/1
Ms. Sie Nien Che, Celia	1/1

The major works performed by the Remuneration Committee during the year and up to the date of this report include the following:

- recommended to the Board on the remuneration packages of the INEDs.
- reviewed the terms of services contracts of all Directors.
- reviewed and approved the remuneration package of each Executive Director and senior management including benefit in kind, pension right and bonus payment.
- determined remuneration proposals of the management linked with the Company's performance towards its goals and objectives and individual performance.
- considered the Group's position relative to comparable companies, time commitment and responsibilities and employment conditions in terms of remuneration packages and salary payments.

## Nomination Committee

As at 31 March 2020 and up to the date of this report, the Nomination Committee comprised an Executive Director, namely Mr. Ng Man Sun, and two INEDs, namely Ms. Yeung Pui Han, Regina and Ms. Sie Nien Che, Celia, and is chaired by Mr. Ng Man Sun.

The main duties of the Nomination Committee are to review the structure, size and composition of the Board, make recommendations on the selection of individual to act as a Director and on appointment or re-election of Directors to complement the corporate strategy of the Company, and assess the independence of the INEDs. The roles and functions of the Nomination Committee are clearly set out in terms of reference which are no less exacting than the CG Code and are available on the websites of the Company and the Stock Exchange.

One Nomination Committee meeting was held during the year ended 31 March 2020. The attendances of each Nomination Committee member are set out below:

	<b>Number of meetings attended/ eligible to attend</b>
<b>Executive Director</b>	
Mr. Ng Man Sun	1/1
<b>Independent Non-executive Directors</b>	
Ms. Yeung Pui Han, Regina	1/1
Ms. Sie Nien Che, Celia	0/1

The Company continued to monitor the board composition in order to maintain an appropriate mix and balance of talent, skills, experience and background on the Board. The major works performed by the Nomination Committee during the year and up to the date of this report include the following:

- reviewed the structure, size and composition of the Board.
- recommended to the Board on re-election of the Directors.
- assessed the independence of INEDs.

## REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration paid to and/or entitled by each of the Directors and senior management for the Year under Review is set out in notes 10 and 11 to the consolidated financial statements.

## AUDITOR'S REMUNERATION

For the year ended 31 March 2020, the fees paid and payable to Elite Partners CPA Limited in respect of audit and non-audit services were HK\$954,000 and HK\$682,000 respectively.

## ACKNOWLEDGEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibilities for preparing the consolidated financial statements of the Group and present the consolidated financial statements in a balanced, clear and understandable assessment in its annual and interim reports. The Directors have been implementing various measures to improve the Group's financial position by exploring new business opportunities and strengthening cash liquidity of the Company. In preparing the consolidated financial statements for the Year under Review, the Directors have:

- based on a going concern basis;
- selected suitable accounting policies and applied them consistently; and
- made judgments and estimates that were prudent, fair and reasonable to give a true and fair view of the financial results of the Company and the Group.

The statement of the auditor of the Company about its reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 41 to 42.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board is overall responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring that the Group established and maintained appropriate and effective risk management and internal control systems.

The Audit Committee reviews the risk management and internal controls that are significant to the Group on an on-going basis. The Audit Committee would consider the adequacy of resource, qualifications and experience and training of staff and external advisor of the Group's accounting, internal audit and financial reporting function.

The management of the Group is responsible for designing, maintaining, implementing and monitoring of the risk management and internal control system to ensure adequate control in place to safeguard the Group's assets and stakeholder's interest.

The Group has established risk management procedures to address and handle the all significant risks associate with the business of the Group. The Board would perform annual review on any significant change of the business environment and establish procedures to response the risks result from significant change of business environment. The risk management and internal control systems are designed to mitigate the potential losses of the business.

The management would identify the risks associate with the business of the Group by considering both internal and external factors and events which include political, economic, technology, environmental, social and staff. Each of risks has been assessed and prioritised based on their relevant impact and occurrence opportunity. The relevant risk management strategy would be applied to each type of risks according to the assessment results, type of risk management strategy has been listed as follow:

- Risk retention and reduction: accept the impact of risk or undertake actions by the Group to reduce the impact of the risks;
- Risk avoidance: change business process or objective so as to avoid the risk;
- Risk sharing and diversification: diversify the effect of the risk or allocate to different location or product or market;
- Risk transfer: transfer ownership and liability to a third party.

The internal control systems are designed and implemented to reduce the risks associated with the business accepted by the Group and minimise the adverse impact results from the risks. The risk management and internal control system are design to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Audit Committee and the Board, having considered the availability of internal resources and the qualification requirement of internal audit, agreed to engage an external advisory firm to undertake the internal audit function to ensure the effectiveness and efficiency of the risk management and internal control system of the Group. No significant deficiency and weakness on the internal control system has been identified by the external advisory firm for the year ended 31 March 2020.

The Board considered that, for the year ended 31 March 2020, the risk management and internal control system and procedures of the Group, covering all material controls including financial, operational and compliance controls and risk management functions were reasonably effective and adequate.

## COMPANY SECRETARY

Mr. Cheung Tai Chi has professional qualification and extensive experiences to discharge his duties as the Company Secretary of the Company. He reports to the Chairman and CEO and has day-to-day knowledge of the Company's affairs. He is mainly responsible for advising the Board on governance matters, promoting Directors' participation in continuing professional development training, ensuring good flow of information among the Board members and the Board policy and procedures are followed.

During the year, Mr. Cheung has attended no less than 15 hours of professional training to refresh and develop his skills and knowledge.

## COMMUNICATION WITH SHAREHOLDERS

The CG Code requires the Company to have an ongoing dialogue with shareholders and it is the responsibility of the Board as a whole to ensure that satisfactory dialogue takes place. The Company's AGM provides a useful forum for the shareholders to exchange views with the Board and the Company welcomes the shareholders to attend the AGM. The Directors and representative(s) of the auditor of the Company will attend the AGM and be available to answer shareholders' questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

# Corporate Governance Report

Separate resolutions are proposed at general meetings on each substantially separate issue, including election or re-election of individual Directors at the AGM, and all resolutions put to the vote of a general meeting were taken by way of a poll. The results of the poll were published on the websites of the Company and the Stock Exchange respectively.

Another communication channel between the Company and its shareholders is through the publication of its interim and annual reports and other publications of the Company from time to time. The Company's branch share registrar serves the shareholders with respect to all share registration matters.

## SHAREHOLDERS' RIGHTS

### Procedures for Shareholders to Convene Special General Meeting

Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require a special general meeting (the "SGM") to be called by the Board for the transaction of any business specified in such requisition; and such SGM shall be held within two months after the deposit of such requisition, provided that such written requisition is verified to be valid, proper and in order.

The requisition must state the purposes of the SGM, and must be signed by the requisitionists and deposited at the Company's head office and principal place of business in Hong Kong and may consist of several documents in like form each signed by one or more requisitionists.

If within twenty-one days of such deposit the Board fails to proceed to convene such SGM, the requisitionists themselves, or any of them representing more than one half of the total voting rights of all of them, may convene a SGM, but the SGM so convened shall not be held after the expiration of three months from the said date.

### Shareholders' Enquires to the Board

Investors or shareholders are welcomed to contact the Group's investor relations consultant for any enquires. Their contact details are as follows:

DLK Advisory Limited  
Room 906, 9/F. Nan Fung Tower  
88 Connaught Road Central  
Hong Kong

Details of the poll voting procedures and rights of shareholders to demand a poll are included in the circular to shareholders dispatched together with the annual report. The circular also includes details of the procedures and the timetable of proposing appropriate candidates to stand for election as Directors at an AGM, and the requirements of relevant details of proposed resolutions, including biographies of each candidate standing for election and whether such candidates are considered to be independent.

## INVESTOR RELATIONS

The Group believes that maintaining active communication and operational transparency is vital to building good investor relations. During the year, the Group has retained a professional public relation company to maintain continuous communication with various investors and held meetings regularly with analysts and institutional investors from around the world, if appropriate.

There were no significant changes in the constitutional documents of the Company during the year ended 31 March 2020.

The Directors present their report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2020.

## PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holdings. The principal activities of its subsidiaries during the year are set out in note 36 to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segments is set out in note 4 to the consolidated financial statements.

## RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2020 are set out in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income on pages 43 to 44.

The Directors do not recommend the payment of a dividend for the year ended 31 March 2020 (2019: Nil).

## DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy") setting out the principles and guidelines regarding declaration and payment of dividends. The declaration and payment of dividends is subject to the discretion of the Board. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall consider, among others, (a) the Company's actual and expected financial performance; (b) retained earnings and distributable reserves of the Company and each of the members of the Group; (c) the Group's working capital requirements, capital expenditure requirements and future expansion plans; (d) the Group's liquidity position; (e) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and (f) other factors that the Board may considered relevant.

The declaration or payment of dividends by the Company is also subject to any restrictions under the laws of Bermuda and the Company's Bye-laws. The Company does not have any pre-determined dividend distribution ratio. The Company's dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Company in the future. The Dividend Policy shall in no way constitute a legally binding commitment by the Company in respect of its future dividend and/or in no way obligate the Company to declare a dividend at any time or from time to time. The Board will continually review the Dividend Policy and reserve the right in its sole and absolute discretion to update, amend and modify the Dividend Policy at any time.

## SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 126.

## BUSINESS REVIEW

The business review of the Group for the Year under Review is set out in the Management Discussion and Analysis on pages 5 to 11 of this report, which forms part of this report, and the paragraphs below.

# Directors' Report

## Environmental Policy

The Group has devoted its greatest efforts in promoting conservation and environmental sustainability. Our environmental strategy is to achieve a balance between the quality and efficiency of our services and the minimization of greenhouse gas emissions and environmental degradation. Accordingly, Energy efficient lightings have been installed in the office to reduce energy consumption and the Group has also continuously monitored its waste and paper consumption such as use of recycled paper and double-sided printing.

Details of the environmental, social and governance practices adopted by the Group are set out in the Environmental, Social and Governance Report which will be published as a separate report on the websites of the Company and the Stock Exchange no later than three months after the publication of this report.

## Compliance with Laws and Regulations

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations. The work of our Board and the Board committees, in particular the Compliance Committee, contributes to our commitment to compliance efforts. During the Year under Review, the Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on it.

## Relationship with Employees

The Group actively manages its employee relations on which its success depends. The Group believes that developing superior human resources with knowledge, skill and experience is essential to the achievement of its objectives. Specifically, the Group provides in-house training, subsidy for attending seminars and encourages sharing of ideas through employees' meeting. These training and development enable the Group to enhance improvement in the knowledge and skills needed from the employees as they become one of the key strengths of the Group.

## Relationship with Customers and Suppliers

The Directors believe that maintaining good relationships with customers has been one of the critical reasons for the Group's success. Our business model is to maintain and build on our strong relationships within our client base. To deliver the best products and experiences to our valued customers, we engaged with them by collecting their views and assessing their expectations through a wide range of communication channels. The Group is constantly looking ways to improve customer relations through enhanced services.

The Group has maintained good relationship with the suppliers to ensure their continued support to the Group in the foreseeable future.

## EVENTS AFTER THE REPORTING PERIOD

### Termination of the License Agreement

On 27 May 2020, the Licensee and the Licensor entered into a termination agreement (the "Termination Agreement") pursuant to which the Licensor and the Licensee have mutually agreed to early terminate the License Agreement, which will expire on 30 November 2020, with effect from 1 June 2020. Pursuant to the Termination Agreement, the parties irrevocably, fully and unconditionally releases and forever discharges the other party, from and against any and all present and future claims, counterclaims, demands, actions, suits, causes of action, damages, controversies and liabilities, including, without limitation, any costs, expenses, bills, penalties or attorneys' fees, whether known or unknown, contingent

or absolute, foreseen or unforeseen, and whether in law, equity or otherwise, that could have been asserted in any court or forum and relating in any way to any conduct, occurrence, activity, expenditure, promise or negotiation arising from or relating to the License Agreement. Details are set out in the announcement of the Company dated 27 May 2020.

Due to the recent global outbreak of the coronavirus (COVID-19) epidemic, Cambodian Prime Minister Samdech Techo Hun Sen has ordered that, from 23:59 p.m. of 1 April 2020 onwards, all casinos must temporarily stop their business activities until further notice ("Temporary Closure") in order to prevent the spread of the coronavirus. Having considered the License Agreement will expire on 30 November 2020 and also various factors affecting the resumption of the VIP room operation until the expiration of the License Agreement, the Company is of the view that the entering into of the Termination Agreement to early terminate the License Agreement without compensation is a favourable opportunity for the Company to minimize the Group's cash outlay during the epidemic period as well as minimizing the impact of the Temporary Closure to the Group.

## FIXED ASSETS

Details of the movements during the year in the property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

## SUBSIDIARIES

Details of the Company's subsidiaries as at 31 March 2020 are set out in note 36 to the consolidated financial statements.

## SHARE CAPITAL

Details of the movements in the Company's share capital during the year are set out in note 27 to the consolidated financial statements.

## 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.

### Purpose

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

### Eligible Persons

Under the 2012 Scheme, eligible persons include any directors, officers, employees of the Company, any of its subsidiaries or any entity (the "Invested Entity") in which the Group holds any equity interests, suppliers and customers of any member of the Group or any Invested Entity, and shareholders of any members of the Group or the Invested Entity or any other person who has contributed to the development, growth or benefit of the Group at the discretion of the Board.

## Total Number of Share Option Available for Issue

The maximum number of shares in respect of which options may be granted under the 2012 Schemes will not exceed 10% of the issued share capital of the Company at the date of adoption of the 2012 Scheme; and the maximum number of shares in respect of which options may be granted under all existing schemes will not exceed 30% of the maximum number of shares in issue from time to time.

As at the date of approval of the 2012 Scheme, the total number of shares of the Company which may be allotted and issued upon the exercise of all options to be granted under the 2012 Scheme must not exceed 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 at the special general meeting on 12 September 2012, and after the special general meeting on 27 March 2013 approving share consolidation of every 20 shares of the Company of HK\$0.01 each consolidated into 1 new share of the Company of HK\$0.20 each and the completion of the open offer on 16 May 2016 on the basis of one offer share for every two existing shares.

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, apart from the 22,281,335 share options which had already been granted and were still outstanding, must not exceed 10% of the shares of the Company in issue on the date of that annual general meeting. As at the date of this report, 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 in addition to the 22,281,335 options which had already been granted and were still outstanding as at the annual general meeting on 9 August 2016.

## Maximum Entitlement of Each Eligible Participant

The maximum entitlement of each eligible participant is that the total number of shares issued and to be issued upon exercise of the outstanding options granted and to be granted to such eligible participant (including both exercised, cancelled and outstanding options) under the 2012 Scheme and other scheme(s) of the Group in any 12-month period must not exceed 1% of the issued share capital of the Company at the date of grant.

## Option Period

An option may be exercised in whole or in part in accordance with the respective terms of the 2012 Scheme during a period notified or to be notified by the Board.

## Minimum Period for which an Option must be Held Before it is Exercised

The period within which an option may be exercised under the 2012 Scheme is determined by the Board at its absolute discretion, provided that such period is consistent with any other terms and condition of the 2012 Scheme.

## Payment on Acceptance of the Option

A consideration of HK\$1 is payable upon acceptance within 28 days from the date of the offer of grant of the option under the 2012 Scheme.



## Basis of Determining the Subscription Price

The subscription price for share under the 2012 Scheme shall be at the absolute discretion of the Board, provided that it must be at least the highest of (i) the closing price of the shares on the Stock Exchange on the offer day; and (ii) the average of the closing prices of the shares on the Stock Exchange on the five trading days immediately preceding the offer date; and (iii) or the nominal value of the shares.

## The Remaining Life of the Share Option Scheme

The 2012 Scheme remains in force for 10 years from the date of its adoption on 12 September 2012, unless otherwise terminated, cancelled or amended.

Details of the 2012 Scheme are set out in note 28 to the consolidated financial statements.

# Directors' Report

The movements of the Company's share options outstanding under the 2012 Scheme during the year ended 31 March 2020 are as follows:

	Date of Grant (day/month/year)	No. of share options ('000)			As at 31 March 2020 (Note 2)	Exercise period (day/month/year)	Adjusted exercise price HK\$ (Note 2)
		As at 1 April 2019 (Note 2)	Granted	Lapsed			
<b>Directors</b>							
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	
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
<b>Eligible employees</b>							
	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	
<b>Service providers</b>							
	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	8,100	—	—	8,000	17/12/2018-16/12/2028	0.200
In aggregate		66,182	—	—	66,182		



## 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.

## RESERVES

Details of the movements in the reserves of the Group are set out in the consolidated statement of changes in equity on page 47.

