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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 2023

FINANCIAL HIGHLIGHTS

- The Group recorded no revenue for the year ended 31 March 2023, as compared to approximately HK\$0.2 million for the year ended 31 March 2022. 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 ended 31 March 2023 amounted to approximately HK\$62.5 million, as compared to approximately HK\$3.7 million for the year ended 31 March 2022. The change in net loss for the year ended 31 March 2023 was mainly because written-off/impairment loss on intangible assets increased approximately by HK\$10.8 million, and impairment loss on accounts and other receivables, net of reversal increased approximately by HK\$10.3 million.
- Loss per share for the year ended 31 March 2023 amounted to approximately HK\$48.77, as compared to loss per share amounted to approximately HK\$2.87 for the year ended 31 March 2022.
- The Group's net liabilities for the year ended 31 March 2023 amounted to approximately HK\$67.5 million, which was increased by approximately HK\$40.8 million as compared to net liabilities of approximately HK\$26.7 million for the year ended 31 March 2022.

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 2023 (the “**2023 Annual Results**”), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Revenue	<i>5</i>	–	200
Cost of sales		–	(40)
Gross profit		–	160
Other income and gains	<i>6</i>	140	11
Written-off/Impairment loss on intangible assets		(23,452)	(12,658)
Impairment loss on plant and equipment		(7)	–
Impairment loss on accounts and other receivables, net of reversal		(15,996)	(5,648)
Fair value gain on financial assets and financial liabilities at fair value through profit or loss, net		2,118	56,657
General and administrative expenses		(16,941)	(33,212)
Finance costs	<i>7</i>	(8,411)	(9,167)
Loss before taxation	<i>8</i>	(62,549)	(3,857)
Income tax credit	<i>9</i>	–	182
Loss for the year attributable to the owners of the Company		<u>(62,549)</u>	<u>(3,675)</u>
Loss and total comprehensive expense for the year attributable to owners of the Company		<u>(62,549)</u>	<u>(3,675)</u>
Loss per share			
– Basic and diluted (HK cents)	<i>11</i>	<u>(48.77)</u>	<u>(2.87)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2023

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000
Non-current assets			
Plant and equipment		311	666
Intangible assets		–	28,142
Deposits paid		<u>7,905</u>	<u>9,594</u>
		<u>8,216</u>	<u>38,402</u>
Current assets			
Accounts and other receivables	12	79,093	35,515
Financial assets at fair value through profit or loss		–	55,882
Cash and cash equivalents		<u>3,807</u>	<u>3,756</u>
		<u>82,900</u>	<u>95,153</u>
Current liabilities			
Other payables	13	14,838	12,837
Other borrowings		112,677	100,179
Convertible bonds		–	46,475
Tax payables		<u>734</u>	<u>734</u>
		<u>128,249</u>	<u>160,225</u>
Net current liabilities		<u>(45,349)</u>	<u>(65,072)</u>
Total assets less current liabilities		<u>(37,133)</u>	<u>(26,670)</u>
Non-current liabilities			
Convertible bonds		<u>30,364</u>	–
		<u>30,364</u>	–
NET LIABILITIES		<u><u>(67,497)</u></u>	<u><u>(26,670)</u></u>
Equity			
Share capital		1,282	1,282
Reserves		<u>(68,779)</u>	<u>(27,952)</u>
TOTAL DEFICIT		<u><u>(67,497)</u></u>	<u><u>(26,670)</u></u>

1. GENERAL INFORMATION

Century Entertainment International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) 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 registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The principal activity of the Company is investment holdings.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

2. 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 2023 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 (the “**Listing Rules**”) Governing the Listing of Securities of the Stock Exchange and by the disclosure requirements of the Hong Kong Companies Ordinance (the “**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, net current liabilities position at 31 March 2023 and no revenue generated during the year. The Group incurred a net loss attributable to the owners of the Company of approximately HK\$62,549,000 and had net cash outflows from operating activities of approximately HK\$12,466,000 during the year ended 31 March 2023. At the same date, the Group has net current liabilities of approximately HK\$45,349,000 and net liabilities of approximately HK\$67,497,000.

