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世紀娛樂國際控股有限公司

CENTURY ENTERTAINMENT INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 959)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021

FINANCIAL HIGHLIGHTS

- Revenue for the continuing operations for the financial year ended 31 March 2021 amounts to approximately HK\$0.7 million, compared to approximately HK\$45.9 million for the financial year ended 31 March 2020. The decrease in revenue was mainly attributable to the spread of COVID-19 and the temporary closure of all casinos in Cambodia since 1 April 2020 affecting the gaming table business and also that the work on the re-opening of the casino is still in progress.
- Net loss for the financial year ended 31 March 2021 amounts to approximately HK\$43.0 million, compared to approximately HK\$38.1 million for the financial year ended 31 March 2020. The loss was mainly due to (a) the decrease in revenue for the Group for the year which was mainly attributable to (i) the termination of the VIP room gaming business; and (ii) the temporary closure of casinos in Cambodia affecting the gaming table business and also that the work on the re-opening of the new casino was delayed due to strict lockdown measures imposed in Cambodia since February 2021; and (b) amortisation made on the intangible assets in relation to the gaming table business, and amortisation and impairment losses made on the intangible assets and goodwill in relation to the AR/VR applications operation in the amounts of approximately HK\$13.6 million and HK\$25.9 million respectively.
- Loss per share amounts to approximately HK\$0.34 compared to restated loss per share amounts to approximately HK\$0.50 last year.
- The Group's net liabilities amount to approximately HK\$23.0 million, decreased by approximately HK\$33.1 million compared to net assets of approximately HK\$10.1 million last year.

The board (the "Board") of directors (the "Directors") of Century Entertainment International Holdings Limited ("Century Entertainment" or the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the financial year ended 31 March 2021 (the "2021 Annual Results"), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Continuing operations			
Revenue	4	727	45,922
Cost of sales		<u>(600)</u>	<u>(21,932)</u>
Gross profit		127	23,990
Other income	5	36,005	322
Impairment loss on intangible assets		(6,844)	–
Impairment loss on goodwill		(14,257)	(27,504)
Reversal of/(Impairment losses) on trade and other receivables		2,683	(10,392)
Fair value loss on promissory note		(8,824)	–
General and administrative expenses		(39,883)	(41,412)
Finance costs	6	<u>(13,998)</u>	<u>(8,862)</u>
Loss before taxation	7	(44,991)	(63,858)
Income tax credit	8	<u>1,992</u>	<u>770</u>
Loss for the year from continuing operations		(42,999)	(63,088)
Discontinued operation			
Profit for the year from discontinued operation		<u>–</u>	<u>24,980</u>
Loss for the year		<u><u>(42,999)</u></u>	<u><u>(38,108)</u></u>
(Loss)/profit for the year attributable to owners of the Company			
– from continuing operations		(42,999)	(63,088)
– from discontinued operation		<u>–</u>	<u>23,869</u>
		<u>(42,999)</u>	<u>(39,219)</u>
Profit for the year attributable to non-controlling interests			
– from continuing operations		–	–
– from discontinued operation		<u>–</u>	<u>1,111</u>
		<u>–</u>	<u>1,111</u>
Loss for the year		<u><u>(42,999)</u></u>	<u><u>(38,108)</u></u>
Loss per share			
Basic and diluted (<i>HK cents</i>)	10		(Restated)
– From continuing and discontinued operations		(33.53)	(30.97)
– From continuing operations		<u>(33.53)</u>	<u>(49.81)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss and total comprehensive expense for the year	<u>(42,999)</u>	<u>(38,108)</u>
Total comprehensive (expense)/income attributable to:		
Owners of the Company	(42,999)	(39,219)
Non-controlling interests	<u>-</u>	<u>1,111</u>
	<u>(42,999)</u>	<u>(38,108)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Non-current Assets			
Property, plant and equipment		1,092	1,576
Right-of-use assets		1,104	9,082
Goodwill		–	14,257
Intangible assets		54,987	80,251
Deposits paid		8,190	1,248
		<u>65,373</u>	<u>106,414</u>
Current Assets			
Trade and other receivables	11	45,509	47,393
Bank balances and cash		3,495	3,217
		<u>49,004</u>	<u>50,610</u>
Current Liabilities			
Trade and other payables	12	8,251	7,467
Other borrowings		86,090	84,745
Lease liabilities		1,203	8,297
Convertible bonds		–	27,723
Tax payables		819	999
		<u>96,363</u>	<u>129,231</u>
Net Current Liabilities		<u>(47,359)</u>	<u>(78,621)</u>
Total Assets less Current Liabilities		<u>18,014</u>	<u>27,793</u>
Non-current Liabilities			
Lease liabilities		–	1,213
Promissory notes		775	14,417
Convertible bonds		40,137	–
Deferred tax liabilities		97	2,022
		<u>41,009</u>	<u>17,652</u>
NET (LIABILITIES)/ASSETS		<u>(22,995)</u>	<u>10,141</u>
Equity attributable to owners of the Company			
Share capital		1,282	256,495
Reserves		(24,277)	(246,354)
TOTAL EQUITY		<u>(22,995)</u>	<u>10,141</u>

