



INTERIM REPORT 2021/22

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

UniTax Prism (HK) CPA Limited
(formerly known as Prism CPA Limited)

LEGAL ADVISER

Cheng, Yeung & Co.

INVESTOR RELATIONS CONSULTANT

DLK Advisory Limited

STOCK CODE

959

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The board (the "Board") of directors (the "Directors") of Century Entertainment International Holdings Limited ("Century Entertainment" or the "Company"; stock code: 959) report the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2021 (the "Period under Review") (the "2021 Interim Results"). The 2021 Interim Results have been reviewed by the audit committee of the Company.

FINANCIAL REVIEW

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

The Group recorded a revenue of approximately HK\$0.2 million for the Period under Review, decreasing 92.6% as compared to approximately HK\$2.7 million in the corresponding period last year. The decrease in revenue was mainly attributable to the spread of COVID-19 and the imposed lockdown measures and temporary closure of all casinos in Cambodia affecting the gaming table business and also that the work on the re-opening of the casino was still in progress. Net loss for the Period under Review was approximately HK\$20.8 million, increasing 235% as compared to approximately HK\$6.2 million for the corresponding period last year. The increase in loss was mainly due to (a) revenue has yet been generated from the gaming table business during the reporting period as there had been delay in the re-opening of the New Casino at Dara Sakor due to the community spread of COVID-19 Epidemic in Cambodia; and (b) a fair value gain on promissory notes of approximately HK\$11 million had been recognised for the six months ended 30 September 2020.

Capital Structure

As at 30 September 2021, the Company's total number of issued shares was 128,247,561 (31 March 2021: 128,247,561) at HK\$0.01 each. The Group's consolidated net liabilities totalled approximately HK\$43.8 million, representing an increase of approximately HK\$20.8 million as compared to net liabilities of approximately HK\$23.0 million as at 31 March 2021.

Subscription of the Convertible Bond

On 30 December 2020, the Company entered into a subscription agreement (“Subscription Agreement”) (as supplemented by a supplemental subscription agreement) with Mr. Ng Man Sun (“Subscriber”), a substantial Shareholder, executive Director, the Chairman and Chief Executive Officer of the Company. Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe, and the Company has conditionally agreed to issue a convertible bond in the principal amount of HK\$50,000,000 (“Convertible Bond”). The subscription amount payable by the Subscriber shall be satisfied by releasing the payment obligation of HK\$50,000,000 of the Company against the amount indebted to the Subscriber.

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

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

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

Liquidity and Financial Resources

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

As at 30 September 2021, the Group had total assets and net liabilities of approximately HK\$104.9 million (31 March 2021: approximately HK\$114.4 million) and approximately HK\$43.8 million (31 March 2021: approximately HK\$23.0 million) respectively, comprising non-current assets of approximately HK\$58.5 million (31 March 2021: approximately HK\$65.4 million) and current assets of approximately HK\$46.5 million (31 March 2021: approximately HK\$49.0 million). The Group also did not have any non-controlling interests (31 March 2021: Nil) and had current liabilities of approximately HK\$148.6 million (31 March 2021: approximately HK\$96.4 million) and non-current liabilities of approximately HK\$0.1 million (31 March 2021: approximately HK\$41.0 million).

The Group's gearing ratio, calculated as a ratio of total debt to total assets, was approximately 141.8% (31 March 2021: approximately 120.1%).

BUSINESS REVIEW

Overview

The outbreak of coronavirus (COVID-19) has continued to bring unparalleled challenges to the global economy in the first half of 2021. Many countries remained in full or partial lockdown, which led to the closure of tourist attractions as well as the notable reduction in flights and travellers. In the case of Cambodia, the all-important travel and tourism industry has since undergone significant disruptions, in which the total number of visitors has decreased from 1.18 million in the first half of 2020, to 108,000 in the same period of 2021, representing a drop of 90.8%.

Due to the growing restrictions on people's mobility, the global gaming industry also suffered, and casinos in the Asia-Pacific (APAC) region including Macau, Philippines, Singapore, and Cambodia were forced to suspend operations. For example, as an emergency measure to prevent COVID-19 transmission, certain lockdown measures have been imposed across a number of districts in Cambodia since February 2021. Not until recently the country could slowly emerge from lockdown as vaccination plan began to roll out. Restrictions on casino operation were also loosened, with several casinos being allowed to re-open in late September.

During the Period under Review, the Company has taken proactive measures to explore feasible business opportunities, and has been maintaining constant communication with the Assignor with regards to the latest updates on the casino operation. After the reporting period and to the Group's delight, the Cambodian government has approved the re-opening of the casino which has resumed operation on 4 November 2021. Riding on the relaxing travel restrictions as well as the economic recovery in the country and surrounding regions, the Company has the utmost confidence that its business will soon return to normal.