It is noted by the directors of the Company that Mr. Ng, the executive director, Chairman, Chief Executive Officer and substantial shareholder of the Company undertook that he will not call for repayment of the convertible bond with principal amount of HK\$50,000,000 which due for repayment on 30 September 2025 and will further provide sufficient financial supports for the Group’s working capital for a period of at least 12 months until 30 June 2024. In addition, other borrowings from third parties amounted to HK\$36,229,000 are personally guaranteed by Mr. Ng. The management of the Company also will implement the re-opening plan of the gaming tables business which to be located in a new casino in Dara Sakor Investment Zone, Cambodia, after obtaining the independent shareholder approval for entering the framework agreements of the eight new gaming table business rights. Details are set out in the announcement dated 27 February 2023. The Group will continue to take active measure to control administrative costs and containment of capital expenditures. 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 2023 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) Historical cost basis of preparations

The consolidated financial statements have been prepared on the historical cost basis (except for financial assets and financial liabilities at fair value through profit or loss that are measured at 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.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

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 2022:

- Amendments to HKFRS 3, "Reference to the Conceptual Framework"
- Amendment to HKFRS 16, "Covid-19-Related Rent Concessions beyond 30 June 2021"
- Amendments to HKAS 16, "Property, Plant and Equipment – Proceeds before Intended Use"
- Amendments to HKAS 37, "Onerous Contracts – Cost of Fulfilling a Contract"
- Amendments to HKFRSs, "Annual Improvements to HKFRSs 2018-2020"

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 and Amendments to HKFRS17, "Insurance Contract"¹
- Amendments to HKFRS 10 and HKAS 28, "Sales or Contribution of Assets between an Investor and its Associate or Joint Venture"²
- Amendments to HKFRS 16, "Lease Liability in a Sale and Leaseback"³
- Amendments to HKAS 1, "Classification of Liabilities as Current or Non-current and related Amendments to Hong Kong Interpretation 5 (2020)"¹
- Amendments to HKAS 1 and HKFRS Practice Statement 2, "Disclosure of Accounting Policies"¹
- Amendments to HKAS 8, "Definition of Accounting Estimates"¹
- Amendments to HKAS 12, "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"¹
- Amendments to HKAS 1, "Non-current liabilities with covenants"³

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2024.

The directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

4. SEGMENT REPORT

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

During the years ended 31 March 2023 and 2022, 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 following is an analysis of the Group’s revenue and results by reportable and operating segments:

(a) Segment revenues and results

For the year ended 31 March 2023

	Gaming and entertainment HK\$’000	AR/VR and mobile games solutions HK\$’000	Total HK\$’000
Segment revenue	—	—	—
Timing of revenue recognition Point in time	—	—	—
Segment loss	(40,919)	50	(40,869)
Unallocated income			140
Unallocated corporate expenses			(13,409)
Unallocated finance costs			(8,411)
Loss before taxation			<u>(62,549)</u>

For the year ended 31 March 2022

	Gaming and entertainment HK\$’000	AR/VR and mobile games solutions HK\$’000	Total HK\$’000
Segment revenue	—	200	200
Timing of revenue recognition Point in time	—	200	200
Segment profit/(loss)	24,947	(729)	24,218
Unallocated income			11
Unallocated corporate expenses			(18,919)
Unallocated finance costs			(9,167)
Loss before taxation			<u>(3,857)</u>

Segment profit/(loss) represents the profit/(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**

Segment assets

	2023 HK\$'000	2022 <i>HK\$'000</i>
Gaming and entertainment	38,558	128,523
AR/VR and mobile games solutions	<u>–</u>	<u>151</u>
Total segment assets	38,558	128,674
Unallocated corporate assets	<u>52,558</u>	<u>4,881</u>
Consolidated total assets	<u>91,116</u>	<u>133,555</u>

