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ANNUAL REPORT 2022

世紀娛樂國際控股有限公司  
CENTURY ENTERTAINMENT INTERNATIONAL HOLDINGS LIMITED  
*(Incorporated in Bermuda with limited liability)*  
(Stock Code: 959)



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## BOARD OF DIRECTORS

### Executive

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

Ms. Ng Wai Yee

### Independent Non-executive

Ms. Yeung Pui Han, Regina

Mr. Li Chi Fai

Ms. Sie Nien Che, Celia

## AUDIT COMMITTEE

Mr. Li Chi Fai (*Chairman*)

Ms. Yeung Pui Han, Regina

Ms. Sie Nien Che, Celia

## COMPLIANCE COMMITTEE

Ms. Ng Wai Yee (*Chairlady*)

Mr. Li Chi Fai

Mr. Man Yun Wah (*Company Secretary*)

## REMUNERATION COMMITTEE

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

Ms. Ng Wai Yee

Ms. Sie Nien Che, Celia

## NOMINATION COMMITTEE

Mr. Ng Man Sun (*Chairman*)

Ms. Yeung Pui Han, Regina

Ms. Sie Nien Che, Celia

## COMPANY SECRETARY

Mr. Man Yun Wah

## AUDITOR

UniTax Prism (HK) CPA Limited

## LEGAL ADVISER

Cheng, Yeung & Co.

## INVESTOR RELATIONS CONSULTANT

DLK Advisory Limited

## STOCK CODE

959

## BRANCH SHARE REGISTRAR

Tricor Secretaries Limited

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

## REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

G02, Shun Tak Centre

168-200 Connaught Road Central

Sheung Wan

Hong Kong

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Century Entertainment International Holdings Limited ("**Century Entertainment**" or the "**Company**"; stock code: 959) and its subsidiaries (collectively, the "**Group**"), I present herewith the audited consolidated results for the year ended 31 March 2022 (the "**Year under Review**") (the "**2022 Annual Results**").

## COMPANY OVERVIEW FOR THE YEAR

Stepping into the third year of COVID-19, the pandemic has continued to place unprecedented challenges on the global economy. The citywide lockdowns and stringent social restrictions have caused disruption to the global travel and tourism industry. In Cambodia, certain casinos had to close down temporarily to curb the spread of the pandemic. Various construction projects were also put on hold, with many construction workers returning to their hometown and moving out of key economic areas, causing a decrease in local consumption. Compounded by the recent global recession, the Group's operation and business development has been unavoidably affected.

Yet, despite the fluctuating market situation, we did not pause our effort in further expanding our business. We continued to explore various feasible business opportunities in the Year under Review. We actively communicated with the local government to coordinate the pace of operation and management, closely monitor on the change of policies and regulation to ensure gambling table construction can be carried out under a safe environment. We have also done our very best to implement strict anti-pandemic measures, ensure and promote a hygienic, healthy and safe environment for both our customers and employees upon the launch of our gaming tables and speed up the progress of launching the new gaming tables. Unfortunately, the opening schedule has been delayed multiple times, which greatly impacted our business. The Group honored the importance of combating the COVID-19 pandemic and this could not have been done without the support and efforts from all parties despite inevitably affecting the operations. Our group has always been supporting the government's measures to fight against the pandemic and are committed to stand by the government and people and do everything we can at this difficult time.

## OUTLOOK AND PROSPECT

Cambodia, as one of the countries with the highest vaccination rate, is on its road to recovery. On 23 March 2022, the Ministry of Tourism of the Kingdom of Cambodia has further announced the reopen for fully vaccinated travellers without quarantine and the Visa on Arrival service have been resumed. Many Southeast Asian countries, including Thailand and Singapore, have also lifted the travel quarantine policy and fully open to visitors who have vaccinated more than two doses. We believe that this can further boost the global travel and tourism industry. According to of the Kingdom of Cambodia, it is forecasted that there will be one million international tourists and about eight millions domestic trips by the end of 2022, with tourism visits and spending expected to return to pre-pandemic levels in 2023. According to the Tourism Statistics Department, Ministry of Tourism, 6.61 million international visitors visited Cambodia before the pandemic in 2019.



# Chairman's Statement

Looking forward, the Company will consider business restructuring and focus on our core business and gaming related operations. Leveraging our extensive experience of gaming landscape, we will utilize our expertise know-how and core capability in gaming operations and replicate its application to other business areas and regions. We believe this can further diversify our geographical risk and risk hedging. As the reopening of the assigned gaming tables is on schedule, we believe that it will bring a prominent prospect in the future. The successful vaccination rollout in Cambodia, together with the fully-reopened border, we are confident that the Kingdom's economy will soon return to normality while our business can further ride on the market recovery and regain the momentum.

## WORDS OF APPRECIATION

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

**Ng Man Sun**

*Chairman*

Hong Kong, 30 June 2022

The Directors of the Company hereby report the audited consolidated annual results of the Group for the year ended 31 March 2022. The 2022 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, 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\$0.2 million for the continuing operations for the Year under Review, decreasing approximately 72.5% as compared to approximately HK\$0.7 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\$3.7 million, decreasing approximately 91.4% as compared to approximately HK\$43.0 million last year. The change in net loss for the year ended 31 March 2022 was mainly due to fair value gain on financial assets and financial liabilities at fair value through profit or loss increased approximately by HK\$43.1 million.

## Capital Structure

As at 31 March 2022, the Company’s total number of issued shares was 128,247,561 at HK\$0.01 each (31 March 2021: 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.

## *Subscription of the Convertible Bond*

On 30 December 2020, the Company entered into a subscription agreement (the “**Subscription Agreement**”) (as supplemented by a supplemental subscription agreement dated 15 January 2021) with Mr. Ng Man Sun (“the **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 fixed 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 (the “**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.

# Management Discussion and Analysis

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 2022 and up to the date of this announcement.

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 2022, the Group had total assets and net liabilities of approximately HK\$133.6 million (2021: approximately HK\$114.4 million) and HK\$26.7 million (2021: approximately HK\$23.0 million), comprising non-current assets of approximately HK\$38.4 million (2021: approximately HK\$65.4 million) and current assets of approximately HK\$95.2 million (2021: approximately HK\$49.0 million). The Group also did not have any non-controlling interests (2021: Nil), current liabilities of approximately HK\$160.2 million (2021: approximately HK\$96.4 million) and did not have any non-current liabilities of (2021: approximately HK\$41.0 million).

The Group's gearing ratio, calculated as a ratio of total debt to total assets, was approximately 120.0% (2021: 120.1%). As at 31 March 2022, the Group had cash and cash equivalents of approximately HK\$3.8 million (2021: approximately HK\$3.5 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

The COVID-19 outbreak has continued to bring unprecedented challenges to the global economy in 2021. Social-distancing measures and lockdowns have halted the travel and tourism industry, which is one of the pillars supporting the Cambodian economy. According to the survey conducted by the Asia Foundation in the first half of 2021, nearly 47% of tourism-related businesses in Cambodia have been forced to shut down since the beginning of the pandemic. The downward pressure continued in the second half of the Year, as the emergence of new variants has triggered new wave of uncertainties and challenges to the macroeconomy.

Due to the COVID-related slowdowns, construction projects in Cambodia were interrupted. Most construction workers had to go back to their hometowns due to the suspended operation, impacting the local economy. As at 31 December 2021, despite Cambodia being one of the countries with the highest vaccination rates, travel restrictions remained in place all over the world and the global tourism industry was still largely halted. Total number of visitors to Cambodia dropped from 1.3 million in 2020 to 196,495 in 2021, representing a sharp decrease of 85%. As a result, the absence of international tourist and local consumers has further brought pressure to the Group's operation.

During the Year under Review, the Group has maintained constant communication with the Assignors with regards to the operation of the gaming table business and has paid its best efforts in exploring various feasible business opportunities. Unfortunately, the resurgence of COVID-19 pandemic and additional time required to fulfill relevant conditions precedent caused further delay in the gaming table operation.

### Gaming Table Business in Cambodia

The Company has entered into an assignment agreement (the "**Assignment Agreement**") with 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**"), the Chairman and Chief Executive Officer of the Company on 28 October 2019 regarding the assignment of the business rights of the four mass gaming tables (the "**Gaming Table Business**") at the casino named Century Entertainment in Sunshine Bay Hotel located at Sihanoukville Municipal of Cambodia.

In view of the fluctuating market environment, several adjustments have been made to the operation of the gaming table business with six additional supplemental framework agreements (dated 5 February 2021, 30 April 2021, 30 July 2021, 4 November 2021, 7 March 2022 and 29 June 2022). The casino in Sihanoukville has eventually relocated to a new casino in Dara Sakor, Koh Kong Province. VMG has been granted the gaming table business rights for a period of five years from the date when the mass market of the new casino re-open.

On 4 November 2021, the Company has been notified by the Assignor that the new casino has commenced operation on 4 November 2021 and that two gaming tables were assigned to VMG to operate. It is noted that the new casino has been fully reopened by February 2022. Yet, as additional time is required to fulfill the conditions precedent, the three parties entered into a fifth supplemental framework agreement on 7 March 2022, of which the long stop date has been further extended to 30 June 2022.

# Management Discussion and Analysis

After the reporting period, on 28 June 2022, as additional time is required to fulfill the conditions precedent, VMG, Lion King and Mr. Ng had entered into a sixth supplemental framework agreement to further extend the long stop date to 30 September 2022. All other terms and conditions of the supplemental framework agreement shall remain unchanged and shall continue in full force and effect.

The Group will keep the Shareholders and potential investors informed by the way of announcement as and when appropriate in accordance with the Listing Rules. The Group remains positive towards its business prospects as the mass gaming tables are targeted to begin operation by late September and begin contributing revenue in the second half of 2022.

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

The businesses of Explicitly Grand Investments Limited, a wholly-owned subsidiary of the Group, and its subsidiaries (collectively the “**Explicitly Grand Group**”) have been affected by the outbreak of COVID-19 since early January 2020. In light of the gloomy market sentiment, the demand for its products and services was negatively impacted. Despite the improving market environment in the country in the fourth quarter of 2021 supported by the success of vaccination program, the international tourism market remained at a standstill due to the impacts of COVID-19 outbreak, together with strict border restrictions and social distancing measures remained in place in many countries. This has thus led a difficulty in securing new orders and acquiring new customers during the Year. Explicitly Grand Group contributed revenue of approximately HK\$0.2 million to the Group.

The Group has constantly monitored the operation of its AR/VR entertainment business. Given the uncertainties of the business environment, the Company holds a more conservative approach towards the business operation of the Explicitly Grand Group. The Company considers potential deals to conduct business restructuring while focusing on the core business of the gaming table business.

## 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 31 August 2022.

## 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 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 2022, 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\$26.7 million mainly attributable to other borrowings of HK\$100.2 million and convertible bond of HK\$46.5 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 new wave of pandemic sweeping through many major countries, the full recovery of the global tourism industry back to pre-pandemic levels is still on the right track. The Cambodian government has exhibited strong resilience and taken proactive actions to combat the COVID-19 pandemic, such as vaccination programs in hope to achieve herd immunity. As of 22 June 2022, there were nearly 89% of its 16 million population have been fully vaccinated with two doses of COVID-19 vaccines. The Country has also opened its borders to fully vaccinated visitors starting from 15 November 2021 in an effort to revitalize the tourism industry. With the effective vaccination rollout, Cambodia's economy is forecast to grow 5.5% in 2022 despite a modest reduction of 1.9% for 2021 amid the prolonged COVID-19 outbreak, according to the Asian Development Bank ("**ADB**"). Compounding with the ease of border restrictions and economic rebound, the Group began to see its first twilight in the tunnel of recovery in the Cambodian tourism industry.

Despite the headwinds encountered in 2021, the Company is confident that 2022 will mark a fresh start for its business. Riding on the market recovery, the Group will focus on improving its core competitiveness to facilitate long-term growth by paying continuous attention to the market trends and keeping a close monitor of the COVID-19 situation. With the hope of economic recovery and the assignment of the gaming tables, the Group is dedicated to regaining its growth momentum by improving its business operations and seizing further market opportunities in the coming year.

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

## CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of, and complied with all applicable code provisions as set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the year ended 31 March 2022 with the exception of certain deviations as further explained below.

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

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

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

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

Due to other business commitments, Mr. Ng Man Sun, being the chairman of the Board, was unable to attend the AGM held on 15 September 2021. He had arranged Ms. Ng Wai Yee, who is an executive Director and 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 CG Code.

## 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 to 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 to 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 2022.

## BOARD OF DIRECTORS

### Responsibilities

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

### Board Diversity Policy

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

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

## Nomination Policy

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

- the candidate's personal ethics, reputation, character and integrity;
- the candidate's qualifications, skills, knowledge, business judgment and experience that are relevant to the operations of the Group;
- willingness to devote adequate time to discharge duties as a member of the Board;
- the Board Diversity Policy for achieving diversity on the Board;
- the candidate for the position of an independent non-executive Director must comply with the independence criteria as prescribed under the Listing Rules; and
- any other factors that the Nomination Committee and/or the Board may consider appropriate.

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

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

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

# Corporate Governance Report

## Board Composition

The Board currently consists of five members, including two executive Directors, namely Mr. Ng Man Sun (the Chairman and CEO) and Ms. Ng Wai Yee; and three independent non-executive Directors, namely Ms. Yeung Pui Han, Regina, Mr. Li Chi Fai and Ms. Sie Nien Che, Celia. Their biographical details are set out on page 35 of this report and are posted on the Company's website. The list of Directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules.

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

## Chairman and Chief Executive Officer

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

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

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

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

## Independence of Independent Non-executive Directors

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

Ms. Yeung Pui Han, Regina, Mr. Li Chi Fai and Ms. Sie Nien Che, Celia had served as independent non-executive Directors for more than 9 years. During their tenure of office, Ms. Yeung Pui Han, Regina, Mr. Li Chi Fai and Ms. Sie Nien Che, Celia had been able to fulfill all the requirements regarding independence of independent non-executive Director and provide annual confirmation of independence to the Company under Rule 3.13 of the Listing Rules. The Board is not aware of any foreseeable events that may occur and affect the independences of Ms. Yeung Pui Han, Regina, Mr. Li Chi Fai and Ms. Sie Nien Che, Celia and believes that they are and shall continue to be independent of the Company. The Board will continue to review the independence of Ms. Yeung Pui Han, Regina, Mr. Li Chi Fai and Ms. Sie Nien Che, Celia annually. During their years of appointment, they have demonstrated their ability to provide an independent view to the Company's matters. Their wealth of skills, knowledge and experience have enabled them to contribute meaningfully and objectively to the Board as independent non-executive Directors and their independence from management was not considered to have been diminished by their years of service.



The Nomination Committee had taken into account the respective contributions of Ms. Yeung Pui Han, Regina, Mr. Li Chi Fai and Ms. Sie Nien Che, Celia to the Board and their commitment to their roles. The Nomination Committee was satisfied that each of Ms. Yeung Pui Han, Regina, Mr. Li Chi Fai and Ms. Sie Nien Che, Celia has the required integrity, skills and experience to continue fulfilling the role of an independent non-executive Director, and that Ms. Yeung Pui Han, Regina, Mr. Li Chi Fai and Ms. Sie Nien Che, Celia's long service on the Board would not affect their exercise of independent judgement. Through exercising the scrutinizing and monitoring function of independent non-executive director, they had contributed to the effectiveness of the Board for the interest of the Shareholders.

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

## Board Meetings

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

Each Director has given sufficient time and attention to the affairs of the Company. Owing to the Chairman's encouragement to the Directors to make full and active contribution to the affairs of the Board, a culture of openness and debate is developing among the Directors to ensure Board decisions fairly reflected consensus. Seven Board meetings and one general meeting of the Company were held during the year ended 31 March 2022 and the attendances of each Board member are set out below:

	Number of meetings attended/eligible to attend	
	Board meetings	General meetings
<b>Executive Directors</b>		
Mr. Ng Man Sun ( <i>Chairman and CEO</i> )	0/7	0/1
Ms. Ng Wai Yee	7/7	1/1
<b>Independent Non-executive Directors</b>		
Ms. Yeung Pui Han, Regina	7/7	1/1
Mr. Li Chi Fai	7/7	1/1
Ms. Sie Nien Che, Celia	3/7	1/1

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

# Corporate Governance Report

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

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

## Appointment and re-election of Directors

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

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

Each Director has disclosed to the Company at the time of his/her appointment or election, and in a timely manner of any changes in number of offices held in public companies or organizations and other significant commitments. A list of the Directors identifying their roles and functions is available on the websites of Company and the Stock Exchange. The Directors and their biographical details as at the date of this report are set out on page 35 of this report.

## Directors' Training and Continuous Professional Development

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

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

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

### Directors

#### Executive Directors

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

#### Independent Non-executive Directors

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

#### Notes:

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

## BOARD COMMITTEES

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

# Corporate Governance Report

## Audit Committee

As at 31 March 2022 and up to the date of this report, the Audit Committee comprised three independent non-executive Directors, namely Ms. Yeung Pui Han, Regina, Mr. Li Chi Fai and Ms. Sie Nien Che, Celia, and is chaired by Mr. Li Chi Fai who has substantial accounting and related financial management expertise.

The main duties of the Audit Committee are to review, 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.

Four Audit Committee meetings were held during the year ended 31 March 2022. The attendances of each Audit Committee member are set out as follows:

	<b>Number of meetings attended/ eligible to attend</b>
<hr/>	
<b>Independent Non-executive Directors</b>	
Ms. Yeung Pui Han, Regina	4/4
Mr. Li Chi Fai	4/4
Ms. Sie Nien Che, Celia	4/4

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

- reviewed and recommended for the Board's approval the draft audited consolidated financial statements of the Year under Review together with the auditor's report attached thereto and the draft announcement of the 2021 Annual Results, and the draft unaudited consolidated financial statements and announcement of the interim result for the six months ended 30 September 2021 (the "**2021 Interim Results**").
- reviewed tax issues, compliance and salient features of 2022 Annual Results and 2021 Interim Results.
- discussed with the auditor the nature and scope of the audit and reporting obligations.
- considered and recommended to the Board for the terms of engagement and fee proposals provided by the auditor.
- reviewed the appointment of the auditor.
- recommended to the Board for the proposal for the re-appointment of UniTax Prism (HK) CPA Limited as the auditor of the Company at the forthcoming AGM.