Gaming Table Business in Cambodia

In the past two years, the Group's Gaming Table Business encountered different challenges. Despite the hardship, the Group continued to find ways to be sustainable. Victor Mind Global Limited ("VMG"), a wholly-owned subsidiary of the Company, and Lion King Entertainment Company Limited ("Lion King"), the assignor (the "Assignor") of the Gaming Table Business Rights and a company wholly-owned by Mr. Ng Man Sun, the Chairman and Chief Executive Officer of the Company, has entered into an Assignment Agreement and four supplemental framework agreements (dated 5 February 2021, 30 April 2021, 30 July 2021 and 2 November 2021), regarding the assignment of the business rights of mass gaming tables at the casino in Cambodia.

In view of the ever-changing market situation, several adjustments have been made to the Group's operation of the Gaming Table Business. The casino has eventually been relocated to a new casino in Dara Sakor, Koh Kong Province. Yet, it was mutually agreed that the consideration of HK\$120 million shall remain unchanged, and the number of gaming tables to be adjusted under the new Gaming Table Business Rights shall be determined with reference to the appraised value per new gaming table to be prepared by the independent valuer. The valid period of the new Gaming Table Business Rights shall be for a period of five years from the date when the mass market of the new casino re-open, and the profit guarantee would cover a period of 24 consecutive months. Despite the Group's best effort, the opening of the new casino has also been postponed several times due to the impacts of COVID-19.

During the Period under Review, the Group has completed a series of work in preparation of the reopening, such as system testing, equipment capabilities enhancement, decoration upgrades, and staff training. After the reporting period, the Group was informed by the Assignor that the new casino has commenced operation on 4 November 2021, and it is expected that the new casino will be in full operations by February 2022. Two gaming tables are currently assigned to VMG to be operated pursuant to the Assignment Agreement (as supplemented by



Management Discussion and Analysis

the Supplemental Framework Agreement) for baccarat, and the Group is entitled to 100% of house win winnings and is responsible for 100% house losses as well as the associated staff costs and taxes. The operation will be subject to regular review and adjustments and the final number of tables to be assigned will be determined after the fulfillment of conditions precedent as stipulated in the Supplemental Framework Agreement.

The Group will keep the Shareholders and potential investors informed by the way of announcement as and when appropriate in accordance with the Listing Rules. The Group remains positive towards its business prospect, especially after the initial re-opening of casinos in the country, which points to an upward trajectory for its Gaming Table Business.

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

The businesses of Explicitly Grand Investments Limited, a wholly-owned subsidiary of the Group, and its subsidiaries (collectively the “Explicitly Grand Group”) has been negatively affected by the outbreak of COVID-19 since early January 2020. In light of the poor consumer sentiment, the demand for its products and services was suppressed. As the PRC represents its major source of customers, the closedown of borders had also badly hit the business, leading to difficulties in securing new orders and acquiring new customers. During the Period under Review, Explicitly Grand Group contributed a revenue of approximately HK\$0.2 million to the Group.

Despite the headwinds in the global market, the Group remained attentive to develop its AR and VR entertainment business, by assessing the viability of potential projects and closely evaluating their financial performance. Albeit the challenges brought by the ongoing pandemic, the Group will keenly monitor the ever-changing market, and hoping the resumption of international/regional travel will open up to new business opportunities for its AR and VR entertainment business.

Going Concern

In preparing the condensed consolidated financial statements, the directors have considered the future liquidity of the Group in view of its net current liabilities position as at 30 September 2021. The Group incurred a net loss attributable to owners of the Company of approximately HK\$20,808,000 for the six months ended 30 September 2021, and had net current liabilities of approximately HK\$102,156,000 and net liabilities of approximately HK\$43,803,000 as at 30 September 2021.

It is noted by the directors of the Company that:

1. The borrowings from Mr. Ng Man Sun ("Mr. Ng"), the executive director, Chairman, Chief Executive Officer and substantial shareholder of the Company, of HK\$35,128,000 was included in other borrowings of the Group;
2. Mr. Ng undertook that he will not call for repayment of the abovementioned sum;
3. Mr. Ng is willing to provide the Company with financial assistance to fill the shortfall of the Company's working capital;
4. included in the other borrowings, there is a sum of HK\$62,033,000 due to independent third parties which are personally guaranteed by Mr. Ng;
5. a convertible bond amounted to HK\$50,000,000 in principal is held by Mr. Ng and he is able to convert the convertible bond into equity shares subject to the compliance of the terms and conditions of the convertible bond and/or corresponding Listing Rules and Takeover Codes; and
6. the gaming tables located in the new casino have commenced operation on 4 November 2021 which is currently generating revenue to the Group.