Segment liabilities

	2023 HK\$'000	2022 <i>HK\$'000</i>
Gaming and entertainment	–	–
AR/VR and mobile games solutions	<u>734</u>	<u>734</u>
Total segment liabilities	734	734
Unallocated corporate liabilities	<u>157,879</u>	<u>159,491</u>
Consolidated total liabilities	<u>158,613</u>	<u>160,225</u>

(c) **Other segment information**

For the year ended 31 March 2023

	Gaming and entertainment HK\$'000	AR/VR and mobile games solutions HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts include in the measure of segment profit or segment assets:				
Written-off/Impairment loss on intangible assets	23,452	–	–	23,452
Amortisation of intangible assets	4,690	–	–	4,690
Depreciation of plant and equipment	80	–	268	348
Impairment losses on accounts and other receivables, net of reversal	10,579	(50)	5,467	15,996
Fair value loss on financial assets and financial liabilities at FVTPL, net	2,118	–	–	2,118
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:				
Interest income	–	–	19	19
Finance costs	–	–	8,411	8,411
Income tax credit	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

For the year ended 31 March 2022

	Gaming and entertainment <i>HK\$'000</i>	AR/VR and mobile games solutions <i>HK\$'000</i>	Unallocated <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	12,658	–	–	12,658
Amortisation of intangible assets	13,600	587	–	14,187
Depreciation of plant and equipment	109	–	317	426
Depreciation of right-of-use assets	–	–	1,104	1,104
Reversal of impairment losses on accounts and other receivables	(5,345)	(303)	–	(5,648)
Fair value gain on financial assets and financial liabilities at fair value through profit or loss, net	(56,657)	–	–	(56,657)
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:				
Interest income	–	–	11	11
Finance costs	–	–	9,167	9,167
Income tax credit	–	182	–	182
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(d) Geographical information

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong	<u> </u>	<u> </u>
	–	200

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong	311	666
Cambodia	<u>7,905</u>	<u>37,736</u>
Total	<u>8,216</u>	<u>38,402</u>

(e) **Information about major customers**

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

	2023 HK\$'000	2022 <i>HK\$'000</i>
Company A ¹	<u>N/A</u>	<u>200</u>

¹ Revenue from AR/VR and mobile game solutions segment.

5. REVENUE

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

	2023 HK\$'000	2022 <i>HK\$'000</i>
Services income derived from AR/VR and mobile games solutions	<u>-</u>	<u>200</u>

6. OTHER INCOME AND GAINS

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

	2023 HK\$'000	2022 <i>HK\$'000</i>
Bank interest income	19	11
Government subsidy (<i>note a</i>)	<u>121</u>	<u>-</u>
	<u>140</u>	<u>11</u>

Note:

- (a) During the year ended 31 March 2023, the Group recognised government subsidy of approximately HK\$121,000 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.

7. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on lease liabilities	–	29
Interest on other borrowings	2,800	2,800
Interest on convertible bonds	5,611	6,338
	<u>8,411</u>	<u>9,167</u>

8. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Staff costs

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Directors' emoluments	1,802	1,794
Salaries, allowances and other benefits	1,497	5,322
Contributions to retirement benefits scheme (excluding contributions for directors)	56	88
	<u>3,355</u>	<u>7,204</u>

(b) Other items

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Depreciation of plant and equipment	348	426
Depreciation of right-of-use assets	–	1,104
Amortisation of intangible assets	4,690	14,187
Auditor's remuneration	750	700
Expenses related to short-term leases	–	137
Written-off of other receivables	–	1,527
	<u>–</u>	<u>1,527</u>

9. INCOME TAX CREDIT

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong Profits Tax		
Over provision in previous years	–	85
Deferred tax	–	97
	<hr/>	<hr/>
Income tax credit	–	182
	<hr/> <hr/>	<hr/> <hr/>

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

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 million of profits of the qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million 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.