1. BASIS OF PREPARATION

The annual results set out in the announcement do not constitute the Group's consolidated financial statements for the year ended 31 March 2021 but are extracted from those consolidated financial statements. The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements also include applicable disclosure required by the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the disclosure requirements of the Hong Kong Companies Ordinance ("CO").

(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 2021. The Group incurred a net loss attributable to owners of the Company of approximately HK\$42,999,000 for the year ended 31 March 2021, and had consolidated current liabilities exceeded its current assets by HK\$47,359,000 and net liabilities of HK\$22,995,000 as at 31 March 2021.

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\$25,462,000 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 2022. In addition, other borrowings from third parties amounted to HK\$30,629,000 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 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 consolidated financial statements.

(ii) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis (except for promissory notes 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 HKFRS 16 (since 1 April 2019) 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.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Group has applied, for the first time, the Amendments to References to Conceptual Framework in HKFRSs and the following amendments to HKFRSs issued by the HKICPA which are effective for the Group’s financial year beginning 1 April 2020:

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

The application of the Amendments to References to the Conceptual Framework in HKFRSs and the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 17	Insurance Contracts and related amendments ⁵
Amendments to HKFRS 16	COVID-19-Related Rent Concessions ¹
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture ⁶
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2 ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use ⁴
Amendments to HKAS 37	Onerous contracts: Cost of fulfilling a contract ⁴
Amendments to HKAS 8	Definition of Accounting Estimates ⁵
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ⁵
Amendments to HKFRSs	Annual Improvements to HKFRS 2018-2020 cycle ⁴

¹ Effective for annual periods beginning on or after 1 June 2020

² Effective for annual periods beginning on or after 1 January 2021

³ Effective for annual periods beginning on or after 1 April 2021

⁴ Effective for annual periods beginning on or after 1 January 2022

⁵ Effective for annual periods beginning on or after 1 June 2023

⁶ Effective date not yet been determined

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 results and the financial position of the Group.

3. 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 2021 and 2020, 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. The gaming business in Vanuatu was disposed of on 31 March 2020 and was classified as discontinued operation during the year ended 31 March 2020. The following is an analysis of the Group’s revenue and results by reportable and operating segments:

(a) Segment revenue and results

For the year ended 31 March 2021

	Gaming and entertainment <i>HK\$’000</i>	Continuing operations AR/VR and mobile games solutions <i>HK\$’000</i>	Total <i>HK\$’000</i>
Segment revenue	—	727	727
Timing of revenue recognition Point in time	—	727	727
Segment loss	(11,527)	(27,144)	(38,671)
Unallocated income			36,005
Unallocated corporate expenses			(28,337)
Unallocated finance costs			(13,988)
Loss before taxation			<u>(44,991)</u>

For the year ended 31 March 2020

	Continuing operations			Discontinued operation	Total <i>HK\$'000</i>
	Gaming and entertainment <i>HK\$'000</i>	AR/VR and mobile games solutions <i>HK\$'000</i>	Subtotal <i>HK\$'000</i>	Gaming and entertainment <i>HK\$'000</i>	
Segment revenue	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 loss	(1,476)	(32,394)	(33,870)	(3,199)	(37,069)
Unallocated income			322	–	322
Gain on disposal of subsidiaries			–	28,179	28,179
Unallocated corporate expenses			(21,448)	–	(21,448)
Unallocated finance costs			(8,862)	–	(8,862)
Loss before taxation			(63,858)	24,980	(38,878)