## DISTRIBUTABLE RESERVES

As at 31 March 2020, in the opinion of the Directors of the Company, the reserves of the Company available for distribution to shareholders is Nil (2019: Nil).

## DIRECTORS

The Directors during the year and up to the date of this report were:

### Executive Directors

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

### Independent Non-executive Directors

Ms. Yeung Pui Han, Regina  
Mr. Li Chi Fai  
Ms. Sie Nien Che, Celia

In accordance with the provisions of the Company's Bye-laws, Mr. Li Chi Fai and Ms. Sie Nien Che, Celia retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

### Executive Directors

**Mr. Ng Man Sun**, aged 73, also known as Ng Wai, has been elected as an Executive Director of the Company and appointed as the Chairman and Chief Executive Officer of the Company since 12 September 2012. He is a shareholder of the Company and father of Ms. Ng Wai Yee, an Executive Director of the Company. Mr. Ng is well-known amongst the Macau casino business and is the founding chairman of the Association of Casino intermediaries of Macau.

**Ms. Ng Wai Yee**, aged 46, has been elected as an Executive Director of the Company since 12 September 2012. She is the daughter of Mr. Ng Man Sun, the Chairman, Chief Executive Officer and a substantial shareholder of the Company. Ms. Ng is a director of Diamond Square Investment & Management Company Limited (鑽石廣場投資管理有限公司) which assists in the management of Mr. Ng's business.

### Independent Non-executive Directors

**Ms. Yeung Pui Han, Regina**, aged 63, has been elected as an Independent Non-executive Director of the Company since 12 September 2012. Ms. Yeung is a merchant in Canada in respect of high end leisure and entertainment business. She has been appointed as the President of Tradewinds Production Limited, a Canadian corporation, since 2009.

**Mr. Li Chi Fai**, aged 53, has been appointed as an Independent Non-executive Director of the Company since 22 February 2013. Mr. Li is a member of Hong Kong Institute of Certified Public Accountants and CPA Australia and holds a Bachelor of Economics degree from Monash University, Australia. He has more than 20 years of experiences in financial auditing and accounting. Mr. Li is currently a director of Tax Wisdom Accountants Pty. Ltd. which provides accounting and tax services in Australia. Before, he has been chief financial officer and company secretary of a number of Main Board issuers of the Stock Exchange.

**Ms. Sie Nien Che, Celia**, aged 46, has been appointed as an Independent Non-executive Director of the Company since 22 February 2013. Ms. Sie is the founder and chief executive officer of JACSO Group, a well known entertainment based group of companies in Hong Kong. Ms. Sie is a holder of bachelor degree in Arts from the University of Hong Kong and a member of Hong Kong United Youth Association.

### Company Secretary

**Mr. Cheung Tai Chi**, aged 49, has extensive professional experience in financial management, accounting and auditing. He is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.



## DIRECTORS' SERVICE CONTRACTS

Each of Mr. Ng Man Sun, Ms. Ng Wai Yee, Ms. Yeung Pui Han, Regina, Mr. Li Chi Fai, Ms. Sie Nien Che, Celia has entered into a letter of appointment with the Company without specific term of office and may be terminated by either party by written notice of not less than three months.

Save as disclosed above, no Director who is proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries, which is not determinable within one year without payment of compensation, other than statutory obligations.

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Other than the transactions disclosed under the section headed "CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTIONS" below, there was no transactions, arrangements and contracts of significance in relation to the Group's business, to which the Company or its subsidiaries was a party and in which a Director or his or her connected entity has or had a material beneficial interest, whether directly or indirectly, subsisted at 31 March 2020 or at any time during the Year under Review.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed below, during the year ended 31 March 2020, none of the Directors has any interest in a business which causes or may cause a significant competition with the business of the Company and any other conflicts of interest which any such person has or may have with the Company.

The Group is principally engaged in the gaming business. Mr. Ng Man Sun has an interest and held directorship in Lion King Entertainment Company Limited ("Lion King") which engaged in the same business of operating gaming tables at the same casino in Cambodia (the "Casino") as the Group. As such, he is regarded as being interested in such competing business with the Group. For safeguarding the interests of the Group, it is noted that the minimum bet of the 4 gaming tables being operated by the Group (the "Gaming Tables") is set at a rate lower than the other baccarat tables while the maximum bet is set at the same rate as the other baccarat tables, which is expected to attract more potential players to play at the Gaming Tables. On the other hand, whether to operate all or part of the gaming tables in the mass gaming area of the Casino is subject to the operation environment of the Casino and the decision of the management of the Casino, whereby the Casino may close operation of any mass gaming tables from time to time. Lion King and Mr. Ng Man Sun have jointly undertaken to the Group that while the Casino is operating, in no circumstances the Casino will consider to close the Gaming Tables.

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

Save as disclosed below, as at 31 March 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 and 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 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	355,494,593	7,454,780 (Note 1)	362,949,373	28.30%
	Interest in a controlled corporation (Note 2)	307,366	—	307,366	0.02%
	<b>Total</b>	<b>355,801,959</b>	<b>7,454,780 (Note 1)</b>	<b>363,256,739</b>	<b>28.32%</b>
Ms. Ng Wai Yee	Beneficial owner	—	7,703,040 (Note 1)	7,703,040	0.60%
Ms. Yeung Pui Han, Regina	Beneficial owner	—	2,213,040 (Note 1)	2,213,040	0.17%
Mr. Li Chi Fai	Beneficial owner	—	1,964,780 (Note 1)	1,964,780	0.15%
Ms. Sie Nien Che, Celia	Beneficial owner	300,000	1,716,520 (Note 1)	2,016,520	0.16%

#### Notes:

- These interests represent the number of underlying shares in respect of the 2012 Scheme, the details of which are set out in the section headed "SHARE OPTION SCHEME" of the Directors' Report.
- 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.

## SUBSTANTIAL SHAREHOLDERS

As at 31 March 2020, other than interests as disclosed above in respect of Mr. Ng Man Sun as Director, the Chairman and CEO, 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 positions 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.

<b>Name</b>	<b>Capacity</b>	<b>Number of shares held</b>	<b>Approximate percentage of issued share capital</b>
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%

## CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTIONS

During the Year under Review, the Group had the following non-exempted continuing connected transactions/connected transactions within the meaning of Chapter 14A of the Listing Rules:

On 28 October 2019, Victor Mind Global Limited ("VMG"), a wholly-owned subsidiary of the Company, and Lion King Entertainment Company Limited ("Lion King") entered into a lease agreement (the "Lease Agreement"), pursuant to which Lion King has conditionally agreed to lease and VMG has conditionally agreed to take up a lease of a total number of 4 gaming tables located at the mass market gaming area (the "Gaming Tables") in the casino in the name of "Century Entertainment" (the "Casino") situate on the 1st and 2nd floors of the Sunshine Bay Hotel at Village 1, Commune No. 3, Mittaphea Town, Sihanoukville Municipal, Cambodia.

On 28 October 2019, VMG and Lion King entered into an assignment agreement (the "Assignment Agreement"), pursuant to which Lion King has conditionally agreed to assign the business rights of the Gaming Tables (the "Gaming Table Business Rights") to VMG and VMG has conditionally agreed to accept the assignment of the Gaming Table Business Rights for a period of five (5) years (the "Assignment") at a consideration of HK\$120 million. The consideration shall be payable by VMG by way of a combination of disposing of the Company's entire equity interests in Forenzia Enterprises Limited (the "Disposal") and procure the Company to issue a promissory note to Lion King. The commencement of the Assignment Agreement was subject to fulfillment of a number of conditions.

As at the date of the Lease Agreement and the Assignment Agreement, Lion King is wholly-owned by Mr. Ng Man Sun who is an executive Director, Chairman and the Chief Executive Officer of the Company. Mr. Ng is also a substantial Shareholder who is interested in 355,801,959 Shares, representing approximately 27.74% of the total issued share capital of the Company. Therefore, Lion King is a connected person of the Company under Chapter 14A of the Listing Rules.

# Directors' Report

Pursuant to the Lease Agreement and the Assignment Agreement, Lion King shall be solely responsible for the operation and management of the Gaming Tables in accordance with the execution plan mutually formulated and agreed between VMG and Lion King and VMG shall be responsible for the costs of operation and management of the Gaming Tables including but not limited to any tax payable on the bets wagered at or operation of the Gaming Tables, the costs of recruiting employees to serve at the Gaming Tables, and the costs of meals and refreshments served to guests. Lion King shall also submit all financial and non-financial data in relation to the Gaming Tables business on a regular basis or upon VMG's request. The Group shall be entitled to 100% house win winnings and responsible for 100% house losses.

## Continuing Connected Transactions

As disclosed in the announcement of the Company dated 28 October 2019, under the Lease Agreement, Lion King shall lease the Gaming Tables to VMG for a period commencing 1 November 2019 and ending on 30 September 2020. The rent shall be HK\$1,200,000 per month and shall be payable by VMG to Lion King on the 1st day of each month during the lease term. The rent charged under the Lease Agreement was determined principally by arm's length commercial negotiations according to the principles of fairness and reasonableness by both parties by taking into account factors including locations and conditions of the Casino, and with reference to the rental charged to other independent participants in the Casino. Therefore, VMG shall pay a total rent of HK\$6,000,000 to Lion King under the Lease Agreement for the financial year ended 31 March 2020.

Having assessed the accounting treatment of the Lease Agreement, in particular, accounting impact under HKFRS 16 "Leases" which came into effect on 1 January 2019, the Company is of the view that due to the short leasing term of the Leasing Agreement which is equal to or less than 12 months, the accounting requirement under HKFRS 16 to require the lessee to recognise a lease as a right-of-use asset and a lease liability in the consolidated statement of financial position does not apply to the Group and therefore, the transactions contemplated under the Lease Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) under Chapter 14A of the Listing Rules for the transactions contemplated under the Lease Agreement, on an annual basis, are less than 25% and the annual cap is less than HK\$10,000,000, and given that (1) the Board has approved the transactions contemplated under the Lease Agreement; and (2) although the entering into of the Lease Agreement is not in the ordinary and usual course of business of the Group, it is on normal commercial terms or better (as far as the Company is concerned), the transactions contemplated under the Lease Agreement are subject to reporting and announcement requirements, but exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements.

The Lease Agreement shall be terminated upon the occurrence of the earliest of any of the following events:

- (a) expiry of the Lease Agreement;
- (b) at any time by mutual consent of the Parties, provided that such consent to terminate is in writing and is signed by each of the Parties; or
- (c) breach of any terms and conditions herein contained in the Lease Agreement by either party, and the party not in default may by notice terminate the Lease Agreement and shall not then have any liability hereunder.



## Connected Transactions

As disclosed in the announcement of the Company dated 28 October 2019 and the circular dated 13 March 2020, the transactions contemplated under the Assignment Agreement involve (i) the Assignment; and (ii) the Disposal. Pursuant to Rule 14.24 of the Listing Rules, since the transactions involve both acquisition and disposal, the transactions are classified by reference to the larger of the Assignment or the Disposal. As the highest of the applicable percentage ratios in respect of the Assignment exceeds 25% and is lower than 100% while the highest of the applicable percentage ratios in respect of the Disposal exceeds 25% and is lower than 75%, the transactions contemplated under the Assignment Agreement constitute a major transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements. As Lion King is regarded as a connected person of the Company under Chapter 14A of the Listing Rules as mentioned above, the transactions contemplated under the Assignment Agreement also constitutes connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to reporting, announcement and Independent Shareholders' approval requirements.

On 31 March 2020, all the conditions precedent under the Assignment Agreement have been satisfied and the Assignment and the Disposal were completed on 31 March 2020. Following completion of the Assignment and the Disposal, the Gaming Table Business Rights has been granted to VMG for a period of five years from 31 March 2020 and the financial results of the Gaming Tables business will be consolidated into the financial statements of the Group.

Following the commencement of the Assignment, the Gaming Table Business Rights has been granted to VMG and Lion King has ceased to have the legal right to lease the Gaming Tables. Therefore, on 31 March 2020, VMG and Lion King signed a written consent (the "Written Consent") to terminate the Lease Agreement with immediate effect. Upon termination of the Lease Agreement, VMG and Lion King mutually agreed to discharge and release each other from the obligations under the Lease Agreement and their respective rights and/or claims against each other in connection with the Lease Agreement, save for any outstanding balance incurred associated with the Lease Agreement prior to the date of the Written Consent.

As at the date of the Written Consent, Lion King is wholly-owned by Mr. Ng Man Sun who is an executive Director, Chairman and Chief Executive Officer of the Company. Mr. Ng is also a substantial Shareholder who is interested in 355,801,959 Shares, representing approximately 27.74% of the total issued share capital of the Company. Accordingly, Lion King is regarded as a connected person of the Company under Chapter 14A of the Listing Rules and the signing of the Written Consent to terminate the Lease Agreement constitutes a connected transaction on the part of the Company under the Listing Rules. As neither VMG nor Lion King is required to make any payment or compensation to each other, the termination of the Lease Agreement is exempt from the announcement, reporting and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Announcements were published regarding the continuing connected transactions/connected transactions in accordance with the Listing Rules. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in so far as they are applicable.

# Directors' Report

## Annual review of the continuing connected transactions under the Listing Rules

During the year ended 31 March 2020, VMG paid the rental to Lion King in accordance with the terms and conditions of the Lease Agreement (the "Transaction"). The annual total rent paid by the Group amounted to HK\$6,000,000 which was within the applicable annual cap of HK\$6,000,000 (the "Approved Annual Cap") as stated in the Lease Agreement.

The Independent Non-executive Directors have, pursuant to Chapter 14A of the Listing Rules on the requirement to carry out annual review on the continuing connected transactions, reviewed the subject continuing connected transactions. Having considered the reasons and benefits in respect of the taking up the lease of the Gaming Tables under the Lease Agreement as mentioned in the Company's announcement dated 28 October 2019, the Independent Non-executive Directors were of the view that, although the transactions contemplated under the Lease Agreement were not in the ordinary and usual course of business of the Group, the terms of lease were made on normal commercial terms and in accordance with the Lease Agreement governing then on terms that are fair and reasonable and in the interest of the Company and its shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, Elite Partners CPA Limited ("Elite Partners"), the Company's auditors, was engaged to report on the Group's continuing connected transactions entered into by the Company and its subsidiaries for the year from 1 April 2019 to 31 March 2020 in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

Elite Partners has issued its letter containing its conclusion in respect of the Transactions during the year from 1 April 2019 to 31 March 2020 disclosed above by the Group in accordance with Chapter 14A of the Listing Rules, which the letter states that:

- (a) the Transactions have been approved by the Board;
- (b) the Transactions were, in all material respects, in accordance with the pricing policies of the Group;
- (c) the Transactions were entered into, in all material respects, in accordance with the relevant agreement governing the Transactions; and
- (d) the Transactions have not exceeded the Approved Annual Cap.

A copy of the Auditors' letter has been provided by the Company to the Stock Exchange.

## ARRANGEMENTS 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" and "SHARE OPTION SCHEME" above, at no time during the year 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 Year under Review.

## PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Bye-laws, the Directors, secretary and other officers and every auditor for the time being of the Company shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, shall or may incur or sustain by or by reasons of any act done, concurred in or omitted in or about the execution of their duties in their respective offices or otherwise in relation thereto.

The Company has taken out insurance against all losses and liabilities associated with defending any proceedings which may be brought against Directors and other officers of the Company.

## MANAGEMENT CONTRACTS

Save for service contracts, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or subsisting during the year ended 31 March 2020.

## EQUITY-LINKED AGREEMENTS

Save for disclosed in the sections headed "FINANCIAL REVIEW" and "BUSINESS REVIEW" in the Management Discussion and Analysis on pages 5 to 11 of this report and the section headed "SHARE OPTION SCHEME" on pages 27 to 31 of this report, no equity-linked agreement that will or may result in the Company issuing shares or no agreement that requires the Company to enter into an agreement that will or may result in the Company issuing shares were entered into by the Company during the year ended 31 March 2020 or subsisted at the end of the financial year.

## RETIREMENT BENEFIT SCHEMES

Details of the retirement benefit schemes of the Group and the employees' costs charged to the consolidated statement of profit or loss for the Year under Review are set out in note 12 to the consolidated financial statements.

## EMPLOYMENT AND REMUNERATION POLICY

As at 31 March 2020, the Group employed permanent employees in Hong Kong. The Group is aware of the importance of human resources and is dedicated to retaining competent and talented employees by offering them competitive remuneration packages. Their salaries and bonuses were determined by reference to their duties, work experience, performance and prevailing market practices. The Group also participates in the Mandatory Provident Fund scheme in Hong Kong, and provides employees with medical insurance coverage. A share option scheme is in place to reward individual employees for their outstanding performance and contribution to the success of the Group.