10. DIVIDENDS

The directors of the Company do not recommend the payment of a dividend for the year ended 31 March 2023 (2022: Nil).

11. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share was based on the loss for the year attributable to owners of the Company of HK\$62,549,000 (2022: HK\$3,675,000) and the weighted average number of 128,247,561 (2022: 128,247,561) ordinary shares in issue during the years ended 31 March 2023 and 2022.

(b) Diluted loss per share

No adjustment has been made to basic loss per share amounts presented for the years ended 31 March 2023 and 2022 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.

12. ACCOUNTS AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Accounts receivables	–	150
Other receivables	78,473	34,834
Other deposits	176	167
	<hr/>	<hr/>
	78,649	35,151
Prepayments	444	364
	<hr/>	<hr/>
	79,093	35,515
	<hr/> <hr/>	<hr/> <hr/>

The following is an aged analysis of accounts receivables, net of loss allowance for accounts receivables, presented based on the billing date, which approximates revenue recognition date, at the end of each reporting period.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 – 90 days	–	–
Over 180 days, but within 1 year	–	150
	<u>–</u>	<u>150</u>
	<u>–</u>	<u>150</u>

13. OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Accruals and other payables	6,507	7,306
Interest payable	8,229	5,429
Advance from an independent third party	102	102
	<u>14,838</u>	<u>12,837</u>
	<u>14,838</u>	<u>12,837</u>

14. EVENTS AFTER REPORTING PERIOD

There was no significant event after the year ended 31 March 2023 and up to the date of this announcement.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT ON THE COMPANY’S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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 2023. The basis of disclaimer of opinion is extracted as follows:

BASIS FOR DISCLAIMER OF OPINION

Material Uncertainty Relate to Going Concern

As explained in note 3(b) to the consolidated financial statements, the Group incurred a net loss attributable to the owners of the Company of approximately HK\$62,549,000 and had net cash outflows from operating activities of approximately HK\$12,466,000 during the year ended 31 March 2023. At the same date, the Group has net current liabilities of approximately HK\$45,349,000 and net liabilities of approximately HK\$67,497,000.

As set out in the circular dated 13 March 2020 and announcements dated 2 April 2020, 6 July 2020, 30 September 2020, 5 February 2021, 31 March 2021, 30 April 2021, 30 July 2021, 30 August 2021, 4 November 2021, 7 March 2022, 28 June 2022 and 30 September 2022, the operation of the Group’s gaming and entertainment business (the “**Gaming Business**”) in Kingdom of Cambodia (“**Cambodia**”) was suspended from 1 April 2020 in order to relocate the casino and to 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.

In addition, the original four gaming table business right agreement was ceased to have effect and the Group re-entered into acquisition of new eight gaming table business right agreement with the company controlled by Mr. Ng Man Sun (“**Mr. Ng**”) (the “**Acquisition**”). Details are set out in the announcement dated 27 February 2023.

The completion of the Acquisition is subject to the approval of independent shareholders of the Group.

As a result of the severe business interruption in Cambodia and business restructuring of the Group, the Gaming Business, which is the principal business of the Group, were continues to be suspended during the year ended 31 March 2023 and no revenue was recorded from the Gaming business throughout the years ended 31 March 2023. The resumption of the Gaming business was subject to economic recovery after COVID-19 epidemic and the completion of the Acquisition.

These conditions, along with other matters as set out in note 3(b) to the consolidated financial statements indicate that material uncertainties exist that may cast significant doubt on the Group’s ability to continue as a going concern.

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(b) 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) successfully raising additional new sources of financing as and when needed, including the further undertaking by Mr. Ng not to demand for the payment of the amount due to him of convertible bond with principal amount of HK\$50,000,000 which due for repayment on 30 September 2025 and will further provide sufficient financial supports for the Group's working capital for a period of at least 12 months until 30 June 2024. In addition, other borrowings from third parties amounted to HK\$36,229,000 are personally guaranteed by Mr. Ng;
- (ii) resuming the gaming tables business which to be located in a new casino in Dara Sakor Investment Zone, Cambodia, subject to obtaining the independent shareholder approval for the Acquisition. Up to the date of this report, the general meeting in relation to the approval had not been held yet;
- (iii) continuing to take active measure to control administrative costs and containment of capital expenditures.