Management Discussion and Analysis

The Board is of the view that the commencement of the operations of the gaming tables could definitely improve the net current liabilities and net liabilities positions of the Group by contributing revenue to the Group which will lead to increase in current assets and the fair value of the underlying assets of the Group. In addition, the directors of the Company will use their best endeavours to take practicable and feasible actions to resolve the issue, including but not limited to the following:

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

Having taken into account of the abovementioned, the directors of the Company opined that the Group will have sufficient working capital for its current requirements and it is reasonable to expect that the Group will remain as a commercially viable concern. Accordingly, the directors are satisfied that it is appropriate to prepare the condensed consolidated financial statements for the six months ended 30 September 2021 on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for future liabilities which might arise and to reclassify non-current assets and non-current liabilities to current respectively. The effect of these adjustments has not been reflected in the condensed consolidated financial statements.

OUTLOOK AND PROSPECT

To combat the COVID-19 pandemic, the Cambodian government continued to devote efforts to achieve herd immunity, by rolling out vaccination program as well as imposing strict social distancing policies. The policies proved to be effective and Cambodia has surpassed its COVID-19 vaccination target. As of 31 October 2021, more than 16 million people were being vaccinated, equivalent to nearly 86% of its total population. The high vaccine penetration has raised hopes of a strong recovery for its tourism and gaming industry.

In late October, the Cambodian Tourism Ministry has announced the re-opening for popular beach destinations in Sihanoukville, the island of Koh Rong, as well as Dara Sakor, where the Group's gaming tables operate in, on 30 November 2021. Fully vaccinated tourists are welcomed for quarantine-free holiday. The Cambodian government has also sought overseas collaborations, such as encouraging more tourists from the Philippines to visit Cambodia, as well as communicating with Singapore to organize tourism fair. All the aforementioned measures should lay a solid foundation for the country's economic recovery.

As the casino has just resumed operation, the Group will continue to closely monitor the COVID-19 situation, and maintain stringent precautionary measures to ensure a safe environment for its staff and customers. Riding on the government's comprehensive plan on economic recovery, along with the impending resumption of international/regional travel, the Group is dedicated to regaining its growth momentum by improving its gaming operations and seizing further market opportunities.

Management Discussion and Analysis

Appreciation

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

INTERIM DIVIDEND

The Directors did not recommend the payment of an interim dividend for the six months ended 30 September 2021 (2020: Nil).

FOREIGN EXCHANGE AND CURRENCY RISKS

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

EMPLOYEES AND REMUNERATION POLICY

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

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 September 2021.

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

Save as disclosed below, as at 30 September 2021, none of the Directors and chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register(s) and kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange.

Long Position in shares and underlying shares of the Company

Name of Directors	Capacity	Number of shares held	Number of underlying shares held	Total	Approximate percentage of issued share capital
Mr. Ng Man Sun	Beneficial owner	35,841,459	100,745,478 <i>(Note 1)</i>	136,586,937	106.50%
	Interest in a controlled corporation <i>(Note 3)</i>	30,737	-	30,737	0.03%
	Total	35,872,196	100,745,478 <i>(Note 1)</i>	136,617,674	106.53%
Ms. Ng Wai Yee	Beneficial owner	-	770,304 <i>(Note 2)</i>	770,304	0.60%
Ms. Yeung Pui Han, Regina	Beneficial owner	-	221,304 <i>(Note 2)</i>	221,304	0.17%
Mr. Li Chi Fai	Beneficial owner	-	196,478 <i>(Note 2)</i>	196,478	0.15%
Ms. Sie Nien Che, Celia	Beneficial owner	30,000	171,652 <i>(Note 2)</i>	201,652	0.16%

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

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

Notes:

1. These interests represent the number of underlying shares in respect of (i) the 2012 Scheme (745,478 underlying shares and as defined below); and (ii) the Convertible Bond issued to Mr. Ng Man Sun on 31 March 2021 (100,000,000 underlying shares). Details of the 2012 Scheme are set out under section headed "Share Option Scheme" on page 15 to condensed consolidated financial statements, and details of the Convertible Bond are set out under the sub-section headed "Subscription of the Convertible Bond" of the Management Discussion and Analysis respectively. The exercise of the conversion rights under the Convertible Bond shall be subject to compliance with the Listing Rules, the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code") or applicable laws or regulations.
2. These interests represent the number of underlying shares in respect of the 2012 Scheme, the details of which are set out under the section headed "Share Option Scheme" on page 15 to condensed consolidated financial statements.
3. For 30,737 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 30,737 shares held by East Legend.