## PROMISSORY NOTES

Details of the promissory notes issued by the Company are set out in note 24 to the consolidated financial statements.

## RELATED PARTY TRANSACTIONS

Details of material related party transactions of the Group are set out in note 32 to the consolidated financial statements.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the financial year ended 31 March 2020.

## PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficiency of public float of the Company's securities as required under the Listing Rules.

## CORPORATE GOVERNANCE

Throughout the year, the Company has complied with all the code provisions contained in Appendix 14 to the Listing Rules, saved for certain deviations as explained in the Corporate Governance Report. Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 12 to 24 of this report.

## CONFIRMATION OF INDEPENDENCE

The Company has received written confirmation in respect of independence from each of the current Independent Non-executive Directors of the Company in compliance with Rule 3.13 of the Listing Rules, thus, the Company considers that each of them to be independent.

## AUDITOR

Elite Partners CPA Limited ("Elite Partners") shall retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Elite Partners as the auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

**Ng Man Sun**  
*Chairman*

Hong Kong, 29 June 2020



## **TO THE MEMBERS OF CENTURY ENTERTAINMENT INTERNATIONAL HOLDINGS LIMITED**

(formerly known as Amax International Holdings Limited)

*(Incorporated in Bermuda with limited liability)*

### **DISCLAIMER OF OPINION**

We were engaged to audit the consolidated financial statements of Century Entertainment International Holdings Limited (formerly known as Amax International Holdings Limited) (the "Company") and its subsidiaries (together referred as the "Group"), which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **BASIS FOR DISCLAIMER OF OPINION**

#### **Opening balances and corresponding figures**

As detailed in the auditor's report dated 24 June 2019, our auditor's opinion on the consolidated financial statements for the year ended 31 March 2019 (the "2019 Financial Statements"), which form the basis for the corresponding figures presented in the current year's consolidated financial statements, was disclaimed because of the significance of the possible effects of limitations in the scope of the audit. We were unable to carry out audit procedures to satisfy ourselves whether the 2019 Financial Statements gave a true and fair view. Any adjustments found to be necessary in respect of the matters which were the subject of the limitation of scope may have a significant effect on the state of affairs of the Group as at 31 March 2019 and 1 April 2019 and hence of the Group's financial performance and cash flows for the year ended 31 March 2020. Furthermore, such adjustments may have significant effect on the comparability of the current period's figures and corresponding figures in the consolidated financial statements.

### **MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**

As described in note 3 to the consolidated financial statements, which indicates that the Group incurred a net loss of HK\$38,108,000 during the year ended 31 March 2020 and, as of that date, the Group's current liabilities exceeded its current assets by HK\$78,621,000. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. This matter did not result in our issuance of disclaimer of our opinion.

# Independent Auditor's Report

## RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing ("HKSA") issued by HKICPA and to issue an auditor's report. This report is made solely to you, as a body, in accordance with Section 90 of Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liabilities to any other person for the contents of this report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

The engagement partner on the audit resulting in the independent auditor's report is Chan Wai Nam, William with Practising Certificate number P05957.

### **Elite Partners CPA Limited**

*Certified Public Accountants*

10/F., 8 Observatory Road,  
Tsim Sha Tsui,  
Kowloon, Hong Kong  
29 June 2020

# Consolidated Statement of Profit or Loss

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

	<i>Notes</i>	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000 (Re-presented)
<b>Continuing operations</b>			
<b>Revenue</b>	5	<b>45,922</b>	60,988
Cost of sales		<u>(21,932)</u>	<u>(30,483)</u>
<b>Gross profit</b>		<b>23,990</b>	30,505
Other income	6	<b>322</b>	9,517
Impairment losses on goodwill	18	<b>(27,504)</b>	–
Impairment losses on trade and other receivables	19	<b>(10,392)</b>	(28,500)
Loss on disposal of interest in an associate		–	(353,530)
Fair value change of derivative financial assets		–	(156)
General and administrative expenses		<b>(41,412)</b>	(49,952)
Finance costs	7	<b>(8,862)</b>	(14,507)
<b>Loss before taxation</b>	8	<b>(63,858)</b>	(406,623)
Income tax credit	9	<b>770</b>	419
Loss for the year from continuing operations		<b>(63,088)</b>	(406,204)
<b>Discontinued operation</b>			
Profit/(loss) for the year from discontinued operation		<b>24,980</b>	(12,071)
<b>Loss for the year</b>		<b>(38,108)</b>	(418,275)
<b>(Loss)/profit for the year attributable to owners of the Company</b>			
– from continuing operations		<b>(63,088)</b>	(406,204)
– from discontinued operation		<b>23,869</b>	(11,835)
		<b>(39,219)</b>	(418,039)
<b>Profit/(loss) for the year attributable to non-controlling interests</b>			
– from continuing operations		–	–
– from discontinued operation		<b>1,111</b>	(236)
		<b>1,111</b>	(236)
<b>Loss for the year</b>		<b>(38,108)</b>	(418,275)
<b>Loss per share</b>			
Basic and diluted (HK cents)	14		
– From continuing and discontinued operations		<b>(3.10)</b>	(46.16)
– From continuing operations		<b>(4.98)</b>	(44.85)

The notes on pages 50 to 125 form part of these consolidated financial statements.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

	2020 HK\$'000	2019 HK\$'000
<b>Loss and total comprehensive expense for the year</b>	<b>(38,108)</b>	<b>(418,275)</b>
<b>Total comprehensive (expense)/income attributable to:</b>		
Owners of the Company	<b>(39,219)</b>	(418,039)
Non-controlling interests	<b>1,111</b>	(236)
	<b>(38,108)</b>	<b>(418,275)</b>

The notes on pages 50 to 125 form part of these consolidated financial statements.

# Consolidated Statement of Financial Position

At 31 March 2020 (Expressed in Hong Kong dollars)

	<i>Notes</i>	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	15	<b>1,576</b>	3,082
Intangible assets	16	<b>80,251</b>	106,826
Right-of-use assets	17	<b>9,082</b>	–
Goodwill	18	<b>14,257</b>	41,761
Deposits paid for acquisition of property, plant and equipment		<b>1,248</b>	5,742
		<b>106,414</b>	157,411
<b>Current assets</b>			
Trade and other receivables	19	<b>47,393</b>	42,665
Cash and cash equivalents		<b>3,217</b>	1,201
		<b>50,610</b>	43,866
<b>Current liabilities</b>			
Trade and other payables	20	<b>7,467</b>	14,613
Obligations under a finance lease	21	–	33
Other borrowings	22	<b>84,745</b>	10,385
Lease liabilities	23	<b>8,297</b>	–
Promissory notes	24	–	19,837
Convertible bonds	25	<b>27,723</b>	14,410
Tax payables		<b>999</b>	974
		<b>129,231</b>	60,252
<b>Net current liabilities</b>		<b>(78,621)</b>	(16,386)
<b>Total assets less current liabilities</b>		<b>27,793</b>	141,025
<b>Non-current liabilities</b>			
Lease liabilities	23	<b>1,213</b>	–
Promissory notes	24	<b>14,417</b>	26,638
Convertible bonds	25	–	24,237
Deferred tax liabilities	26	<b>2,022</b>	2,817
		<b>17,652</b>	53,692
<b>NET ASSETS</b>		<b>10,141</b>	87,333

# Consolidated Statement of Financial Position

At 31 March 2020 (Expressed in Hong Kong dollars)

	<i>Notes</i>	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
<b>Capital and reserves</b>	27		
Share capital		<b>256,495</b>	246,495
Reserves		<b>(246,354)</b>	(212,135)
<b>Total equity attributable to owners of the Company</b>		<b>10,141</b>	34,360
<b>Non-controlling interests</b>		<b>–</b>	52,973
<b>TOTAL EQUITY</b>		<b>10,141</b>	87,333

The notes on pages 50 to 125 form part of these consolidated financial statements were approved and authorised for issue by the Board of Directors on 29 June 2020 and are signed on its behalf by:

**Ng Man Sun**  
*Chairman*

**Ng Wai Yee**  
*Director*

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

	Attributable to owners of the Company									
	Share capital	Share premium	Special reserve	Contributed surplus	Convertible			Subtotal	Non-controlling interests	Total
					Capital reserve	bonds reserve	Accumulated losses			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2018	163,106	519,159	(22,470)	2,180,026	22,624	–	(2,556,489)	305,956	53,209	359,165
Loss for the year	–	–	–	–	–	–	(418,039)	(418,039)	(236)	(418,275)
Total comprehensive expenses for the year	–	–	–	–	–	–	(418,039)	(418,039)	(236)	(418,275)
Shares issued under placing	7,800	1,286	–	–	–	–	–	9,086	–	9,086
Shares issued for settlement of debts	15,922	(2,679)	–	–	–	–	–	13,243	–	13,243
Issuance of convertible bonds	–	–	–	–	–	38,587	–	38,587	–	38,587
Shares issued upon conversion of convertible bonds	59,667	45,631	–	–	–	(20,784)	–	84,514	–	84,514
Equity-settled share-based transactions	–	–	–	–	1,013	–	–	1,013	–	1,013
At 31 March 2019 and 1 April 2019	246,495	563,397	(22,470)	2,180,026	23,637	17,803	(2,974,528)	34,630	52,973	87,333
Loss for the year	–	–	–	–	–	–	(39,219)	(39,219)	1,111	(38,108)
Total comprehensive expenses for the year	–	–	–	–	–	–	(39,219)	(39,219)	1,111	(38,108)
Disposal of subsidiaries	–	–	–	–	–	–	–	–	(54,084)	(54,084)
Shares issued upon conversion of convertible bonds	10,000	8,483	–	–	–	(3,483)	–	15,000	–	15,000
	<b>256,495</b>	<b>571,880</b>	<b>(22,470)</b>	<b>2,180,026</b>	<b>23,637</b>	<b>14,320</b>	<b>(3,013,747)</b>	<b>10,141</b>	<b>–</b>	<b>10,141</b>

# Consolidated Statement of Cash Flows

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

	<i>Notes</i>	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000 (re-presented)
<b>Operating activities</b>			
(Loss)/profit before taxation			
– Continuing operations		<b>(63,858)</b>	(406,204)
– Discontinued operation		<b>24,980</b>	(12,071)
		<b>(38,878)</b>	(418,694)
Adjustments for:			
Depreciation of property, plant and equipment	15	<b>2,262</b>	5,936
Depreciation of right-of-use assets	17	<b>10,642</b>	–
Amortisation of intangible assets	16	<b>10,795</b>	12,343
Interest expenses	7	<b>8,862</b>	14,507
Interest income	6	<b>(29)</b>	–
Gain on disposal of property, plant and equipment	6	<b>(281)</b>	(184)
Loss on disposal of an associate		–	353,530
Impairment losses on intangible assets	16	–	5,003
Impairment losses on goodwill	18	<b>27,504</b>	–
Impairment losses on amount due from an associate		–	28,500
Impairment losses on trade and other receivables	19	<b>10,392</b>	–
Equity-settled share-based payment expenses	8	–	1,013
Loss on settlement of promissory notes		–	859
Written off of intangible assets		–	3,069
Gain on disposal of subsidiaries	29	<b>(28,179)</b>	–
Fair value loss on derivative financial assets		–	156
		<b>3,090</b>	6,038
<b>Operating cash flows before movement in working capital</b>			
Increase in trade and other receivables		<b>(9,995)</b>	(18,317)
Increase in trade and other payables		<b>(3,169)</b>	3,542
		<b>(10,074)</b>	(8,737)
<b>Investing activities</b>			
Payments for purchase of property, plant and equipment	15	<b>(1,338)</b>	(439)
Proceeds from disposal of property, plant and equipment		<b>548</b>	320
Net cash outflow from disposal of subsidiaries	29	<b>(1)</b>	–
Proceeds from disposal of an associate		–	38
Bank interest received		<b>29</b>	–
		<b>(762)</b>	(81)
<b>Net cash used in investing activities</b>			

# Consolidated Statement of Cash Flows

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

	<i>Notes</i>	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000 (re-presented)
<b>Financing activities</b>			
Proceeds from other borrowings		<b>42,194</b>	20,540
Repayment of other borrowings		<b>(18,163)</b>	(15,455)
Shares issued under placing		–	9,086
Capital element of finance lease payments made		<b>(33)</b>	(403)
Interest element of a finance lease	7	<b>(1)</b>	(8)
Interest on other borrowings		<b>(234)</b>	–
Repayment of lease liabilities	23	<b>(10,911)</b>	–
Settlement of promissory notes		–	(5,500)
<b>Net cash generated from financing activities</b>		<b>12,852</b>	8,260
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,016</b>	(558)
<b>Cash and cash equivalents at beginning of the year</b>		<b>1,201</b>	1,759
<b>Cash and cash equivalents at end of the year</b>		<b>3,217</b>	1,201
<b>Analysis of cash and cash equivalents</b>			
Cash and cash equivalents		<b>3,217</b>	1,201

The notes on pages 50 to 125 form part of these consolidated financial statements.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 1. GENERAL INFORMATION

Century Entertainment International Holdings Limited, formerly known as Amax 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"). Pursuant to a special resolution passed at the special general meeting of the Company held on 10 October 2019 and approved by the Registrars of Companies of Hong Kong, with effect from 14 October 2019, the name of the Company was changed from "Amax International Holdings Limited" to "Century Entertainment International Holdings Limited". The Chinese translation of the Company's name for identification purposes was changed from "奧瑪仕國際控股有限公司" to "世紀娛樂國際控股有限公司". The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" to the annual report.

The principal activity of the Company is investment holdings. The principal activities of its subsidiaries during the year are set out in note 36 to the consolidated financial statements.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

## 2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases ("HKAS 17"), and the related interpretations.

### Transition and summary of effects arising from initial application of HKFRS 16

#### *Definition of a lease*

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(CONTINUED)

### Transition and summary of effects arising from initial application of HKFRS 16 (CONTINUED)

#### *Definition of a lease (CONTINUED)*

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

#### *As a lessee*

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review; and
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised lease liabilities of HK\$19,724,000 and right-of-use assets of HK\$19,724,000 at 1 April 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee’s incremental borrowing rate applied is 5.97%.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(CONTINUED)

### Transition and summary of effects arising from initial application of HKFRS 16 (CONTINUED)

*As a lessee* (CONTINUED)

	HK\$'000
Operating lease commitments disclosed as at 31 March 2019	21,224
Lease liabilities discounted at relevant incremental borrowing rates	(1,500)
Lease liabilities at 1 April 2019	19,724
Analysed as	
Current	10,214
Non-current	9,510
	19,724

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amount previously reported at 31 March 2019 HK\$'000	Adjustments HK\$'000	Carrying amount under HKFRS 16 at 1 April 2019 HK\$'000
<b>Non-current assets</b>			
Right-of-use assets	—	19,724	19,724
<b>Current liabilities</b>			
Lease liabilities	—	10,214	10,214
<b>Non-current liabilities</b>			
Lease liabilities	—	9,510	9,510

*Note:* For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 March 2020, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 April 2019 as disclosed above.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(CONTINUED)

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

HKFRS 17	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 3	Definition of Business <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>6</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>4</sup>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform <sup>4</sup>
Amendments to HKFRS 16	COVID-19-Related Rent concessions <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>2</sup> Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2020

<sup>5</sup> Effective for annual periods beginning on or after 1 June 2020

<sup>6</sup> Effective for annual periods beginning on or after 1 January 2022

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments the Amendments to References to the Conceptual Framework in HKFRSs, will be effects for annual periods beginning on or after 1 April 2020.

The directors of the Company consider that the application of all new and amendments to HKFRSs is unlikely to have a material impact on the Group’s financial position and performance as well as disclosure in foreseeable future.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements also include applicable disclosure required by the Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules") and by the disclosure requirements of the Hong Kong Companies Ordinance.

### (b) Basis of preparation

#### (i) *Going Concern*

In preparing the consolidated financial statements, the directors of the Company have considered the future liquidity of the Group in view of its recurring losses incurred and net current liabilities position as at 31 March 2020. The Group incurred a consolidated net loss from operations of approximately HK\$38,108,000 for the year ended 31 March 2020, and had consolidated current liabilities exceeded current assets by HK\$78,621,000 as at 31 March 2020.