- reviewed the appointment of the internal auditor and the internal audit plan.
- reviewed the effectiveness of the financial controls, risk management and internal control system of the Company.
- reviewed the Company's application of its policy and practices of corporate governance and disclosures in this report.
- reviewed the training and continuous professional development of the Directors and senior management.
- reviewed arrangements for employees of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters.

The chairman of the Audit Committee will report the findings and recommendations, if any, to the Board after each meeting. During the year ended 31 March 2022, the Board had no disagreement with the Audit Committee's view on the selection and appointment of the external auditor.

## Compliance Committee

As at 31 March 2022 and up to the date of this report, the Compliance Committee comprised one executive Director, namely Ms. Ng Wai Yee, one independent non-executive Director, namely Mr. Li Chi Fai and the Company Secretary, Mr. Man Yun Wah, and is chaired by Ms. Ng Wai Yee.

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

One Compliance Committee meeting was held during the year ended 31 March 2022. The attendances of each Compliance Committee member are set out as follows:

	<b>Number of meetings attended/ eligible to attend</b>
Ms. Ng Wai Yee	1/1
Mr. Li Chi Fai	1/1
Mr. Wong Sze Lok ( <i>resigned on 1 February 2022</i> )	1/1
Mr. Cheung Tai Chi ( <i>resigned on 28 February 2022</i> )	1/1
Mr. Man Yun Wah ( <i>appointed on 28 February 2022</i> )	–

# Corporate Governance Report

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

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

## Remuneration Committee

As at 31 March 2022 and up to the date of this report, the Remuneration Committee comprised one executive Director, namely Ms. Ng Wai Yee, and two independent non-executive Directors, namely Ms. Yeung Pui Han, Regina and Ms. Sie Nien Che, Celia, and is chaired by Ms. Yeung Pui Han, Regina.

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 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 as adopted by the terms of reference of the Remuneration Committee. No Director will determine his/her own remuneration. The roles and functions of the Remuneration Committee are clearly set out in the terms of reference which are no less exacting than the CG Code and are available on the websites of the Company and the Stock Exchange.

One Remuneration Committee meetings were held during the year ended 31 March 2022. The attendances of each Remuneration Committee member are set out below:

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

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

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

## Nomination Committee

As at 31 March 2022 and up to the date of this report, the Nomination Committee comprised one executive Director, namely Mr. Ng Man Sun, and two independent non-executive Directors, namely Ms. Yeung Pui Han, Regina and Ms. Sie Nien Che, Celia, and is chaired by Mr. Ng Man Sun.

The main duties of the Nomination Committee are to review the structure, size and 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.

One Nomination Committee meeting was held during the year ended 31 March 2022. The attendances of each Nomination Committee member are set out below:

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

# Corporate Governance Report

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

- reviewed the structure, size and diversity (including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board.
- recommended to the Board on re-election of the Directors.
- assessed the independence of independent non-executive Directors.

## REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration paid to and/or entitled by each of the Directors and senior management for the Year under Review is set out in notes 12 and 13 to the consolidated financial statements for the Year under Review.

## AUDITOR'S REMUNERATION

For the year ended 31 March 2022, the fees paid and payable to UniTax Prism (HK) CPA Limited in respect of audit services and non-audit services were HK\$700,000 and HK\$100,000 respectively.

The non-audit services fee charged by UniTax Prism (HK) CPA Limited was for review of interim results.

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

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

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



The Audit Committee and the Board, having considered the availability of internal resources and the qualification requirement of internal audit, agreed to engage an external advisory firm to undertake the internal audit function to ensure the effectiveness and efficiency of the risk management and internal control system of the Group. No significant deficiency and weakness on the internal control system has been identified by the external advisory firm for the year ended 31 March 2022.

The Board considered that, for the year ended 31 March 2022, the risk management and internal control system and procedures of the Group, covering all material controls including financial, operational and compliance controls and risk management functions were reasonably effective and adequate.

## COMPANY SECRETARY

Mr. Man Yun Wah ("**Mr. Man**") has professional qualification and extensive experiences to discharge his duties as the Company Secretary of the Company. He reports to the Chairman and CEO. He is mainly responsible for advising the Board on governance matters, promoting Directors' participation in continuing professional development training, ensuring good flow of information among the Board members and the Board policy and procedures are followed.

During the Year under Review, Mr. Man has attended no less than 15 hours of professional training to refresh and develop his skills and knowledge.

## COMMUNICATION WITH SHAREHOLDERS

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

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

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

## SHAREHOLDERS' RIGHTS

### Procedures for Shareholders to Convene Special General Meeting

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

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

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

### Shareholders' Enquires to the Board

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

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

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

## INVESTOR RELATIONS

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

## DISCLAIMER OF OPINION

The Company's auditors, UniTax Prism (HK) CPA Limited, issued a disclaimer of opinion on the Company's financial statements for the year ended 31 March 2022. The management of the Company, including the Directors, maintained discussion with the auditors from time to time on the audit engagement and audit findings, including but not limited to the going concern issue of the Company for the year ended 31 March 2022. It was understood that the valuation to be conducted for the intangible assets of the Company (i.e. the intangible asset arising from the non-competition agreement in connection with the Group's AR/VR applications operation and the intangible asset arising from the license right of gaming tables in connection with the Group's gaming table business in Cambodia) would be critical and would affect their opinion to be expressed in relation to the going concern issue.

Through the different means of communications among the management, the Audit Committee and the auditors during the audit for the year ended 31 March 2022, the management and the Audit Committee realised the key audit matters and going concern issue of the Company for the year ended 31 March 2022.

During the audit for the year ended 31 March 2022, an independent professional valuer had been engaged to conduct valuations on the Company's intangible assets in accordance with the requirements of the accounting standards. The working paper of the valuation reports became available on 28 June 2022 and a series of meetings were held among the management, the auditors and the valuer until the annual results announcement of the Company dated 30 June 2022 for the year ended 31 March 2022 to discuss, including but not limited to, the valuation approach, assumptions, projection and details of the valuation reports. The auditors were of the view that as a result of the severe business interruption in Cambodia due to the continuous outbreak of COVID-19, the resumption of the casino's business was subject to the development of COVID-19 epidemic. The auditors understood that the Company has been undertaking measures (as detailed below) to improve the Group's liquidity and financial position, however, the validity of the going concern basis depends on the outcome of these measures and therefore issued the Disclaimer of Opinion regarding going concern.

On 16 May 2022, the Audit Committee had a meeting with the auditors for discussion on, among others, the key audit matters and going concern issue, and the possible disclaimer of opinion to be expressed for the year ended 31 March 2022 where the uncertainties relating to going concern could not be resolved.

On 30 June 2022, the Audit Committee had a meeting the auditors to discuss the auditor's report and the audit issues. During the meeting the auditors explained the basis for their disclaimer of opinion regarding going concern and the Company's proposed measures to address this issue. The Audit Committee discussed with the auditors on this issue and the potential impact to the Group and inquired the management's view regarding the disclaimer of opinion expressed by the auditors and corresponding action plans to resolve the going concern issues.

# Corporate Governance Report

The management is of the view that, given:

1. the borrowings from Mr. Ng Man Sun ("**Mr. Ng**"), an executive Director, chairman of the Board, the chief executive officer and a substantial shareholder of the Company, of HK\$42,179,000 was included in other borrowings of the Group for the year ended 31 March 2022, which Mr. Ng undertook to the Company that he will not call for repayment;
2. Mr. Ng undertook to the Company that he will further provide sufficient financial assistance to the Group as and when necessary for the purpose of working capital for a period of at least 12 months until 30 June 2023;
3. Mr. Ng has provided personal guarantee to the borrowings due to independent third parties at a sum of HK\$33,429,000 included in the other borrowings for the year ended 31 March 2022; and
4. a convertible bond amounted to HK\$46,475,000 in fair value is held by Mr. Ng and he is able to convert the convertible bond into equity shares subject to the compliance of the terms and conditions of the convertible bond and/or corresponding Listing Rules and Takeover Codes,

the net liabilities position of the Company would not lead to significantly adverse financial impact to the Company for the year ending 31 March 2023.

In addition, the management of the Company also have implemented the re-opening plan of the Gaming Table Business to be located in a new casino in Dara Sakor Investment Zone, Cambodia and, provided that the development of the COVID-19 epidemic situation has continued to subside, target to commence the operation as soon as possible. Upon the commencement and satisfactory operation of the Gaming Table Business, there will have sufficient working capital to support the operations of the Company.

As at 31 March 2022, the Group has a net liabilities position of approximately HK\$26.7 million mainly attributable to (i) other borrowings of approximately HK\$100.2 million and convertible bond of approximately HK\$46.5 million.

In this regard, the Board has been using its best endeavours to take practicable and feasible actions to resolve the issue, including but not limited to the following:

1. The management will closely monitor the development of the Gaming Table Business and put it into operation as soon as possible. Upon the commencement of the Gaming Table Business, the projected annual net cash inflow (as detailed below) are sufficient to cover the expected annual operating costs of the Group. The Company has been informed that the training and testing of the casino system will be implemented as soon as possible and it is expected that the casino will be re-opened and the Gaming Table Business will commence operation in September 2022 after the completion of the above procedures. At the initial stage of the reopening of the casino, it is planned that a total of two mass gaming tables would be operated under the Assignment Agreement and would be subsequently adjusted subject to regular operation review. The final number of gaming tables will be determined after the fulfillment of conditions precedent as detailed in the Supplemental Framework Agreements. In any event that there would be further delay on the commencement of the Gaming Table Business, the Company would assess the impact on the Company's going concern and operations and Mr. Ng is willing to maintain his continuous financial assistance to the Group as mentioned above for mitigating adverse financial impact to the Group.

2. The management will negotiate with creditors of the Group to propose debt reconstruction with the view to reducing the liabilities of the Group. The management (i) has maintained internal discussion on the possible timeline and the negotiation terms; (2) has been seeking legal advice; and (iii) will make further announcement in due course.
3. The management will discuss with the holder of the convertible bond, Mr. Ng, on the possibilities to convert the convertible bond into equity shares prior to the maturity date. As at the date of this report, the convertible bond has not yet converted into equity shares of the Company yet.

It was noted that there is no urgency for the Company to repay the above indebtedness in the next 12 months until 30 June 2022 as they are personally guaranteed by or due to Mr. Ng. In addition, Mr. Ng is willing to maintain his financial assistance to the Group for the purpose of working capital of the Group.

A meeting of the Board was held on 30 June 2020 for the purposes of, among others, discussing the issues of going concern and sufficient operation of the Group. The Board was aware of the disclaimer of opinion expressed by the auditors and the management's proposed action plans. The action plans have been communicated with the auditors prior to the publication of the annual results announcement of the Group for the year ended 31 March 2022 and no negative feedback was expressed by the auditors. The auditors understood and agreed that successful implementation of the action plans would lead to removal of disclaimer of opinion for the year ending 31 March 2023 and their concerns on these plans had been detailed in their Auditor's Report. The Board agreed that the going concern issue could be resolved and the disclaimer of opinion would be removed in the Company's financial statements for the year ending 31 March 2023 if the proposed action plans are successfully executed and requested the management to act promptly. Although a concrete timeline has not been made, the Board is of the view that if points 2 and 3 of the abovementioned action plan could be confirmed by January 2023, it is expected that the net assets position of the Group could be restored before 31 March 2023. Whether the Company's operation can generate sufficient working capital, however, is subject to the development of the Gaming Table Business and the development of the COVID-19 epidemic. In addition, the Audit Committee has reviewed and agreed with the Board and the management's position concerning the going concern issue.

Due to the adverse ongoing impacts of the COVID-19 epidemic, the Company believed that it is appropriate to focus on the existing Gaming Table Business rather than explore other gaming related business opportunities for the time being as most of the leading land-based casinos in Asia-Pacific are currently encountering unprecedented challenges due to travel restrictions and the post-impacts of COVID-19 to the land-based casinos industry are still unclear.

# Directors' Report

The Directors present their report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2022.

## PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holdings. The principal activities of its subsidiaries during the year are set out in note 35 to the consolidated financial statements for the Year under Review.

An analysis of the Group's performance for the year by operating segments is set out in note 7 to the consolidated financial statements for the Year under Review.

## RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2022 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 48.

The Directors do not recommend the payment of a dividend for the year ended 31 March 2022 (2021: Nil).

The forthcoming AGM will be held on Friday, 16 September 2022. A notice of which shall be sent to the shareholders of the Company in accordance with the Bye-laws of the Company, the Listing Rules and other applicable laws and regulations.

## CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders' entitlement to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from Tuesday, 13 September 2022 to Friday, 16 September 2022, both days inclusive, during which no transfer of shares of the Company will be registered. To be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (as from 15 August 2022, 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong) for registration not later than 4:30 p.m. on Monday, 12 September 2022 or at another time and/or date as advised.

## DIVIDEND POLICY

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

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

## SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 136 of this report.

## BUSINESS REVIEW

The business review of the Group for the Year under Review is set out in the Management Discussion and Analysis on pages 7 to 9 of this report, which forms part of this report, and the paragraphs below.

### Compliance with Laws and Regulations

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

### Relationship with Employees

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

### Relationship with Customers and Suppliers

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

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

## EVENTS AFTER THE REPORTING PERIOD

### (a) Impact of coronavirus (COVID-19) outbreak

Impact of the novel COVID-19 continues to cause disruptions to the Group's businesses and economic activities and the management of the Group has closely monitored its impact on the operations. Given the ongoing nature of these circumstances, the related impact on the consolidated results of operations, cash flows and financial conditions of the Group could not be reasonably estimated at this stage and will be reflected in their interim financial information for the six months ending 30 September 2022 and the consolidated financial statements for the year ending 31 March 2023.

### (b) Debt Assignment Arrangements

On 28 June 2022, the Group entered into the Debt Assignment Agreements of other receivables for the sum approximately of HK\$37,237,000 with Mr. Ng, the director of the Company who is also the substantial shareholder of the Company for the consideration approximately of HK\$37,237,000.

## FIXED ASSETS

Details of the movements during the year in the property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements for the Year under Review.

## SUBSIDIARIES

Details of the Company's subsidiaries as at 31 March 2022 are set out in note 35 to the consolidated financial statements for the Year under Review.

## SHARE CAPITAL

Details of the movements in the Company's share capital during the year are set out in note 30 to the consolidated financial statements for the Year under Review.

## SHARE OPTION SCHEME

The Company adopted a share option scheme (the "**2012 Scheme**") on 12 September 2012 which was valid and effective for 10 years from its date of adoption and will expire on 12 September 2022.

### Purpose

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



## Eligible Persons

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

## Total Number of Share Option Available for Issue

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

As at the date of approval of the 2012 Scheme, the total number of shares of the Company which may be allotted and issued upon the exercise of all options to be granted under the 2012 Scheme must not exceed 415,265,572 shares (25,773,458 shares after share consolidation and open offer), representing approximately 10% of the shares in issue as at the date of approval of the 2012 Scheme at the special general meeting on 12 September 2012, and after the special general meeting on 27 March 2013 approving share consolidation of every 20 shares of the Company of HK\$0.01 each consolidated into 1 new share of the Company of HK\$0.20 each and the completion of the open offer on 16 May 2016 on the basis of one offer share for every two existing shares.

At the AGM held on 9 August 2016, shareholders have approved to refresh the share option scheme mandate limit that the total number of shares which may be issued upon exercise of all options to be granted under the 2012 Scheme, apart from the 22,281,335 share options which had already been granted and were still outstanding, must not exceed 10% of the shares of the Company in issue on the date of that AGM. As at the date of this report, a total of 51,319,917 options to subscribe for a total of 51,319,917 shares, representing 10% of the total number of shares in issue as at the AGM on 9 August 2016, were approved to be granted in addition to the 22,281,335 options which had already been granted and were still outstanding as at the AGM on 9 August 2016.

At the special general meeting held on 1 March 2021, shareholders have approved the share consolidation of every 10 shares of the Company of HK\$0.20 each consolidated into 1 new share of the Company of HK\$2.00 each and share subdivision of each authorised but unissued share of the Company of par value of HK\$2.00 each into 200 shares of par value of HK\$0.01 each. Therefore, the total number of shares of the Company which may be allotted and issued upon the exercise of all options to be granted under the 2012 Scheme must not exceed 5,131,991 shares, in addition to the 2,228,133 options which had already been granted and were still outstanding as at the AGM on 9 August 2016 approving the refreshment of the share option scheme mandate limit (after adjustments for share consolidations in 2013 and 2021, open offer in 2016 and refreshment of the share option scheme mandate limit in 2016).

## Maximum Entitlement of Each Eligible Participant

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

## Option Period

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

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

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

## Payment on Acceptance of the Option

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

## Basis of Determining the Subscription Price

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

## The Remaining Life of the Share Option Scheme

The 2012 Scheme remains in force for 10 years from the date of its adoption on 12 September 2012 and will expire on 12 September 2022, unless otherwise terminated, cancelled or amended.

Details of the 2012 Scheme are set out in note 32 to the consolidated financial statements for the Year under Review.