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

(b) Segment assets and liabilities

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Segment assets		
Gaming and entertainment	104,351	117,113
AR/VR and mobile games solutions	2,767	29,910
Total segment assets	107,118	147,023
Unallocated corporate assets	7,259	10,001
Consolidated total assets	114,377	157,024
Segment liabilities		
Gaming and entertainment	775	19,993
AR/VR and mobile games solutions	959	3,838
Total segment liabilities	1,734	23,831
Unallocated corporate liabilities	135,638	123,052
Consolidated total liabilities	137,372	146,883

For the year ended 31 March 2021

	Gaming and entertainment <i>HK\$'000</i>	AR/VR and mobile games solutions <i>HK\$'000</i>	Other <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts include in the measure of segment profit or segment assets:				
Impairment loss on intangible assets	–	6,844	–	6,844
Impairment loss on goodwill	–	14,257	–	14,257
Amortisation of intangible assets	13,600	4,820	–	18,420
Depreciation of property, plant and equipment	109	–	375	484
Depreciation of right-of-use assets	1,332	–	2,650	3,982
(Reversal of)/impairment losses on trade and other receivables	(3,523)	840	–	(2,683)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:				
Interest income	–	–	47	47
Finance costs	8,693	–	5,305	13,998
Income tax credit	–	(1,992)	–	(1,992)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

For the year ended 31 March 2020

	Continuing operations			Discontinued operation		
	Gaming and entertainment <i>HK\$'000</i>	AR/VR and mobile games solutions <i>HK\$'000</i>	Other <i>HK\$'000</i>	Subtotal <i>HK\$'000</i>	Gaming and entertainment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts include in the measure of segment profit or segment assets:						
Addition of property, plant and equipment	–	–	1,338	1,338	–	1,338
Addition of intangible assets	68,000	–	–	68,000	–	68,000
Amortisation of intangible assets	–	4,820	–	4,820	5,975	10,795
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
Impairment losses on trade and other receivables	9,844	548	–	10,392	–	10,392
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:						
Interest income	–	–	29	29	–	29
Finance costs	–	–	8,862	8,862	–	8,862
Income tax credit	–	(770)	–	(770)	–	(770)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(c) **Major customers**

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Company A ¹	300	N/A ²
Company B ¹	227	N/A ²
Company C ¹	200	N/A ²
	<u>200</u>	<u>200</u>

¹ Revenue from AR/VR and mobile games solutions segment

² The corresponding revenue did not contribute over 10% of the total revenue of the Group

(d) **Geographical**

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations		
PRC	227	–
Hong Kong	500	1,980
Kingdom of Cambodia (“Cambodia”)	–	43,942
	<u>727</u>	<u>45,922</u>
Discontinued operation		
Republic of Vanuatu (“Vanuatu”)	–	8,422
	<u>727</u>	<u>54,344</u>
Total	<u>727</u>	<u>54,344</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	2,602	31,548
Cambodia	62,771	74,866
	<u>65,373</u>	<u>106,414</u>
Total	<u>65,373</u>	<u>106,414</u>

4. REVENUE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations		
Revenue from investments in gaming and entertainment related businesses		
– Investment in VIP room and gaming tables in Cambodia		
Net gaming win	–	54,249
Less: Commission	–	(10,307)
Services income derived from AR/VR and mobile games solutions	<u>727</u>	<u>1,980</u>
	<u><u>727</u></u>	<u><u>45,922</u></u>

5. OTHER INCOME

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations		
Bank interest income	47	29
Profit guarantee compensation	31,150	–
Consultancy fee income	4,000	–
Government subsidy (note)	363	–
Sundry income	258	12
Gain on disposal of property, plant and equipment	–	281
Gain on disposal of right-of-use assets	<u>187</u>	<u>–</u>
	<u><u>36,005</u></u>	<u><u>322</u></u>

Note: During the year ended 31 March 2021, the Group recognised government subsidy of approximately HK\$363,000 in respect of COVID-19-related subsidy, which is related to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund, set up by the Hong Kong SAR Government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees. There are no unfulfilled conditions and other contingencies attached to the receipt of subsidy.

6. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations		
Finance charges on obligations under a finance lease	–	1
Interest on lease liabilities	237	697
Interest on other borrowings	2,800	563
Interest on promissory notes	8,684	3,525
Interest on convertible bonds	2,277	4,076
	<u>13,998</u>	<u>8,862</u>

7. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

Continuing operations

(a) Staff costs

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Directors' emoluments	2,779	2,852
Salaries, allowances and other benefits	4,105	5,081
Contributions to defined contribution retirement plan (excluding directors')	93	142
	<u>6,977</u>	<u>8,075</u>

(b) Other items

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Depreciation of property, plant and equipment	484	594
Depreciation of right-of-use assets	3,982	10,642
Amortisation of intangible assets	18,420	4,820
Auditor's remuneration	700	954
Expense related to short-term leases	470	6,001

8. 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.

Hong Kong Profits Tax has been provided at the rate of 16.5% (2020: 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.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong Profits Tax		
Over/(under) provision in previous years	67	(25)
Deferred tax		
In respect of current year	<u>1,925</u>	<u>795</u>
Total tax credit for the year	<u><u>1,992</u></u>	<u><u>770</u></u>

9. DIVIDENDS

The directors of the Company do not recommend the payment of a dividend for the year ended 31 March 2021 (2020: Nil).

10. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share was based on the loss from continuing operations attributable to owners of the Company of HK\$42,999,000 (2020: loss from continuing and discontinued operations attributable to owners of the Company of HK\$39,219,000 and loss from continuing operations attributable to owners of the Company of HK\$63,088,000) and the weighted average number of 128,247,561 (2020: 126,649,200) ordinary shares in issue during the year ended 31 March 2021.

For the year ended 31 March 2020, the weighted average number of ordinary shares has been adjusted for the effect of share consolidation which occurred during the year ended 31 March 2021.

(b) Diluted loss per share

No adjustment has been made to basic loss per share amounts presented for the years ended 31 March 2021 and 2020 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.

11. TRADE AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables (a)	679	2,292
Other receivables	41,605	42,272
Rental and other deposits	984	1,050
	<u>43,268</u>	<u>45,614</u>
Prepayments	2,241	1,779
	<u>45,509</u>	<u>47,393</u>

(a) Trade receivables

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables from contracts with customers	2,067	2,840
Less: Allowance for credit losses	(1,388)	(548)
	<u>679</u>	<u>2,292</u>

The following is an aged analysis of trade receivables based on the invoice date at the end of the reporting period:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0-90 days	679	1,910
Over 180 days, but within 1 year	–	–
Over 1 year	–	382
	<u>679</u>	<u>2,292</u>

12. TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Accruals and other payables	7,946	7,167
Advance from a third party	305	–
Due to related companies (a)	–	300
	<u>8,251</u>	<u>7,467</u>

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

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

EXTRACT OF INDEPENDENT AUDITOR’S REPORT ON THE COMPANY’S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

The auditor expressed a disclaimer opinion in the independent auditor’s report on the consolidated financial statements of the Group for the year ended 31 March 2021. The basis of disclaimer of opinion is extracted as follows:

BASIS FOR DISCLAIMER OF OPINION

Going concern

As explained in note 3 to the consolidated financial statements, the Group incurred a net loss attributable to the owners of the Company of approximately HK\$42,999,000 and had net cash outflows from operating activities of approximately HK\$13,953,000 during the year ended 31 March 2021. As at the same date, the Group has net current liabilities of approximately HK\$47,359,000 and net liabilities of approximately HK\$22,995,000, which includes trade and other payables, other borrowings, convertible bonds and promissory notes amounting to approximately HK\$135,253,000, while its cash and cash equivalents amounted to approximately HK\$3,495,000 only.

In addition, as set out in the circular dated 13 March 2020 and announcements dated 2 April 2020, 27 May 2020, 6 July 2020, 30 September 2020, 5 February 2021, 31 March 2021 and 30 April 2021, operation of the Group’s gaming and entertainment business (the “Gaming Business”) in Cambodia was suspended from 1 April 2020 to relocate the casino and comply with the compulsory temporary closure demand imposed by the government of Cambodia as part of the measures to prevent the spread of the COVID-19 epidemic, which is still effective up to the date of this report.

As a result of the severe business interruption in Cambodia due to the outbreak of COVID-19, the Gaming Business, which is the principal business of the Group, were suspended during the year ended 31 March 2021 and no revenue was recorded (2020: approximately HK\$43,942,000). The resumption of the casino’s business was subject to the development of COVID-19 epidemic.

These conditions, along with other matters as set out in note 3 to the consolidated financial statements indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. Notwithstanding the abovementioned, the management has prepared the consolidated financial statements on a going concern basis.