It is noted by the directors of the Company that borrowings from Mr. Ng Man Sun ("Mr. Ng"), the executive director, Chairman, Chief Executive Officer and substantial shareholder of the Company, of HK\$56,416,000 was included in other borrowings of the Group. Mr. Ng undertook that he will not call for repayment of the abovementioned sum for a period of at least 12 months until 29 June 2021. In addition, convertible notes amounted to HK\$27,723,000 and other borrowings amounted to HK\$28,329,000 are personally guaranteed by Mr. Ng. Having taken into account of the abovementioned, the directors of the Company adopted the going concern basis in the preparation of the consolidated financial statements.

In the opinion of the directors of the Company, in light of the aforesaid arrangement implemented to date, the Group will have sufficient working capital for its current requirements and it is reasonable to expect that the Group will remain as a commercially viable concern. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements for the year ended 31 March 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 consolidated financial statements.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Basis of preparation (CONTINUED)

#### (ii) *Historical cost basis of preparations*

The consolidated financial statements have been prepared on the historical cost basis (except for promissory note that is measured at its fair value), as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods or services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are accounted for in accordance with HKFRS16 (since 1 April 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not they control an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income and expense of a subsidiary is attributed to the equity holders of the Company and to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the acquiree's identifiable assets, liabilities and contingent liabilities are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with HKFRS 5.
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Business combinations (CONTINUED)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another standard. When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKFRS 9, or HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets", as appropriate, with the corresponding gain or loss being recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

#### *Acquisition of assets*

For the acquisition of assets effected through a non-operating corporate structure that does not constitute a business, it is considered that the transactions do not meet the definition of a business combination. Accordingly the transaction is accounted for as the acquisition of an asset. In such cases, the Group shall identify and recognise the individual identification assets acquired and liabilities assumed. The cost of group of assets shall be allocated to the individual identification assets and liabilities on the basis of their relative fair value at the date of purchase. Such a transaction or event does not give rise to goodwill.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the acquisition.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

### (f) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method, at the following rate per annum:

Leasehold improvements	5 years or over the remaining term of the lease whichever is shorter
Furniture and equipment	3 to 5 years
Motor vehicles	5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset is recognised in profit or loss.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (g) Intangible assets

#### *Intangible assets acquired separately*

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. For license rights, in periods where revenue is generated from the license rights, amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

#### *Intangible assets acquired in a business combination*

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

#### *Derecognition of intangible assets*

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

### (h) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (h) Impairment of tangible and intangible assets other than goodwill (CONTINUED)

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### (i) Other financial assets

#### *Classification of financial assets*

#### *Investments in equity securities (other than investments in subsidiaries, associates and joint ventures)*

An investment in equity securities is measured at fair value on initial recognition. An investment in equity securities is subsequently measured at fair value through profit or loss (FVTPL) unless the investment is designated as at fair value through other comprehensive income (FVTOCI) on initial recognition of the investment. Under HKFRS 9, an investment in equity securities can be designated as at FVTOCI on an instrument-by-instrument basis provided that the investment is neither held-for-trading nor contingent consideration recognised by the Group in a business combination to which HKFRS 3 applies.

For investments in equity securities designated as at FVTOCI (as described above), fair value changes are recognised in other comprehensive income and accumulated in the "FVTOCI (equity investment) reserve". Such fair value changes will not be reclassified to profit or loss when the investments are derecognised. However, they will be transferred to the Group's retained earnings when the investments are derecognised.

For investments in equity securities that are held-for-trading or not designated as at FVTOCI (as described above), they are subsequently measured at FVTPL such that changes in fair value are recognised in profit or loss.

An investment in equity securities is derecognised when the Group sells the investment.

#### *Investments in debt securities*

An investment in debt securities is classified as follows depending on the instruments' contractual cash flow characteristics and the Group's business model for managing the investment:

- Amortised cost when (a) the contractual terms of the asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding and (b) the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (i) Other financial assets (CONTINUED)

#### *Classification of financial assets (CONTINUED)*

#### *Investments in debt securities (CONTINUED)*

- FVTOCI when (a) the contractual terms of the asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding and (b) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset.
- FVTPL when either (a) the contractual terms of the asset give rise on specified dates to cash flows that are not solely payment of principal and interest on the principal amount outstanding or (b) the financial asset is held within a business whose objective is neither (i) collecting contractual cash flows nor (ii) collecting contractual cash flows and selling the financial asset.

For investments in debt securities subsequently measured at FVTOCI, fair value changes are recognised in other comprehensive income and accumulated in the “FVTOCI (debt investment) reserve” except for impairment loss (see below) and foreign exchange gains or losses. Interest income is calculated using the effective interest method and is recognised in profit or loss. When an investment in debt securities is derecognised, the fair value changes previously recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

An investment in debt securities is derecognised when the Group sells the investment or when the contractual rights to the cash flows from the asset expire.

#### *Transaction costs*

Transaction costs directly attributable for the acquisition of financial assets (other than those classified or designated as at FVTPL) are included in the initial measurement of the financial assets. For financial assets subsequently measured at amortised cost, such transaction costs are included in the calculation of amortised cost using the effective interest method (i.e. in effect amortised through profit or loss over the lives of the financial assets). For investments in equity securities at FVTOCI, such transaction costs are recognised in other comprehensive income as part of change in fair value at the next remeasurement. For investments in debt securities classified as FVTOCI, such transaction costs are amortised to profit or loss using the effective interest method (i.e. in effect amortised through profit or loss over the lives of the financial assets).

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (i) Other financial assets (CONTINUED)

#### *Impairment on financial assets*

The Group has applied the expected credit loss model under HKFRS 9 to the following types of financial assets:

- financial assets that are subsequently measured at amortised cost (including cash and cash equivalents and accounts receivables);
- contract assets as defined in HKFRS 15; and
- investments in debt securities that are subsequently measured at FVTOCI.

Expected credit loss (ECL) of a financial asset is measured based on an unbiased and probability-weighted amount. It also reflects the time value of money and reasonable and supportable information that is available to the Group without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

ECL is measured on either of the following bases:

- 12-month expected credit loss when, at the reporting date, the credit risk on a financial asset has not increased significantly since initial recognition; and
- Lifetime expected credit loss when (a) at the reporting date, the credit risk on a financial asset has increased significantly since initial recognition; or (b) at the reporting date, the financial asset has become credit-impaired.

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers quantitative and qualitative reasonable and supportable information that is available to the Group without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (i) Other financial assets (CONTINUED)

#### *Impairment on financial assets (CONTINUED)*

Specifically, the following information has been taken into account in assessing whether the credit risk on a financial asset has significantly increased since initial recognition:

- Significant changes in internal price indicators of credit risk as a result of a change in credit risk since inception.
- Significant changes in terms of existing financial assets if the asset was newly originated or issued at the reporting date.
- Significant changes in external market indicators of credit risk for a particular financial instrument or similar financial instruments with the same expected life.
- An actual or expected significant change in the financial instrument's external credit rating.
- An actual or expected internal credit rating downgrade for the borrower or decrease in behavioural scoring used to assess credit risk internally.
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations (e.g. actual or expected increase in interest rates or an actual or expected significant increase in unemployment rates).
- Actual or expected significant change in the operating results of the borrower.
- Significant change in the quality of guarantee provided.
- Contractual cash flows are more than 90s past due.

In making the abovementioned assessment, the Group considers that a default occurs when (a) it is unlikely that the borrower will be able to settle his/her debts in full and (b) the financial asset is more than 360 days past due.

ECL is remeasured at the end of each reporting period to reflect changes in financial asset's credit risk since initial recognition. Changes in ECL are recognised in profit or loss with the corresponding adjustment to the carrying amount of the asset through a loss allowance account.

For trade receivables without significant financing component, ECL is always measured at an amount equal to lifetime expected credit losses.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (i) Other financial assets (CONTINUED)

#### *Impairment on financial assets (CONTINUED)*

At the end of each of the reporting period, the Group assesses whether its financial assets have become credit impaired.

The Group directly reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the time when the Group assesses and concludes that the debtor is unable to settle the debts in full or part of the.

### (j) Trade and other receivables

Trade receivables are recognised when the Group has an unconditional right to receive consideration. The Group has an unconditional right to receive consideration when only the passage of time is required before payment of the consideration is due.

For the Group's trade receivables, ECL is always measured at an amount equal to lifetime expected credit losses. In particular, ECL is estimated using a provision of matrix based on the Group's historical credit loss experience, adjusted for (a) information that is specific to particular debtors and (b) forward-looking information based on the current and forecast general economic conditions available to the Group without undue cost or effort at the reporting date. ECL is recognised in profit or loss with the corresponding adjustment to the carrying amount of the trade receivables through a loss allowance account.

The Group directly reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the time when the Group assesses and concludes that the debtor is unable to settle the debts in full or part of the debts (e.g. future for a debt to make contractual payments of more than 360 days).

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (k) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

#### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

#### *Financial liabilities at amortised cost*

Financial liabilities at amortised cost including trade and other payables, borrowings, certain preference shares and the debt element of convertible loan note issued by the Group are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (k) Financial liabilities (CONTINUED)

#### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

#### *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

#### *Derecognition*

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

### (l) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (m) Leases

*Under HKAS 17 (prior to 1 April 2019)*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

*The Group as lessee*

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the combined statements of financial position as obligations under finance leases. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

*Upon the adoption of HKFRS 16 on 1 April 2019*

*Definition of a lease*

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

*As a lessee*

*Short-term leases*

The Group applies the short-term lease recognition exemption to leases of leasehold properties that have a lease term of 12 months or less from the commencement date and do not contain a purchase option.

Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (m) Leases (CONTINUED)

*Upon the adoption of HKFRS 16 on 1 April 2019 (CONTINUED)*

*As a lessee (CONTINUED)*

#### *Right-of-use assets*

Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability; and
- any lease payments made at or before the commencement date, less any lease incentives received.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

#### *Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed lease payments (including in-substance fixed payments).

The lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liabilities (and makes a corresponding adjustment to the related right-of-use asset) whenever.

The Group presents lease liabilities as a separate line in the consolidated statement of financial position.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### (o) Revenue recognition

Revenue is recognised over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Significant judgment is required in determining whether the terms of the Group's contracts with customers in relation to the product create an enforceable right to payment for the Group. The Group has considered the relevant local laws that apply to those relevant contracts and opinion from external legal counsel. Based on the assessment of the Group's management, the terms of the relevant sales contracts do not create an enforceable right to payment for the Group after taking into consideration indicators. Accordingly, the sales of products is considered to be performance obligation satisfied at a point in time.

#### *(i) Investments in VIP gaming tables and slot machines related operations*

Revenue from investments in VIP gaming tables and slot machines related operations, representing fixed monthly income, is recognised in accordance with the agreed terms.

#### *(ii) Investment in gaming operation in Vanuatu*

Revenue from investment in gaming operation in Vanuatu, representing the net gaming wins is recognised when the relevant services have been rendered and is measured at the entitlement of economic inflows of the Group from the business.

#### *(iii) Interest income*

Interest income is recognised as it accrues using the effective interest method.

#### *(iv) Investment in VIP room and gaming tables in Cambodia*

Revenue from investment in VIP room and gaming tables in Cambodia, representing the net gaming win is recognised when the relevant services have been rendered and is measured at the entitlement of economic inflow of the Group from this operation after deduction of commission.

#### *(v) Services income derived from AR/VR and mobile games solutions*

Services income is recognised when services are provided.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (p) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.
- On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.
- Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (q) Taxation

Income tax expense represents the sum of the tax currently payable and deferred taxation. The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before taxation as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxation is calculated at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority to the same group entity and the Group intends to settle its current tax assets and liabilities on a net basis.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (r) Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 28. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to capital reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in capital reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in capital reserve will be transferred to accumulated losses.

### (s) Retirement benefit costs

The Group contributes to a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Scheme Ordinance for all employees in Hong Kong. Contributions are made based on a percentage of the employees' relevant income and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed in the MPF Scheme.

### (t) Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (u) Related parties

A party is considered to be related to the Company if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control of the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Company or of a parent of the Company.
- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Company are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Company are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 4. SEGMENT REPORT

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

During the years ended 31 March 2020 and 2019, the Group's operating activities are attributable to two operating segments focusing on (i) gaming and entertainment related businesses; and (ii) AR/VR and mobile games solutions.

These operating segments have been identified on the basis of internal management reports prepared in accordance with accounting policies which conform to HKFRSs, that are regularly reviewed by the CODM. 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

	2020				
	Continuing operations			Discontinued operation	
	Gaming and entertainment	AR/VR and mobile games solutions	Subtotal	Gaming and entertainment	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue					
External	43,942	1,980	45,922	8,422	54,344
Timing of revenue recognition					
Point in time	43,942	1,980	45,922	8,422	54,344
Segment results	8,368	478	8,846	2,776	11,622
Reconciliation:					
Other income			41	-	41
Gain on disposal of property, plant and equipment			281	-	281
Gain on disposal of subsidiaries			-	28,179	28,179
Amortisation of intangible assets			(4,820)	(5,975)	(10,795)
Impairment losses on goodwill			(27,504)	-	(27,504)
Impairment losses on trade receivables			(548)	-	(548)
Impairment losses on other receivables			(9,844)	-	(9,844)
Unallocated corporate expenses			(21,448)	-	(21,448)
Unallocated finance costs			(8,862)	-	(8,862)
Loss before taxation			(63,858)	24,980	(38,878)

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 4. SEGMENT REPORT (CONTINUED)

### (a) Segment revenue and results (CONTINUED)

	2019			Discontinued operation	
	Continuing operations AR/VR and Gaming and entertainment HK\$'000 (Re-presented)		mobile games solutions HK\$'000 (Re-presented)	Subtotal HK\$'000 (Re-presented)	Gaming and entertainment HK\$'000 (Re-presented)
Segment revenue					
External	53,841	7,147	60,988	10,230	71,218
Timing of revenue recognition					
Point in time	51,441	7,147	58,588	10,230	68,818
Overtime	2,400	-	2,400	-	2,400
	<u>53,841</u>	<u>7,147</u>	<u>60,988</u>	<u>10,230</u>	<u>71,218</u>
Segment results	14,267	2,454	16,721	(591)	16,130
Reconciliation:					
Other income			9,333	-	9,333
Gain on disposal of property, plant and equipment			184	-	184
Loss on promissory note settlement			(859)	-	(859)
Loss on written off of intangible asset			(3,069)	-	(3,069)
Loss on disposal of an associate			(353,530)	-	(353,530)
Impairment loss on amount due from an associate			(28,500)	-	(28,500)
Share-based payments			(1,013)	-	(1,013)
Amortisation of intangible assets			(5,866)	(6,477)	(12,343)
Impairment loss on intangible assets			-	(5,003)	(5,003)
Fair value change of derivative financial assets			(156)	-	(156)
Unallocated corporate expenses			(25,361)	-	(30,364)
Unallocated finance costs			(14,507)	-	(14,507)
Loss before taxation			<u>(406,623)</u>	<u>(12,071)</u>	<u>(418,694)</u>

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 4. SEGMENT REPORT (CONTINUED)

### (b) Segment assets and liabilities

For the year ended 31 March 2020

	Continuing operations		Total HK\$'000
	Gaming and entertainment HK\$'000	AR/VR and mobile games solutions HK\$'000	
<b>Assets</b>			
Segment assets	117,113	29,910	147,023
Unallocated corporate assets			10,001
Consolidated total assets			157,024
<b>Liabilities</b>			
Segment liabilities	19,993	3,838	23,831
Unallocated corporate liabilities			123,052
Consolidated total liabilities			146,883

For the year ended 31 March 2019

	Continuing operations			Discontinued operation	Total HK\$'000
	Gaming and entertainment HK\$'000 (Re-presented)	AR/VR and mobile games solutions HK\$'000 (Re-presented)	Subtotal HK\$'000 (Re-presented)	Gaming and entertainment HK\$'000 (Re-presented)	
<b>Assets</b>					
Segment assets	34,637	96,849	131,486	66,231	197,717
Unallocated corporate assets					3,560
Consolidated total assets					201,277
<b>Liabilities</b>					
Segment liabilities	–	4,438	4,438	3,976	8,414
Unallocated corporate liabilities					105,530
Consolidated total liabilities					113,944

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 4. SEGMENT REPORT (CONTINUED)

### (b) Segment assets and liabilities (CONTINUED)

For the year ended 31 March 2020

	Continuing operations				Discontinued operation	
	Gaming and entertainment HK\$'000	AR/VR and mobile games solutions HK\$'000	Other HK\$'000	Subtotal HK\$'000	Gaming and entertainment HK\$'000	Total HK\$'000
<b>Other segment information</b>						
Amounts included in the measure of segment profit or loss or segment assets						
Additions of property, plant and equipment	-	-	1,338	1,338	-	1,338
Additions of intangible assets	68,000	-	-	68,000	-	68,000
Depreciation of property, plant and equipment	109	55	430	594	1,668	2,262
Depreciation of right-of-use assets	7,991	-	2,651	10,642	-	10,642
Finance costs	212	-	8,650	8,862	-	8,862
Income tax credit	-	(770)	-	(770)	-	(770)
Amortisation of intangible assets	-	4,820	-	4,820	5,975	10,795

For the year ended 31 March 2019

	Continuing operations				Discontinued operation	
	Gaming and entertainment HK\$'000 (Re-presented)	AR/VR and mobile games solutions HK\$'000 (Re-presented)	Other HK\$'000 (Re-presented)	Subtotal HK\$'000 (Re-presented)	Gaming and entertainment HK\$'000 (Re-presented)	Total HK\$'000 (Re-presented)
<b>Other segment information</b>						
Amounts included in the measure of segment profit or loss or segment assets						
Additions of property, plant and equipment	-	103	336	439	-	439
Depreciation of property, plant and equipment	109	115	611	835	5,101	5,936
Finance costs	-	-	14,507	14,507	-	14,507
Income tax credit	-	(419)	-	(419)	-	(419)
Amortisation of intangible assets	1,023	4,843	-	5,866	6,477	12,343

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 4. SEGMENT REPORT (CONTINUED)

### (c) Major customer

No single customer contracted 10% or more to the Group's revenue for the years ended 31 March 2020 and 2019.