The movements of the Company's share options outstanding under the 2012 Scheme during the year ended 31 March 2022 are as follows:

	Date of Grant	No. of share options ('000)			As at 31 March 2022 (Note 2)	Exercise period (day/month/year)	Adjusted exercise price HK\$ (Notes 2, 4)
		As at 1 April 2021 (Note 2)	Granted	Lapsed			
<b>Directors</b>							
Mr. Ng Man Sun	05/02/2013 (Note 1)	25	-	-	25	05/02/2013 - 04/02/2023	12.41
	03/03/2014	25	-	-	25	03/03/2014 - 02/03/2024	13.45
	10/03/2015	25	-	-	25	10/03/2015 - 09/03/2025	7.01
	01/12/2017	610	-	-	610	01/12/2017 - 30/11/2027	2.80
	17/12/2018	61	-	-	61	17/12/2018 - 16/12/2028	2.00
Ms. Ng Wai Yee	05/02/2013 (Note 1)	25	-	-	25	05/02/2013 - 04/02/2023	12.41
	03/03/2014	25	-	-	25	03/03/2014 - 02/03/2024	13.45
	10/03/2015	25	-	-	25	10/03/2015 - 09/03/2025	7.01
	25/04/2016	25	-	-	25	25/04/2016 - 24/04/2026	3.70
	01/12/2017	610	-	-	610	01/12/2017 - 30/11/2027	2.80
	17/12/2018	61	-	-	61	17/12/2018 - 16/12/2028	2.00
Ms. Yeung Pui Han, Regina	05/02/2013 (Note 1)	25	-	-	25	05/02/2013 - 04/02/2023	12.41
	03/03/2014	25	-	-	25	03/03/2014 - 02/03/2024	13.45
	10/03/2015	25	-	-	25	10/03/2015 - 09/03/2025	7.01
	25/04/2016	25	-	-	25	25/04/2016 - 24/04/2026	3.70
	01/12/2017	61	-	-	61	01/12/2017 - 30/11/2027	2.80
	17/12/2018	61	-	-	61	17/12/2018 - 16/12/2028	2.00
Mr. Li Chi Fai	03/03/2014	25	-	-	25	03/03/2014 - 02/03/2024	13.45
	10/03/2015	25	-	-	25	10/03/2015 - 09/03/2025	7.01
	25/04/2016	25	-	-	25	25/04/2016 - 24/04/2026	3.70
	01/12/2017	61	-	-	61	01/12/2017 - 30/11/2027	2.80
	17/12/2018	61	-	-	61	17/12/2018 - 16/12/2028	2.00
Ms. Sie Nien Che, Celia	03/03/2014	25	-	-	25	03/03/2014 - 02/03/2024	13.45
	25/04/2016	25	-	-	25	25/04/2016 - 24/04/2026	3.70
	01/12/2017	61	-	-	61	01/12/2017 - 30/11/2027	2.80
	17/12/2018	61	-	-	61	17/12/2018 - 16/12/2028	2.00
<b>Eligible employees</b>							
	05/02/2013 (Note 1)	155	-	(124)	31	05/02/2013 - 04/02/2023	12.41
	03/03/2014	235	-	(186)	49	03/03/2014 - 02/03/2024	13.45
	10/03/2015	260	-	(260)	-	10/03/2015 - 09/03/2025	7.01
	25/04/2016	160	-	(160)	-	25/04/2016 - 24/04/2026	3.70
	01/12/2017	620	-	(620)	-	01/12/2017 - 30/11/2027	2.80
	17/12/2018	1,050	-	(1,050)	-	17/12/2018 - 16/12/2028	2.00
<b>Service providers</b>							
	05/02/2013 (Note 1)	248	-	-	248	05/02/2013 - 04/02/2023	12.41
	03/03/2014	248	-	-	248	03/03/2014 - 02/03/2024	13.45
	10/03/2015	124	-	-	124	10/03/2015 - 09/03/2025	7.01
	01/12/2017	610	-	-	610	01/12/2017 - 30/11/2027	2.80
	17/12/2018	800	-	-	800	17/12/2018 - 16/12/2028	2.00
In aggregate		6,618	-	(2,400)	4,218		

# Directors' Report

## Notes:

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

## RESERVES

Details of the movements in the reserves of the Group are set out in the consolidated statement of changes in equity on page 51 of this report.

## DISTRIBUTABLE RESERVES

As at 31 March 2022, in the opinion of the Directors of the Company, the reserves of the Company available for distribution to shareholders is Nil (2021: Nil).

## DIRECTORS

The Directors during the Year under Review and up to the date of this report were:

### Executive Directors

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

### Independent Non-executive Directors

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

In accordance with the provisions of the Company's Bye-laws, Ms. Ng Wai Yee and Ms. Sie Nien Che, Celia will retire at the forthcoming AGM and, being eligible, offer themselves for re-election.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

### Executive Directors

**Mr. Ng Man Sun ("Mr. Ng")**, aged 75, also known as Ng Wai, has been appointed as an executive Director and appointed as the Chairman and Chief Executive Officer of the Company since 12 September 2012. He is a shareholder of the Company and father of Ms. Ng Wai Yee, an Executive Director of the Company. Mr. Ng is well-known amongst the Macau casino business and is the founding chairman of the Association of Casino intermediaries of Macau.

**Ms. Ng Wai Yee ("Ms. Ng")**, aged 48, has been appointed as an executive Director since 12 September 2012. She is the daughter of Mr. Ng Man Sun, the Chairman, Chief Executive Officer and a substantial shareholder of the Company. Ms. Ng is a director of Silver Faith Holdings Limited which assists in the management of Mr. Ng's business.

### Independent Non-executive Directors

**Ms. Yeung Pui Han, Regina ("Ms. Yeung")**, aged 65, has been appointed as an independent non-executive Director since 12 September 2012. Ms. Yeung is a merchant in Canada in respect of high end leisure and entertainment business. She had been appointed as the President of Tradewinds Production Limited, a Canadian corporation.

**Mr. Li Chi Fai ("Mr. Li")**, aged 55, has been appointed as an independent non-executive Director since 22 February 2013. Mr. Li is a member of Hong Kong Institute of Certified Public Accountants and CPA Australia and holds a Bachelor of Economics degree from Monash University, Australia. He has more than 20 years of experiences in financial auditing and accounting. Mr. Li is currently a director of Tax Wisdom Accountants Pty. Ltd. which provides accounting and tax services in Australia. Before, he has been chief financial officer and company secretary of a number of Main Board issuers of the Stock Exchange.

**Ms. Sie Nien Che, Celia ("Ms. Sie")**, aged 48, has been appointed as an independent non-executive Director since 22 February 2013. Ms. Sie is the founder and chief executive officer of JACSO Entertainment, a well known entertainment based group of companies in Hong Kong. Ms. Sie is a holder of bachelor degree in Arts from the University of Hong Kong and a member of Hong Kong United Youth Association.

### Company Secretary

**Mr. Man Yun Wah**, aged 39, has extensive professional experience in company secretarial profession. Mr. Man holds a bachelor's degree in business administration and management and a master's degree in corporate governance. He is currently an associate member of both The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) and The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries).

## DIRECTORS' SERVICE CONTRACTS

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

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

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Other than the transactions disclosed under the section headed "CONNECTED TRANSACTIONS" below, there was no transactions, arrangements and contracts of significance in relation to the Group's business, to which the Company or its subsidiaries was a party and in which a Director or his or her connected entity has or had a material beneficial interest, whether directly or indirectly, subsisted at 31 March 2022 or at any time during the Year under Review.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed below, during the year ended 31 March 2022, none of the Directors has any interest in a business which causes or may cause a significant competition with the business of the Company and any other conflicts of interest which any such person has or may have with the Company.

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

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

Save as disclosed below, as at 31 March 2022, none of the Directors and chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register(s) and kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix 10 to the Listing Rules.

### Long Position in shares and underlying shares of the Company

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

#### Notes:

- These interests represent the number of underlying shares in respect of (i) the 2012 Scheme (745,478 underlying shares); and (ii) the Convertible Bond issued to Mr. Ng Man Sun on 31 March 2021 (100,000,000 underlying shares). Details of the 2012 Scheme are set out under the section headed "SHARE OPTION SCHEME" of the Directors' Report, and details of the Convertible Bond are set out under the sub-section headed "Subscription of the Convertible Bond" of the Management Discussion and Analysis respectively. The exercise of the conversion rights under the Convertible Bond shall be subject to compliance with the Listing Rules, the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code") or applicable laws or regulations.
- These interests represent the number of underlying shares in respect of the 2012 Scheme, the details of which are set out under the section headed "SHARE OPTION SCHEME" of the Directors' Report.
- For 30,737 shares being held by East Legend Holdings Limited ("**East Legend**"), Mr. Ng Man Sun is interested in the entire issued share capital of East Legend and he is deemed to be interested in the 30,737 Shares held by East Legend.

## SUBSTANTIAL SHAREHOLDERS

As at 31 March 2022, other than interests as disclosed above in respect of Mr. Ng Man Sun as Director, the Chairman and CEO, Ms. Ng Wai Yee, Ms. Yeung Pui Han, Regina, Mr. Li Chi Fai and Ms. Sie Nien Che, Celia as Directors, the following persons had interests or short positions in the shares and underlying shares of the Company as recorded in the register(s) required to be kept under Section 336 of the SFO.

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

## CONNECTED TRANSACTIONS

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

On 28 October 2019, Victor Mind Global Limited ("**VMG**"), Lion King Entertainment Company Limited ("**Lion King**") and Mr. Ng Man Sun ("**Mr. Ng**") entered into an assignment agreement (the "**Assignment Agreement**"), pursuant to which Lion King has conditionally agreed to assign the business rights of a total number of 4 gaming tables located at the mass market gaming area (the "**Gaming Tables**") in the casino in the name of "**Century Entertainment**" (the "**Casino**") situate on the 1st and 2nd floors of the Sunshine Bay Hotel at Village 1, Commune No. 3, Mittaphea Town, Sihanoukville Municipal, Cambodia (the "**Gaming Table Business Rights**") to VMG and VMG has conditionally agreed to accept the assignment of the Gaming Table Business Rights for a period of five (5) years (the "**Assignment**") at a consideration of HK\$120 million. The consideration shall be payable by VMG by way of a combination of disposing of the Company's entire equity interests in Forenzia Enterprises Limited (the "**Disposal**") and procure the Company to issue a promissory note to Lion King. The commencement of the Assignment Agreement was subject to fulfillment of a number of conditions.

As at the date of the Assignment Agreement, Lion King is wholly-owned by Mr. Ng who is an executive Director, Chairman and the Chief Executive Officer of the Company and also a substantial Shareholder who is interested in 35,580,196 Shares, representing approximately 27.74% of the total issued share capital of the Company. As at the date of this report, Mr. Ng is interested in 35,872,196 Shares, representing approximately 27.97% of the total issued share capital of the Company. Therefore, Lion King is a connected person of the Company under Chapter 14A of the Listing Rules.



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

### Connected Transactions

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

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

As disclosed in the announcements of the Company dated 2 April 2020, 6 July 2020, 30 September 2020, 5 February 2021, 31 March 2021 and 30 April 2021, operation of the Casino (including the Gaming Table Business) had been temporarily suspended to comply with the order by the Cambodian governmental authorities to temporarily closed down all casinos in Cambodia with effect from 23:59 on 1 April 2020 to prevent the spread of the COVID-19 Epidemic ("**Temporary Closure Demand**"). Although the Cambodian governmental authorities announced on 3 July 2020 that they would allow casinos to resume business as long as they can demonstrate that they are capable of following the government guidelines regarding health and safety requirements, the Company was being informed by Lion King on 6 July 2020 that in light of the serious impact of the COVID-19 Epidemic to the overall Cambodia gaming market and the Temporary Closure Demand, Lion King, which is also a wholly-owned subsidiary of Cheung Shing Global Travel Entertainment Limited ("**CSG**"), has considered that it would be definitely beneficial to the business performance of the Casino in the long run to move the operation of the Casino from its existing location at Sunshine Bay Hotel to a new location with a lower lease rate.

CSG has then been offered attractive terms for lease at a new location situated at Building 89, Long Bay, Say Phuthong Boulevard, Dara Sakor, Koh Kong Province, Cambodia where Lion King could continue the Casino operation. The Company was given to understand that the casino lease and operation agreement dated 22 September 2018 made between CSG and Sunshine Bay Hotel Management Co. Ltd. was terminated, and on 30 September 2020, CSG has entered into a new casino lease and operation agreement with LongBay Entertainment Co., Ltd., the independent landlord of the new Location at Dara Sakor for a term from 1 October 2020 to 30 September 2035.

# Directors' Report

Given the new location has been concluded, the Company commenced negotiation with Lion King on the arrangement of the Gaming Table Business Rights. On 5 February 2021, 30 April 2021, 30 July 2021, 2 November 2021, 7 March 2022 and 30 June 2022, VMG, Lion King and Mr. Ng entered into a series of supplemental framework agreements (the “**Supplemental Framework Agreements**”) respectively, to amend certain terms of the Assignment Agreement.

Pursuant to the Supplemental Framework Agreements, the new Casino shall be located at Building 89, Long Bay, Say Phuthong Boulevard, Dara Sakor, Koh Kong Province, Cambodia. It was mutually agreed among the parties that the consideration for the Gaming Table Business Rights shall remain unchanged at HK\$120 million and the number of the 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 and the aggregate appraised value of the new Gaming Tables shall be no less than HK\$126 million, being the appraised value of the Gaming Table Business Rights previously approved by the independent shareholders at the special general meeting of the Company held on 30 March 2020.

In addition, pursuant to the Supplemental Framework Agreements, VMG, Lion King and Mr. Ng mutually agreed that the profit guarantee period of the new Gaming Table Business, the details of which are set out under the section headed “PROFIT GUARANTEE IN RELATION TO THE ASSIGNMENT OF GAMING TABLE BUSINESS RIGHTS IN CAMBODIA” on page 42 of this report, shall commence from the date when the mass market of the new Casino re-open and cover a period of 24 consecutive months. All other terms under the profit guarantee (including the guaranteed amount and the consideration adjustment mechanism) under the Assignment Agreement shall remain in full force and effect. Completion of the Supplemental Framework Agreements shall be subject to approval by the independent shareholders at a special general meeting of the Company.

The Casino was initially planned to be re-opened by 31 January 2021. However, due to the global rebound of the COVID-19 Epidemic in late 2020, as well as the community spread of COVID-19 Epidemic in Cambodia in November 2020 and again in February 2021 together with the imposed strict lockdown measures, the re-opening preparation works of the new Casino have been deferred and therefore the re-opening of the new Casino was delayed.

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

## ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under sections headed “DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES” and “SHARE OPTION SCHEME” above, at no time during the year was the Company, or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate and neither the Directors nor any of their spouses or children under 18 years of age, had any right to subscribe for shares or debt securities of the Company, or had exercised any such rights during the Year under Review.

## PERMITTED INDEMNITY PROVISION

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

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

## MANAGEMENT CONTRACTS

Save for service contracts, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or subsisting during the year ended 31 March 2022.

## EQUITY-LINKED AGREEMENTS

Save for disclosed under the sections headed "FINANCIAL REVIEW" and "BUSINESS REVIEW" in the Management Discussion and Analysis on pages 5 to 9 of this report and the section headed "SHARE OPTION SCHEME" on pages 30 to 34 of this report, no equity-linked agreement that will or may result in the Company issuing shares or no agreement that requires the Company to enter into an agreement that will or may result in the Company issuing shares were entered into by the Company during the year ended 31 March 2022 or subsisted at the end of the financial year.

## RETIREMENT BENEFIT SCHEMES

Details of the retirement benefit schemes of the Group and the employees' costs charged to the consolidated statement of profit or loss and other comprehensive income for the Year under Review are set out in note 14 to the consolidated financial statements for the Year under Review.

## EMPLOYMENT AND REMUNERATION POLICY

As at 31 March 2022, the Group employed 10 permanent employees in Hong Kong (2021: 12). 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.

## PROFIT GUARANTEE IN RELATION TO THE ASSIGNMENT OF GAMING TABLE BUSINESS RIGHTS IN CAMBODIA

On 28 October 2019, Victor Mind Global Limited ("**VMG**"), Lion King Entertainment Company Limited ("**Lion King**") and Mr. Ng Man Sun ("**Mr. Ng**") entered into an assignment agreement (the "**Assignment Agreement**"), pursuant to which Lion King has conditionally agreed to assign the business rights of a total number of 4 gaming tables located at the mass market gaming area (the "**Gaming Tables**") in the casino in the name of "**Century Entertainment**" (the "**Casino**") situate on the 1st and 2nd floors of the Sunshine Bay Hotel at Village 1, Commune No. 3, Mittaphea Town, Sihanoukville Municipal, Cambodia (the "**Gaming Table Business Rights**") to VMG and VMG has conditionally agreed to accept the assignment of the Gaming Table Business Rights for a period of five (5) years (the "**Assignment**") at a consideration of HK\$120 million. The Assignment commenced on 31 March 2020 and therefore the Gaming Table Business Rights has been granted to VMG for a period of five years from 31 March 2020.

Pursuant to the Assignment Agreement, Lion King and Mr. Ng unconditionally and irrevocably guaranteed to VMG that the audited net profit after tax of the Gaming Table Business for the 12-month period after commencement of the Assignment (the "**First 12-month Period**") (the "**First Actual Profit**") and for the 12-month period immediately following the expiry of the First 12-month Period (the "**Second Actual Profit**") shall be not less than HK\$28,000,000 and HK\$32,000,000 respectively (collectively, the "**Guaranteed Profits**").

In light of the continuous spread and the serious impact of the COVID-19 Epidemic in Cambodia since April 2020 and the Temporary Closure Demand, Lion King has considered that it would be definitely beneficial to the business performance of the Casino in the long run to move the operation of the Casino from its existing location at Sunshine Bay Hotel to a new location with a lower lease rate. The new Casino was initially planned to be re-opened by 31 January 2021. However, due to the community spread of COVID-19 Epidemic in Cambodia in November 2020 and again in February 2021 together with the imposed strict lockdown measures, the re-opening preparation works of the new Casino have been deferred and therefore the re-opening of the new Casino was delayed. On 5 February 2021, 30 April 2021, 30 July 2021, 2 November 2021, 7 March 2022 and 30 June 2022, VMG, Lion King and Mr. Ng entered into a series of supplemental framework agreements (the "**Supplemental Framework Agreements**"), respectively, to amend certain terms of the Assignment Agreement.

Pursuant to the Supplemental Framework Agreements, the Casino shall be moved to a new location at Building 89, Long Bay, Say Phuthong Boulevard, Dara Sakor, Koh Kong Province, Cambodia. It was mutually agreed among the parties that the consideration for the Gaming Table Business Rights shall remain unchanged at HK\$120 million and the number of the 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 and the aggregate appraised value of the new Gaming Tables shall be no less than HK\$126 million, being the appraised value of the Gaming Table Business Rights previously approved by the independent shareholders at the special general meeting of the Company held on 30 March 2020.

In addition, VMG, Lion King and Mr. Ng mutually agreed that the profit guarantee period of the new Gaming Table Business shall commence from the date when the mass market of the new Casino re-open and cover a period of 24 consecutive months. All other terms with respect to the profit guarantee (including the Guaranteed Profits and the consideration adjustment mechanism) under the Assignment Agreement shall remain in full force and effect. Completion of the Supplemental Framework Agreements shall be subject to approval by the independent shareholders at a special general meeting of the Company. In this regard, all the terms and conditions, including the profit guarantee clauses, of the Assignment Agreement shall be deemed valid until they are superseded by the terms and conditions stipulated in the Supplemental Framework Agreements which shall be approved by the independent shareholders of the Company. During the Year under Review, the effect of the Guaranteed Profits has been taken into accounts and incorporated in consolidated statement of profit or loss and other comprehensive income. Please refer to note 27 to the consolidated financial statements for the Year under Review for details.