As a result of these multiple uncertainties, the potential interaction of these uncertainties, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate. Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might 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 these consolidated financial statements

MANAGEMENT DISCUSSION AND ANALYSIS

The Directors hereby report the audited consolidated annual results of the Group for the year ended 31 March 2023. The 2023 Annual Results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

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.

The Group recorded no revenue for the year ended 31 March 2023, as compared to approximately HK\$0.2 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 ended 31 March 2023 was approximately HK\$62.5 million, increasing approximately 1,589.2% as compared to approximately HK\$3.7 million last year. The change in net loss for the year ended 31 March 2023 was mainly because written-off/impairment loss on intangible assets increased approximately by HK\$10.8 million and impairment loss on accounts and other receivables, net of reversal to increased approximately by HK\$10.3 million.

Capital Structure

As at 31 March 2023, the Company’s total number of issued shares was 128,247,561 at HK\$0.01 each (31 March 2022: 128,247,561 at HK\$0.01 each). The Group’s consolidated liabilities totalled approximately HK\$26.7 million, representing an increase of approximately HK\$3.7 million as compared to net liabilities of approximately HK\$23.0 million as at 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 2023, the Group had total assets and net liabilities of approximately HK\$91.1 million (2022: approximately HK\$133.6 million) and HK\$67.5 million (2022: approximately HK\$26.7 million), respectively, comprising non-current assets of approximately HK\$8.2 million (2022: approximately HK\$38.4 million) and current assets of approximately HK\$82.9 million (2022: approximately HK\$95.2 million). The Group also did not have any non-controlling interests (2022: Nil), current liabilities of approximately HK\$128.2 million (2022: approximately HK\$160.2 million) and non-current liabilities of HK\$30.4 (2022: approximately HK\$Nil million).

The Group’s gearing ratio as at 31 March 2023, calculated as a ratio of total debt to total assets, was approximately 174.1% (2022: 120.0%). As at 31 March 2022, the Group had cash and cash equivalents of approximately HK\$3.8 million (2022: approximately HK\$3.8 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 and United States dollars. As its exposure to foreign exchange fluctuation is minimal, the Group does not see the need for using any hedging tools.

BUSINESS OVERVIEW

Southeast Asian region recorded a substantial signs of recovery in the first half of 2022. In particular, supported by high vaccination coverage, Cambodia has been one of the earliest Southeast Asian countries to fully reopen its borders to welcome partially or unvaccinated travelers. Yet, the region, being one of the major sources of Cambodia's tourism industry and the Group's primary target market, has faced major economic headwinds as 2022 progressed. The inflationary pressures, soaring oil prices, and increasing interest rates have inevitably escalated the cost of living, which resulted in reducing consumers' demands for non-essential items as well as their willingness to travel abroad. According to figures from the Ministry of Tourism, the number of visitors from Southeast Asian regions visiting Cambodia remained 28.1% lowered than the pre-COVID level in 2019.

Along with the reopening border of the country, casino operation was also resumed. Yet, the casinos industry faced labor shortage challenge as staffs have switched to other sectors after two years of the forced closure, according to Finance Ministry's Financial Industry Department. This further casted limitation to the recovery of casino operation. In view of the uncertainty of the re-opening of the gaming tables, the Company has enforced the profit guarantees to protect the interest of the Company and its shareholders, thus the Original Assignment Agreement have deemed to be ceased to have effect during the year ended 31 March 2023.

In the fourth quarter of fiscal year 2022, the Company entered into a new Assignment Agreement ("**the New Assignment Agreement**") regarding the operation of eight gaming tables rights, which has been currently undergoing the preparation for circular. The Group shall be entitled to 100% house win winnings and will bear 100% house losses, as well as the associated staff costs and taxes.