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under sections headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above and "Share Option Scheme" below, at no time during the six months ended 30 September 2021 was the Company, or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate and neither the Directors nor any of their spouses or children under 18 years of age, had any right to subscribe for shares or debt securities of the Company, or had exercised any such rights during the Period under Review.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2021, other than interests as disclosed above in respect of Mr. Ng Man Sun as Director, the Chairman and CEO (as defined below), Ms. Ng Wai Yee, Ms. Yeung Pui Han, Regina, Mr. Li Chi Fai and Ms. Sie Nien Che, Celia as Directors, the following persons had interests or short position in the shares and underlying shares of the Company as recorded in the register(s) required to be kept under section 336 of the SFO.

Name	Capacity	Number of shares held	Approximate percentage of issued share capital
Ms. Cheng Wai Man	Beneficial owner	9,621,212	7.50%
Mr. Huang Wei Qiang	Beneficial owner	8,690,000	6.78%
Mr. Wong Kam Wah	Beneficial owner	8,254,212	6.44%

SHARE OPTION SCHEME

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

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

Other Information

SHARE OPTION SCHEME (CONTINUED)

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

Date of Grant (day/month/year)	No. of share options ('000)				Adjusted exercise price HK\$ (Notes 2, 4)		
	As at 1 April 2021 (Notes 2, 4)		As at 30 September 2021 (Notes 2, 4)				
	Exercised	Lapsed	Exercise period (day/month/year)				
Directors							
Mr. Ng Man Sun	05/02/2013 (Note 1)	25	-	-	25	05/02/2013-04/02/2023	12.41
	03/03/2014	25	-	-	25	03/03/2014-02/03/2024	13.45
	10/03/2015	25	-	-	25	10/03/2015-09/03/2025	7.01
	01/12/2017	610	-	-	610	01/12/2017-30/11/2027	2.80
	17/12/2018	61	-	-	61	17/12/2018-16/12/2028	2.00
Ms. Ng Wai Yee	05/02/2013 (Note 1)	25	-	-	25	05/02/2013-04/02/2023	12.41
	03/03/2014	25	-	-	25	03/03/2014-02/03/2024	13.45
	10/03/2015	25	-	-	25	10/03/2015-09/03/2025	7.01
	25/04/2016	25	-	-	25	25/04/2016-24/04/2026	3.70
	01/12/2017	610	-	-	610	01/12/2017-30/11/2027	2.80
	17/12/2018	61	-	-	61	17/12/2018-16/12/2028	2.00
Ms. Yeung Pui Han, Regina	05/02/2013 (Note 1)	25	-	-	25	05/02/2013-04/02/2023	12.41
	03/03/2014	25	-	-	25	03/03/2014-02/03/2024	13.45
	10/03/2015	25	-	-	25	10/03/2015-09/03/2025	7.01
	25/04/2016	25	-	-	25	25/04/2016-24/04/2026	3.70
	01/12/2017	61	-	-	61	01/12/2017-30/11/2027	2.80
	17/12/2018	61	-	-	61	17/12/2018-16/12/2028	2.00

SHARE OPTION SCHEME (CONTINUED)

	Date of Grant (day/month/year)	No. of share options ('000)				Adjusted exercise price HK\$ (Notes 2, 4)	
		As at 1 April 2021 (Notes 2, 4)		As at 30 September 2021 (Notes 2, 4)			
		Exercised	Lapsed	Exercised	Lapsed		
Mr. Li Chi Fai	03/03/2014	25	-	-	25	03/03/2014-02/03/2024	13.45
	10/03/2015	25	-	-	25	10/03/2015-09/03/2025	7.01
	25/04/2016	25	-	-	25	25/04/2016-24/04/2026	3.70
	01/12/2017	61	-	-	61	01/12/2017-30/11/2027	2.80
	17/12/2018	61	-	-	61	17/12/2018-16/12/2028	2.00
Ms. Sie Nien Che, Celia	03/03/2014	25	-	-	25	03/03/2014-02/03/2024	13.45
	25/04/2016	25	-	-	25	25/04/2016-24/04/2026	3.70
	01/12/2017	61	-	-	61	01/12/2017-30/11/2027	2.80
	17/12/2018	61	-	-	61	17/12/2018-16/12/2028	2.00
Eligible employees	05/02/2013 (Note 1)	155	-	-	155	05/02/2013-04/02/2023	12.41
	03/03/2014	235	-	-	235	03/03/2014-02/03/2024	13.45
	10/03/2015	260	-	-	260	10/03/2015-09/03/2025	7.01
	25/04/2016	160	-	-	160	25/04/2016-24/04/2026	3.70
	01/12/2017	620	-	-	620	01/12/2017-30/11/2027	2.80
	17/12/2018	1,050	-	-	1,050	17/12/2018-16/12/2028	2.00
Service providers	05/02/2013 (Note 1)	248	-	-	248	05/02/2013-04/02/2023	12.41
	03/03/2014	248	-	-	248	03/03/2014-02/03/2024	13.45
	10/03/2015	124	-	-	124	10/03/2015-09/03/2025	7.01
	01/12/2017	610	-	-	610	01/12/2017-30/11/2027	2.80
	17/12/2018	800	-	-	800	17/12/2018-16/12/2028	2.00
In aggregate		6,618	-	-	6,618		