## MAJOR CUSTOMERS AND SUPPLIERS

During the Year under Review, the revenue attributable to the largest customer for the Group accounted for 100% of the Group's total revenue. The aggregate amount of purchases attributable to the Group's largest supplier accounted for 100% of the Group's total purchases.

None of the Directors, their close associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the number of issued shares of the Company) had any beneficial interests in the Group's major customers and suppliers.

## FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Details of the financial assets and financial liabilities at fair value through profit or loss are set out in note 27 to the consolidated financial statements for the Year under Review.

## RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group are set out in note 34 to the consolidated financial statements for the Year under Review.

## 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 2022.

## PRE-EMPTIVE RIGHTS

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

## SUFFICIENCY OF PUBLIC FLOAT

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

## CORPORATE GOVERNANCE

Throughout the Year under Review, the Company has complied with all the code provisions contained in Appendix 14 to the Listing Rules, save for certain deviations as explained in the corporate governance report of this report. Principal corporate governance practices adopted by the Company are set out in the corporate governance report on pages 11 to 27 of this report.

## CONFIRMATION OF INDEPENDENCE

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

## AUDITOR

UniTax Prism (HK) CPA Limited ("**UniTax Prism**", formerly known as Prism CPA Limited) shall retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of UniTax Prism as the auditors of the Company will be proposed at the forthcoming AGM.

On behalf of the Board

**Ng Man Sun**

*Chairman*

Hong Kong, 30 June 2022



UniTax Prism (HK) CPA Limited 尤尼泰·栢凈(香港)會計師事務所有限公司  
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## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF CENTURY ENTERTAINMENT INTERNATIONAL HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

## DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Century Entertainment International Holdings Limited (The "**Company**") and its subsidiaries (together referred as the "**Group**") set out on pages 48 to 135, which comprise the consolidated statement of financial position at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

## BASIS FOR DISCLAIMER OF OPINION

### 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\$3,675,000 and had net cash outflows from operating activities of approximately HK\$15,236,000 during the year ended 31 March 2022. At the same date, the Group has net current liabilities of approximately HK\$65,072,000 and net liabilities of approximately HK\$26,670,000.

In addition, 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 and 4 November 2021, 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, 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 2022 and no revenue was recorded from the Gaming business throughout the years ended 31 March 2022 and 2021. 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(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.

# Independent Auditor's Report

## BASIS FOR DISCLAIMER OF OPINION (Continued)

### Material Uncertainty Relate to Going Concern (Continued)

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 Man Sun ("**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 2022 and will further provide sufficient financial supports for the Group's working capital for a period of at least 12 months until 30 June 2023. In addition, other borrowings from third parties amounted to HK\$33,429,000 are personally guaranteed by Mr. Ng. The management of the Company also have implemented the re-opening plan of the gaming tables business which to be located in a new casino in Dara Sakor Investment Zone, Cambodia, and target to commence the operation of gaming tables business from September 2022 after the completion of systems testing and training of casino staff. The Group will continue to take active measure to control administrative costs and containment of capital expenditures;
- (ii) 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.

## RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee are responsible for overseeing the Group's financial reporting process.



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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by HKICPA and to issue an auditor's report, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liabilities to any other person for the contents of this report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to form an audit opinion on these consolidated financial statements.

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Fan Chi Hang Stephen.

### **UniTax Prism (HK) CPA Limited**

*Certified Public Accountants*

Fan Chi Hang Stephen

Practising Certificate Number: P06144

Hong Kong

30 June 2022

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2022

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>Revenue</b>	6	<b>200</b>	727
Cost of sales		<b>(40)</b>	(600)
<b>Gross profit</b>		<b>160</b>	127
Other income and gains	8	<b>11</b>	4,855
Impairment loss on intangible assets	20	<b>(12,658)</b>	(6,844)
Impairment loss on goodwill	19	<b>-</b>	(14,257)
Impairment loss on accounts and other receivables, net of reversal		<b>(5,648)</b>	2,683
Fair value gain on financial assets and financial liabilities at fair value through profit or loss, net	27	<b>56,657</b>	13,642
General and administrative expenses		<b>(33,212)</b>	(39,883)
Finance costs	9	<b>(9,167)</b>	(5,314)
<b>Loss before taxation</b>		<b>(3,857)</b>	(44,991)
Income tax credit	10	<b>182</b>	1,992
<b>Loss for the year attributable to the owners of the Company</b>	11	<b>(3,675)</b>	(42,999)
<b>Loss and total comprehensive expense for the year attributable to owners of the Company</b>		<b>(3,675)</b>	(42,999)
<b>Loss per share</b>			
– Basic and diluted (HK cents)	16	<b>(2.87)</b>	(33.53)

# Consolidated Statement of Financial Position

At 31 March 2022

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>Non-current assets</b>			
Plant and equipment	17	666	1,092
Right-of-use assets	18	–	1,104
Goodwill	19	–	–
Intangible assets	20	28,142	54,987
Deposits paid	21	9,594	8,190
		<b>38,402</b>	<b>65,373</b>
<b>Current assets</b>			
Accounts and other receivables	22	35,515	45,509
Financial assets at fair value through profit or loss	27	55,882	–
Cash and cash equivalents	23	3,756	3,495
		<b>95,153</b>	<b>49,004</b>
<b>Current liabilities</b>			
Other payables	24	12,837	10,880
Other borrowings	25	100,179	83,461
Lease liabilities	26	–	1,203
Convertible bonds	28	46,475	–
Tax payables		734	819
		<b>160,225</b>	<b>96,363</b>
<b>Net current liabilities</b>		<b>(65,072)</b>	<b>(47,359)</b>
<b>Total assets less current liabilities</b>		<b>(26,670)</b>	<b>18,014</b>
<b>Non-current liabilities</b>			
Financial liabilities at fair value through profit or loss	27	–	775
Convertible bonds	28	–	40,137
Deferred tax liabilities	29	–	97
		–	41,009
<b>NET LIABILITIES</b>		<b>(26,670)</b>	<b>(22,995)</b>

# Consolidated Statement of Financial Position

At 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
<b>Equity</b>			
Share capital	30	1,282	1,282
Reserves	31	(27,952)	(24,277)
<b>TOTAL DEFICIT</b>		<b>(26,670)</b>	<b>(22,995)</b>

The consolidated financial statements on pages 48 to 135 were approved and authorised for issue by the Board of Directors on 30 June 2022 and are signed on its behalf by:

**Ng Man Sun**  
Chairman

**Ng Wai Yee**  
Director

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	<b>Share capital</b>	<b>Share premium</b>	<b>Special reserve</b>	<b>Contributed surplus</b>	<b>Capital reserve</b>	<b>Convertible bonds reserve</b>	<b>Accumulated losses</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(note 30)	(note 31(b)(i))	(note 31(b)(ii))	(note 31(b)(iii))	(note 31(b)(iv))	(note 31(b)(v))		
At 1 April 2020	256,495	571,880	(22,470)	2,180,026	23,637	14,320	(3,013,747)	10,141
Loss and total comprehensive expenses for the year	-	-	-	-	-	-	(42,999)	(42,999)
Capital reorganisation (note 30(a))	(255,213)	-	-	255,213	-	-	-	-
Transfer to capital reserve for unexercised convertible bonds at expiry date (note 28)	-	-	-	-	14,320	(14,320)	-	-
Issue of convertible bonds (note 28)	-	-	-	-	-	9,863	-	9,863
At 31 March 2021 and 1 April 2021	1,282	571,880	(22,470)	2,435,239	37,957	9,863	(3,056,746)	(22,995)
Loss and total comprehensive expenses for the year	-	-	-	-	-	-	(3,675)	(3,675)
Effect of share options forfeitures	-	-	-	-	(5,927)	-	5,927	-
At 31 March 2022	<b>1,282</b>	<b>571,880</b>	<b>(22,470)</b>	<b>2,435,239</b>	<b>32,030</b>	<b>9,863</b>	<b>(3,054,494)</b>	<b>(26,670)</b>

# Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	2022 HK\$'000	2021 HK\$'000
<b>Operating activities</b>		
Loss before taxation	(3,857)	(44,991)
Adjustments for:		
Depreciation of plant and equipment	426	484
Depreciation of right-of-use assets	1,104	3,982
Amortisation of intangible assets	14,187	18,420
Interest expenses	9,167	5,314
Interest income	(11)	(47)
Gain on derecognition of right-of-use assets	-	(187)
Impairment loss on intangible assets	12,658	6,844
Impairment loss on goodwill	-	14,257
Written-off of prepayment and other receivables	1,527	-
Impairment loss/(Reversal of impairment loss) on accounts and other receivables	5,648	(2,683)
Fair value gain on financial assets and financial liabilities at fair value through profit or loss, net	(56,657)	(13,642)
<b>Operating cash flows before movements in working capital</b>	<b>(15,808)</b>	<b>(12,249)</b>
Decrease/(increase) in accounts and other receivables	1,415	(3,623)
(Decrease)/increase in other payables	(843)	2,032
Cash used in operations	(15,236)	(13,840)
Income tax paid	-	(113)
<b>Net cash used in operating activities</b>	<b>(15,236)</b>	<b>(13,953)</b>
<b>Investing activity</b>		
Bank interest received	11	47

# Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	2022 HK\$'000	2021 HK\$'000
<b>Net cash generated from investing activity</b>	<b>11</b>	<b>47</b>
<b>Financing activities</b>		
Proceeds from other borrowings	16,718	19,045
Interest on other borrowings paid	–	(500)
Repayment of lease liabilities	(1,232)	(4,361)
<b>Net cash generated from financing activities</b>	<b>15,486</b>	<b>14,184</b>
<b>Net increase in cash and cash equivalents</b>	<b>261</b>	<b>278</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>3,495</b>	<b>3,217</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>3,756</b>	<b>3,495</b>
<b>Analysis of cash and cash equivalents</b>		
Cash and cash equivalents	3,756	3,495

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 1. GENERAL INFORMATION

Century Entertainment International Holdings Limited (the “**Company**”) was incorporated and domiciled in Bermuda with limited liability and its shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The 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 principal activities of its subsidiaries during the year are set out in note 35 to the consolidated financial statements.

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

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

In the current year, the Group has applied, for its first time, the following amendments to HKFRSs, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) where are effective for the Group’s financial year beginning 1 April 2021:

Amendments to HKFRS 16	COVID-19 – Related Rent Concessions
Amendments to HKFRS 16	COVID-19 – Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the amendments to HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.



## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

### 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 effective:

HKFRS 17	Insurance Contracts and related Amendments <sup>2</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendment to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>2</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>1</sup>
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018-2020 cycle <sup>1</sup>
Accounting Guideline 5 (Revised)	Merger accounting for common control combination <sup>4</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023.

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

<sup>4</sup> Effective for common control combinations that occur on or after beginning of the first annual report period on or after 1 January 2022.

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.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) Statement of compliance

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

### (b) Basis of preparation

#### (i) *Going Concern*

In preparing the consolidated financial statements, the directors of the Company have considered the future liquidity of the Group in view of its recurring losses incurred and net current liabilities position at 31 March 2022. The Group incurred a net loss attributable to the owners of the Company of approximately HK\$3,675,000 and had net cash outflows from operating activities of approximately HK\$15,236,000 during the year ended 31 March 2022. At the same date, the Group has net current liabilities of approximately HK\$65,072,000 and net liabilities of approximately HK\$26,670,000.

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 2022 and will further provide sufficient financial supports for the Group’s working capital for a period of at least 12 months until 30 June 2023. In addition, other borrowings from third parties amounted to HK\$33,429,000 are personally guaranteed by Mr. Ng. The management of the Company also have implemented the re-opening plan of the gaming tables business which to be located in a new casino in Dara Sakor Investment Zone, Cambodia, and target to commence the operation of gaming tables business from September 2022 after the completion of systems testing and training of casino staff. 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 2022 on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for future liabilities which might arise and to reclassify non-current assets and non-current liabilities to current respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (b) Basis of preparation (Continued)

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

The consolidated financial statements have been prepared on the historical cost basis (except for promissory notes that are measured at fair value), at the end of each reporting period.

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. Details of fair value measurement policies are explained in accounting policies set out in note 3(y) below.

### (c) Basis of consolidation

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

- the power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the Group's return.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (d) Goodwill

Goodwill arising from a business combination is carried at cost less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("**CGUs**") (or groups of CGUs) that is expected to benefit from the synergies of the combination.

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

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

### (e) Business combinations

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

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value.

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests, unless as required by another standards, are measured at acquisition-date fair value except for non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets on a transaction-by-transaction basis.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (f) Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

### (g) Plant and equipment

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

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

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

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (h) Lease

#### *Definition of a lease*

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

#### *The Group as lessee*

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease, at inception of the contract or modification date, as appropriate. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

#### *Lease liabilities*

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments);

The lease liability is presented as a separate line in the consolidated statement of financial position.

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (h) Lease (Continued)

#### *The Group as lessee (Continued)*

##### *Lease liabilities (Continued)*

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under HKAS 37 *Provision, Contingent Liabilities and Contingent Assets*. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

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

The Group applies HKAS 36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (i) Intangible assets

#### *Intangible assets acquired separately*

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below). For the gaming license, amortisation is recognised on a straight-line basis over its useful life in the period where revenue is generated from the gaming license. For the license right of gaming tables, amortisation is recognised on a straight-line basis over the license period from the completion date of the assignment agreement. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

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

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives.

#### *Derecognition of intangible assets*

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



## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (j) Impairment on plant and equipment, right-of-use assets and intangible assets (other than impairment of goodwill set out in accounting policy of goodwill above)

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

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

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

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

### (k) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash, as defined above.

### (l) Investments in subsidiaries

Investments in subsidiaries are stated on the statement of financial position of the Company at cost less accumulated impairment loss.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (m) Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for accounts receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss ("**FVTPL**") are recognised immediately in profit or loss.

#### *Financial assets*

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("**FVTOCI**"), and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

#### *Financial assets at amortised cost (debt instruments)*

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (m) Financial instruments (Continued)

#### *Financial assets (Continued)*

##### *Amortised cost and effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses ("**ECL**"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "Other income and gains" line item (note 8).

##### *Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically, debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. Fair value is determined in the manner described in note 5.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (m) Financial instruments (Continued)

#### *Financial assets (Continued)*

##### *Impairment of financial assets*

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for accounts receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

##### *Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (m) Financial instruments (Continued)

#### *Financial assets (Continued)*

##### *Significant increase in credit risk (Continued)*

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default; ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

##### *Definition of default*

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (m) Financial instruments (Continued)

#### *Financial assets (Continued)*

##### *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

##### *Write-off policy*

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of accounts receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written-off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (m) Financial instruments (Continued)

#### *Financial assets (Continued)*

##### *Measurement and recognition of ECL*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

##### *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

#### *Financial liabilities and equity instruments*

##### *Classification as debt or equity*

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (m) Financial instruments (Continued)

#### *Financial liabilities and equity instruments (Continued)*

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

##### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

##### *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is 1) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, 2) held for trading, or 3) it is designated as at FVTPL.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 *Financial Instruments* permits the entire combined contract to be designated as at FVTPL.



## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (m) Financial instruments (Continued)

#### *Financial liabilities and equity instruments (Continued)*

##### *Financial liabilities (Continued)*

##### *Financial liabilities at FVTPL (Continued)*

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the "other gains and losses" line item in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognised in profit or loss.

##### *Financial liabilities subsequently measured at amortised cost*

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

##### *Derecognition of financial assets*

The Group derecognises financial assets when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial asset derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (n) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

### (o) Convertible bonds

#### *Convertible bonds that contains liabilities component and conversion option derivate*

Convertible loan notes issued by the Company that contain both the liability and conversion option components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible loan notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (convertible bonds reserve).

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (o) Convertible bonds (Continued)

#### *Convertible bonds that contains liabilities component and conversion option derivate (Continued)*

In subsequent periods, the liability component of the convertible loan notes is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible loan notes equity reserve until the conversion option is exercised (in which case the balance stated in convertible loan notes equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible loan notes equity reserve will be released to the capital reserve. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan notes using the effective interest method.

### (p) Revenue

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a five-step approach to recognise revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Revenue recognition when (or as) the Group satisfies a performance obligation.

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (p) Revenue (Continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Revenue is measured based on the consideration specified in a contract with a customer.

The Group recognised revenue from investments in gaming and entertainment related business and services for augmented reality ("**AR**")/virtual reality ("**VR**") and mobile games solutions.

### (q) Borrowing costs

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

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

### (r) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 32. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

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

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

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

### (t) Retirement benefit costs

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

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

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

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

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (v) Taxation

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

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

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

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

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

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

### (w) Offsetting financial instruments

Financial assets and liabilities of the Group are offset and the net amount presented in the consolidated statement of financial position when, and only when, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (x) Provisions

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

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

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

### (y) Fair value measurement

When measuring fair value except for the Group's share-based payment transactions and value in use of goodwill, intangible assets, plant and equipment and right-of-use assets for the purpose of impairment assessment, 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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

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

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### (a) Critical judgement in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

#### *Going concern basis*

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

### (b) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### *Estimated impairment of plant and equipment, right-of-use assets and intangible assets*

Plant and equipment, right-of-use assets and intangible assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the assets belongs.



## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### (b) Key sources of estimation uncertainty (Continued)

#### *Estimated impairment of plant and equipment, right-of-use assets and intangible assets (Continued)*

The future cash flow is estimated based on past performance and expectation for market development, including but not limited to the impacts of COVID-19 pandemic. As the current environment is uncertain, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainty. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

At 31 March 2022, the carrying amounts of plant and equipment, right-of-use assets and intangible assets were approximately HK\$666,000 (2021: HK\$1,092,000), nil (2021: HK\$1,104,000) and HK\$28,142,000 (2021: HK\$54,987,000) respectively. At 31 March 2022, the management assessed that there was no impairment on the plant and equipment and the right-of-use assets (2021: nil) and the impairment loss on intangible assets was approximately HK\$12,658,000 (2021: HK\$6,844,000). Details of the impairment of intangible assets are disclosed in note 20(b).