### (d) Geographical

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

	2020 HK\$'000	2019 HK\$'000 (Re-presented)
<b>Continuing operations</b>		
Macau	–	2,400
Hong Kong	1,980	7,147
Kingdom of Cambodia ("Cambodia")	43,942	51,441
	<u>45,922</u>	<u>60,988</u>
<b>Discontinued operation</b>		
Republic of Vanuatu ("Vanuatu")	8,422	10,230
Total	<u>54,344</u>	<u>71,218</u>

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

	2020 HK\$'000	2019 HK\$'000 (Re-presented)
<b>Continuing operations</b>		
Hong Kong	31,548	149,286
Cambodia	74,866	1,648
	<u>106,414</u>	<u>151,934</u>
<b>Discontinued operation</b>		
Vanuatu	–	6,477
Total	<u>106,414</u>	<u>157,411</u>

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 5. REVENUE

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

	2020 HK\$'000	2019 HK\$'000 (Re-presented)
<b>Continuing operations</b>		
Revenue from investments in gaming and entertainment related businesses		
– Investment in VIP gaming tables related operation	–	1,800
– Investment in slot machines related operation	–	600
– Investment in VIP room and gaming tables in Cambodia		
Net gaming win	54,249	87,648
Less: Commission	(10,307)	(36,207)
Services income derived from AR/VR and mobile games solutions	1,980	7,147
	<b>45,922</b>	<b>60,988</b>

### (a) Investment in VIP gaming tables related operation

Thousand Ocean Investments Limited ("Thousand Ocean"), a wholly-owned subsidiary of the Company, has an investment interest in five gaming tables in the high rolling gaming (the "Gaming Table") in Greek Mythology Casino reserved exclusively for high-wagering patrons.

Thousand Ocean granted the right to Greek Mythology, a former associate of the Group, to operate and manage the Gaming Table. In return, Thousand Ocean earns a fixed monthly income of HK\$300,000. The right was terminated on 1 October 2018.

	2020 HK\$'000	2019 HK\$'000
Income	–	1,800

### (b) Investment in slot machines related operation

Jadepower Limited ("Jadepower"), a wholly-owned subsidiary of the Company, has an investment interest in certain electronic slot machines in Greek Mythology Casino.

Jadepower granted the right to Greek Mythology, a former associate of the Group, to operate and manage these slot machines in Macau. In return, Jadepower earns a fixed monthly income of HK\$100,000. The right was terminated on 1 October 2018.

	2020 HK\$'000	2019 HK\$'000
Income	–	600

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 5. REVENUE (CONTINUED)

### (c) Investment in VIP room and gaming tables in Cambodia

Victor Mind Global Limited, a wholly-owned subsidiary of the Company, operates VIP room and gaming tables in Cambodia. The net gaming win is recognised when the relevant services have been rendered and is measured at the entitlement of economic inflows of the Group from this operation after deduction of commission.

### (d) Services income derived from AR/VR and mobile games solutions

MostCore Limited, a wholly-owned subsidiary of the Company, specialised in AR/VR entertainment developments and apps on mobile devices platforms and also provides customised IT and design solutions.

## 6. OTHER INCOME

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

	2020 HK\$'000	2019 HK\$'000
<b>Continuing operations</b>		
Consultancy fee income	–	9,000
Bank interest income	29	–
Gain on disposal of property, plant and equipment	281	184
Sundry income	12	333
	<b>322</b>	<b>9,517</b>

## 7. FINANCE COSTS

	2020 HK\$'000	2019 HK\$'000
<b>Continuing operations</b>		
Interest on promissory notes	3,525	5,024
Finance charges on obligations under a finance lease	1	8
Interest on lease liabilities	697	–
Interest on other borrowings	563	209
Interest on convertible bonds	4,076	9,266
Total interest expenses on financial liabilities not at fair value through profit or loss	<b>8,862</b>	<b>14,507</b>

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 8. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

### Continuing operations

#### (a) Staff costs (including directors' emoluments)

	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Equity-settled share-based payment expenses	–	639
Salaries, allowance and other benefits	<b>6,855</b>	9,944
Contributions to defined contribution retirement plans	<b>160</b>	216
	<b>7,015</b>	10,799

#### (b) Other items

	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
		(Re-presented)
Depreciation of property, plant and equipment	<b>594</b>	835
Depreciation of right-of-use assets	<b>10,642</b>	–
Amortisation of intangible assets	<b>4,820</b>	5,866
Auditor's remuneration	<b>954</b>	1,082
Equity-settled share-based payment expenses to consultants	–	374
Loss on written off of intangible assets	–	3,069
Loss on settlement of promissory notes	–	859
Expense related to short-term lease	<b>7,439</b>	–
Operating lease charges in respect of premises:		
– minimum lease payments	–	12,259

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 9. INCOME TAX CREDIT

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 during the year.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The two-tiered profits tax rates regime is applicable to a nominated qualifying entity in the Group for its annual period beginning on or after 1 April 2018.

	2020 HK\$'000	2019 HK\$'000
<b>Continuing operations</b>		
Hong Kong Profits Tax		
Current year provision	(25)	(380)
Deferred tax		
In respect of current year	795	799
Total tax credit for the year	770	419

Reconciliation between tax expense and accounting loss at applicable tax rates

	2020 HK\$'000	2019 HK\$'000 (Re-presented)
<b>Continuing operations</b>		
Loss before taxation	(63,858)	(406,623)
Notional tax on loss before taxation, calculated at the rates applicable to loss in the tax jurisdictions concerned	(825)	(420)
Tax effect of non-deductible expenses	23	-
Tax effect of non-taxable income	(1)	(8)
Tax effect of temporary difference not recognised	98	9
Tax concession	(20)	-
Tax effect of two-tiered profits tax rates regime	(45)	-
	(770)	(419)

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 10. DIRECTORS' EMOLUMENTS

Directors' remuneration disclosed pursuant to section 383(1) of the Companies Ordinance is as follows:

For the year ended 31 March 2020

	Directors' fee HK\$'000	Salaries, allowances and benefits- in-kind HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
<b>Executive Directors</b>				
Mr. Ng Man Sun ( <i>Chairman and Chief Executive Officer</i> )	-	600	-	600
Ms. Ng Wai Yee	-	730	18	748
<b>Independent Non-executive Directors</b>				
Ms. Yeung Pui Han, Regina	144	-	-	144
Mr. Li Chi Fai	156	-	-	156
Ms. Sie Nien Che, Celia	144	-	-	144
	<u>444</u>	<u>1,330</u>	<u>18</u>	<u>1,792</u>

For the year ended 31 March 2019

	Directors' fee HK\$'000	Salaries, allowances and benefits- in-kind HK\$'000	Equity-settled payments (Note) HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
<b>Executive Directors</b>					
Mr. Ng Man Sun ( <i>Chairman and Chief Executive Officer</i> )	-	1,426	29	-	1,455
Ms. Ng Wai Yee	-	708	29	18	755
<b>Independent Non-executive Directors</b>					
Ms. Yeung Pui Han, Regina	144	-	29	-	173
Mr. Li Chi Fai	156	-	29	-	185
Ms. Sie Nien Che, Celia	144	-	29	-	173
	<u>444</u>	<u>2,134</u>	<u>145</u>	<u>18</u>	<u>2,741</u>

Note: These represent the estimated value of share options granted to Directors under the Company's share option scheme.

The details of the share options granted, including the principal terms and number of shares under share options granted, are disclosed in note 28.

Salaries, allowance and benefits-in-kind paid to or for the executive directors are generally emoluments paid or receivable in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 10. DIRECTORS' EMOLUMENTS (CONTINUED)

During the year, no emoluments (2019: Nil) were paid by the Group to any of the directors as inducement to join or upon joining the Group or as a compensation for loss of office. None of the directors waived or agreed to waive any emolument for the years ended 31 March 2020 and 2019.

## 11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2019: two) are Directors of the Company whose emoluments are disclosed in note 10 above. The emoluments of the remaining three (2019: three) individuals are as follows:

	2020 HK\$'000	2019 HK\$'000
Salaries and other emoluments	3,326	3,166
Equity-settled share-based payments	–	494
Retirement scheme contributions	54	54
	<b>3,380</b>	<b>3,714</b>

The emoluments of the three (2019: three) individuals with highest emoluments are within the following band:

	2020 Number of individuals	2019 Number of individuals
HK\$Nil–HK\$1,000,000	2	1
HK\$1,000,001–HK\$1,500,000	0	2
HK\$1,500,001–HK\$2,000,000	1	0

## 12. RETIREMENT BENEFIT COSTS

### Defined contribution retirement plan

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance. The MPF Scheme is a defined contribution retirement plan managed by independent trustees. Under the MPF Scheme, each of the Group (the employer) and its employees makes monthly contributions to the scheme at 5% of the employees' relevant income as defined under the Mandatory Provident Fund Schemes Ordinance. The contributions from each of the employer and employees are subject to a cap of HK\$1,500 per month with effective from 1 June 2014.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 12. RETIREMENT BENEFIT COSTS (CONTINUED)

### Defined contribution retirement plan (CONTINUED)

The total costs charged to the consolidated statement of profit or loss for the year ended 31 March 2020 of approximately HK\$160,000 (2019: HK\$216,000) represent contributions paid and payable to these schemes by the Group for the year at rates specified in the rules of the relevant schemes.

## 13. DIVIDENDS

The directors of the Company do not recommend the payment of a dividend for the year ended 31 March 2020 (2019: Nil).

## 14. LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share was based on the loss from continuing operations and profit from discontinued operation attributable to owners of the Company of loss of HK\$63,088,000 and profit of HK\$23,869,000 respectively (2019: loss of HK\$406,204,000 and loss of HK\$11,835,000 respectively) and the weighted average number of 1,266,629,000 (2019: 905,627,000) ordinary shares in issue during the year.

### (b) Diluted loss per share

No adjustment has been made to basic loss per share amounts presented for the years ended 31 March 2020 and 2019 in respect of the potential dilution of share options and convertible bonds as the impact of the share options and convertible bonds had an anti-dilutive effect on the basic loss per share amounts presented.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 15. PROPERTY, PLANT AND EQUIPMENT

	<b>Leasehold improvements</b> HK\$'000	<b>Furniture and equipment</b> HK\$'000	<b>Motor vehicles</b> HK\$'000	<b>Total</b> HK\$'000
<b>Costs</b>				
At 1 April 2018	2,643	17,041	3,227	22,911
Additions	300	139	–	439
Disposal	(370)	–	(816)	(1,186)
At 31 March 2019 and 1 April 2019	2,573	17,180	2,411	22,164
Additions	–	–	1,338	1,338
Disposal	–	(582)	(1,931)	(2,513)
Disposal of subsidiaries	(2,234)	(14,853)	–	(17,087)
At 31 March 2020	339	1,745	1,818	3,902
<b>Accumulated depreciation</b>				
At 1 April 2018	1,960	9,893	2,343	14,196
Charge for the year	741	4,673	522	5,936
Written back on disposal	(370)	–	(680)	(1,050)
At 31 March 2019 and 1 April 2019	2,331	14,566	2,185	19,082
Charge for the year	100	1,842	320	2,262
Written back on disposal	–	(444)	(1,802)	(2,246)
Written back of disposal of subsidiaries	(2,234)	(14,538)	–	(16,772)
At 31 March 2020	197	1,427	703	2,326
<b>Net carrying amounts</b>				
At 31 March 2020	<b>142</b>	<b>318</b>	<b>1,115</b>	<b>1,576</b>
At 31 March 2019	242	2,614	226	3,082

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 16. INTANGIBLE ASSETS

	Mobile game applications HK\$'000	Right in sharing of profit stream of VIP gaming tables related operation HK\$'000	Right in sharing of profit stream of slot machines related operation HK\$'000	Gaming license HK\$'000	Non- competition Agreement HK\$'000	Contract backlog HK\$'000	License right of gaming tables HK\$'000	Total HK\$'000
<b>Cost</b>								
At 1 April 2018	30,600	20,000	47,092	153,488	24,100	88	—	275,368
Written off	—	(20,000)	(47,092)	—	—	—	—	(67,092)
At 31 March 2019	30,600	—	—	153,488	24,100	88	—	208,276
Addition	—	—	—	—	—	—	68,000	68,000
Disposal of subsidiaries	—	—	—	(153,488)	—	—	—	(153,488)
Disposal	(30,600)	—	—	—	—	—	—	(30,600)
Written off	—	—	—	—	—	(88)	—	(88)
At 31 March 2020	—	—	—	—	24,100	—	68,000	92,100
<b>Amortisation and impairment</b>								
At 1 April 2018	600	16,929	46,071	82,253	2,209	65	—	148,127
Charge for the year	—	768	255	6,477	4,820	23	—	12,343
Impairment	—	—	—	5,003	—	—	—	5,003
Written off	—	(17,697)	(46,326)	—	—	—	—	(64,023)
At 31 March 2019 and 1 April 2019	600	—	—	93,733	7,029	88	—	101,450
Charge for the year	—	—	—	5,975	4,820	—	—	10,795
Disposal of subsidiaries	—	—	—	(99,708)	—	—	—	(99,708)
Disposal	(600)	—	—	—	—	—	—	(600)
Written off	—	—	—	—	—	(88)	—	(88)
At 31 March 2020	—	—	—	—	11,849	—	—	11,849
<b>Carrying amount</b>								
At 31 March 2020	—	—	—	—	12,251	—	68,000	80,251
At 31 March 2019	30,000	—	—	59,755	17,071	—	—	106,826

The amortisation charge for the year is included in "general and administrative expenses" in the consolidated statement of profit or loss.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 16. INTANGIBLE ASSETS (CONTINUED)

Notes:

- (1) The intangible assets relate to the Group's rights to share a portion of the net gaming wins from certain gaming tables in the high rolling gaming area and certain slot machines in Greek Mythology Casino in Macau for 14 years from 16 February 2007. With effect from 1 October 2010, the Group granted the associate, Greek Mythology, the right to operate and manage the aforesaid gaming tables and slot machines. In return, the Group earns fixed monthly income of HK\$300,000 and HK\$100,000 from Greek Mythology in respect of the VIP gaming tables and slot machines operations, respectively, and no longer shares the net gaming wins. On 1 September 2018, the Company issued terminate letter to Greek Mythology to terminate the certain rights with effect on 1 October 2018 and write off these intangible assets.
- (2) Gaming license, which was acquired through acquisition of subsidiaries on 11 November 2014, represents the interactive gaming license for the corresponding subsidiary to conduct gaming business in Vanuatu. The useful life of the gaming license is 15 years from February 2014.

For the year ended 31 March 2019, the Group assessed the recoverable amounts of the gaming license and an impairment loss of approximately, HK\$5,003,000 was recognised in the consolidated statement of profit of loss. The recoverable amount has been determined based on a value in use calculation using cash flow projections based on financial budgets covering the useful life of the license approved by senior management. The discount rate applied to cash flow projections is 26% per annum. The growth rate used to extrapolate the cash flows of the group of cash-generating units beyond the five-year period and up to the useful life is 3% per annum which is based on its expectation in relation to market development. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted revenue, growth rate and gross margin.

On 31 March 2020, the gaming license was disposed of through disposal of subsidiaries.