The directors of the Company have been undertaking measures to improve the Group's liquidity and financial position, which are set out in note 3 to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, including:

- (i) as set out in the announcement dated 5 February 2021, a subsidiary of the Company, Mr. Ng Man Sun ("Mr. Ng"), who is the executive director and substantial shareholder of the Company, and Lion King Entertainment Company Limited, the assignor of gaming tables business right and also a company wholly owned by Mr. Ng, entered into the supplemental framework agreement (the "Agreement") to amend certain terms of the assignment agreement previously approved by the shareholders of the Company at a special general meeting held on 30 March 2020. Inter alia, Mr. Ng agreed not to demand for the immediate repayment of the promissory note amounting to HK\$62,000,000. However, the Agreement was subject to the approval of the shareholders and up to the date of this report, the general meeting in relation to the approval of the Agreement has not been held yet;
- (ii) successfully raising additional new sources of financing as and when needed, including the further undertaking by Mr. Ng, in addition to the promissory notes as set out in (i) above, not to demand for the payment of the amount due to him of approximately HK\$75,462,000, which include (a) loan from a director included in other borrowings of approximately HK\$25,462,000; and (b) convertible bond with principal amount of HK\$50,000,000 which due for repayment on 30 September 2022;
- (iii) successfully managing the impact of the COVID-19 outbreak, as well as any government's stimulus in response, on the Group's operation from time to time and the resumption of the Gaming Business in Cambodia.

Because of the significance of the matters mentioned above, we were unable to form an opinion as to whether the use of going concern assumption in the preparation of the consolidated financial statements is appropriate. Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying amounts of the Group's assets to their net recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

The Directors of the Company hereby report the audited consolidated annual results of the Group for the year ended 31 March 2021. The 2021 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 in Cambodia, the development of innovative intellectual properties and technological solutions in connection with AR/VR applications to clients, and operating the VIP room in Cambodia which had been terminated with effect from 1 June 2020.

The Group recorded a revenue of approximately HK\$0.7 million for the continuing operations for the Year under Review, decreasing 98.4% as compared to approximately HK\$45.9 million last year. The decrease in revenue was mainly attributable to the spread of COVID-19 and the temporary closure of all casinos in Cambodia since 1 April 2020 affecting the gaming table business and also that the work on the re-opening of the casino is still in progress. Net loss for the Year under Review was approximately HK\$43.0 million, increasing 12.8% as compared to approximately HK\$38.1 million last year. The loss was mainly due to (a) the decrease in revenue for the Group for the year which was mainly attributable to (i) the termination of the VIP room gaming business; and (ii) the temporary closure of casinos in Cambodia affecting the gaming table business and also that the work on the re-opening of the new casino was delayed due to strict lockdown measures imposed in Cambodia since February 2021; and (b) amortisation made on the intangible assets in relation to the gaming table business, and amortisation and impairment losses made on the intangible assets and goodwill in relation to the AR/VR applications operation in the amounts of approximately HK\$13.6 million and HK\$25.9 million respectively.

Capital Structure

As at 31 March 2021, the Company's total number of issued shares was 128,247,561 at HK\$0.01 each (after adjustment for capital reorganisation which became effective on 3 March 2021) (31 March 2020: 1,282,475,614 at HK\$0.20 each). The Group's consolidated liabilities totalled approximately HK\$23.0 million, representing a decrease of approximately HK\$33.1 million as compared to net assets of approximately HK\$10.1 million as at 31 March 2020.

Capital Reorganisation

During the Year under Review, the Company completed a capital reorganisation activity. The capital reorganisation was approved by the shareholders at the special general meeting of the Company held on 1 March 2021 and the Listing Committee of the Stock Exchange also granted its approval to the listing of, and permission to deal in, the new shares on the same day. All the conditions of the capital reorganisation have been fulfilled and the capital reorganisation became effective on 3 March 2021. The capital reorganisation comprised:

- i) The share consolidation whereby every ten (10) issued and unissued share of the Company of par value of HK\$0.20 each were consolidated into one (1) consolidated share of par value of HK\$2.00 each and any fractional consolidated share in the issued share capital was cancelled, therefore, the issued capital share capital immediately after the share consolidation became effective was HK\$256,495,122.00 divided into 128,247,561 consolidated shares of par value of HK\$2.00 each and 0.4 fractional consolidated share in the issued share capital of the Company arising from the share consolidation was cancelled;

- ii) the capital reduction whereby the par value of each issued consolidated share was 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, therefore, the issued share capital immediately after the capital reorganisation became effective was HK\$1,282,475.61 divided into 128,247,561 new shares of par value of HK\$0.01 each;
- iii) the share subdivision of every unissued consolidated share of par value of HK\$2.00 each in the authorised share capital of the Company into two hundred (200) new shares of par value of HK\$0.01 each;
- iv) the transfer of the credit of HK\$255,212,647.19 arising from the capital reduction 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 contributed 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-laws and all applicable laws of Bermuda.