#### *Useful lives and residual values of plant and equipment and right-of-use assets*

At the end of each reporting period, the directors of the Company review the estimated useful life of plant and equipment and right-of-use assets with finite useful life. The estimated useful life reflects the directors' estimates of the periods that the Group intends to derive future economic benefits from the use of the Group's plant and equipment and right-of-use assets. The residual values of plant and equipment reflect the directors' estimated amount that the Group would currently obtain from disposal of the assets, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life. The carrying amounts of plant and equipment and right-of-use assets with finite useful life at 31 March 2022 were approximately HK\$666,000 (2021: HK\$1,092,000) and nil (2021: HK\$1,104,000).

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### (b) Key sources of estimation uncertainty (Continued)

#### *Impairment of goodwill*

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

At 31 March 2022, the gross amount of goodwill is HK\$41,761,000 (2021: HK\$41,761,000), net of accumulated impairment loss of HK\$41,761,000 (2021: HK\$41,761,000). Details of the recoverable amount calculation are disclosed in note 19.

#### *Amortisation of intangible assets*

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

The carrying amounts of intangible assets with finite useful life at 31 March 2022 were approximately HK\$28,142,000 (2021: HK\$54,987,000)

#### *Loss allowance on accounts and other receivables*

The accounts and other receivables are assessed for impairment based on the expected loss model required by HKFRS 9 *Financial Instruments*. The assessment made by management has taken into account relevant historical information adjusted for forward looking information available to management at the date of assessment (to the extent that such information is reasonable and supportable without undue cost or effort). Impairment losses are recognised for the current year in according to the expected credit loss model under HKFR 9 *Financial Instruments* and details are disclosed in note 5(b) and note 22.

Management has exercised judgment in estimating the amount of expected credit loss. If the actual outcome is different from management's estimate, an additional impairment loss or reversal of impairment loss may arise.

At 31 March 2022, the carrying amounts of accounts receivables and other receivables were approximately HK\$150,000 (2021: HK\$679,000) and HK\$34,834,000 (2021: HK\$41,605,000) respectively, with accumulated loss allowance on accounts receivables and other receivables of approximately HK\$850,000 (2021: HK\$1,388,000) and HK\$11,664,000 (2021: HK\$6,321,000) respectively.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### (b) Key sources of estimation uncertainty (Continued)

#### *Fair value of financial assets and financial liabilities at FVTPL*

As described in note 5, the directors of the Company use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. Financial asset are valued using Monte Carlo model based on assumption supported, where possible, on the growth rate and volatility of net profit of Gaming Table Business. Financial liabilities are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. The estimation of fair value of financial assets and financial liabilities at FVTPL includes some assumptions not supported by observable market prices or rates. The carrying amount of the financial assets and financial liabilities at FVTPL at 31 March 2022 are HK\$113,400,000 (2021: HK\$48,995,000) and HK\$57,518,000 (2021: HK\$49,770,000) respectively. Details of the assumptions used are disclosed in note 5. The directors of the Company believe that the chosen valuation techniques and assumptions are appropriate in determining the fair value of financial assets and financial liabilities.

#### *Income taxes*

As disclosed in note 29, no deferred tax asset has been recognised in respect of the estimated unused tax losses of approximately HK\$827,000 (2021: HK\$972,000) due to the unpredictability of future profit streams at 31 March 2022. The realisability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary difference will be available in the future. In case where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the year in which such a reversal take place.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 5. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

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

	2022 HK\$'000	2021 HK\$'000
<b>Financial assets</b>		
<b>Financial assets at FVTPL</b>		
Profit guarantee	55,882	–
<b>Financial assets at amortised cost</b>		
Accounts receivables	150	679
Other receivables	34,834	41,605
Rental and other deposits	9,761	9,174
Cash and cash equivalents	3,756	3,495
	<b>48,501</b>	<b>54,953</b>
	<b>104,383</b>	<b>54,953</b>
<b>Financial liabilities</b>		
<b>Financial liabilities at FVTPL</b>		
Promissory notes	–	775
<b>Financial liabilities at amortised cost</b>		
Other payables	12,837	10,880
Other borrowings	100,179	83,461
Convertible bonds	46,475	40,137
	<b>159,491</b>	<b>134,478</b>
	<b>159,491</b>	<b>135,253</b>

### (b) Financial risk management objectives and policies

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

#### (i) Interest rate risk

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

## 5. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### (ii) Currency risk

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

#### (iii) Credit risk and impairment assessment

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

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

For accounts receivables, the Group has applied the simplified approach in HKFRS 9 *Financial Instruments* to measure the loss allowance at lifetime ECL. The Group determines the ECL on an collectively basis by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset at the reporting date with the risk of default at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating;
- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant increase in credit risk on other financial instruments of the borrower; and
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 5. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### (iii) Credit risk and impairment assessment (Continued)

##### *The Group's exposure to credit risk*

In order to minimise credit risk, the Group has tasked its management to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the management uses other publicly available financial information and the Group's own trading records to rate its major debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

<b>Category</b>	<b>Definition</b>	<b>Basis for recognising ECL</b>
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	Lifetime ECL – not credit impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL – credit impaired
Written-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount written-off

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 5. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### (iii) Credit risk and impairment assessment (Continued)

*The Group's exposure to credit risk (Continued)*

The tables below detail the credit quality of the Group's financial assets, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

	Notes	Internal credit rating	12-month or life time ECL	2022			2021		
				Gross carrying amount	Loss allowance	Net carrying amount	Gross carrying amount	Loss allowance	Net carrying amount
				HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accounts receivables	22	(note)	Lifetime ECL (simplified approach)	200	(50)	150	727	(48)	679
Accounts receivables	22	Default	Lifetime ECL - credit impaired	800	(800)	-	1,340	(1,340)	-
Other receivables	22	Performing	12-month ECL	46,498	(11,664)	34,834	47,926	(6,321)	41,605
					(12,514)			(7,709)	

*Note:* For accounts receivables which are past due within 12 months, the Group has applied the simplified approach in HKFRS 9 *Financial Instruments* to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 22 includes further details on the loss allowance for these assets respectively.

The Group holds no collateral over the accounts and other receivables.

The Group has concentration of credit risk as 100% (2021: 41%) and 100% (2021: 100%) of the total accounts receivables was due from the Group's largest external customer and the top five largest external customers respectively at 31 March 2022.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 5. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### (iv) Liquidity risk

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

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

	At 31 March 2022				Carrying amount HK\$'000
	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	Total contractual undiscounted cash flows HK\$'000	
Other payables	12,837	-	-	12,837	12,837
Other borrowings	100,179	-	-	100,179	100,179
Convertible bonds	50,000	-	-	50,000	46,475
	<b>163,016</b>	<b>-</b>	<b>-</b>	<b>163,016</b>	<b>159,491</b>

	At 31 March 2021				Carrying amount HK\$'000
	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	Total contractual undiscounted cash flows HK\$'000	
Other payables	10,880	-	-	10,880	10,880
Other borrowings	83,461	-	-	83,461	83,461
Financial liabilities at FVTPL	-	977	-	977	775
Convertible bonds	-	50,000	-	50,000	40,137
	<b>94,341</b>	<b>50,977</b>	<b>-</b>	<b>145,318</b>	<b>135,253</b>
Lease liabilities	1,232	-	-	1,232	1,203



# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 5. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### (v) Fair value measurement

##### *Fair value measurement objective and policies*

The following table provides an analysis of financial instruments that are measured at fair value at the end of each reporting period, grouped into fair value hierarchy Levels 1 to 3 based on the degree to which the fair value is observable in accordance to the Group's accounting policy.

	At 31 March 2022			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Financial assets at FVTPL</b>				
Profit guarantee	-	-	113,400	113,400
<b>Financial liabilities at FVTPL</b>				
Promissory notes	-	-	57,518	57,518

  

	At 31 March 2021			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Financial assets at FVTPL</b>				
Profit guarantee	-	-	48,995	48,995
<b>Financial liabilities at FVTPL</b>				
Promissory notes	-	-	49,770	49,770

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

During the years ended 31 March 2022 and 2021, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements. The Group's policy is to recognise transfer between levels at the end of the reporting period

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 5. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### (v) Fair value measurement (Continued)

*Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis*

The valuation techniques and inputs used in the fair value measurements of each financial instruments on a recurring basis are set out below:

	Fair value at 31 March		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of key inputs and significant unobservable inputs to fair value
	2022 HK\$'000	2021 HK\$'000				
Financial assets at FVTPL – Profit guarantee	113,400	48,995	Level 3	Monte Carol model based on expected volatility of net profit	Expected Volatility: 0% (2021: 71.78%)	The higher the expected volatility, the lower the fair value
Financial liabilities at FVTPL – Promissory notes	57,518	49,770	Level 3	Discounted cash flow model based on discount rate and future cash flow	Discount rate of 16.14% (2021: 15.76%)	The higher the discount rate, the lower the value

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 5. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### (v) Fair value measurement (Continued)

*Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)*

Reconciliation of Level 3 fair value measurements of financial assets and financial liabilities on recurring basis and offsetting of financial assets and financial liabilities.

	<b>Gross amounts recognised</b>		
	<b>Profit guarantee HK'000</b>	<b>Promissory notes HK'000</b>	<b>Net amounts presented HK'000</b>
At 1 April 2020	21,818	(36,235)	(14,417)
Fair value gain/(loss) recognised through profit or loss	27,177	(13,535)	13,642
At 31 March 2021 and 1 April 2021	48,995	(49,770)	(775)
Fair value gain/(loss) recognised through profit or loss	64,405	(7,748)	56,657
At 31 March 2022	<b>113,400</b>	<b>(57,518)</b>	<b>55,882</b>

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 5. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### (v) Fair value measurement (Continued)

*Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)*

For the year ended 31 March 2022, the fair value gain recognised in profit or loss of approximately HK\$56,657,000 (2021: HK\$13,642,000) was unrealised gain on financial assets and financial liabilities designated at FVTPL held at the end of the reporting period.

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

*Fair value of financial instruments that are not measured at fair value on a recurring basis*

The directors of the Company consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost using the effective interest rate method in the consolidated financial statements approximate their fair values.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 6. REVENUE

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

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Services income derived from AR/VR and mobile games solutions	<b>200</b>	727

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

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

The VIP room gaming business had been early terminated from 1 June 2020 due to the global outbreak of the novel coronavirus (COVID-19) epidemic and temporary closure of all casinos in Cambodia since from April 2020.

No revenue is generated from the gaming tables business due to relocation to a new casino in Dara Sakor Investment Zone, Cambodia is in progress during the year.

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

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 7. SEGMENT INFORMATION

Information reported to the executive directors, being the chief operating decision maker ("**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The directors of the Company have chosen to organise the Group around differences in products and services. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

During the years ended 31 March 2022 and 2021, the Group's reportable segments are as follows:

- (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 2022*

	<b>Gaming and entertainment HK\$'000</b>	<b>AR/VR and mobile games solutions HK\$'000</b>	<b>Total HK\$'000</b>
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			(3,857)

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 7. SEGMENT INFORMATION (Continued)

### (a) Segment revenues and results (Continued)

*For the year ended 31 March 2021*

	Gaming and entertainment HK\$'000	AR/VR and mobile games solutions HK\$'000	Total HK\$'000
Segment revenue	<u>–</u>	<u>727</u>	<u>727</u>
Timing of revenue recognition			
Point in time	<u>–</u>	<u>727</u>	<u>727</u>
Segment profit/(loss)	2,115	(27,144)	(25,029)
Unallocated income			4,855
Unallocated corporate expenses			(19,512)
Unallocated finance costs			<u>(5,305)</u>
Loss before taxation			<u>(44,991)</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.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 7. SEGMENT INFORMATION (Continued)

### (b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

<b>Segment assets</b>	<b>2022 HK\$'000</b>	2021 HK\$'000
Gaming and entertainment	<b>128,523</b>	104,351
AR/VR and mobile games solutions	<b>151</b>	2,767
Total segment assets	<b>128,674</b>	107,118
Unallocated corporate assets	<b>4,881</b>	7,259
Consolidated total assets	<b>133,555</b>	114,377

  

<b>Segment liabilities</b>	<b>2022 HK\$'000</b>	2021 HK\$'000
Gaming and entertainment	<b>-</b>	775
AR/VR and mobile games solutions	<b>734</b>	959
Total segment liabilities	<b>734</b>	1,734
Unallocated corporate liabilities	<b>159,491</b>	135,638
Consolidated total liabilities	<b>160,225</b>	137,372

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

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



# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 7. SEGMENT INFORMATION (Continued)

### (c) Other segment information

For the year ended 31 March 2022

	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:				
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
Impairment losses on accounts and other receivables, net of reversal	5,345	303	-	5,648
Fair value gain on financial assets and financial liabilities at FVTPL, 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

For the year ended 31 March 2021

	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:				
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 plant and equipment	109	-	375	484
Depreciation of right-of-use assets	1,332	-	2,650	3,982
Impairment losses on accounts and other receivables, net of reversal	(3,523)	840	-	(2,683)
Fair value gain on financial assets and financial liabilities at FVTPL, net	13,642	-	-	13,642
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:				
Interest income	-	-	47	47
Finance costs	9	-	5,305	5,314
Income tax credit	-	1,992	-	1,992

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 7. SEGMENT INFORMATION (Continued)

### (d) Geographical information

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

	2022 HK\$'000	2021 HK\$'000
People's Republic of China ("PRC")	–	227
Hong Kong	200	500
<b>Total</b>	<b>200</b>	<b>727</b>

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

	2022 HK\$'000	2021 HK\$'000
Hong Kong	666	2,602
Cambodia	37,736	62,771
<b>Total</b>	<b>38,402</b>	<b>65,373</b>

### (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:

	2022 HK\$'000	2021 HK\$'000
Company A <sup>1</sup>	N/A <sup>2</sup>	300
Company B <sup>1</sup>	N/A <sup>2</sup>	227
Company C <sup>1</sup>	N/A <sup>2</sup>	200
Company D <sup>1</sup>	200	N/A <sup>2</sup>

<sup>1</sup> Revenue from AR/VR and mobile games solutions segment

<sup>2</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 8. OTHER INCOME AND GAINS

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

	2022 HK\$'000	2021 HK\$'000
Bank interest income	11	47
Consultancy fee income	-	4,000
Government subsidy (note a)	-	363
Sundry income	-	258
Gain on derecognition of right-of-use assets and lease liabilities	-	187
	<b>11</b>	<b>4,855</b>

Note:

- (a) 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.

## 9. FINANCE COSTS

	2022 HK\$'000	2021 HK\$'000
Interest on lease liabilities	29	237
Interest on other borrowings	2,800	2,800
Interest on convertible bonds	6,338	2,277
	<b>9,167</b>	<b>5,314</b>

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 10. INCOME TAX CREDIT

	2022 HK\$'000	2021 HK\$'000
Hong Kong Profits Tax		
Over provision in previous years	85	67
Deferred tax (note 29)	97	1,925
Income tax credit	<b>182</b>	1,992

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.

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.

Reconciliation between tax credit and loss before taxation per the consolidated statement of profit or loss and other comprehensive income at applicable tax rates is as follows:

	2022 HK\$'000	2021 HK\$'000
Loss before taxation	<b>(3,857)</b>	(44,991)
Tax at the rates applicable in the tax jurisdictions concerned	4,596	(3,882)
Tax effect of expenses not deductible for tax purposes	4,642	6,941
Tax effect of income not taxable for tax purposes	<b>(9,350)</b>	(5,228)
Tax effect of temporary differences not recognised	39	177
Tax effect of tax losses not recognised	-	67
Utilisation of tax losses previously not recognised	<b>(24)</b>	-
Over provision in respect of prior years	<b>(85)</b>	(67)
Income tax credit	<b>(182)</b>	(1,992)

Details of the deferred taxation are set out in note 29 to the consolidated financial statements.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 11. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

### (a) Staff costs

	2022 HK\$'000	2021 HK\$'000
Directors' emoluments	1,794	2,779
Salaries, allowances and other benefits	5,322	4,105
Contributions to retirement benefits scheme (excluding contributions for directors)	88	93
	<b>7,204</b>	<b>6,977</b>

### (b) Other items

	2022 HK\$'000	2021 HK\$'000
Depreciation of plant and equipment	426	484
Depreciation of right-of-use assets	1,104	3,982
Amortisation of intangible assets	14,187	18,420
Auditor's remuneration	700	700
Expenses related to short-term leases	137	470
Written-off of prepayment and other receivables	1,527	-

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 12. DIRECTORS' EMOLUMENTS

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

For the year ended 31 March 2022

	Directors' fees HK\$'000	Salaries, allowances and other benefits HK\$'000	Contributions to retirement benefits scheme HK\$'000	Total HK\$'000
<b>Executive Directors</b>				
Mr. Ng Man Sun ( <i>Chairman and Chief Executive Officer</i> )	-	600	-	600
Ms. Ng Wai Yee	-	732	18	750
<b>Independent Non-executive Directors</b>				
Ms. Yeung Pui Han, Regina	144	-	-	144
Mr. Li Chi Fai	156	-	-	156
Ms. Sie Nien Che, Celia	144	-	-	144
	<b>444</b>	<b>1,332</b>	<b>18</b>	<b>1,794</b>

For the year ended 31 March 2021

	Directors' fees HK\$'000	Salaries, allowances and other benefits HK\$'000	Contributions to retirement benefits scheme HK\$'000	Total HK\$'000
<b>Executive Directors</b>				
Mr. Ng Man Sun ( <i>Chairman and Chief Executive Officer</i> )	-	1,585	-	1,585
Ms. Ng Wai Yee	-	732	18	750
<b>Independent Non-executive Directors</b>				
Ms. Yeung Pui Han, Regina	144	-	-	144
Mr. Li Chi Fai	156	-	-	156
Ms. Sie Nien Che, Celia	144	-	-	144
	<b>444</b>	<b>2,317</b>	<b>18</b>	<b>2,779</b>

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 12. DIRECTORS' EMOLUMENTS (Continued)

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

Mr. Ng Man Sun is also the chief executive officer of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive Officer.

During the year ended 31 March 2022, no emoluments (2021: nil) were paid by the Group to any of the directors as inducement to join or upon ended 31 March 2022 joining the Group or as a compensation for loss of office. None of the directors waived or agreed to waive any emolument for the years ended 31 March 2022 and 2021.