SHARE OPTION SCHEME (CONTINUED)

Notes:

1. The exercise price of the share options has been changed from HK\$0.077 to HK\$1.540 as a result of the share consolidation passed by the shareholders at a special general meeting of the Company held on 27 March 2013, whereby every 20 shares of the Company of HK\$0.01 each were consolidated into 1 new share of the Company of HK\$0.20 each. Pursuant to the open offer of the Company completed on 16 May 2016, the number of share options were adjusted and the exercise price of the share options was also adjusted from HK\$1.540 to HK\$1.241.
2. Pursuant to the open offer of the Company completed on 16 May 2016, the number of share options were adjusted and the exercise prices of the share options granted on 5 February 2013, 3 March 2014, 10 March 2015 and 25 April 2016 were also adjusted from HK\$1.540 to HK\$1.241, from HK\$1.670 to HK\$1.345, from HK\$0.870 to HK\$0.701 and from HK\$0.459 to HK\$0.370 respectively.
3. At the annual general meeting of the Company held on 9 August 2016, shareholders have approved to refresh the general mandate limit that the total number of shares which may be issued upon exercise of all options to be granted under the 2012 Scheme must not exceed 10% of the shares of the Company in issue on the date of that annual general meeting.
4. Pursuant to the share consolidation passed by the shareholders at a special general meeting of the Company held on 1 March 2021 and took effect on 3 March 2021, the number of share options were adjusted and the exercise prices of the share options granted on 5 February 2013, 3 March 2014, 10 March 2015, 25 April 2016, 1 December 2017 and 17 December 2018 were also adjusted from HK\$1.241 to HK\$12.41, from HK\$1.345 to HK\$13.45, from HK\$0.701 to HK\$7.01, from HK\$0.370 to HK\$3.70 from HK\$0.280 to HK\$2.80 and from HK\$0.200 to HK\$2.00 respectively.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct for securities transactions by the Directors and has adopted written guidelines no less exacting than the Model Code for the relevant employees in respect of their dealings in the Company's securities.

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

CORPORATE GOVERNANCE

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

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

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

CORPORATE GOVERNANCE (CONTINUED)

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

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

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

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

Due to other business commitments, Mr. Ng Man Sun, being the Chairman of the Board, was unable to attend the AGM of the Company held on 15 September 2021. He had arranged Ms. Ng Wai Yee, another executive director (the “Executive Director”) of the Company and who is very familiar with the Group’s business and operations, to attend and chair the AGM.

REVIEW OF RESULTS

The Group's condensed consolidated financial statements for the six months ended 30 September 2021 and the accounting principles and practices adopted by the Group have been reviewed by the audit committee of the Company.

On behalf of the Board

Ng Man Sun

Chairman and Chief Executive Officer

Hong Kong, 29 November 2021

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2021
(Expressed in Hong Kong dollars)

		Six months ended 30 September	
	<i>Notes</i>	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	5	200	2,709
Cost of sales		<u>(40)</u>	<u>(600)</u>
Gross profit		160	2,109
Other income	6	6	15,636
General and administrative expenses		(15,985)	(20,816)
Finance costs	7	(4,989)	<u>(3,495)</u>
Loss before taxation	8	(20,808)	(6,566)
Income tax credit	9	–	<u>398</u>
Loss for the period attributable to owners of the Company		(20,808)	<u>(6,168)</u>
Loss and total comprehensive expense for the period attributable to owners of the Company		(20,808)	<u>(6,168)</u>
Loss per share			(Restated)
Basic and diluted (HK cents)	11	(16.22)	<u>(4.81)</u>

Condensed Consolidated Statement of Financial Position

At 30 September 2021
(Expressed in Hong Kong dollars)

	<i>Notes</i>	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Non-current Assets			
Plant and equipment		859	1,092
Right-of-use assets		-	1,104
Goodwill		-	-
Intangible assets		47,997	54,987
Deposits paid		9,594	8,190
		<u>58,450</u>	<u>65,373</u>
Current Assets			
Trade and other receivables	12	42,783	45,509
Cash and cash equivalents		3,678	3,495
		<u>46,461</u>	<u>49,004</u>
Current Liabilities			
Other payables		6,169	8,251
Other borrowings	13	97,161	86,090
Promissory note	14	1,269	-
Convertible bond	15	43,199	-
Lease liabilities		-	1,203
Tax payables		819	819
		<u>148,617</u>	<u>96,363</u>
Net Current Liabilities		(102,156)	(47,359)

Condensed Consolidated Statement of Financial Position

At 30 September 2021

(Expressed in Hong Kong dollars)