Further details of the capital reorganisation were set out in the circular of the Company dated 5 February 2021 and the announcements of the Company dated 30 December 2020, 15 January 2021, 1 March 2021 and 2 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 dated 15 January 2021) with Mr. Ng Man Sun (“Subscriber”), a substantial Shareholder, executive Director, the Chairman and Chief Executive Officer of the Company. The Company has indebted to the Subscriber a total of HK\$71,271,758 as at the date of the Subscription Agreement (the “Indebted Amount”) which is interest free, unsecured and has no fix repayment term. Pursuant to the Subscription Agreement (as supplemented by a supplemental subscription agreement), the Subscribers have 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 Subscribers under the Subscription Agreement shall be satisfied by releasing the payment obligation of HK\$50,000,000 of the Company against the Indebted Amount. The holder of the Convertible Bond shall have the right to convert in whole or in part (in an integral multiple of HK\$1,000,000) of the Convertible Bond into shares of the Company at the conversion price of HK\$0.50 per share.

The subscription of the Convertible Bond was approved by the shareholders at the special general meeting of the Company held on 1 March 2021. All other conditions precedent under the Subscription Agreement (as supplemented by a supplemental subscription agreement) have been fulfilled on 31 March 2021 and the Convertible Bond in the principal amount of HK\$50,000,000 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) and none of the Convertible Bond is converted as at 31 March 2021 and up to the date of this report.

Further details of the subscription of the Convertible Bond were set out in the circular of the Company dated 5 February 2021 and the announcements of the Company dated 30 December 2020, 15 January 2021, 1 March 2021 and 31 March 2021.

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 2021, the Group had total assets and net liabilities of approximately HK\$114.4 million (2020: approximately HK\$157.0 million) and HK\$23.0 million (2020: net assets of approximately HK\$10.1 million), comprising non-current assets of approximately HK\$65.4 million (2020: approximately HK\$106.4 million) and current assets of approximately HK\$49.0 million (2020: approximately HK\$50.6 million). The Group also did not have any non-controlling interests (2020: Nil), current liabilities of approximately HK\$96.4 million (2020: approximately HK\$129.2 million) and non-current liabilities of approximately HK\$41.0 million (2020: approximately HK\$17.7 million).

The Group's gearing ratio, calculated as a ratio of total debt to total assets, was approximately 120.1% (2020: 93.5%). As at 31 March 2021, the Group had cash and cash equivalents of approximately HK\$3.5 million (2020: approximately HK\$3.2 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

Overview

In 2020, the outbreak of the coronavirus (COVID-19) has significantly impacted the global economy, particularly the travel industry has almost come into a halt. Cambodia has imposed international and even internal travel restrictions to prevent spread of the disease, which led the number of foreign visitors in 2020 decreased 80.2% to 1.3 million, according to the Ministry of Tourism of Cambodia. Within the country, the government placed lockdown and nighttime curfew. Cambodian Prime Minister also ordered temporary closure on all the casinos in early April 2020. With the sporadic outbreak at some provinces, certain casinos had to temporarily close from time to time due to lockdown measures and positive cases affirmed.

Despite the difficult time, the Cambodia Government has also dedicated in reforming and regulating the gaming industry. The Law on the Management of Integrated Resorts and Commercial Gambling has been officially signed into law on 21 November 2020. The aim of the law is to boost the economic growth by promoting tourism industry and creating more jobs for local citizens. It is believed that the implementation of this law will bring positive impact to the landscape of the gaming industry in Cambodia, where the Group's business will also be benefitted in the long run.

During the time when re-negotiating the terms and conditions of the Gaming Table Business with Lion King regarding the relocation of the casino as mentioned below, the Company has tried its best effort to explore other business opportunities to generate income for the Company, such as junket business. Unfortunately, the Company faced great challenge during the COVID-19 epidemic and also given that operation of land-based casinos in the Asia-Pacific were adversely affected due to travel restriction in the region, the Company was unable to successfully procure any other income source.