## 13. INDIVIDUAL WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2021: two) were directors of the Company whose emoluments are disclosed in note 12 above. The emoluments of the remaining three (2021: three) highest paid individuals were as follows:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Salaries, allowances and other benefits	<b>3,307</b>	3,050
Contributions to retirement benefits scheme	<b>50</b>	54
	<b>3,357</b>	3,104

The emoluments of the three (2021: three) individual with highest emoluments are within the following bands:

	<b>Number of individuals</b>	
	<b>2022</b>	2021
Nil to HK\$1,000,000	<b>1</b>	2
HK\$1,000,001 – HK\$1,500,000	<b>1</b>	–
HK\$1,500,001 – HK\$2,000,000	<b>1</b>	1

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 14. RETIREMENT BENEFIT COSTS

### Defined contribution retirement scheme

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

The total cost charged to consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2022 of approximately HK\$106,000 (2021: HK\$111,000) represents contributions paid and payable to these schemes by the Group for the year at rates specified in the rules of the relevant schemes.

## 15. DIVIDENDS

The directors of the Company do not recommend the payment of a dividend for the year ended 31 March 2022 (2021: nil).

## 16. 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\$3,675,000 (2021: HK\$42,999,000) and the weighted average number of 128,247,561 (2021: 128,247,561) ordinary shares in issue during the years ended 31 March 2022 and 2021.

### (b) Diluted loss per share

No adjustment has been made to basic loss per share amounts presented for the years ended 31 March 2022 and 2021 in respect of the potential dilution of share options and convertible bonds as the impact of the share options and convertible bonds had an anti-dilutive effect on the basic loss per share amounts presented.



# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 17. PLANT AND EQUIPMENT

	<b>Leasehold improvements</b> HK\$'000	<b>Furniture and equipment</b> HK\$'000	<b>Motor vehicles</b> HK\$'000	<b>Total</b> HK\$'000
<b>COST</b>				
At 1 April 2020	339	1,745	1,818	3,902
Disposal	—	(104)	(480)	(584)
At 31 March 2021 and 1 April 2021	339	1,641	1,338	3,318
Written-off	(339)	—	—	(339)
At 31 March 2022	—	1,641	1,338	2,979
<b>ACCUMULATED DEPRECIATION</b>				
At 1 April 2020	197	1,426	703	2,326
Charge for the year	100	116	268	484
Eliminated on disposal	—	(104)	(480)	(584)
At 31 March 2021 and 1 April 2021	297	1,438	491	2,226
Charge for the year	42	116	268	426
Written-off	(339)	—	—	(339)
At 31 March 2022	—	1,554	759	2,313
<b>NET CARRYING AMOUNTS</b>				
At 31 March 2022	—	87	579	666
At 31 March 2021	42	203	847	1,092

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 18. RIGHT-OF-USE ASSETS

	<b>Leased buildings</b> HK\$'000
At 1 April 2020	9,082
Charge for the year	(3,982)
Derecognition on early termination of lease	(3,996)
At 31 March 2021 and 1 April 2021	1,104
Charge for the year	(1,104)
At 31 March 2022	-

### Amounts recognised in profit or loss

	<b>2022</b> HK\$'000	2021 HK\$'000
Gain on early termination of lease	-	(187)
Depreciation of right-of-use assets	1,104	3,982
Interest on lease liabilities	29	237
Expense relating to short-term leases	137	470

Details of total cash outflows for leases is set out in note 26 to the consolidated financial statements.

At 31 March 2021, the Group leases one property in Hong Kong for its operations. Lease contracts for the property and the VIP room of a casino were entered into for fixed term of 3 years and no extension options.

On 1 June 2020, the Group and the licensor of the VIP room entered into a termination agreement and the carrying amount of right-of-use assets of HK\$3,996,000 was derecognised.

At 31 March 2022 and 31 March 2021, no lease agreement not yet commenced is committed by the Group.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 19. GOODWILL

	2022 HK\$'000	2021 HK\$'000
<b>COST</b>		
At 1 April and 31 March	41,761	41,761
<b>ACCUMULATED IMPAIRMENT LOSSES</b>		
At 1 April	41,761	27,504
Impairment loss recognised in profit or loss	-	14,257
At 31 March	41,761	41,761
<b>NET CARRYING AMOUNT</b>		
At 31 March	-	-

Goodwill acquired in a business combination is allocated, at acquisition, to the CGU identified according to business segment that is expected to benefit from that business combination. On 18 October 2017, the Group acquired 100% issued share capital of Explicitly Grand Investments Limited and its subsidiaries. Goodwill of approximately HK\$41,761,000 (2021: HK\$41,761,000) was recognised upon completion of the acquisition and had been allocated to the AR/VR and mobile games solutions segment CGU (the "**AR/VR and mobile games solutions CGU**").

At 31 March 2021, the Group assessed the recoverable amount of the assets, including the goodwill and non-competition agreement presented under intangible assets (note 20), allocated to the AR/VR and mobile games solutions CGU, for impairment test purpose. The recoverable amount of the assets of the CGU has been determined based on the value in use calculation with reference to the valuation prepared by International Valuation Limited, an independent valuation firm not connected to the Group.

The value in use calculations adopted the cash flow projections covering a 5-year period, based on financial budgets approved by the management with discount rate of 27% per annum (2022: N/A). Cash flows beyond the 5-year period are extrapolated with zero growth rate (2022: N/A). Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows include estimated revenue and gross margin of 0% (2022: N/A).

The recoverable amount of the AR/VR and mobile games solutions CGU is estimated at approximately HK\$587,000 at 31 March 2021 (2022: N/A).

During the year ended 31 March 2022, there was no impairment losses on goodwill (2021: HK\$14,257,000) and no impairment loss on intangible assets under AR/VR and mobile games solutions (2021: HK\$6,844,000) recognised in profit or loss.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 20. INTANGIBLE ASSETS

	<b>Non-competition agreement</b> HK\$'000 (note a)	<b>License right of gaming tables</b> HK\$'000 (note b)	<b>Total</b> HK\$'000
<b>COST</b>			
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	24,100	68,000	92,100
<b>AMORTISATION AND IMPAIRMENT</b>			
At 1 April 2020	11,849	–	11,849
Charge for the year	4,820	13,600	18,420
Impairment	6,844	–	6,844
At 31 March 2021 and 1 April 2021	23,513	13,600	37,113
Charge for the year	587	13,600	14,187
Impairment	–	12,658	12,658
At 31 March 2022	24,100	39,858	63,958
<b>NET CARRYING AMOUNTS</b>			
At 31 March 2022	–	28,142	28,142
At 31 March 2021	587	54,400	54,987

Notes:

- (a) The non-competition agreements (the "NCA") represent the respective management undertakings among the Group and two key personnel of the MostCore Limited (the "Personnel"), an indirect wholly-owned subsidiary of the Company (the "Agreement"). Pursuant to the Agreement, each of the Personnel undertake to be an employee of the relevant member of MostCore Limited for a minimum of five years since the date of acquisition of Explicitly Grand Investments Limited and its subsidiaries (i.e. 18 October 2017) and that each of them shall not participate whether directly or indirectly, in any business or activities which will or may compete with the business of MostCore Limited during the six-month period upon their respective ceasing to be an employee of the relevant member of MostCore Limited. The breach of such undertaking by either of the Personnel would trigger a penalty of HK\$5,000,000 each (i.e. a total of HK\$10,000,000) which will be compensated by the breaching party in proportion to the remaining term (rounded up to the nearest month) of the 5-year employment contract to the whole term of such contract. The useful life of the NCA is 5 years since the acquisition date.

At 31 March 2022, the NCA together with goodwill are allocated to the AR/VR and mobile games solutions CGU for impairment test purpose. There was no impairment losses on intangible assets under AR/VR and mobile games solutions (2021: HK\$6,844,000) recognised in profit or loss. Details are set out in note 19 to the consolidated financial statements.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 20. INTANGIBLE ASSETS (Continued)

Notes: (Continued)

- (b) On 31 March 2020, Victor Mind Global Limited, a subsidiary of the Company, acquired the license right of gaming tables of a casino in Cambodia for 5 years from Lion King Entertainment Company Limited (the assigner), a company wholly owned by Mr. Ng, a director of the Company and also the substantial shareholder of the Company by (i) disposal of 60% equity interest of Forenzia Enterprise Limited and its subsidiaries and (ii) issue of promissory note with principal amount of HK\$62,000,000 (note 27) to Mr. Ng. The license right of gaming tables was initially recognised at fair value, which was regarded as its cost at acquisition date.

At 31 March 2022, the Group assessed the recoverable amount of the license right of gaming tables for impairment test purpose. The recoverable amount of the license right of gaming tables has been determined with reference to the valuation prepared by International Valuation Limited, an independent valuation firm not connected to the Group. The recoverable amount is derived by using a discounted cash flow ("DCF") analysis. The DCF analysis has incorporated assumptions that a typical market participant would use in estimating the fair value of license right of gaming tables.

The key assumptions used in the DCF analysis in current year include:

The Casino will obtain and renew all relevant licenses and permits throughout the validity period of the Gaming Table Business Rights to maintain its gaming activities during the period;

- i. The Casino will continue to rent and occupy its present premises situated at the New Location;
- ii. The Casino will re-open and commence its business activities as expected by the Management;
- iii. Profit tax and withholding tax will not be required during the validity period of the Gaming Table Business Rights;
- iv. There will be no major changes in the political, legal, economic or financial conditions in the Territories in which the Casino operates or intends to operate, which would adversely affect the revenues attributable to and the profitability of the Casino;
- v. The Casino will retain and have competent management, key personnel, and technical staff to support its ongoing operation; and
- vi. All information and representations provided by the Company and the Management, for which they are solely and wholly responsible for are true, accurate and complete in all material respect.

Weighted-average cost of capital ("WACC") was adopted in determining the appropriate discount rate. An asset specific risk premium was added onto the WACC to reflect the specific risk factor considered for the Gaming Table Business Rights. There was no change in methodology in estimating the WACC between 31 March 2021 and 31 March 2022. The most significant changes in the value of inputs, resulting the decrease in discount rate of the Gaming Table Business Rights from 25% as of 31 March 2021 to 22% as of 31 March 2022, were the decrease in equity risk premium and decrease in unlevered beta. Such changes were due to normal market data fluctuations between the two valuation dates.

The growth rate used to extrapolate the cash flows of the gaming and entertainment segment CGU during the remaining 3 years (2021: 4 years) is 10% per annum which is based on its expectation in relation to domestic casino mass market development in the Long Bay Town, situated in the Dara Sakor Investment Zone, Cambodia.

There was no significant changes in the value of inputs and key assumptions of valuation adopted when compared with that of last year. There was no subsequent changes to the valuation method adopted.

During the year ended 31 March 2022, the Group recognised an impairment loss of HK\$12,658,000 (2021: nil) on the license right of gaming tables.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 21. DEPOSITS PAID

At 31 March 2022, deposit of approximately HK\$9,594,000 (2021: HK\$8,190,000) was paid to a related company, the assignor of the license right of gaming tables and also a company wholly owned by Mr. Ng, a director of the Company, as refundable security deposit for the re-opening preparation work in regarding to the gaming tables in a new casino located in Dara Sakor Investment Zone, Koh Kong Province, Cambodia.

## 22. ACCOUNTS AND OTHER RECEIVABLES

	2022 HK\$'000	2021 HK\$'000
Accounts receivables (note a)	150	679
Other receivables (note b)	34,834	41,605
Rental and other deposits	167	984
	<b>35,151</b>	43,268
Prepayments	364	2,241
	<b>35,515</b>	45,509

Notes:

(a) Accounts receivables

	2022 HK\$'000	2021 HK\$'000
Receivables at amortised cost comprise:		
Accounts receivables	1,000	2,067
Less: Loss allowance for accounts receivables	(850)	(1,388)
	<b>150</b>	679

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.

	2022 HK\$'000	2021 HK\$'000
0 – 90 days	–	679
Over 180 days, but within 1 year	150	–
Over 1 year	–	–
	<b>150</b>	679

The Group measures the loss allowance for accounts receivables at an amount equal to lifetime ECL. The ECL on accounts receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 22. ACCOUNTS AND OTHER RECEIVABLES (Continued)

Notes:(Continued)

### (a) Accounts receivables (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for accounts receivables:

	At 31 March 2022			At 31 March 2021		
	Weighted average expected Loss rate	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Weighted average expected Loss rate	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Accounts receivables						
Current (not past due)	-	-	-	-	-	-
Less than 3 months past due	-	-	-	6.6%	727	48
3 month to 6 months past due	-	-	-	-	-	-
6 months to 12 months past due	25.1%	200	50	-	-	-
Over 12 months past due	100%	800	800	100%	1,340	1,340
		<b>1,000</b>	<b>850</b>		<b>2,067</b>	<b>1,388</b>

The movement of loss allowance for accounts receivables is set out below:

	2022 HK\$'000	2021 HK\$'000
At 1 April	1,388	548
Impairment loss recognised in profit or loss	302	840
Written-off	(840)	-
At 31 March	<b>850</b>	<b>1,388</b>

### (b) Other receivables

	2022 HK\$'000	2021 HK\$'000
Other receivables	46,498	47,926
Less: Loss allowance for other receivables	(11,664)	(6,321)
	<b>34,834</b>	<b>41,605</b>

At 31 March 2022, other receivables mainly comprised of (i) net revenue received by the operators of the VIP room in Genting Crown Casino and the four gaming tables in at the casino named Century Entertainment, Cambodia on behalf of the Group for previous year of approximately HK\$13,899,000 (2021: HK\$13,899,000) and (ii) other deposits paid to the assignor of the license right of gaming tables of a new casino in Cambodia of approximately HK\$30,000,000 (2021: HK\$30,000,000).

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 22. ACCOUNTS AND OTHER RECEIVABLES (Continued)

Notes:(Continued)

### (b) Other receivables (Continued)

The Group measures the loss allowance for other receivables at an amount equal to 12-month ECL. The Group recognised 12-month ECL for other receivables based on the internal credit rating of receivables as follows:

	<b>Expected loss rate</b>	<b>Gross carrying amount</b> HK\$'000	<b>Loss allowance</b> HK\$'000
At 31 March 2022			
Performing	25.1%	46,498	11,664
At 31 March 2021			
Performing	13.2%	47,926	6,321

The movement of loss allowance for other receivables is set out below:

	<b>12-month ECL</b> HK\$'000
At 1 April 2020	9,844
Reversal of impairment loss recognised in profit or loss during the year	(3,523)
At 31 March 2021 and 1 April 2021	6,321
Impairment loss recognised in profit or loss during the year	5,346
Written-off	(3)
At 31 March 2022	<b>11,664</b>



# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 23. CASH AND CASH EQUIVALENTS

Cash and cash equivalent include the following for the purpose of the consolidated statement of cash flows:

	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Cash at bank and in hand	<b>669</b>	419
Short-term bank deposit	<b>3,087</b>	3,076
	<b>3,756</b>	3,495

At 31 March 2022, the short-term bank deposit carry fixed interest rate of 0.3% to 0.4% (2021: 0.4%) per annum.

## 24. OTHER PAYABLES

	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Accruals and other payables	<b>7,306</b>	7,946
Interest payable (note 25)	<b>5,429</b>	2,629
Advance from an independent third party	<b>102</b>	305
	<b>12,837</b>	10,880

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

The advance from an independent third party is unsecured, interest free and repayable on demand.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 25. OTHER BORROWINGS

	2022 HK\$'000	2021 HK\$'000
Loan from a director (note a)	42,179	25,461
Other loans from independent third parties (note b)	58,000	58,000
	<b>100,179</b>	<b>83,461</b>

Notes:

- (a) Loan from a director, Mr. Ng, is unsecured, interest free and repayable on demand.
- (b) Other loans from independent third parties with an amount of HK\$30,000,000 (2021: HK\$30,000,000) was transferred from the convertible bonds with principal amount of HK\$30,000,000 (CB1) on the maturity date of 23 October 2020. Such other loans are unsecured, interest free and repayable on demand.

The remaining amount of other loans from independent third parties of HK\$28,000,000 (2021: HK\$28,000,000) are unsecured, subject to interest at 10% p.a., and repayable on demand.

At 31 March 2022, the accrued interests for other loans from independent third parties are recorded in interest payables (note 24) was approximately HK\$5,429,000 (2021: HK\$2,629,000).

Movements of the other borrowings are as below:

	Loan from a director HK\$'000	Other loans from independent third parties HK\$'000	Total HK\$'000
At 1 April 2020	56,416	28,000	84,416
Loan from a director	19,045	–	19,045
Transfer from convertible bonds (note 28)	–	30,000	30,000
Settlement by issuance of convertible bonds (note 28)	(50,000)	–	(50,000)
At 31 March 2021 and 1 April 2021	25,461	58,000	83,461
Loan from a director	16,718	–	16,718
At 31 March 2022	<b>42,179</b>	<b>58,000</b>	<b>100,179</b>

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 26. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and previous reporting periods:

	Minimum lease payments		Present value of minimum lease payments	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Within one year	-	1,232	-	1,203
Less: Total future interest expenses	-	(29)	N/A	N/A
Present value of lease obligations	-	1,203	-	1,203
Less: Amount due for settlement within 12 months (shown under current liabilities)	-	-	-	(1,203)
Amount due for settlement after 12 months	-	-	-	-

Movement of lease liabilities is as follows:

	2022 HK\$'000	2021 HK\$'000
At 1 April	1,203	9,510
Derecognition on early termination of lease	-	(4,183)
Interest on lease liabilities	29	237
Repayment during the year	(1,232)	(4,361)
At 31 March	-	1,203

At 31 March 2022 and 31 March 2021, no lease agreement not yet commenced is committed by the Group.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

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

	2022 HK\$'000	2021 HK\$'000
Financial assets at FVTPL		
–Profit guarantee	55,882	–
Financial liabilities at FVTPL		
–Promissory notes issued on 30 March 2020	–	775

Reconciliation of financial assets and financial liabilities are as follow:

	Gross amounts recognised		Net amounts presented
	Profit guarantee HK'000	Promissory notes HK'000	HK'000
At 1 April 2020	21,818	(36,235)	(14,417)
Fair value gain/(loss) recognised through profit or loss	27,177	(13,535)	13,642
At 31 March 2021 and 1 April 2021	48,995	(49,770)	(775)
Fair value gain/(loss) recognised through profit or loss	64,405	(7,748)	56,657
At 31 March 2022	<b>113,400</b>	<b>(57,518)</b>	<b>55,882</b>

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 27. FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

On 31 March 2020, the Company issued unsecured promissory note with principal amount of HK\$62,000,000 in favour of Mr. Ng for acquisition of the license right of gaming tables of a casino in Cambodia for 5 years from a related company, of which the details are provided in note 20(b) to these consolidated financial statements. The promissory note are interest free and fall due on 29 September 2022. Pursuant to the Assignment Agreement, the promissory note is subject to change in accordance with the profit guarantee as follows:

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

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

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

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

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

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

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

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

During the year, the Group measured the fair value of financial assets and financial liabilities and recognised approximately HK\$56,657,000 (2021: HK\$13,642,000) fair value gain in profit or loss. Detail of fair value measurement are set out in note 5(b).