- (3) The mobile game applications which were acquired on 30 March 2017, represent the applications specifically built for mobile devices users for playing games and on-line/off-line players. The useful life of the mobile game applications is 10 years. The applications were still under development and testing stage as at 31 March 2019 and the subsidiary is yet to commence the operation of the mobile game applications. On 11 October 2019, the Group has disposed of the mobile game applications.
- (4) The non-competition agreements (the "NCA") represent the respective management undertakings among the Group and two key personnel of the MostCore Limited (the "Personnel"), an indirect wholly-owned subsidiary of the Company (the "Agreement"). Pursuant to the Agreement, each of the Personnel undertake to be an employee of the relevant member of the MostCore for a minimum of five years since the date of acquisition of Explicitly Grand Investments Limited and its subsidiaries and that each of them shall not participate whether directly or indirectly, in any business or activities which will or may compete with the business of the MostCore during the six-month period upon their respective ceasing to be an employee of the relevant member of the MostCore. The breach of such undertaking by either of the Personnel would trigger a penalty of HK\$5,000,000 each (i.e. a total of HK\$10,000,000) which will be compensated by the breaching party in proportion to the remaining term (rounded up to the nearest month) of the 5-year employment contract to the whole term of such contract. The useful life of the NCA is 5 years since 18 Oct 2017.

During the year, the Group assessed the recoverable amounts of the NCA and no impairment loss was recognised in the consolidated statement of profit of loss. The recoverable amount has been determined based on a value in use calculation using cash flow projections based on financial budgets covering the useful life of the NCA approved by senior management. The discount rate applied to cash flow projections is 18% (2019: 19%) per annum. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted revenue, growth rate and gross margin.

- (5) As at the date of completion, MostCore Limited has services contracts with customers for developing apps on mobile devices platforms. These service contracts were amortised when the service has been completed and was classified as contract backlog.
- (6) On 31 March 2020, the Group acquired the license right of gaming tables in Cambodia for 5 years.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 17. RIGHT-OF-USE ASSETS

	<b>Leasehold building</b> HK\$'000
<b>Cost</b>	
At 1 April 2019 (restated) and 31 March 2020	19,724
<b>Accumulated depreciation</b>	
At 1 April 2019 (restated)	—
Charge for the year	10,642
At 31 March 2020	10,642
<b>Carrying amount</b>	
At 31 March 2020	<b>9,082</b>
At 1 April 2019 (restated)	19,724

*Note:* The Group leases one property in Hong Kong and one VIP room in Cambodia for its operations. Lease contracts for the property and VIP room are entered into for fixed term of 3 years and no extension and termination options.

## 18. GOODWILL

The amounts of goodwill capitalised by the Group as an asset and recognised in the consolidated statement of financial position arising from the acquisition of subsidiaries are as follows:

	<b>2020</b> HK\$'000	2019 HK\$'000
<b>Reconciliation of carrying amount</b>		
At 1 April	<b>41,761</b>	41,761
Impairment	<b>(27,504)</b>	—
At 31 March	<b>14,257</b>	41,761
<b>At 31 March</b>		
Cost	<b>41,761</b>	41,761
Accumulated impairment losses	<b>(27,504)</b>	—
	<b>14,257</b>	41,761

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 18. GOODWILL (CONTINUED)

Goodwill is allocated to the Group's cash generating units ("CGU") identified according to business segment. On 18 October 2017, the Group acquired 100% issued share capital of Explicitly Grand Investments Limited and its subsidiaries ("Explicitly Grand Group"). Goodwill of approximately HK\$41,761,000 was recognised upon completion of the acquisition. Further details of the acquisition were set out in the announcements of the Company dated 18 July 2017, 15 August 2017, 15 September 2017 and 18 October 2017 and the circular dated 30 August 2017.

The recoverable amount of AR/VR and mobile games solutions segment – CGU has been determined based on a value in use calculation with reference to a valuation performed by a firm of independent professional valuer. The calculation adopted cash flow projections covering a 5-year period, based on financial budgets approved by the management with discount rate of 18% (2019: 19%) per annum. Cash flows beyond the 5-year period are extrapolated with 3% (2019: 3%) growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted gross margin of 87% (2019: 82%). Such estimation is based on the unit's past performance and management's expectations of the market development.

During the year ended 31 March 2020, HK\$27,504,000 impairment loss has been recognised in relation to the AR/VR and mobile games solutions segment – CGU. No other write-down of the assets of this CGU is considered necessary.

The recoverable amount of the AR/VR and mobile games solutions segment – CGU amounted to approximately HK\$28,800,000 as at 31 March 2020. If the discount rate was changed to 10%, while other parameters remain constant, the recoverable amount of this CGU would equal its carrying amount.

## 19. TRADE AND OTHER RECEIVABLES

	2020 HK\$'000	2019 HK\$'000
Trade receivables (a)	2,292	1,491
Other receivables (b)	42,272	36,831
Rental and other deposits	1,050	3,845
	<b>45,614</b>	42,167
Prepayments	1,779	498
	<b>47,393</b>	42,665

### (a) Trade receivables

	2020 HK\$'000	2019 HK\$'000
Trade receivables from contracts with customers	2,840	1,491
Less: Allowance for credit losses	(548)	–
	<b>2,292</b>	1,491

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 19. TRADE AND OTHER RECEIVABLES (CONTINUED)

### (a) Trade receivables (CONTINUED)

The following is an aged analysis of trade receivables (net of allowance for credit losses) based on the invoice date at the end of the reporting period:

	2020 HK\$'000	2019 HK\$'000
0-90 days	1,910	991
Over 180 days, but within 1 year	—	500
Over 1 year	382	—
	<b>2,292</b>	1,491

Movement of allowance for impairment losses on trade receivables are analysed as follows:

	2020 HK\$'000	2019 HK\$'000
At 1 April	—	—
Impairment loss recognised	(548)	—
At 31 March	548	—

### (b) Other receivables

	2020 HK\$'000	2019 HK\$'000
Other receivables	52,116	154,198
Less: Allowance for credit losses	(9,844)	(117,367)
	<b>42,272</b>	36,831

Movement of allowance for impairment losses on other receivables are analysed as follows:

	2020 HK\$'000	2019 HK\$'000
At 1 April	117,367	25,300
Transfer from impairment losses for due from an former associate	—	63,567
Reversal due to written off	(117,367)	—
Impairment loss recognised	9,844	28,500
At 31 March	<b>9,844</b>	117,367

Other receivables comprise of net revenue received by the operator on behalf of the Group and deposits held by the assignor of the 4 gaming tables in Cambodia.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 19. TRADE AND OTHER RECEIVABLES (CONTINUED)

### (b) Other receivables (CONTINUED)

An allowance for impairment loss of HK\$9,844,000 (2019: HK\$117,367,000) was recognised based upon the Directors' estimation of the recoverable amount.

The Company has disposed of the 24.8% equity interest of the former associate, Greek Mythology on 29 March 2019 to an independent third party with consideration HK\$38,000.

## 20. TRADE AND OTHER PAYABLES

	2020 HK\$'000	2019 HK\$'000
Accruals and other payables	7,167	13,829
Due to related companies (a)	300	784
	<b>7,467</b>	<b>14,613</b>

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.

## 21. OBLIGATIONS UNDER A FINANCE LEASE

The Group leases certain of its motor vehicle. This lease is classified as finance lease and has remaining lease term not exceeding 1 year. The effective borrowing rate was 2% per annum. The lease is on a fixed repayment basis and no arrangement has been entered into for contingent rental payment:

	Minimum lease payments 2019 HK\$'000	Present value of minimum lease payments 2019 HK\$'000
Amounts payable:		
Within one year	34	33
In the second year	—	—
Total minimum finance lease payments	34	33
Future finance charges	(1)	
Total net finance lease payables	33	
Portion classified as current liabilities	33	
Non-current portion	—	

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 22. OTHER BORROWINGS

The other borrowing was loan from a director, Mr. Ng Man Sun with amount HK\$56,416,000 (2019: 10,385,000) which are interest free, unsecured and repayable on demand.

The other borrowing with amount HK\$28,329,000 is unsecured, interest rate 10% p.a., and HK\$2,329,000 repayable on 23 April 2020 and HK\$26,000,000 repayable on 23 July 2020.

Movement of the other borrowings is as follows:

	2020 HK\$'000	2019 HK\$'000
At 1 April	10,385	10,300
Addition	42,194	20,540
Transfer from promissory notes	50,000	—
Settlement by issuing of shares	—	(5,000)
Interest	563	—
Repayment	(18,397)	(15,455)
At 31 March	<b>84,745</b>	10,385

## 23. LEASE LIABILITIES

	HK\$'000
At 1 April 2019 (restated)	19,724
Payments during the year	(10,911)
Imputed interest	697
At 31 March 2020	<b>9,510</b>

Lease liabilities payable:

	2020	
	Minimum lease payments HK\$'000	Present value of lease liabilities HK\$'000
Minimum lease payment due:		
— Within one year	8,572	8,297
— more than one year but not more than two years	1,232	1,213
	<b>9,804</b>	<b>9,510</b>
Future finance charges	(294)	
Present value of lease liabilities	<b>9,510</b>	
Amounts due for settlement within one year (shown under current liabilities)		<b>(8,297)</b>
Amounts due for settlement after one year		<b>1,213</b>

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 24. PROMISSORY NOTES

	2020 HK\$'000	2019 HK\$'000
At 1 April	46,475	12,816
Issuance of promissory notes	62,000	50,000
Fair value adjustment	(47,583)	(7,853)
Effective interest on promissory notes (note 7)	3,525	5,024
Transfer to other borrowing	(50,000)	(13,512)
At 31 March	14,417	46,475
Portion classified as current liabilities	—	(19,837)
Non-current portion	14,417	26,638

*Notes:*

- (1) 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.
- (2) 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.
- (3) 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").

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:

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 24. PROMISSORY NOTES (CONTINUED)

Notes: (CONTINUED)

(3) (CONTINUED)

- 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.

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. As at 31 March 2019, imputed interest of PN1 and PN2 were approximately HK\$1,773,000 and HK\$2,555,000 respectively and were charged to profit or loss.

- (4) 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\$56,000,000 ("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:

$$\text{The first compensation amount} = (\text{First Guaranteed Profit} - \text{First Actual Profit}) \times 2$$

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:

$$\text{The second compensation amount} = (\text{Second Guaranteed Profit} - \text{Second Actual Profit}) \times 2$$

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 24. PROMISSORY NOTES (CONTINUED)

Notes: (CONTINUED)

(4) (CONTINUED)

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.

The fair value of the promissory note as at 31 March 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
24% discount rate	The higher the discount rate, the lower the value of the promissory note and vice versa

## 25. CONVERTIBLE BONDS

The liabilities component of convertible bonds is as follows:

	2020 HK\$'000	2019 HK\$'000
CB1	27,723	24,237
CB2	—	14,410
At 31 March	27,723	38,647
Portion classified as current liabilities	(27,723)	(14,410)
Non-current portion	—	24,237

As mentioned in note 24 to these consolidated 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 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 is not entitled to redeem all or part of the principal amount of CB1 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 Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 25. 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. 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 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:

	2020 HK\$'000	2019 HK\$'000
At 1 April	24,237	—
Measured at fair value on initial recognition	—	36,415
Less: equity component (being the conversion option)	—	(14,320)
The liability component	24,237	22,095
Interest expense (base on effective interest)	3,486	2,142
At 31 March	27,723	24,237

### 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\$500,000) 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 is not entitled to redeem all or part of the principal amount of CB2 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. 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 is carried at amortised cost with an effective interest rate of 13.84%.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 25. CONVERTIBLE BONDS (CONTINUED)

### CB2 (CONTINUED)

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

	2020 HK\$'000	2019 HK\$'000
At 1 April	14,410	—
Measured at fair value on initial recognition	—	116,067
Less: equity component (being the conversion option)	—	(24,267)
The liability component without the early redemption option	14,410	91,800
Interest expense (base on effective interest)	590	7,124
Conversion	(15,000)	(84,514)
At 31 March	—	14,410

## 26. DEFERRED TAX LIABILITIES

The movements in the Group's net deferred tax liabilities were as follows:

	2020 HK\$'000	2019 HK\$'000
At 1 April	2,817	3,616
Less: Deferred tax credit resulting from amortisation of intangible asset	(795)	(799)
At 31 March	2,022	2,817

  

	2020 HK\$'000	2019 HK\$'000
Unrecognised deferred tax assets arising from Deductible temporary differences	548	(48)

Deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 27. CAPITAL AND RESERVES

### (a) Share capital

	2020		2019	
	Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
<b>Authorised:</b>				
Ordinary shares of HK\$0.2 each	<b>2,000,000</b>	<b>400,000</b>	2,000,000	400,000
<b>Issued and fully paid:</b>				
At 1 April	<b>1,232,475</b>	<b>246,495</b>	815,530	163,106
Shares issued under placing	—	—	39,000	7,800
Shares issued for settlement of debts	—	—	79,612	15,922
Shares issued under conversion of convertible bonds	<b>50,000</b>	<b>10,000</b>	298,333	59,667
At 31 March	<b>1,282,475</b>	<b>256,495</b>	1,232,475	246,495

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.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 27. CAPITAL AND RESERVES (CONTINUED)

### (a) Share capital (CONTINUED)

#### (i) Shares issued under placing

*For the year ended 31 March 2019*

The Company completed one placing and top-up subscription activities for the year ended 31 March 2019. On each occasion, Mr. Ng Man Sun, the Chairman and Chief Executive Officer of the Company and the beneficial owner of 57,468,626 ordinary shares of HK\$0.2 each of the Company (the "Subscriber"), the Company and the placing agent entered into a placing and subscription agreement pursuant to which (i) the placing agent have agreed to act as agent for the Subscriber to place, on a best commercial efforts basis, and the Subscriber has agreed to sell, certain numbers of existing ordinary shares of HK\$0.2 each of the Company to not less than six placees who and whose ultimate beneficial owners will be third parties independent of and not acting in concert (as defined under the Takeovers Code) with the Subscriber, the Company and their respective associates and connected persons, at respective price per share as detailed below; and (ii) the Subscriber has conditionally agreed to subscribe for the same number of new ordinary shares of HK\$0.2 each of the Company at the same issue price per share as detailed below.

<b>Date of placing and subscription agreement</b>	24 July 2018
Number of shares	39,000,000
Issue price per share (HK\$)	0.238
Aggregate issuance value (HK\$)	9.28 million
Date of completion of placing	27 July 2018
Date of completion of subscription	7 August 2018
Net price per share (HK\$)	0.233
Market price per share on the date of the placing and subscription agreement (HK\$)	0.265

The Directors consider that the above placing activities represent opportunities for the Company to raise capital and broaden the Company's shareholders' base and capital base. The proceeds from these placings will be utilised for general working capital and repayment of the borrowings of the Group.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, all placees of each placing activity are independent third parties. The placees have not become a substantial shareholder (as defined under the Listing Rules) immediately after each placing.

Up to the date of this report, the proceeds from these placings were used for payment of the Company's general and administrative expenses and repayment of the borrowings.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 27. CAPITAL AND RESERVES (CONTINUED)

### (a) Share capital (CONTINUED)

#### *(ii) Shares issued for settlement of debts*

On 6 September 2018, pursuant to the subscription agreements dated 28 August 2018, 37,188,000 ordinary shares of HK\$0.2 each were allotted and issued at the price of HK\$0.242 per share to the subscribers to settle the debts amount in an aggregate sum of HK\$9 million due from the Company. HK\$7,438,000 was credited to share capital and the balance of HK\$1,562,000 was credited to the share premium account.

On 4 March 2019, pursuant to the subscription agreements dated 12 February 2019, 42,424,242 ordinary shares of HK\$0.2 each were allotted and issued at the price of HK\$0.1 per share to the subscribers to settle the promissory notes amount in an aggregate sum of HK\$13.5 million. HK\$8,484,000 was credited to share capital and the balance of HK\$4,242,000 was debited to the share premium account.

#### *(iii) Conversion of convertible bonds*

On 4 February 2019, convertible bonds with an aggregate principal amount of HK\$50,500,000 were converted into 168,333,333 ordinary shares of the Company at a conversion price of HK\$0.3 each.

On 19 February 2019, convertible bonds with an aggregate principal amount of HK\$39,000,000 were converted into 130,000,000 ordinary shares of the Company at a conversion price of HK\$0.3 each.

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.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 27. CAPITAL AND RESERVES (CONTINUED)

### (b) Nature and purpose of reserves

#### (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 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. Under The Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution to shareholders.

#### (iv) *Capital reserve*

The capital reserve comprises the fair value of the unexercised share options granted to employees and service provider of the Company recognised in accordance with the accounting policy set out in note 3(t).