	<i>Notes</i>	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Total Assets less Current Liabilities		(43,706)	18,014
Non-current Liabilities			
Promissory note	14	—	775
Convertible bond	15	—	40,137
Deferred tax liabilities		97	97
		97	41,009
NET LIABILITIES		(43,803)	(22,995)
Equity			
Share capital	16	1,282	1,282
Reserves		(45,085)	(24,277)
TOTAL DEFICIT		(43,803)	(22,995)

Condensed Consolidated Statement of Changes in Equity

At 30 September 2021
(Expressed in Hong Kong dollars)

	Share capital	Share premium	Special reserve	Contributed surplus	Capital reserve	Convertible bonds reserve	Accumulated losses	Total
	HK\$'000 (note 16)	HK\$'000 (note(ii))	HK\$'000 (note(iii))	HK\$'000 (note(iiii))	HK\$'000 (note(iv))	HK\$'000 (note(v))	HK\$'000	HK\$'000
At 1 April 2020 (Audited balance)								
brought forward from 31 March 2020)	256,495	571,880	(22,470)	2,180,026	23,637	14,320	(3,013,747)	10,141
loss for the period	-	-	-	-	-	-	(6,168)	(6,168)
At 30 September 2020 (unaudited)	256,495	571,880	(22,470)	2,180,026	23,637	14,320	(3,019,915)	3,973
At 1 April 2021 (Audited balance)								
brought forward from 31 March 2021	1,282	571,880	(22,470)	2,435,239	37,957	9,863	(3,056,746)	(22,995)
loss for the period	-	-	-	-	-	-	(20,808)	(20,808)
At 30 September 2021 (unaudited)	1,282	571,880	(22,470)	2,435,239	37,957	9,863	(3,077,554)	(43,803)

Notes:

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

(i) Share premium

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

(ii) Special reserve

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

(iii) Contributed surplus

The contributed surplus of the Company represents the following:

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

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

(iv) Capital reserve

The capital reserve comprises the following:

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

(v) Convertible bonds reserve

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

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2021
(Expressed in Hong Kong dollars)

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Net cash used in operating activities	(8,258)	(8,021)
Net cash generated from investing activities	6	32
Net cash generated from financing activities	8,435	8,422
Net increase in cash and cash equivalents	183	433
Cash and cash equivalents as at 1 April	3,495	3,217
Cash and cash equivalents as at 30 September	3,678	3,650

1. GENERAL INFORMATION

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

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

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



Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

2. BASIS OF PREPARATION

(a) Statement of compliance

The condensed consolidated financial statements of the Group for the six months ended 30 September 2021 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 March 2021.

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

2. BASIS OF PREPARATION (CONTINUED)

(b) Going concern

In preparing the condensed consolidated financial statements, the directors have considered the future liquidity of the Group in view of its net current liabilities position as at 30 September 2021. The Group incurred a consolidated net loss after taxation attributable to owners of the Company of approximately HK\$20,808,000 for the six months ended 30 September 2021, and had consolidated net current liabilities of approximately HK\$102,156,000 as at 30 September 2021. The consolidated net current liabilities of approximately HK\$102,156,000 were mainly contributed by the loan, promissory note and convertible bond totalled approximately HK\$79,596,000 at fair value with Mr. Ng Man Sun ("Mr. Ng"). The loan is interest free, unsecured and has no fixed repayment terms.

The directors adopted the going concern basis in the preparation of the condensed consolidated financial statements by obtaining financial support from Mr. Ng. Besides, Mr. Ng undertook that he will not call for repayment of the abovementioned sum. In addition, included in the other borrowings, there is a sum of HK\$62,033,000 due to independent third parties which are personally guaranteed by Mr. Ng.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

2. BASIS OF PREPARATION (CONTINUED)

(b) Going concern (CONTINUED)

In the opinion of the directors, in light of the aforesaid arrangement implemented to date, the Group will have sufficient working capital for its current requirements and it is reasonable to expect that the Group will remain as a commercially viable concern. Accordingly, the directors are satisfied that it is appropriate to prepare the condensed consolidated financial statements for the six months ended 30 September 2021 on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for future liabilities which might arise and to reclassify non-current assets and non-current liabilities to current respectively. The effect of these adjustments has not been reflected in the condensed consolidated financial statements.

(c) Judgments and estimates

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

In preparing these condensed consolidated financial statements, significant judgments made by the directors in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's consolidated financial statements for the year ended 31 March 2021.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Except as described below, the accounting policies used in the preparation of these condensed consolidated financial statements are consistent with those set out in the annual report for the year ended 31 March 2021.

The HKICPA has issued a number of new or revised standards, interpretations and amendments to standards which are effective for accounting period beginning 1 April 2021:

Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	COVID-19-Related Rent Concessions

The adoption of these new or amendments to HKFRSs has had no significant financial effect on the Group's condensed consolidated financial statements.