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 28. CONVERTIBLE BONDS

	2022 HK\$'000	2021 HK\$'000
CB1 – principal amount of HK\$30 million (note a)	–	–
CB2 – principal amount of HK\$50 million (note b)	46,475	40,137
	<u>46,475</u>	<u>40,137</u>
Analysis:		
Current liabilities	46,475	–
Non-current liabilities	–	40,137
	<u>46,475</u>	<u>40,137</u>

Movements of the carrying amounts of the liability component of convertible bonds are as follow:

	CB1 HK\$'000 (note a)	CB2 HK\$'000 (note b)	Total HK\$'000
At 1 April 2020	27,723	–	27,723
Effective interest on convertible bonds	2,277	–	2,277
Transfer to other borrowings on maturity date (note 25)	(30,000)	–	(30,000)
Issuance of convertible bonds	–	50,000	50,000
Transfer to reserve the equity component (being the conversion option)	–	(9,863)	(9,863)
At 31 March 2021 and 1 April 2021	–	40,137	40,137
Effective interest on convertible bonds	–	6,338	6,338
At 31 March 2022	<u>–</u>	<u>46,475</u>	<u>46,475</u>

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 28. CONVERTIBLE BONDS (Continued)

Notes:

- (a) The Company issued CB1 to Ms. Lee and Mr. Wu for settlement part of the PNs concerned.

### CB1

The CB1 was unsecured and non-interest bearing. The holders of the CB1 had the rights to convert the outstanding principal amount into ordinary shares of the Company at a conversion price of HK\$0.249 per conversion share (subject to be customary anti-dilutive adjustments) until the maturity date at 23 October 2020. The Company did not entitle to redeem all or part of the principal amount of CB1 before the maturity date. In case the Holders intend to sell, transfer, assign or dispose of the CB1 or any part thereof to a third party, the Holders should first serve a written notice to Mr. Ng, with a copy to the Company offering to sell to Mr. Ng.

For the year ended 31 March 2021, the CB1 with principal amount of HK\$30,000,000 was not converted into ordinary shares on the maturity date and the corresponding equity component of approximately HK\$14,320,000 was transferred from convertible bonds reserve to capital reserve in according to the accounting policy note 3(a). The CB1 with principal amount of HK\$30,000,000 was maturity on 23 October 2020 and was transferred to other loans from independent third parties. Details shown in note 25(b).

- (b) On 31 March 2021, the Company issued the convertible bonds ("**CB2**") with principal amount of HK\$50 million to Mr. Ng for settlement part of the other borrowings.

### CB2

The CB2 is unsecured and non-interest bearing. The holder of the CB2 will be able to convert the outstanding principal amount into ordinary shares of the Company at a conversion price of HK\$0.5 per conversion share (subject to be customary anti-dilutive adjustments) until the maturity date at 30 September 2022. The Company is not entitled to redeem all or part of the principal amount of CB2 before the maturity date.

The CB1 and CB2 are determined to be a compound financial instrument with a conversion option, that will or may be settled by an exchange of a fixed number of ordinary shares of the Company for a fixed amount of cash, being treated as equity. The liability components include host debt component (being the Company's obligation to pay the principal amount of the convertible bonds on respective maturity dates if the convertible bonds are not converted or redeemed).

On initial recognition of the CB1 and CB2, the equity component of each convertible bond is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Accordingly, on initial recognition, the Group first determines the carrying amount of the liability component by measuring the fair value of a similar liability that does not have an associated equity component. The carrying amount of the equity instrument is then determined by deducting the fair value of the financial liability from the fair value of the convertible bonds as a whole.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 28. CONVERTIBLE BONDS (Continued)

The Group recognised the values of equity component for the CB1 and CB2 of approximately HK\$14,320,000 and HK\$9,863,000 respectively as equity upon their initial recognition and presented in the consolidated statement of changes in equity under the heading "Convertible bonds reserve".

The fair value of the liability component of convertible bonds on initial recognition was calculated using a discounted cash flow approach and the key unobservable input of the valuation is set out below:

	<b>CB1</b>	<b>CB2</b>
Discount rate adopted	14.34%	15.79%

At subsequent reporting dates, the liability component of convertible bonds is carried at amortised cost with following effective interest rate.

	<b>CB1</b>	<b>CB2</b>
Effective interest rate	14.34%	15.79%

## 29. DEFERRED TAX LIABILITIES

The following is the Groups' deferred tax liabilities recognised and the movement thereon during the current and prior years:

	<b>Intangible assets</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
At 1 April	97	2,022
Credit to profit or loss resulting from:		
Amortisation of intangible assets	(97)	(796)
Impairment on intangible assets	-	(1,129)
At 31 March	-	97



# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 29. DEFERRED TAX LIABILITIES (Continued)

At 31 March 2022, the Group has following unused tax losses and deductible temporary differences:

	2022 HK\$'000	2021 HK\$'000
Tax losses	827	972
Deductible temporary differences	1,029	1,097
	<b>1,856</b>	<b>2,069</b>

No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are estimated losses of approximately HK\$260,000 (2021: HK\$405,000) that are subject to the review of Hong Kong Inland Revenue Department and the unused tax losses may be carried forward indefinitely.

No deferred tax asset has been recognised in relation to the deductible temporary difference arising from the impairment loss of accounts receivables as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

## 30. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
<b>Authorised:</b>		
Ordinary share of HK\$0.2 each at 1 April 2020	2,000,000	400,000
Capital Reorganisation (note a)	38,000,000	–
Ordinary share of HK\$0.01 each at 31 March 2021, 1 April 2021 and 31 March 2022	40,000,000	400,000
<b>Issued and fully paid:</b>		
Ordinary share of HK\$0.2 each at 1 April 2020	1,282,475	256,495
Consolidation of shares and cancellation of paid-up capital (note a)	(1,154,228)	(255,213)
Ordinary share of HK\$0.01 each at 31 March 2021, 1 April 2021 and 31 March 2022	128,247	1,282

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 30. SHARE CAPITAL (Continued)

Notes:

### (a) Capital reorganisation

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

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

### (b) Capital risk management

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

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

During the year ended 31 March 2022, the Group's overall strategy was unchanged from 2021. The Group monitors its capital structure based on a net debt-to-capital ratio. For this purpose the Group defines net debt as total debt, which includes other payables, other borrowings, lease liabilities, financial assets and financial liabilities at FVTPL and convertible bonds disclosed in note 24 to note 28 respectively, net of cash and cash equivalents disclosed in note 23, and equity attributable to the owners of Group, comprising issued share capital, reserves and accumulated losses.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 30. SHARE CAPITAL (Continued)

Notes:(Continued)

### (b) Capital risk management (Continued)

In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares or return capital to shareholders, raise new debt financing or sell assets to reduce debt. The net debt-to-capital ratio at 31 March 2022 and 2021 is as follow:

	2022 HK\$'000	2021 HK\$'000
Total debts	159,491	136,456
Less: cash and cash equivalents	<u>(3,756)</u>	<u>(3,495)</u>
Net debts	155,735	132,961
Capital deficiency	<u>(26,670)</u>	<u>(22,995)</u>
Adjusted net debt-to-capital ratio	<u>(584%)</u>	<u>(578%)</u>

At 31 March 2022, the Group had a capital deficiency of approximately HK\$26,670,000 (2021: HK\$22,995,000). The directors have considered the solvency of the Group and taken steps to improve the Group's capital base and liquidity as disclosed in note 3(b).

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 31. RESERVES

### (a) Group

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

### (b) Nature and purpose of reserves

#### (i) *Share premium*

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

#### (ii) *Special reserve*

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

#### (iii) *Contributed surplus*

The contributed surplus of the Company represents the following:

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

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

## 31. RESERVES (Continued)

### (b) Nature and purpose of reserves (Continued)

#### (iv) *Capital reserve*

The capital reserve comprises the following:

- the fair value of the unexercised share options granted to employees and service provider of the Company recognised in accordance with the accounting policy set out in note 3(s); and
- the amount transfer from convertible bonds reserve in regarding to the equity component of unexercised convertible bonds at the expiry date recognised in accordance with the accounting policy adopted for convertible bonds in note 3(o).

#### (v) *Convertible bonds reserve*

The convertible bonds reserve comprises the amount allocated to equity component of the convertible bonds on issue date recognised in accordance with the accounting policy adopted for convertible bonds in note 3(o).

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 32. SHARE OPTION SCHEME

### 2012 Scheme

The Company's new share option scheme (the "**2012 Scheme**"), which was adopted pursuant to an ordinary resolution passed by the shareholders of the Company on 12 September 2012 for the purpose of providing incentives to certain eligible participants and unless otherwise cancelled or amended, will expire on 11 September 2022. Under the 2012 Scheme, the Directors may grant share options to eligible employees, including Executive Directors, or any persons or entities who have contributed or will contribute to the growth and development of the Group, to subscribe for shares in the Company.

Under the 2012 Scheme, the Directors may grant options to the following eligible participants:

- (i) any employee, executives or officers or proposed employees, executives or officers (whether full time or part time and including any Executive Director) of the Company, and of its subsidiaries or any entity (the "**Invested Entity**") in which the Group holds any equity interests and any of such subsidiaries or any Invested Entity;
- (ii) any non-executive Directors (including independent non-executive Directors) of the Company and any of its subsidiaries or any Invested Entity;
- (iii) any supplier of goods or services to any member of the Group or any Invested Entity;
- (iv) any customer of the Group or any Invested Entity;
- (v) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and
- (vi) any person or entity who from time to time determined by the board of directors as having contributed or may contribute to the development and growth of the Group based on his or its performance and/or years of service, or is regarded as valuable resources of the Group based on his/its working experience, knowledge in the industry and other relevant factors.

The total numbers of shares which may be issued upon exercise of all options to be granted under the 2012 Scheme of the Company must not in aggregate exceed 10% of the shares in issue at the date of approval of the 2012 Scheme. The total number of shares available for issue under the 2012 Scheme is 415,265,572 shares (2,577,345 shares after (a) share consolidation on 27 March 2013, (b) open offer on 16 May 2016 and (c) share consolidation on 3 March 2021), representing approximately 10% of the shares in issue at the date of approval of the 2012 Scheme on 12 September 2012.

The number and exercise prices of the shares options are adjusted as a result of the completion of (a) share consolidation of every 20 issued and unissued shares consolidated into 1 consolidated share on 27 March 2013; (b) open offer on 16 May 2016 in the proportion of one offer share for every two existing shares held; and (c) share consolidation of every 10 issued and unissued shares consolidated into 1 consolidated share on 3 March 2021.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 32. SHARE OPTION SCHEME (Continued)

### 2012 Scheme (Continued)

The exercise prices shown as below represent the adjusted exercise prices at 31 March 2022 and 2021.

	2022		2021	
	Number of options	Weighted average exercise price HK\$	Number of options	Weighted average exercise price HK\$
At 1 April	6,618,221	4.556	66,182,215	0.456
Granted during the year	-	-	-	-
Lapsed during the year	(2,401,671)	4.290	-	-
Adjusted upon completion of share consolidation and capital reduction	-	-	(59,563,994)	-
At 31 March	4,216,550	4.707	6,618,221	4.556
Exercisable at 31 March	4,216,550	4.707	6,618,221	4.556

At the annual general meeting held on 9 August 2016, shareholders have approved to refresh the share option scheme mandate limit that the total number of shares which may be issued upon exercise of all options to be granted under the 2012 Scheme must not exceed 10% of the shares of the Company in issue on the date of that annual general meeting. A total of 51,319,917 options to subscribe for a total of 51,319,917 shares, representing 10% of the total number of shares in issue at the annual general meeting on 9 August 2016, were approved to be granted.

The maximum number of shares in respect of which options may be granted under the 2012 Scheme must not in aggregate exceed 30% of the shares of the Company in issue from time to time. The number of shares in respect of which options may be granted to any participant is not permitted to exceed 1% of the shares of the Company in issue during the 12-month period before the date of grant without prior approval from the Company's shareholders. Any grant of options under the 2012 Scheme to a Director, chief executive or substantial shareholder of the Company or any of their respective associates (as defined under the Listing Rules) must be approved by the independent non-executive Directors of the Company. In addition, any grant of options to a substantial shareholder or an independent non-executive Director or any of their respective associates in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK\$5 million within any 12-month period must be approved by shareholders of the Company in general meeting.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 32. SHARE OPTION SCHEME (Continued)

### 2012 Scheme (Continued)

Unless otherwise determined by the Directors of the Company and stated in the offer of the grant of options to a grantee, there is no minimum period required under the 2012 Scheme for holding of an option before it can be exercised.

An offer for the grant of options to a grantee shall be accepted by no later than 28 days from the date of offer. HK\$1 per grant of options is payable on the acceptance of the grant of options. Options may be exercised in accordance with the terms of the 2012 Scheme and expiring in accordance with the terms of the 2012 Scheme or upon the expiry of the tenth anniversary of the 2012 Scheme, whichever is the earlier.

The exercise price is determined by the Directors of the Company, and shall not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotations sheets of the Stock Exchange on the date of the offer of grant; (ii) the average closing price of the Company's shares as stated in the daily quotations sheets of the Stock Exchange for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Company's share.

The 2012 Scheme will remain in force for a period of 10 years commencing on 12 September 2012.



# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 32. SHARE OPTION SCHEME (Continued)

### 2012 Scheme (Continued)

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

For the year ended 31 March 2022

Name of category	Type	Number of share option			Outstanding at 31/3/2022	Date of grant	Exercised period	Exercise price (notes 2 and 3) HK\$
		Outstanding at 1/4/2021	Granted	Lapsed				
<b>Directors</b>								
Ng Man Sun	2013 (note 1)	24,826	-	-	24,826	5 February 2013	5 February 2013-4 February 2023	12.41
	2014	24,826	-	-	24,826	3 March 2014	3 March 2014-2 March 2024	13.45
	2015	24,826	-	-	24,826	10 March 2015	10 March 2015-9 March 2025	7.01
	2017	610,000	-	-	610,000	1 December 2017	1 December 2017-30 November 2027	2.80
	2018	61,000	-	-	61,000	17 December 2018	17 December 2018-16 December 2028	2.00
Ng Wai Yee	2013 (note 1)	24,826	-	-	24,826	5 February 2013	5 February 2013-4 February 2023	12.41
	2014	24,826	-	-	24,826	3 March 2014	3 March 2014-2 March 2024	13.45
	2015	24,826	-	-	24,826	10 March 2015	10 March 2015-9 March 2025	7.01
	2016	24,826	-	-	24,826	25 April 2016	25 April 2016-24 April 2026	3.70
	2017	610,000	-	-	610,000	1 December 2017	1 December 2017-30 November 2027	2.80
	2018	61,000	-	-	61,000	17 December 2018	17 December 2018-16 December 2028	2.00
	Yeung Pui Hon, Regina	2013 (note 1)	24,826	-	-	24,826	5 February 2013	5 February 2013-4 February 2023
	2014	24,826	-	-	24,826	3 March 2014	3 March 2014-2 March 2024	13.45
	2015	24,826	-	-	24,826	10 March 2015	10 March 2015-9 March 2025	7.01
	2016	24,826	-	-	24,826	25 April 2016	25 April 2016-24 April 2026	3.70
	2017	61,000	-	-	61,000	1 December 2017	1 December 2017-30 November 2027	2.80
	2018	61,000	-	-	61,000	17 December 2018	17 December 2018-16 December 2028	2.00
Li Chi Fai	2014	24,826	-	-	24,826	3 March 2014	3 March 2014-2 March 2024	13.45
	2015	24,826	-	-	24,826	10 March 2015	10 March 2015-9 March 2025	7.01
	2016	24,826	-	-	24,826	25 April 2016	25 April 2016-24 April 2026	3.70
	2017	61,000	-	-	61,000	1 December 2017	1 December 2017-30 November 2027	2.80
	2018	61,000	-	-	61,000	17 December 2018	17 December 2018-16 December 2028	2.00
Sie Nien Che, Celia	2014	24,826	-	-	24,826	3 March 2014	3 March 2014-2 March 2024	13.45
	2016	24,826	-	-	24,826	25 April 2016	25 April 2016-24 April 2026	3.70
	2017	61,000	-	-	61,000	1 December 2017	1 December 2017-30 November 2027	2.80
	2018	61,000	-	-	61,000	17 December 2018	17 December 2018-16 December 2028	2.00
		<b>2,105,216</b>	<b>-</b>	<b>-</b>	<b>2,105,216</b>			
<b>Eligible employees</b>								
2013 (note 1)	2013 (note 1)	155,162	-	(124,130)	31,032	5 February 2013	5 February 2013-4 February 2023	12.41
	2014	235,847	-	(186,195)	49,652	3 March 2014	3 March 2014-2 March 2024	13.45
	2015	260,673	-	(260,673)	-	10 March 2015	10 March 2015-9 March 2025	7.01
	2016	160,673	-	(160,673)	-	25 April 2016	25 April 2016-24 April 2026	3.70
	2017	620,000	-	(620,000)	-	1 December 2017	1 December 2017-30 November 2027	2.80
	2018	1,050,000	-	(1,050,000)	-	17 December 2018	17 December 2018-16 December 2028	2.00
		<b>2,482,355</b>	<b>-</b>	<b>(2,401,671)</b>	<b>80,684</b>			
<b>Service providers</b>								
2013 (note 1)	2013 (note 1)	248,260	-	-	248,260	5 February 2013	5 February 2013-4 February 2023	12.41
	2014	248,260	-	-	248,260	3 March 2014	3 March 2014-2 March 2024	13.45
	2015	124,130	-	-	124,130	10 March 2015	10 March 2015-9 March 2025	7.01
	2017	610,000	-	-	610,000	1 December 2017	1 December 2017-30 November 2027	2.80
	2018	800,000	-	-	800,000	17 December 2018	17 December 2018-16 December 2028	2.00
		<b>2,030,650</b>	<b>-</b>	<b>-</b>	<b>2,030,650</b>			
<b>Total</b>		<b>6,618,221</b>	<b>-</b>	<b>(2,401,671)</b>	<b>4,216,550</b>			
<b>Weighted average exercise price</b>		4.556			4.707			