Amidst the challenging operating environment, the Group continued with strengthening the business by staff training and casino renovation in the Year. Considering the projected recovery of tourism in Cambodia and the gradually improving global economy in 2023, the Group remains positive that upon the completion of all the procedures, its business can soon resume and ride on the rising momentum when the market is more welcoming.

GAMING TABLE BUSINESS IN CAMBODIA

During the year ended 31 March 2023, in view of the uncertainty of casino re-opening schedule due to the prolonged COVID-19 pandemic, the Group decided to enforce the Profit Guarantees stated in the Original Assignment Agreement that was entered on 28 October 2019 regarding the assignment of the business rights of the four mass gaming tables at the Century Entertainment casino in Sunshine Bay. The Original Assignment Agreement was entered between 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 (“**Mr. Ng**”), an executive Director, the chairman of the Board and Chief Executive Officer of the Company.

In light of the ever-evolving market landscape, the Group has implemented various adjustments to its Gaming Table Business operations with eight additional supplemental framework agreements (dated 5 February 2021, 31 March 2021, 30 April 2021, 30 July 2021, 4 November 2021, 7 March 2022, 28 June 2022 and 30 September 2022), in relation to the relocation of casino to Dara Sakor, Koh Kong Province, updates on the re-opening schedule as well as the extension of long stop date.

Yet, given that no profit was generated from the Gaming Table Business Rights for the two years ended 31 March 2022 as a result of the outbreak of the COVID-19 and the temporary closure of all casinos in Cambodia since 1 April 2020, the Company decided to enforce the Profit Guarantees in April 2022 to recover the entire consideration for the Original Assignment Agreement to protect the interests of the Company and the Shareholders. After deducting the entire principal amount of the Promissory Note of HK\$62 million from the original amount of HK\$120 million, the net amount due from Mr. Ng and Lion King to the Group was HK\$58 million as a result of the enforcement of the Profit Guarantees. The enforcement was construed as a unilateral repudiation by the Company and the Original Assignment Agreement as supplemented by the Supplemental Framework Agreement ceased to have effect. The repudiation has been accepted by Lion King as evidenced by its compensation under the Profit Guarantees.

In light of the attractive potentials of the gaming market in Dara Sakor, VMG, Lion King and Mr. Ng entered into the New Assignment Agreement on 27 February 2023, pursuant to which Lion King has conditionally agreed to assign the New Gaming Table Business Rights to VMG and VMG has conditionally agreed to accept the assignment of the New Gaming Table Business Rights of eight gaming tables at the Consideration of HK\$58 million for a period of five years. The consideration shall be settled by offsetting the amount due from Mr. Ng and Lion King to the Group of HK\$58 million, and hence, there will not be any additional cash outflow from the Group.

The eight new gaming tables will be located in the mass market area of the casino at Dara Sakor, Koh Kong Province, Cambodia, primarily focusing on baccarat. The Group shall be entitled to 100% house win winnings and will bear 100% house losses, as well as the associated staff costs and taxes. During the period from November 2021 to March 2022, when the new gaming tables were operational, it recorded an unaudited net revenue and net profit of approximately HK\$9.2 million and HK\$6.0 million, respectively. Given its exceptional track record, the Group is confident that taking control of these eight gaming tables will substantially bolster profitability.

After the reporting period, on 2 May 2023, as additional time is required for preparing the information to be included in the circular, the dispatch date of the circular is expected to be postponed to a date falling on or before 31 August 2023. 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 the completion of the New Assignment Agreement and targets the mass gaming tables business can begin contributing revenue in the second half of 2023.

AUGMENTED REALITY (“AR”)/VIRTUAL REALITY (“VR”) ENTERTAINMENT

The businesses of Explicitly Grand Investments Limited, a wholly-owned subsidiary of the Group, and its subsidiary companies (collectively known as the “**Explicitly Grand Group**”), have experienced significant adverse effects as a result of the COVID-19 pandemic since early January 2020. Amid a deterioration in the operating environment and a decline in consumer sentiment due to higher interest rates, the demand for the Group’s products and services decreased significantly. This has put pressure on the Group to attract new customers and generate new orders.