Gaming Table Business in Cambodia

Victor Mind Global Limited (“VMG”), a wholly-owned subsidiary of the Company, and Lion King Entertainment Company Limited (“Lion King”), a company wholly-owned by Mr. Ng Man Sun (“Mr. Ng”), 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. 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 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.

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

On 30 September 2020, CSG and LongBay Entertainment Co., Ltd., a property investment and property development company, have entered into a casino lease and operation agreement for a term from 1 October 2020 to 30 September 2035, for a new casino location at Dara Sakor, Koh Kong Province.

On 5 February 2021, VMG, Lion King and Mr. Ng entered into a supplemental framework agreement (the “Supplemental Framework Agreement”) to amend certain terms of the Assignment Agreement (previously approved at the special general meeting of the Company held on 30 March 2020).

Pursuant to the Supplemental Framework Agreement, the casino at Sunshine Bay Hotel will be relocated to a new casino in Dara Sakor, Koh Kong Province. It was mutually agreed among the parties 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 with the profit guarantee cover a period of 24 consecutive months, which will help mitigate the Group’s operational risks.

As at the date of this report, all the necessary decoration and equipment installation of the new casino have been completed but pending for system testing and provision of training to casino staff. In view of the current strict lockdown measures imposed in Cambodia and new wave of outbreak, the actual re-opening day is yet to be confirmed. The Group will continue to work on the preparation work and strive for re-opening as soon as the current COVID-19 situation in Cambodia eases and personnel are able to move in the city.

Pursuant to the Supplemental Framework Agreement, completion of the agreement will take place after satisfaction (or waiver) of all the conditions precedent by 30 April 2020 (“Long Stop Date”). As additional time is required to fulfill the conditions precedent, VMG, Lion King and Mr. Ng had agreed to extend the Long Stop Date of the Supplemental Agreement to 31 July 2021 or such other date as may be agreed by the parties, with other terms and conditions remain unchanged and continue in full force and effect.

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

The businesses of the Explicitly Grand Investments Limited, a wholly-owned subsidiary of the Group, and its subsidiaries (collectively the “Explicitly Grand Group”) had been affected by the outbreak of COVID-19 since early January 2020. In light of the current market sentiment, the desire of our potential customers to procure our services or products are negatively affected and this led to potential deals under negotiation could not be sealed. During the Year under Review, the Explicitly Grand Group contributed a revenue of approximately HK\$0.7 million to the Group. Given the uncertainties surrounding the market, the Company holds a more conservative approach towards the business operation of the Explicitly Grand Group when assessing the viability of potential projects and by closely evaluating their financial performance. As at the date of this report, no agreement of revenue nature has been sealed, thus, there is no feasible basis for us to make projection for the revenue of the Explicitly Grand Group for the next five years. Accordingly, the intangible assets and goodwill, based on the valuation conducted by an independent professional valuer, of approximately HK\$21.1 million in total in connection with the Explicitly Grand Group has been fully impaired.

Technical and Pre-opening Services

On 20 September 2020, VMG and a third-party hotel operator company entered into a service agreement (the “Service Agreement”), pursuant to which VMG shall provide technical and pre-opening services in relation to a casino operated by the hotel operator company and received service fees of HK\$4 million.

The Company has solid experience in pre-opening services and operation of gaming business in Asia Pacific region, and had also provided such services to CSG previously for its casino at Sunshine Bay Hotel. The technical and pre-opening services were in relation to, among other things, (i) the design, development and implementation of information technology system in the casino; (ii) the overall design of the casino; (iii) the establishment of organisation and operation structure of the casino; (iv) the setting up of internal control system of the casino; (v) the provision of headhunting and recruiting services for the casino; (vi) the procurement of essential hardware, equipment and peripheral facilities of the casino; (vii) liaise with the casino’s designer and constructor to monitor the overall progress and report deficiencies of the decoration of the casino; and (viii) the procurement of all relevant licenses and permits in Cambodia for the operation of the casino.

VIP Room Operation

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

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

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.

ADDRESSING ALL CONCERNS RAISED BY THE COMPANY'S AUDITORS

In the audited report of the Company for the year ended 31 March 2021, the Company's auditors issued disclaimer of opinion on the Group's ability to continue as a going concern.