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 32. SHARE OPTION SCHEME (Continued)

### 2012 Scheme (Continued)

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

For the year ended 31 March 2021

Name of category	Type	Number of share option					Outstanding at 31/3/2021	Date of grant	Exercised period	Exercise price (notes 2 and 3) HK\$
		Outstanding at 1/4/2020	Granted	Lapsed	Adjustment for share option pursuant to share consolidation					
<b>Directors</b>										
Ng Man Sun	2013 (note 1)	248,260	-	-	(223,434)	24,826	5 February 2013	5 February 2013-4 February 2023	12.41	
	2014	248,260	-	-	(223,434)	24,826	3 March 2014	3 March 2014-2 March 2024	13.45	
	2015	248,260	-	-	(223,434)	24,826	10 March 2015	10 March 2015-9 March 2025	7.01	
	2017	6,100,000	-	-	(5,490,000)	610,000	1 December 2017	1 December 2017-30 November 2027	2.80	
	2018	610,000	-	-	(549,000)	61,000	17 December 2018	17 December 2018-16 December 2028	2.00	
Ng Wai Yee	2013 (note 1)	248,260	-	-	(223,434)	24,826	5 February 2013	5 February 2013-4 February 2023	12.41	
	2014	248,260	-	-	(223,434)	24,826	3 March 2014	3 March 2014-2 March 2024	13.45	
	2015	248,260	-	-	(223,434)	24,826	10 March 2015	10 March 2015-9 March 2025	7.01	
	2016	248,260	-	-	(223,434)	24,826	25 April 2016	25 April 2016-24 April 2026	3.70	
	2017	6,100,000	-	-	(5,490,000)	610,000	1 December 2017	1 December 2017-30 November 2027	2.80	
2018	610,000	-	-	(549,000)	61,000	17 December 2018	17 December 2018-16 December 2028	2.00		
Yeung Pui Han, Regina	2013 (note 1)	248,260	-	-	(223,434)	24,826	5 February 2013	5 February 2013-4 February 2023	12.41	
	2014	248,260	-	-	(223,434)	24,826	3 March 2014	3 March 2014-2 March 2024	13.45	
	2015	248,260	-	-	(223,434)	24,826	10 March 2015	10 March 2015-9 March 2025	7.01	
	2016	248,260	-	-	(223,434)	24,826	25 April 2016	25 April 2016-24 April 2026	3.70	
	2017	610,000	-	-	(549,000)	61,000	1 December 2017	1 December 2017-30 November 2027	2.80	
2018	610,000	-	-	(549,000)	61,000	17 December 2018	17 December 2018-16 December 2028	2.00		
Li Chi Fai	2014	248,260	-	-	(223,434)	24,826	3 March 2014	3 March 2014-2 March 2024	13.45	
	2015	248,260	-	-	(223,434)	24,826	10 March 2015	10 March 2015-9 March 2025	7.01	
	2016	248,260	-	-	(223,434)	24,826	25 April 2016	25 April 2016-24 April 2026	3.70	
	2017	610,000	-	-	(549,000)	61,000	1 December 2017	1 December 2017-30 November 2027	2.80	
	2018	610,000	-	-	(549,000)	61,000	17 December 2018	17 December 2018-16 December 2028	2.00	
Sie Nien Che, Celia	2014	248,260	-	-	(223,434)	24,826	3 March 2014	3 March 2014-2 March 2024	13.45	
	2016	248,260	-	-	(223,434)	24,826	25 April 2016	25 April 2016-24 April 2026	3.70	
	2017	610,000	-	-	(549,000)	61,000	1 December 2017	1 December 2017-30 November 2027	2.80	
	2018	610,000	-	-	(549,000)	61,000	17 December 2018	17 December 2018-16 December 2028	2.00	
		<b>21,052,160</b>	<b>-</b>	<b>-</b>	<b>(18,946,944)</b>	<b>2,105,216</b>				
<b>Eligible employees</b>										
2013 (note 1)	2013 (note 1)	1,551,625	-	-	(1,396,463)	155,162	5 February 2013	5 February 2013-4 February 2023	12.41	
	2014	2,358,470	-	-	(2,122,623)	235,847	3 March 2014	3 March 2014-2 March 2024	13.45	
	2015	2,606,730	-	-	(2,346,057)	260,673	10 March 2015	10 March 2015-9 March 2025	7.01	
	2016	1,606,730	-	-	(1,446,057)	160,673	25 April 2016	25 April 2016-24 April 2026	3.70	
	2017	6,200,000	-	-	(5,580,000)	620,000	1 December 2017	1 December 2017-30 November 2027	2.80	
2018	10,500,000	-	-	(9,450,000)	1,050,000	17 December 2018	17 December 2018-16 December 2028	2.00		
		<b>24,823,555</b>	<b>-</b>	<b>-</b>	<b>(22,341,200)</b>	<b>2,482,355</b>				
<b>Service providers</b>										
2013 (note 1)	2013 (note 1)	2,482,600	-	-	(2,234,340)	248,260	5 February 2013	5 February 2013-4 February 2023	12.41	
	2014	2,482,600	-	-	(2,234,340)	248,260	3 March 2014	3 March 2014-2 March 2024	13.45	
	2015	1,241,300	-	-	(1,117,170)	124,130	10 March 2015	10 March 2015-9 March 2025	7.01	
	2017	6,100,000	-	-	(5,490,000)	610,000	1 December 2017	1 December 2017-30 November 2027	2.80	
	2018	8,000,000	-	-	(7,200,000)	800,000	17 December 2018	17 December 2018-16 December 2028	2.00	
		<b>20,306,500</b>	<b>-</b>	<b>-</b>	<b>(18,275,850)</b>	<b>2,030,650</b>				
<b>Total</b>		<b>66,182,215</b>	<b>-</b>	<b>-</b>	<b>(59,563,994)</b>	<b>6,618,221</b>				
<b>Weighted average exercise price</b>		0.456				4.556				

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 32. SHARE OPTION SCHEME (Continued)

### 2012 Scheme (Continued)

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

Notes:

- (1) The exercise price of the share options granted on 5 February 2013 has been changed from HK\$0.077 to HK\$1.54 as a result of the share consolidation passed by the shareholders at a special general meeting of the Company held on 27 March 2013, whereby every 20 shares of the Company of HK\$0.01 each were consolidated into 1 new share of the Company of HK\$0.20 each.
- (2) The exercise price per share option was adjusted upon the completion of the open offer on 16 May 2016 in the proportion of one offer share for every two existing shares held.
- (3) The exercise price per share option was further adjusted upon completion of the capital reorganisation passed by the shareholders at a special general meeting of the Company held on 1 March 2021, of which details are disclosed in note 30(b) to the consolidated financial statements.

The options outstanding at 31 March 2022 had an exercise price ranging from HK\$2.00 to HK\$13.45 (2021: HK\$2.00 to HK\$13.45) and a weighted average remaining contractual life of 3.7 years (2021: 4.8 years).

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

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

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the Binominal Option Pricing Model. The contractual life of the share options is used as an input into this model. Expectations of early exercise are incorporated into the Binominal Option Pricing Model.

	17 December 2018	1 December 2017	25 April 2016	10 March 2015	3 March 2014	5 February 2013
Fair value at measurement date	HK\$0.047	HK\$0.042 – HK\$0.077	HK\$0.246– HK\$0.269	HK\$0.480– HK\$0.526	HK\$1.479	HK\$0.072
Share price	HK\$0.161	HK\$0.280	HK\$0.430	HK\$0.840	HK\$1.670	HK\$0.077
Exercise price	HK\$0.200	HK\$0.280	HK\$0.459	HK\$0.870	HK\$1.670	HK\$0.077
Expected validity (expressed as weighted average volatility used in modeling under the Binominal Option Price Model)	65.20%	73.86%	74.14%	73.28%	100.31%	126.44%
Optional life (expressed as weighted average life used in the modeling under the Binominal Option Price Model)	10 years	10 years	10 years	10 years	10 years	10 years
Expected dividends	0%	0%	0%	0%	0%	0%
Risk-free interest rate (based on exchange fund notes)	2.103%	1.847%	1.823%	1.685%	2.135%	1.245%

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 32. SHARE OPTION SCHEME (Continued)

### 2012 Scheme (Continued)

#### *(b) Fair value of share options and assumptions (Continued)*

##### *(i) Grant to eligible employees (Continued)*

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account of fair value measurement of the services received on the grant date. There was no market conditions associated with the share option granted.

##### *(ii) Grant to service providers*

The fair value for share options granted on 3 March 2014 and 5 February 2013 is measured using the market-based approach, by reference to the discounted cash flows to estimate the fair value of the professional fees that should have been paid. The fair value for share options granted on 17 December 2018, 1 December 2017 and 10 March 2015 is measured base on the Binominal Option Pricing Model as described as above.

No equity-settled share-based payments charged to the profit or loss for the years ended 31 March 2022 and 2021.

At the end of the reporting period, the Company has 4,216,550 (2021: 6,618,221) share options outstanding. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in issue of 4,216,550 (2021: 6,618,221) additional ordinary shares of the Company of HK\$0.01 (2021: HK\$0.01) each and additional share capital of approximately HK\$42,000 (2021: HK\$66,000).

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

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

### Major non-cash transactions

The Group had following major non-cash transactions during the years ended 31 March 2022 and 2021:

- (a) During the year ended 31 March 2021, pursuant to the termination agreement entered into with the licensor of VIP room of a casino, the carrying amounts of right-of-use assets and lease liabilities of approximately HK\$3,996,000 (note 18) and HK\$4,183,000 (note 26) were derecognised respectively.
- (b) Other receivable from an operator of a casino in Cambodia of approximately HK\$1,404,000 (2021: HK\$8,190,000) (note 21) was directly settled with a related company, the assignor of license right of gaming tables and such amount was held as security deposit for re-opening preparation work of the gaming tables business at the end of the reporting period.
- (c) During the year ended 31 March 2021, the Holders of CB1 with total principal amount of HK\$30,000,000 did not exercise the rights to convert into ordinary shares of the Company at the maturity date of 23 October 2020 (note 28). The directors of the Company and the Holders of CB1 agreed to extend the time for payment of the principal amount and transferred the outstanding principal amount to other borrowings as other loans from independent third parties (note 25).

## 34. RELATED PARTY TRANSACTIONS

### (a) Compensation of key management personnel

Remuneration of key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 12 and certain of the highest paid employee as disclosed in note 13 is as follows:

	2022 HK\$'000	2021 HK\$'000
Salaries and other emoluments	3,526	4,345
Contributions to retirement benefits scheme	33	36
	<b>3,559</b>	<b>4,381</b>

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 34. RELATED PARTY TRANSACTIONS (Continued)

### (b) Transactions and year end balances with related parties

In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group had the following transactions and year end balances with related parties:

	2022 HK\$'000	2021 HK\$'000
<b>Year end balances with related parties</b>		
Other receivables from a related company (note i and ii)	37,237	37,237
Less: Loss allowance for other receivables from a related company	9,340	4,911
	<b>27,897</b>	<b>32,326</b>

Notes:

- (i) The related company is wholly-owned by a director of the Company, Mr. Ng, who is also the substantial shareholder of the Company.
- (ii) Other receivables from a related company are unsecured, interest free and repayable on demand.

## 35. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries at 31 March 2022 and 2021 are as follows:

Name of subsidiaries	Place of incorporation/ operation	Particular of issued and fully paid share capital	Percentage of equity interest and voting power attributable to the Company		Principal activities
			2022	2021	
<b>Direct</b>					
Digital Zone Global Limited	BVI/BVI	1 Ordinary share	100%	100%	Conduct mobile game apps business
Victor Mind Global Limited	BVI/Cambodia	1 Ordinary share	100%	100%	Gaming table business
<b>Indirect</b>					
Explicitly Grand Investments Limited	BVI/Hong Kong	50,000 Ordinary shares	100%	100%	Investment holdings
MostCore Limited	Hong Kong/Hong Kong	10,000 Ordinary shares	100%	100%	Provision of AR/VR and mobile games solutions

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 36. THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2022 HK\$'000	2021 HK\$'000
<b>Non-current assets</b>			
Plant and equipment		593	910
Right-of-use assets		–	1,104
Investments in subsidiaries	(a)	1	1
		<b>594</b>	<b>2,015</b>
<b>Current assets</b>			
Other receivables		531	1,749
Amounts due from subsidiaries	(b)	72,348	95,670
Financial asset at fair value through profit or loss		55,882	–
Cash and cash equivalents		3,756	3,492
		<b>132,517</b>	<b>100,911</b>
<b>Current liabilities</b>			
Other payables		12,329	10,184
Other borrowings		100,179	83,461
Lease liabilities		–	1,203
Convertible bonds		46,475	–
		<b>158,983</b>	<b>94,848</b>
<b>Net current (liabilities)/assets</b>		<b>(26,466)</b>	<b>6,063</b>
<b>Total assets less current liabilities</b>		<b>(25,872)</b>	<b>8,078</b>
<b>Non-current liabilities</b>			
Lease liabilities		–	–
Financial liabilities at fair value through profit or loss		–	775
Convertible bonds		–	40,137
		<b>–</b>	<b>40,912</b>
<b>NET LIABILITIES</b>		<b>(25,872)</b>	<b>(32,834)</b>
<b>Capital and reserves</b>			
Share capital		1,282	1,282
Reserves	(c)	(27,154)	(34,116)
<b>TOTAL DEFICIT</b>		<b>(25,872)</b>	<b>(32,834)</b>

# Notes to Consolidated Financial Statements

For the year ended 31 March 2022

## 36. THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes:

### (a) Investments in subsidiaries

At 31 March 2022, investments in subsidiaries are carried at cost of HK\$1,000 (2021: HK\$1,000) and no accumulated impairment loss was recognised in profit or loss (2021: nil).

### (b) Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, interest free and repayable on demand. The directors of the Company do not expect repayments from subsidiaries within next twelve months from the end of the reporting period.

The amounts due to a subsidiary is unsecured, interest free and repayable on demand.

### (c) Movements in reserves of the Company

	<b>Share premium</b>	<b>Contributed surplus</b>	<b>Capital reserve</b>	<b>Convertible bonds reserve</b>	<b>Accumulated losses</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(note 31(b)(i))	(note 31(b)(iii))	(note 31(b)(iv))	(note 31(b)(v))		
At 1 April 2020	571,880	2,285,052	23,637	14,320	(3,185,244)	(290,355)
Loss and total comprehensive expense for the year	-	-	-	-	(8,837)	(8,837)
Capital reorganisation (note 30(a))	-	255,213	-	-	-	255,213
Transfer to capital reserve for unexercised convertible bonds at expiry date (note 28)	-	-	14,320	(14,320)	-	-
Issue of convertible bonds (note 28)	-	-	-	9,863	-	9,863
At 31 March 2021 and 1 April 2021	571,880	2,540,265	37,957	9,863	(3,194,081)	(34,116)
Profit and total comprehensive income for the year	-	-	-	-	6,962	6,962
Effect of share options forfeitures	-	-	(5,927)	-	5,927	-
At 31 March 2022	<b>571,880</b>	<b>2,540,265</b>	<b>32,030</b>	<b>9,863</b>	<b>(3,181,192)</b>	<b>(27,154)</b>



## 37. EVENTS AFTER REPORTING PERIOD

### (a) Impact of COVID-19 outbreak

Impact of the novel COVID-19 continues to cause disruptions to the Group's businesses and economic activities and the management of the Group has closely monitored its impact on the operations. Given the ongoing nature of these circumstances, the related impact on the consolidated results of operations, cash flows and financial conditions of the Group could not be reasonably estimated at this stage and will be reflected in their interim financial information for the six months ending 30 September 2022 and the consolidated financial statements for the year ending 31 March 2023.

### (b) Debt Assignment Arrangements

On 28 June 2022, the Group entered into the Debt Assignment Agreements of other receivables for the sum approximately of HK\$37,237,000 with Mr. Ng, the director of the Company who is also the substantial shareholder of the Company for the consideration approximately of HK\$37,237,000.

## 38. COMPARATIVE FIGURE

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

For the year 31 March 2021, amounts of approximately HK\$31,159,000, HK\$8,824,000 and HK\$8,684,000 which had previously been recorded as "Profit guarantee compensation", "Fair value loss on promissory note" and "Finance costs" respectively, were reclassified as "Fair value gain on financial assets and financial liabilities at fair value through profit or loss, net" in the consolidated statement of profit or loss and other comprehensive income.

# Five-Year Financial Summary

## RESULTS

	<b>2022</b> <b>HK\$'000</b>	<b>Year ended 31 March</b>			
		2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000
REVENUE	<b>200</b>	727	45,922	71,218	62,206
SHARE OF PROFIT OF ASSOCIATES	–	–	–	–	–
LOSS FOR THE YEAR	<b>(3,675)</b>	(42,999)	(38,108)	(418,275)	(50,734)
ATTRIBUTABLE TO					
– Owners of the Company	<b>(3,675)</b>	(42,999)	(39,129)	(418,039)	(52,772)
– Non-controlling interests	–	–	1,111	(236)	2,038
LOSS PER SHARE (in HK Cents)					
– Basic	<b>(2.87)</b>	(33.53)	(30.97)	(46.16)	(7.48)
– Diluted	<b>(2.87)</b>	(33.53)	(30.97)	(46.16)	(7.48)

## ASSETS AND LIABILITIES

	<b>2022</b> <b>HK\$'000</b>	<b>At 31 March</b>			
		2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000
NON-CURRENT ASSETS	<b>38,402</b>	65,373	106,414	157,411	537,183
CURRENT ASSETS	<b>95,153</b>	49,004	50,610	43,866	54,607
TOTAL ASSETS	<b>133,555</b>	114,377	157,024	201,277	591,790
NON-CURRENT LIABILITIES	–	41,009	17,652	53,692	16,465
CURRENT LIABILITIES	<b>160,225</b>	96,363	129,231	60,252	216,160
TOTAL LIABILITIES	<b>160,225</b>	137,372	146,883	113,944	232,625
NET (LIABILITIES)/ASSETS	<b>(26,670)</b>	(22,995)	10,141	87,333	359,165
EQUITY HOLDERS' FUND	<b>(26,670)</b>	(22,995)	10,141	34,360	305,956
NON-CONTROLLING INTERESTS	–	–	–	52,973	53,209
TOTAL (DEFICIT)/EQUITY	<b>(26,670)</b>	(22,995)	10,141	87,333	359,165