4. SEGMENT INFORMATION

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

During the six months ended 30 September 2021 and 30 September 2020, the Group's operating activities are attributable to two operating segments focusing on (i) gaming and entertainment related businesses; and (ii) AR/VR applications.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

4. SEGMENT INFORMATION (CONTINUED)

These operating segments have been identified on the basis of internal management reports prepared in accordance with accounting policies which conform to HKFRSs, that are regularly reviewed by the CODM. The following is an analysis of the Group's revenue and results by reportable and operating segments:

(a) Segment revenue and results

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

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

4. SEGMENT INFORMATION (CONTINUED)

(a) Segment revenue and results (CONTINUED)

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

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

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

4. SEGMENT INFORMATION (CONTINUED)

(b) Segment assets and liabilities

The following table presents assets and liabilities of the Group's operating segments as at 30 September 2021 and 31 March 2021:

	30 September 2021 (Unaudited)			31 March 2021 (Audited)		
	Gaming and entertainment HK\$'000	AR/VR applications HK\$'000	Total HK\$'000	Gaming and entertainment HK\$'000	AR/VR applications HK\$'000	Total HK\$'000
Assets						
Segment assets	<u>71,455</u>	<u>2,548</u>	<u>74,003</u>	<u>104,351</u>	<u>2,767</u>	<u>107,118</u>
Unallocated corporate assets			<u>30,908</u>			<u>7,259</u>
Consolidated total assets			<u>104,911</u>			<u>114,377</u>
Liabilities						
Segment liabilities	<u>1,269</u>	<u>819</u>	<u>2,088</u>	<u>775</u>	<u>959</u>	<u>1,734</u>
Unallocated corporate liabilities			<u>146,626</u>			<u>135,638</u>
Consolidated total liabilities			<u>148,714</u>			<u>137,372</u>

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

4. SEGMENT INFORMATION (CONTINUED)

(b) Segment assets and liabilities (CONTINUED)

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

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

5. REVENUE

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

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Service income derived from – AR/VR applications	200	2,709

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

6. OTHER INCOME

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

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	6	32
Consultancy fee income	-	4,000
Fair value gain on promissory note	-	11,046
Gain on disposal of right-of-use assets	-	195
Government subsidies (note)	-	363
	6	15,636

Note:

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

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

7. FINANCE COSTS

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on other borrowings	1,404	1,400
Interest on promissory note	494	–
Interest on convertible bonds	3,062	1,927
Interest on lease liabilities	29	168
	4,989	3,495

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

8. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(a) Staff costs (including directors' emoluments)		
Salaries, allowances and other benefits	2,941	2,949
Contributions to defined contribution retirement plans	55	46
	2,996	2,995
(b) Other items		
Depreciation of plant and equipment	233	242
Depreciation of right-of-use assets	1,104	2,657
Amortisation of intangible assets	6,990	9,210
Expense related to short-term lease	480	538
Impairment of trade receivables	-	293
Impairment of other receivables	-	755

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

9. INCOME TAX CREDIT

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

No provision for Hong Kong profits tax has been made for the six months ended 30 September 2021 and 2020 as the Group had incurred losses for taxation purpose.

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Continuing operations		
Deferred tax		
In respect of current period	-	398
Total tax credit for the period	-	398

10. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2021 (2020: Nil).



Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

11. LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share was based on the loss attributable to owners of the Company of approximately HK\$20,808,000 (six months ended 30 September 2020: HK\$6,168,000) and the weighted average number of 128,247,561 (30 September 2020: 128,247,561 (restated)) ordinary shares in issue during the Period under Review.

(b) Diluted loss per share

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 September 2021 and 30 September 2020 in respect of a potential dilution of share options and convertible bonds as the impact of the share options and convertible bonds had an anti-dilutive effect on the basic loss per share amounts presented.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

12. TRADE AND OTHER RECEIVABLES

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Trade receivables	2,040	2,067
Less: Allowance for expected credit losses	(1,388)	(1,388)
Trade receivables, net	652	679
Other receivables	46,519	47,926
Less: Allowance for expected credit losses	(6,321)	(6,321)
Other receivables, net	40,198	41,605
Rental and other deposits	171	984
	41,021	43,268
Prepayments	1,762	2,241
	42,783	45,509

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

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

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
0-90 days	185	679
Over 180 days, but within 1 year	467	-
	652	679

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

13. OTHER BORROWINGS

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Loan from a director (note a)	35,128	25,461
Other loans from independent third parties (note b)	62,033	60,629
	97,161	86,090
Analysis:		
Current liabilities	97,161	86,090

Notes:

- (a) Loan from a director, Mr. Ng, is unsecured, interest free and repayable on demand.
- (b) Other loans from independent third parties with an amount of HK\$30,000,000 (31 March 2021: HK\$30,000,000) are unsecured, interest free and repayable on demand.