The Group has a net liabilities position of approximately HK\$23 million mainly attributable to other borrowings of HK\$58 million and convertible bond of HK\$50 million. In this regard, the Board will use their best endeavours to take practicable and feasible actions to resolve the issue including, but not limited to, the following means:

- i) The Management will closely monitor the development of the Gaming Table Business and put it into operation as soon as possible in order to generate sufficient cash inflow to support operation.
- ii) The Management will negotiable with creditors of the Group to propose debt reconstruction with the view to reducing the liabilities to the Group.
- iii) The Management will discuss with the holder of the convertible bond on the possibilities to convert the convertible bond into equity shares prior to the maturity date.

The Board and the Audit Committee had critically reviewed the basis for disclaimer of opinion and the measures to be taken by the Company for addressing the basis for disclaimer of opinion. The Board and the Audit Committee agreed with the Management's position based on the proposals above and requested the Management to take all necessary actions to address the effect on the basis for disclaimer of opinion. The Group will publish further announcement regarding the above matters if there is any progress on the resumption of the Gaming Table Business and/or agreement entered into with the creditors and/or the convertible bond holder.

OUTLOOK AND PROSPECT

Despite the challenging economic environment in 2020, the Group has remained focused on its gaming business and strategically moved the casino operation to Dara Sakor, which is one of the most rapid developing districts in Cambodia consisting of recreational facilities and luxury resorts at where tourists mostly enjoy their vacation time. Coupled with the economy boost policies and fiscal stimulus measures laid out by the government, Cambodia will see recovery as the pandemic recedes. The Group is confident that the overall tourist and gaming industries will come with silver lining and will seize the fast-growing opportunity of the area once the COVID-19 is eased up.

While new vaccines were successfully rolled out toward the end of last year and new batches of vaccines have arrived in Cambodia, the resurgence of cases, new waves of outbreak and emergence of new virus variants in both Cambodia and other countries continue to foster economic uncertainty and hinder the releasing of travel restrictions and casino re-opening. The Group will continue to monitor it closely and react promptly upon it. By carrying out a high level of healthy and hygienic measures, the Group is dedicated to ensuring a safe environment for our staff and customers. Looking ahead, the Group remains dedicated to strengthening Cambodia gaming business by riding on the Group's comprehensive knowledge and in-depth experience in gaming industry in the Asia Pacific region.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 March 2021, 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.

FINAL DIVIDEND

The Directors of the Company do not recommend the payment of a final dividend for the year ended 31 March 2021. There was no interim dividend payment during the financial year.

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.

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 2021 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 10 September 2020. He had arranged Ms. Ng Wai Yee, another executive director (the “Executive Director”) of the Company and who is very familiar with the Group’s business and operations, to attend and chair the AGM.

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.

Audit Committee

The Audit Committee comprises three INEDs, namely Mr. Li Chi Fai, Ms. Yeung Pui Han, Regina 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.

The annual results of the Group for the Year under Review had been reviewed by the audit committee.

Compliance Committee

The Compliance Committee comprises one Executive Director, one INED, the Assistant to the Director and the Company Secretary, and is chaired by the Executive Director.

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.

Remuneration Committee

The Remuneration Committee comprises one Executive Director and two INEDs and is chaired by an INED. The Company has complied with the chairman requirement and majority requirement of the Remuneration Committee members under Rule 3.25 of the Listing Rules.

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.

Nomination Committee

The Nomination Committee comprises one Executive Director and two INEDs and is chaired by the Executive Director. The Company has complied with the majority requirement of Nomination Committee members under Code Provision A.5.1 of the CG Code.

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.

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 2021.

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 2021.

SCOPE OF WORK OF PRISM CPA LIMITED

The figures in respect of the Group’s consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2021 as set out in the preliminary announcement have been agreed by the Group’s auditor, Prism CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Prism CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagement or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Prism CPA Limited on this preliminary announcement.

By order of the Board
Century Entertainment International Holdings Limited
Ng Man Sun
Chairman and Chief Executive Officer

Hong Kong, 29 June 2021

As at the date hereof, Mr. Ng Man Sun (Chairman and Chief Executive Officer) and Ms. Ng Wai Yee are the executive directors of the Company; and Ms. Yeung Pui Han, Regina, Mr. Li Chi Fai and Ms. Sie Nien Che, Celia are the independent non-executive directors of the Company.