#### (v) *Exchange reserve*

The exchange reserve comprises all foreign exchange differences on translation of the financial statements of overseas subsidiaries. The reserve is dealt with in accordance with accounting policy set out in note 3(r).

#### (vi) *Other reserve*

The other reserve of the Group represents the change in net assets attributable to the Group in relation to change in ownership interest in subsidiary.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 27. CAPITAL AND RESERVES (CONTINUED)

### (c) Distributable reserves

As at 31 March 2020, the aggregate amount of reserves of the Company available for distribution to owners of the Company is HK\$Nil (2019: HK\$Nil).

### (d) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders by pricing the services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a net debt-to-capital ratio. For this purpose the Group defines net debt as total debt (which includes interest-bearing loans and borrowings, promissory notes and trade and other payables) less cash and cash equivalents. Capital comprises all components of equity.

During 2020, the Group's net debt-to-capital ratio was 1,387% (2019: 125%). In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares or return capital to shareholders, raise new debt financing or sell assets to reduce debt. The net debt-to-capital ratio as at 31 March 2020 and 2019 is as follow:

	2020 HK\$'000	2019 HK\$'000
Current liabilities		
Trade and other payables	7,467	14,613
Obligations under a finance lease	—	33
Other borrowings	84,745	10,385
Lease liabilities	8,297	—
Promissory notes	—	19,837
Convertible bonds	27,723	14,410
Non-current liabilities		
Lease liabilities	1,213	—
Promissory notes	14,417	26,638
Convertible bonds	—	24,237
Total debts	143,862	110,153
Less: cash and cash equivalents	(3,217)	(1,201)
Net debts	140,645	108,952
Total equity	10,141	87,333
Adjusted net debt-to-capital ratio	1,387%	125%

Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 28. SHARE OPTION SCHEME

### 2012 Scheme

The Company's new 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.

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.

The total numbers 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.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 28. SHARE OPTION SCHEME (CONTINUED)

### 2012 Scheme (CONTINUED)

The number and exercise prices of the shares options are adjusted as a result of the completion of open offer on 16 May 2016 in the proportion of one offer share for every two existing shares held. The exercise prices shown as below represent the adjusted exercise prices as at 31 March 2017.

	2020		2019	
	Number of options	Weighted average exercise price HK\$	Number of options	Weighted average exercise price HK\$
At 1 April	<b>66,182,000</b>	<b>0.373</b>	47,632,000	0.570
Granted during the year	—	—	21,550,000	0.200
Lapsed during the year	—	—	(3,000,000)	2.256
At 31 March	<b>66,182,000</b>	<b>0.373</b>	<b>66,182,000</b>	<b>0.373</b>
Exercisable at 31 March	<b>66,182,000</b>	<b>0.373</b>	<b>66,182,000</b>	<b>0.373</b>

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.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 28. SHARE OPTION SCHEME (CONTINUED)

### 2012 Scheme (CONTINUED)

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.

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 on 12 September 2012.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 28. SHARE OPTION SCHEME (CONTINUED)

### 2012 Scheme (CONTINUED)

#### (a) Movements of the number of share options

For the year ended 31 March 2020

Name of category	Type	Number of share option			Outstanding at 31 March 2020	Date of grant	Exercised period	Exercise price HK\$ (note 2)
		Outstanding at 1 April 2019	Granted	Lapsed				
Directors								
Ng Man Sun	2013 /Note 1/	248,000	-	-	248,000	5 February 2013	5 February 2013-4 February 2023	1.241
	2014	248,000	-	-	248,000	3 March 2014	3 March 2014-2 March 2024	1.345
	2015	248,000	-	-	248,000	10 March 2015	10 March 2015-9 March 2025	0.701
	2017	6,100,000	-	-	6,100,000	1 December 2017	1 December 2017-30 November 2027	0.280
	2018	610,000	-	-	610,000	17 December 2018	17 December 2018-16 December 2028	0.200
Ng Wai Yee	2013 /Note 1/	248,000	-	-	248,000	5 February 2013	5 February 2013-4 February 2023	1.241
	2014	248,000	-	-	248,000	3 March 2014	3 March 2014-2 March 2024	1.345
	2015	248,000	-	-	248,000	10 March 2015	10 March 2015-9 March 2025	0.701
	2016	248,000	-	-	248,000	25 April 2016	25 April 2016-24 April 2026	0.370
	2017	6,100,000	-	-	6,100,000	1 December 2017	1 December 2017-30 November 2027	0.280
	2018	610,000	-	-	610,000	17 December 2018	17 December 2018-16 December 2028	0.200
Yeung Pui Han, Regina	2013 /Note 1/	248,000	-	-	248,000	5 February 2013	5 February 2013-4 February 2023	1.241
	2014	248,000	-	-	248,000	3 March 2014	3 March 2014-2 March 2024	1.345
	2015	248,000	-	-	248,000	10 March 2015	10 March 2015-9 March 2025	0.701
	2016	248,000	-	-	248,000	25 April 2016	25 April 2016-24 April 2026	0.370
	2017	6,100,000	-	-	6,100,000	1 December 2017	1 December 2017-30 November 2027	0.280
	2018	610,000	-	-	610,000	17 December 2018	17 December 2018-16 December 2028	0.200
Li Chi Fai	2014	248,000	-	-	248,000	3 March 2014	3 March 2014-2 March 2024	1.345
	2015	248,000	-	-	248,000	10 March 2015	10 March 2015-9 March 2025	0.701
	2016	248,000	-	-	248,000	25 April 2016	25 April 2016-24 April 2026	0.370
	2017	6,100,000	-	-	6,100,000	1 December 2017	1 December 2017-30 November 2027	0.280
	2018	610,000	-	-	610,000	17 December 2018	17 December 2018-16 December 2028	0.200
Sie Nien Che, Celia	2014	248,000	-	-	248,000	3 March 2014	3 March 2014-2 March 2024	1.345
	2016	248,000	-	-	248,000	25 April 2016	25 April 2016-24 April 2026	0.370
	2017	6,100,000	-	-	6,100,000	1 December 2017	1 December 2017-30 November 2027	0.280
	2018	610,000	-	-	610,000	17 December 2018	17 December 2018-16 December 2028	0.200
		21,048,000	-	-	21,048,000			
Eligible employees	2013 /Note 1/	1,553,000	-	-	1,553,000	5 February 2013	5 February 2013-4 February 2023	1.241
	2014	2,359,000	-	-	2,359,000	3 March 2014	3 March 2014-2 March 2024	1.345
	2015	2,607,000	-	-	2,607,000	10 March 2015	10 March 2015-9 March 2025	0.701
	2016	1,607,000	-	-	1,607,000	25 April 2016	25 April 2016-24 April 2026	0.370
	2017	6,200,000	-	-	6,200,000	1 December 2017	1 December 2017-30 November 2027	0.280
	2018	10,500,000	-	-	10,500,000	17 December 2018	17 December 2018-16 December 2028	0.200
		24,826,000	-	-	24,826,000			
Service providers	2013 /Note 1/	2,483,000	-	-	2,483,000	5 February 2013	5 February 2013-4 February 2023	1.241
	2014	2,483,000	-	-	2,483,000	3 March 2014	3 March 2014-2 March 2024	1.345
	2015	1,242,000	-	-	1,242,000	10 March 2015	10 March 2015-9 March 2025	0.701
	2017	6,100,000	-	-	6,100,000	1 December 2017	1 December 2017-30 November 2027	0.280
	2018	8,000,000	-	-	8,000,000	17 December 2018	17 December 2018-16 December 2028	0.200
		20,308,000	-	-	20,308,000			
Total		66,182,000	-	-	66,182,000			
Weighted average exercise price		0.373	-	-	0.373			

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 28. SHARE OPTION SCHEME (CONTINUED)

### 2012 Scheme (CONTINUED)

#### (a) Movements of the number of share options (CONTINUED)

For the year ended 31 March 2019

Name of category	Type	Number of share option			Outstanding at 31 March 2019	Date of grant	Exercised period	Exercise price HK\$ (note 2)
		Outstanding at 1 April 2018	Granted	Lapsed				
Directors								
Ng Man Sun	2013 (Note 1)	248,000	-	-	248,000	5 February 2013	5 February 2013-4 February 2023	1.241
	2014	248,000	-	-	248,000	3 March 2014	3 March 2014-2 March 2024	1.345
	2015	248,000	-	-	248,000	10 March 2015	10 March 2015-9 March 2025	0.701
	2017	6,100,000	-	-	6,100,000	1 December 2017	1 December 2017-30 November 2027	0.280
	2018	-	610,000	-	610,000	17 December 2018	17 December 2018-16 December 2028	0.200
Ng Wai Yee	2013 (Note 1)	248,000	-	-	248,000	5 February 2013	5 February 2013-4 February 2023	1.241
	2014	248,000	-	-	248,000	3 March 2014	3 March 2014-2 March 2024	1.345
	2015	248,000	-	-	248,000	10 March 2015	10 March 2015-9 March 2025	0.701
	2016	248,000	-	-	248,000	25 April 2016	25 April 2016-24 April 2026	0.370
	2017	6,100,000	-	-	6,100,000	1 December 2017	1 December 2017-30 November 2027	0.280
	2018	-	610,000	-	610,000	17 December 2018	17 December 2018-16 December 2028	0.200
Yeung Pui Han, Regina	2013 (Note 1)	248,000	-	-	248,000	5 February 2013	5 February 2013-4 February 2023	1.241
	2014	248,000	-	-	248,000	3 March 2014	3 March 2014-2 March 2024	1.345
	2015	248,000	-	-	248,000	10 March 2015	10 March 2015-9 March 2025	0.701
	2016	248,000	-	-	248,000	25 April 2016	25 April 2016-24 April 2026	0.370
	2017	610,000	-	-	610,000	1 December 2017	1 December 2017-30 November 2027	0.280
	2018	-	610,000	-	610,000	17 December 2018	17 December 2018-16 December 2028	0.200
Li Chi Fai	2014	248,000	-	-	248,000	3 March 2014	3 March 2014-2 March 2024	1.345
	2015	248,000	-	-	248,000	10 March 2015	10 March 2015-9 March 2025	0.701
	2016	248,000	-	-	248,000	25 April 2016	25 April 2016-24 April 2026	0.370
	2017	610,000	-	-	610,000	1 December 2017	1 December 2017-30 November 2027	0.280
	2018	-	610,000	-	610,000	17 December 2018	17 December 2018-16 December 2028	0.200
Sie Nien Che, Celia	2014	248,000	-	-	248,000	3 March 2014	3 March 2014-2 March 2024	1.345
	2016	248,000	-	-	248,000	25 April 2016	25 April 2016-24 April 2026	0.370
	2017	610,000	-	-	610,000	1 December 2017	1 December 2017-30 November 2027	0.280
	2018	-	610,000	-	610,000	17 December 2018	17 December 2018-16 December 2028	0.200
		17,998,000	3,050,000	-	21,048,000			
Eligible employees	2013 (Note 1)	1,553,000	-	-	1,553,000	5 February 2013	5 February 2013-4 February 2023	1.241
	2014	2,359,000	-	-	2,359,000	3 March 2014	3 March 2014-2 March 2024	1.345
	2015	2,607,000	-	-	2,607,000	10 March 2015	10 March 2015-9 March 2025	0.701
	2016	1,607,000	-	-	1,607,000	25 April 2016	25 April 2016-24 April 2026	0.370
	2017	6,200,000	-	-	6,200,000	1 December 2017	1 December 2017-30 November 2027	0.280
	2018	-	10,500,000	-	10,500,000	17 December 2018	17 December 2018-16 December 2028	0.200
		14,326,000	10,500,000	-	24,826,000			
Service providers	2013 (Note 1)	2,483,000	-	-	2,483,000	5 February 2013	5 February 2013-4 February 2023	1.241
	2014	2,483,000	-	-	2,483,000	3 March 2014	3 March 2014-2 March 2024	1.345
	2015	1,242,000	-	-	1,242,000	10 March 2015	10 March 2015-9 March 2025	0.701
	2017	6,100,000	-	-	6,100,000	1 December 2017	1 December 2017-30 November 2027	0.280
	2018	2,000,000	-	(2,000,000)	-	18 January 2018	18 January 2018-17 January 2019	0.365
	2018	1,000,000	-	(1,000,000)	-	18 January 2018	18 January 2018-17 January 2019	0.600
	2018	-	8,000,000	-	8,000,000	17 December 2018	17 December 2018-16 December 2028	0.200
		15,308,000	8,000,000	(3,000,000)	20,308,000			
Total		47,632,000	21,550,000	(3,000,000)	66,182,000			
Weighted average exercise price		0.570	0.200	2.256	0.373			

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 28. SHARE OPTION SCHEME (CONTINUED)

### 2012 Scheme (CONTINUED)

#### (a) Movements of the number of share options (CONTINUED)

Notes:

- (1) The exercise price of the share options has been changed from HK\$0.077 to HK\$1.54 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.
- (2) The exercise price per share option was adjusted upon the completion of the open offer on 16 May 2016.

The options outstanding at 31 March 2019 had an exercise price ranging from HK\$0.200 to HK\$1.345 (2019: HK\$0.200 to HK\$1.345) and a weighted average remaining contractual life of 5.0 years (2019: 6.0 years).

#### (b) 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 Binominal 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 Binominal Option Pricing Model.

	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 validity (expressed as weighted average volatility used in modeling under the Binominal Option Price Model)	65.20%	73.86%	74.14%	73.28%	100.31%	126.44%
Optional life (expressed as weighted average life used in the modeling under the Binominal 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%

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 28. SHARE OPTION SCHEME (CONTINUED)

### 2012 Scheme (CONTINUED)

#### (b) Fair value of share options and assumptions (CONTINUED)

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

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.

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 provider

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 Binominal Option Pricing Model as described as above.

No equity-settled share-based payments charged to the profit or loss (2019: HK\$1,013,000) for the year ended 31 March 2020.

At the end of the reporting period, the Company has 66,182,000 (2019: 66,182,000) share options outstanding. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in issue of 66,182,000 (2019: 66,182,000) additional ordinary shares of the Company and additional share capital of approximately HK\$13,236,400 (2019: HK\$13,236,400).

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 29. DISPOSAL OF SUBSIDIARIES

On 31 March 2020, the Group disposed entire equity interests in Forenzia Enterprises Limited and its subsidiaries ("Forenzia Group") to the substantial shareholder of the Company as part of the consideration for the major and connected transaction in relation to the assignment of gaming table business rights in Cambodia.

The cash flow and the carrying amount of the net assets of Forenzia Group sold at the date of disposal were as follows:

	<b>31 March 2020 HK\$'000</b>
Property, plant and equipment	315
Intangible assets	53,780
Deposit paid for acquisition of computer software and property, plant and equipment	4,494
Trade and other receivables	24,875
Cash and cash equivalents	1
Trade and other payables	<u>(3,977)</u>
Net assets disposed of	<b>79,488</b>
Non-controlling interests	<b>(54,084)</b>
Less: intangible assets <i>(note 16)</i>	<b>(68,000)</b>
Add: promissory note <i>(note 24)</i>	<b>14,417</b>
Gain on disposal of subsidiaries	<u><b>(28,179)</b></u>
Cash and cash equivalents disposed of	<u>(1)</u>
Net cash outflow arising on disposal	<u><b>(1)</b></u>

## 30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### Major non-cash transactions

Save as transactions disclosed in notes 16, 17, 22, 23, 24, 25, 28 and 29 to the consolidated financial statements, the Group had no other major non-cash transactions during the years ended 31 March 2020 and 2019.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 31. COMMITMENTS

### Operating lease commitments

At 31 March 2019, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2019 HK\$'000
Within one year	11,421
In the second to fifth year	9,803
	<u>21,224</u>

The Group is the lessee of a number of properties held under operating leases. The leases typically run for an initial period of 1 to 3 years. The leases do not include extension options. None of the leases includes contingent rentals.

## 32. MATERIAL RELATED PARTY TRANSACTIONS

### (a) Key management personnel remuneration

Remuneration of key management personnel of the Group, including amounts paid to the Company's Directors as disclosed in note 10 and certain of the highest paid employee as disclosed in note 11 is as follows:

	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
Salaries and other emoluments	<b>3,501</b>	4,223
Equity-settled share-based payments	–	501
Retirement scheme contributions	<b>36</b>	36
	<u><b>3,537</b></u>	<u>4,760</u>

Total remuneration is included in "staff costs" (see note 8(a)).