The remaining amount of other loans from independent third parties of HK\$32,033,000 (31 March 2021: HK\$30,629,000) are unsecured, subject to interest at 10% p.a., and repayable on demand.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

14. PROMISSORY NOTE

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Issued on 30 March 2020 with balancing principal amount of HK\$6 million	<u>1,269</u>	<u>775</u>
Analysis:		
Current liabilities	<u>1,269</u>	–
Non-current liabilities	<u>–</u>	<u>775</u>
	<u>1,269</u>	<u>775</u>

Note:

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

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

14. PROMISSORY NOTE (CONTINUED)

Note: (Continued)

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

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

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

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

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

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

During the six months ended 30 September 2021, imputed interest of approximately HK\$494,000 (six months ended 30 September 2020: Nil) was charged to profit or loss. The remaining outstanding promissory note is classified as current liabilities and carried on the amortised cost basis until extinguished on redemption. As at the end of the reporting period, the carrying amount of the promissory note was HK\$1,269,000 (31 March 2021: HK\$775,000).

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

15. CONVERTIBLE BOND

	30 September 2021	31 March 2021
	HK\$'000 (Unaudited)	HK\$'000 (Audited)
CB – principal amount of HK\$50 million (note)	43,199	40,137
Analysis:		
Current liabilities	43,199	–
Non-current liabilities	–	40,137
	43,199	40,137

Note:

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

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

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

15. CONVERTIBLE BOND (CONTINUED)

Note: (Continued)

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

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

The effective interest rate of liability component of the CB was 15.79% (Six months ended 30 September 2020: Nil).

None of convertible bond was converted into ordinary shares of the Company during the six months ended 30 September 2021 and 2020.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

16. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
Ordinary Share of HK\$0.2 each at 1 April 2020	2,000,000	400,000
Capital Reorganisation (note)	38,000,000	—
Ordinary Share of HK\$0.01 each at 31 March 2021 (audited), 1 April 2021 and 30 September 2021	40,000,000	400,000
Issued and fully paid:		
Ordinary share of HK\$0.2 each at 1 April 2020	1,282,475	256,495
Consolidation of shares and cancellation of paid-up capital (note)	(1,154,228)	(255,213)
Ordinary Share of HK\$0.01 each at 31 March 2021 (audited), 1 April 2021 and 30 September 2021	128,247	1,282

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

16. SHARE CAPITAL (CONTINUED)

Note:

Capital reorganisation

Pursuant to the special general meeting of the Company passed on 1 March 2021 and the approval granted by the Listing Committee of The Stock Exchange of Hong Kong, the capital reorganisation set out below became effective on 3 March 2021:

- (i) every 10 issued and unissued share of the Company of par value of HK\$0.20 each were consolidated into 1 consolidated share of par value of HK\$2.00 each and any fractional consolidated share in the issued share capital was cancelled;
- (ii) the par value of each issued consolidated share were reduced from HK\$2.00 to HK\$0.01 by cancelling the paid-up capital to the extent of HK\$1.99 on each issued consolidated share;
- (iii) every unissued consolidated share of par value of HK\$2.00 each in the authorised share capital of the Company were sub-divided into 200 new share of par value of HK\$0.01 each; and
- (iv) the credit arising from the capital reduction of approximately HK\$255,213,000 were transferred to the contributed surplus account of the Company within the meaning of the Companies Act; and
- (v) the amount standing to the credit of the contribution surplus account be applied to set-off the accumulated losses of the Company in full or be applied in any other manner as may be permitted under the Bye-law and all applicable laws of Bermuda.



Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

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

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

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

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

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

	30 September 2021			
	Level 1 HK\$'000 (Unaudited)	Level 2 HK\$'000 (Unaudited)	Level 3 HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Financial liabilities at FVTPL				
Promissory note	-	-	1,269	1,269

	At 31 March 2021			
	Level 1 HK\$'000 (Audited)	Level 2 HK\$'000 (Audited)	Level 3 HK\$'000 (Audited)	Total HK\$'000 (Audited)
Financial liabilities at FVTPL				
Promissory note	-	-	775	775

Financial liabilities at FVTPL

Promissory note	-	-	775	775
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During the six months ended 30 September 2021 and 2020, there was no transfer between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements. The Group's policy is to recognise transfer between levels as at the end of the reporting period.



Notes to Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

18. MATERIAL RELATED PARTY TRANSACTION

The Group had no significant transaction with related party during the six months ended 30 September 2021 and 2020.

The remuneration of key management personnel for the six months ended 30 September 2021 amounted to HK\$897,000 (six months ended 30 September 2020: HK\$897,000).