Given the uncertain market conditions, the Group has adopted a prudent strategy in managing the operations of the Explicitly Grand Group. At the same time, the Group has been considering business restructuring and exploring other business opportunities. The Group remains committed to its core gaming operations, striving to drive sustainable growth and ensure the long-term success of the business.

OUTLOOK AND PROSPECTS

During the year ended 31 March 2023, the Cambodian government lifted all the travel restrictions, including requirements for vaccination proof and testing results. In January 2023, the Chinese government also announced the resumption of outbound group tour and the removal of travel restriction. Since Chinese tourist are one of the major sources of tourists to Cambodia, it is believed this will further boost tourism and the economy in Cambodia. Tourism Minister Thong Khon expects that Cambodia will welcome 4 million international tourists in 2023 with the resumption of Chinese tourists. According to the Asian Development Bank, Cambodia’s economy is expected to grow 5.5% and 6% in 2023 and 2024, respectively, indicating an upward trajectory of Cambodia.

Riding on the favorable industry outlook, the Company will remain focused on its core gaming business and use its best efforts to proceed the New Gaming Table rights in order to resume its business as its earliest possible. At the same time, the Company has been actively exploring business opportunities within the entertainment industry in the Southeast Asian region, which allows it to further maximize revenue potentials and diversify risk. With the completion of the new gaming tables rights on the pipeline, the Group is cautiously optimistic about its future development and is dedicated to regaining its growth momentum by seizing the market opportunity while delivering sustainable value to its stakeholders.

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 at the same time of publication of the annual report of the Company for the year ended 31 March 2023.

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 of the Company (the “**Compliance Committee**”), contributes to our commitment to compliance efforts. During the year ended 31 March 2023, 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.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 March 2023, the Group employed 10 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.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2023 (2022: Nil). There was no interim dividend payment during the year ended 31 March 2023.

INVESTOR RELATIONS

The Group believes that maintaining active communication and operational transparency is vital to building good investor relations. During the year ended 31 March 2023, the Group had 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 2023 with the exception of certain deviations as further explained below.

Code provision C.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 F.2.2 of the CG Code provides that the chairman of the board should attend the annual general meeting (the “**AGM**”).

Due to other business commitments, Mr. Ng Man Sun, being the Chairman, was unable to attend the AGM of the Company held on 16 September 2022. He had arranged Ms. Ng Wai Yee, who is an executive Director and 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 independent non-executive Directors, 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, 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.

Compliance Committee

The Compliance Committee comprises Ms. Ng Wai Yee (chairlady), an executive Director, Mr. Li Chi Fai, an independent non-executive Director, and Mr. Man Yun Wah, the company secretary of the Company.

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 of the Company (the "**Remuneration Committee**") comprises Ms. Ng Wai Yee, an executive Director, Ms. Yeung Pui Han, Regina (chairlady) and Ms. Sie Nien Che, Celia, both are independent non-executive Directors. 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, among others, review the Company's policy and 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 independent non-executive Directors, 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 and review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules 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 of the Company (the "**Nomination Committee**") comprises Mr. Ng Man Sun (chairman), an executive Director, Ms. Yeung Pui Han, Regina and Ms. Sie Nien Che, Celia, both are independent non-executive Directors. The Company has complied with the chairman requirement and the majority requirement of Nomination Committee members under Rule 3.27A of the Listing Rules.

The main duties of the Nomination Committee are to review the structure, size and diversity (including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) 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 independent non-executive Directors. 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 2023.

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 2023.

SCOPE OF WORK OF ELITE PARTNERS CPA LIMITED

The figures in respect of the Group's 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 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Elite Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Elite Partners 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 Elite Partners 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, 30 June 2023

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