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 32. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

### (b) Other related party transactions

In addition to the transactions disclosed elsewhere in these consolidated financial statements, the Group entered into the following material related party transactions:

	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Fixed monthly income from investments in VIP gaming tables and slot machines related operations from Greek Mythology	—	2,400
Consultancy fee income received from a related company (i)	—	9,000
Acquired the license right of gaming tables from a related company (i)	<b>68,000</b>	—
Rental paid to a related company (i)	<b>6,000</b>	—
Loan from a director (ii)	<b>56,416</b>	10,385

*Notes:*

- (i) The related company is wholly-owned by Mr. Ng Man Sun.
- (ii) As at 31 March 2020, loan from a director, Mr. Ng Man Sun with amount HK\$56,416,000 (2019: HK\$10,385,000) was included in other borrowings. The amount is interest free, unsecured and repayable on demand.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

### Financial assets

	Financial assets at amortised cost	
	2020 HK\$'000	2019 HK\$'000
Trade receivables	2,292	1,491
Other receivables	42,272	36,831
Rental and other deposits	1,050	3,845
Cash and cash equivalents	3,217	1,201
	<b>48,831</b>	<b>43,368</b>

### Financial liabilities

	Financial liabilities at fair value		Financial liabilities at amortised cost		Total	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Trade and other payables	—	—	7,167	13,829	7,167	13,829
Due to related companies	—	—	300	784	300	784
Obligations under a finance lease	—	—	—	33	—	33
Lease liabilities	—	—	9,510	—	9,510	—
Other borrowings	—	—	84,745	10,385	84,745	10,385
Promissory notes	14,417	—	—	46,475	14,417	46,475
Convertible bonds	—	—	27,723	38,647	27,723	38,647
	<b>14,417</b>	—	<b>129,445</b>	110,153	<b>143,862</b>	110,153

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to those risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

### (a) Credit risk and impairment assessment

The Group's credit risk was primarily attributable to trade receivables, rental and other deposit, other receivables and cash and cash equivalents. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Substantially, all the Group's cash and cash equivalents are deposited in the banks in Hong Kong. The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 19.

The Group had appointed an independent valuer who applied the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Expected loss rates are based on actual loss experience over the past 3 years. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables at 31 March 2020:

	Trade receivables		
	Expected loss %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current (not past due)	—	—	—
Less than 3 months past due	3.53	1,980	70
3 month to 6 months past due	—	—	—
6 months to 12 months past due	55.58	860	478
		<u>2,840</u>	<u>548</u>

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (a) Credit risk and impairment assessment (CONTINUED)

For the year ended 31 March 2019, the directors of the Company are of the opinion that the credit risk of trade receivables is low due to the sound collection history of the receivables due from them. Therefore, expected credit loss rate of the trade receivables is assessed to be close to zero and no provision was made.

The following table shows reconciliation of loss allowance for other receivables under HKFRS 9, with allowance HK\$9,844,000 (2019: HK\$28,500,000).

	<b>12m ECL</b> HK\$'000	<b>Credit impaired</b> HK\$'000	<b>Total</b> HK\$'000
At 1 April 2018	—	88,867	88,867
Credit impaired	—	28,500	28,500
At 31 March 2019 and 1 April 2019	—	117,367	117,367
Provision of ECL	9,844	—	9,844
Reversal due to written-off	—	(117,367)	(117,367)
At 31 March 2020	<b>9,844</b>	<b>—</b>	<b>9,844</b>

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of borrowings to cover expected cash demands, subject to approval by the Company's board of directors when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major loan lenders to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current rates at the end of the reporting period) and the earliest date the Group can be required to pay:

	2020				
	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000
Lease liabilities	9,510	9,804	8,572	1,232	-
Promissory notes	14,417	62,000	-	-	62,000
Trade and other payables	7,467	7,467	7,467	-	-
Convertible bonds	27,723	30,000	30,000	-	-
Other borrowings	84,745	85,567	85,567	-	-
	<b>143,862</b>	<b>194,838</b>	<b>131,606</b>	<b>1,232</b>	<b>62,000</b>

  

	2019				
	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000
Obligations under a finance lease	33	34	34	-	-
Promissory notes	46,475	50,000	20,000	30,000	-
Trade and other payables	14,613	14,613	14,613	-	-
Convertible bonds	38,647	45,000	15,000	30,000	-
Other borrowings	10,385	10,385	10,385	-	-
	<b>110,153</b>	<b>120,032</b>	<b>60,032</b>	<b>60,000</b>	<b>-</b>

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (c) Interest rate risk

The Group's interest rate risk arises primarily from obligations under a finance lease and other borrowings. The obligations under a finance lease and other borrowings are at fixed interest rate which expose the Group to fair value interest rate risk. The Group does not expect any significant changes in fixed interest rate which might materially affect the Group's result of operations.

### (d) Currency risk

The Group is not exposed to significant currency risk as most of income, expenses and financial instruments are denominated in the functional currency of the operations to which they relate.

### (e) Fair values measurement

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in these financial statements on a recurring basis across the three levels of the fair value hierarchy defined in HKFRS 13, Fair Value Measurement, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

#### *Liabilities measured at fair value*

	<b>31 March 2020 HK\$'000</b>	<b>Level 1 HK\$'000</b>	<b>Level 2 HK\$'000</b>	<b>Level 3 HK\$'000</b>
<i>Liabilities measured at fair value</i>				
Financial liabilities at fair value through profit or loss				
– Promissory note	<b>14,417</b>	–	–	<b>14,417</b>

During the year ended 31 March 2020 and 2019, there were no transfers 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.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 35. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

### (a) Key sources of estimation uncertainty

In the process of applying the Group's accounting policies which are described in note 3, management has made certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below.

#### (i) *Useful lives and residual values of property, plant and equipment*

The management determines the estimated useful lives and residual values for the Group's property, plant and equipment in accordance with the accounting policy stated in note 3(g). The Group will revise the depreciation charge where useful lives and residual values are different from previous estimates, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

#### (ii) *Estimation of impairment of property, plant and equipment*

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgement in assessing whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence. Such assessment was based on certain assumptions, which are subject to uncertainty and might differ materially from the actual results. In exercising judgement, the Group considers information such as the amounts of the replacement cost of the property, plant and equipment and deductions to account for the age, condition, economic or functional obsolescence and environmental factors existing at the end of each reporting period. As at 31 March 2020, the carrying amount of property, plant and equipment is approximately HK\$1,576,000 (2019: HK\$3,082,000).

#### (iii) *Estimation of impairment of intangible assets*

The Group performs annual assessments on whether there has been impairment of intangible assets in accordance with the accounting policy stated in note 3(j). The recoverable amounts of cash-generating units are determined based on value in use calculations. These calculations require the use of estimates and assumptions made by management on the future operation of the business, pre-tax discount rates, and other assumptions underlying the value-in-use calculations. As at 31 March 2020, the carrying amount of intangible assets is approximately HK\$80,251,000 (2019: HK\$106,826,000).

#### (iv) *Amortisation of intangible assets*

Intangible assets are amortised on a straight-line basis over their estimated useful lives in accordance with the accounting policy stated in note 3(i). The determination of the useful lives involves management's estimation. The Group re-assesses the useful life of the intangible assets and, if the expectation differs from the original estimate, such a difference may impact the amortisation in the year and the estimate will be changed in the future period.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 35. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

### (a) Key sources of estimation uncertainty (CONTINUED)

#### (v) *Estimation of impairment of receivables*

The Group's receivables are assessed for impairment based on the expected loss model required by HKFRS 9. The assessment made by management has taken into account relevant historical information adjusted for forward looking information available to management at the date of assessment (to the extent that such information is reasonable and supportable without undue cost or effort). Additional impairment losses have been recognised as at 1 April 2018 on the Group's receivables to reflect the adoption of the expected loss model (see note 20). Impairment losses are also recognised for the current year (please see note 20). Management has exercised judgment in estimating the amount of expected credit loss. If the actual outcome is different from management's estimate, an additional impairment loss or reversal of impairment loss may arise.

#### (vi) *Going concern basis*

As explained in note 3 to the consolidated financial statements, the financial position of the Group indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The basis for adoption of going concern is set out in note 3 to the consolidated financial statements. Should the Group be unable to raise new financing or other measures fail to improve the liquidity of the Group and the Group is unable to continue in business as a going concern, adjustments would be needed to reduce the carrying amounts of the assets of the Group to their recoverable amounts and, to provide for further liabilities which might arise.

### (b) Critical accounting judgements in applying the Group's accounting policies

In determining the carrying amounts of some assets and liabilities, the Group makes assumptions for the effects of uncertain future events on those assets and liabilities at the end of the reporting period. These estimates involve assumptions about such items as cash flows and discount rates used. The Group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the Group's accounting policies.

#### *Income taxes and deferred taxation*

The Group is subject to income tax in Hong Kong and various taxes in PRC. Significant judgement is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax and deferred tax provisions in the period in which such determination is made.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of subsidiaries as at 31 March 2020 are as follows:

Name of company	Place of incorporation/ business	Particular of issued and paid up capital	Percentage of ownership interest held by the Company		Principal activities
			Directly	Indirectly	
Digital Zone Global Limited	BVI/BVI	1 ordinary share	100%	-	Conduct mobile game apps business
Explicitly Grand Investments Limited	BVI/Hong Kong	50,000 ordinary shares	-	100%	Investment holdings
MostCore Limited	Hong Kong/Hong Kong	10,000 ordinary shares	-	100%	Provision of AR/VR and mobile games solutions
Victor Mind Global Limited	BVI/Cambodia	1 ordinary share	100%	-	Investment in VIP room

The details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests as at 31 March 2020 and 2019 are set out below:

Name of indirect subsidiary	Place of incorporation and principal activity	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2020	2019	2020	2019	2020	2019
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Forenzia Group	BVI/Investment holding	N/A	40%	N/A	(236)	N/A	52,973

The above information is based on Forenzia Group. The principal activities of the subsidiaries of Forenzia Enterprises Limited are to conduct gaming business.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

	2019 HK\$'000
<b>Summarised consolidated statement of financial position of Forenzia Enterprises Limited</b>	
Non-current assets	161,663
Current assets	23,718
Total assets	185,381
Current liabilities	(144,825)
<b>Equity attributable to owners of the Company</b>	<b>(12,417)</b>
<b>Non-controlling interest</b>	<b>52,973</b>
<b>Summarised consolidated statement of profit or loss of Forenzia Enterprises Limited</b>	
Loss before income taxation	(591)
Income tax expenses	–
Loss for the year	(591)
Other comprehensive income	–
Total comprehensive expenses	(591)
Total comprehensive expenses allocated to non-controlling interests	(236)
<b>Summarised consolidated statement of cash flow of Forenzia Enterprises Limited</b>	
Net cash generated from operating activities	449
Net cash used in investing activities	(449)
Net increase in cash	–

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2020 HK\$'000	2019 HK\$'000
<b>Non-current assets</b>		
Property, plant and equipment	1,285	506
Right-of-use assets	3,754	—
Investments in subsidiaries	1	49,506
	<u>5,040</u>	<u>50,012</u>
<b>Current assets</b>		
Trade and other receivables	98,831	94,065
Cash and cash equivalents	3,217	993
	<u>102,048</u>	<u>95,058</u>
<b>Current liabilities</b>		
Trade and other payables	10,130	27,361
Lease liabilities	2,720	—
Obligations under a finance lease	—	33
Other borrowings	84,745	10,385
Promissory notes	—	19,837
Convertible bonds	27,723	14,410
	<u>125,318</u>	<u>72,026</u>
<b>Net current (liabilities)/assets</b>	<u>(23,270)</u>	<u>23,032</u>
<b>Total assets less current (liabilities)/assets</b>	<u>(18,230)</u>	<u>73,044</u>
<b>Non-current liabilities</b>		
Lease liabilities	1,213	—
Promissory notes	14,417	26,638
Convertible bonds	—	24,237
	<u>15,630</u>	<u>50,875</u>
<b>NET (LIABILITIES)/ASSETS</b>	<u>(33,860)</u>	<u>22,169</u>
<b>Capital and reserves</b>		
Share capital	256,495	246,495
Reserves	(290,355)	(224,326)
<b>TOTAL EQUITY</b>	<u>(33,860)</u>	<u>22,169</u>

The Company's statement of financial position was approved and authorised for issue by the board of directors on 29 June 2020 and are signed on its behalf by:

**Ng Man Sun**  
Chairman

**Ng Wai Yee**  
Director

# Notes to Consolidated Financial Statements

For the year ended 31 March 2020 (Expressed in Hong Kong dollars)

## 37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(CONTINUED)

(a) A summary of the Company's reserve is as follows:

	Share Premium HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Convertible bonds reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2018	519,159	2,285,052	22,624	–	(2,719,449)	107,386
Loss for the year and total comprehensive expense for the year	–	–	–	–	(394,766)	(394,766)
Equity-settled share based transactions	–	–	1,013	–	–	1,013
Shares issued for settlement of debts	(2,679)	–	–	–	–	(2,679)
Issuance of convertible bonds	–	–	–	38,587	–	38,587
Shares issued under placing	1,286	–	–	–	–	1,286
Shares issued under conversion of convertible bonds	45,631	–	–	(20,784)	–	24,847
At 31 March 2019 and 1 April 2019	563,397	2,285,052	23,637	17,803	(3,114,215)	(224,326)
Loss for the year and total comprehensive expense for the year	–	–	–	–	(71,029)	(71,029)
Shares issued under conversion of convertible bonds	8,483	–	–	(3,483)	–	5,000
As 31 March 2020	<b>571,880</b>	<b>2,285,052</b>	<b>23,637</b>	<b>14,320</b>	<b>(3,185,244)</b>	<b>(290,355)</b>

## 38. EVENTS AFTER THE REPORTING PERIOD

On 27 May 2020, the subsidiary of the Company – Victor Mind Global Limited (“VMGL”) and the Crown Resorts Co., Limited (“Crown”) entered into a termination agreement (the “Termination Agreement”) pursuant to which the VMGL and the Crown have mutually agreed to early terminate the License Agreement, which will expire on 30 November 2020, with effect from 1 June 2020. Pursuant to the Termination Agreement, the parties irrevocably, fully and unconditionally releases and forever discharges the other party, from and against any and all present and future claims, counterclaims, demands, actions, suits, causes of action, damages, controversies and liabilities, including, without limitation, any costs, expenses, bills, penalties or attorneys’ fees, whether known or unknown, contingent or absolute, foreseen or unforeseen, and whether in law, equity or otherwise, that could have been asserted in any court or forum and relating in any way to any conduct, occurrence, activity, expenditure, promise or negotiation arising from or relating to the License Agreement. Details are set out in the announcement of the Company dated 27 May 2020.

## 39. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 29 June 2020.

# Five-Year Financial Summary

## RESULTS

	<b>2020</b> <b>HK\$'000</b>	<b>Year ended 31 March</b>			
		2019 HK\$'000	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000
REVENUE	<b>45,922</b>	71,218	62,206	11,401	10,486
SHARE OF PROFIT OF ASSOCIATES	—	—	—	—	—
LOSS FOR THE YEAR	<b>(38,108)</b>	(418,275)	(50,734)	(988,520)	(48,967)
ATTRIBUTABLE TO					
– Owners of the Company	<b>(39,129)</b>	(418,039)	(52,772)	(983,869)	(43,136)
– Non-controlling interests	<b>1,111</b>	(236)	2,038	(4,651)	(5,831)
LOSS PER SHARE (in HK Cents)					(Restated)
– Basic	<b>(3.10)</b>	(46.16)	(7.48)	(195.78)	(11.65)
– Diluted	<b>(3.10)</b>	(46.16)	(7.48)	(195.78)	(11.65)

## ASSETS AND LIABILITIES

	<b>2020</b> <b>HK\$'000</b>	<b>At 31 March</b>			
		2019 HK\$'000	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000
NON-CURRENT ASSETS	<b>106,414</b>	157,411	537,183	511,107	1,372,127
CURRENT ASSETS	<b>50,610</b>	43,866	54,607	28,292	98,779
TOTAL ASSETS	<b>157,024</b>	201,277	591,790	539,399	1,470,906
NON-CURRENT LIABILITIES	<b>17,652</b>	53,692	16,465	449	829
CURRENT LIABILITIES	<b>129,231</b>	60,252	216,160	206,088	262,145
TOTAL LIABILITIES	<b>146,883</b>	113,944	232,625	206,537	262,974
NET ASSETS	<b>10,141</b>	87,333	359,165	332,862	1,207,932
EQUITY HOLDERS' FUND	<b>10,141</b>	34,360	305,956	281,691	1,151,027
NON-CONTROLLING INTERESTS	—	52,973	53,209	51,171	56,905
TOTAL EQUITY	<b>10,141</b>	87,333	359,165	332,862	1,207,932