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If you have sold or transferred all your shares of Century Entertainment International Holdings Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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世紀娛樂國際控股有限公司

CENTURY ENTERTAINMENT INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 959)

CONNECTED TRANSACTION IN RELATION TO THE PROPOSED EXTENSION OF THE MATURITY DATE OF THE CONVERTIBLE BOND AND NOTICE OF THE SGM

Financial Adviser to the Company

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
溢博資本有限公司

Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders



裕韜資本有限公司
Euto Capital Partners Limited

Capitalised terms used in this cover page shall have the same meaning as defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 6 to 21 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 22 and 23 of this circular. A letter from the Independent Financial Adviser containing its recommendation and advice to the Independent Board Committee and the Independent Shareholders is set out on pages 24 to 40 of this circular.

A notice convening the SGM of the Company to be held at United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Tuesday, 29 November 2022 at 11:00 a.m. or any adjournment thereof is set out on pages 47 to 48 of this circular. A form of proxy for the SGM is enclosed herein. Whether or not you are able to attend at the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Hong Kong branch share registrar of the Company, Tricor Secretaries Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

PRECAUTIONARY MEASURES FOR THE SGM

To safeguard the health and safety of shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the SGM:

1. compulsory body temperature checks and health declarations
2. wearing of surgical face mask
3. no gifts, food or beverages will be provided at the meeting

Any person who does not comply with the precautionary measures or is subject to any HKSAR Government prescribed quarantine may be denied entry into the SGM venue. The Company reminds shareholders that they may consider appointing the chairman of the SGM as their proxy to vote on the relevant resolution(s) at the SGM as an alternative to attending the SGM in person.

11 November 2022

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PRECAUTIONARY MEASURES FOR THE SGM

In view of the ongoing COVID-19 epidemic and recent requirements for prevention and control of its spread, the Company will implement necessary preventive measures at the SGM to protect attending Shareholders, proxy and other attendees from the risk of infection, including:

- (i) Compulsory body temperature check will be conducted on every Shareholder, proxy or other attendees at the entrance of meeting venue. Any person with a body temperature of over 37.3 degrees Celsius may be denied entry in to the meeting venue or be required to leave the meeting venue.
- (ii) Prior to entry into the meeting venue, the attendees will have to submit a completed health declaration form confirming their names and contact details, and be asked whether (a) they have travelled to, or to their best of knowledge had close contact with any person who has recently travelled to, areas outside of Hong Kong at any time in the preceding 21 days of the SGM; (b) they are subject to any compulsory quarantine prescribed by the Hong Kong Government; and (c) they have symptoms of the novel coronavirus. Any person who responds affirmatively to any one of the above questions will be denied entry into the meeting venue or be required to leave the meeting venue.
- (iii) Each attendee will be required to wear a surgical face mask throughout the meeting and inside the meeting venue.
- (iv) Appropriate distancing and spacing, if any, in line with the guidance from the Hong Kong Government from time to time will be maintained as required and as such, the Company may limit the number of attendees at the SGM as may be necessary to avoid over-crowding.
- (v) No gifts, food or beverages will be provided at the SGM.

To the extent permitted under law, the Company reserves the right to deny entry into the SGM venue or require any person to leave the SGM venue in order to ensure the safety of the attendees at the SGM.

To further reduce the risk of COVID-19 spreading at the SGM by limiting the number of attendees, Shareholders are strongly encouraged to consider appointing the chairman of the meeting as their proxy to vote on the resolutions for them instead of attending the SGM in person, by completing and return the form of proxy attached to this circular.

Subject to the development of the COVID-19, the Company may change and implement further precautionary measures and may issue announcement on such changes and further precautionary measures where necessary.

DEFINITIONS

In this circular, unless the context otherwise requires, the following words and expressions have the following meanings:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Amendment Agreement”	the amendment agreement dated 30 September 2022 entered into between the Company and the Subscriber in relation to the, among others, the Extension
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday, any public holiday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
“Casino”	Century Entertainment which was operated within an area of approximately 8,100 square meters situated on the 1st & 2nd floors of the Sunshine Bay Hotel at Village 1, Commune No. 3, Mittaphea Town, Sihanoukville Municipal, Cambodia
“close associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Company”	Century Entertainment International Holdings Limited, an exempted company incorporated in Bermuda with limited liability whose issued Shares are listed on the Stock Exchange (stock code: 959)
“Conditions Precedent”	the conditions precedent set out in the section headed “Conditions Precedent” in the “Letter from the Board” in this circular

DEFINITIONS

“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Conversion Price”	the conversion price of HK\$0.50 per Conversion Share (subject to adjustment as set out in the Convertible Bond instrument, from time to time, if any)
“Conversion Right(s)”	the right(s) attaching to the Convertible Bond to convert in whole or in part (in an integral multiple of HK\$1,000,000) the respective outstanding principal amounts into the Conversion Share(s)
“Conversion Share(s)”	the Share(s) to be issued by the Company as a result of the exercise of the Conversion Rights attaching to the Convertible Bond
“Convertible Bond”	the zero-coupon convertible bond due 30 September 2022 in the principal amount of HK\$50,000,000 issued by the Company to the Subscriber
“Director(s)”	the director(s) of the Company
“Extended CB Maturity Date”	30 September 2025
“Extension”	the proposed extension of the Original Maturity Date from 30 September 2022 to the Extended CB Maturity Date
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, namely Ms. Yeung Pui Han, Regina, Mr. Li Chi Fai and Ms. Sie Nien Che, Celia, established to advise and make recommendation to the Independent Shareholders in relation to the Amendment Agreement, the Extension and the grant of the Specific Mandate

DEFINITIONS

“Independent Financial Adviser” or “Euto Capital”	Euto Capital Partners Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Amendment Agreement, the Extension and the grant of the Specific Mandate
“Independent Shareholders”	Shareholders, other than (i) the Subscriber and his close associates; and (ii) any Shareholders who are involved in or interested in the Extension contemplated under the Amendment Agreement, who are required under the Listing Rules to abstain from voting in respect of the resolution(s) relating to the Amendment Agreement, the Extension and the grant of the Specific Mandate at the SGM
“Latest Practicable Date”	7 November 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the maturity date of the Convertible Bond
“Original Maturity Date”	18 months from the date of issue of the Convertible Bond (i.e. 30 September 2022)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held at United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Tuesday, 29 November 2022 at 11:00 a.m. for the Shareholders to consider and, if thought fit, approve the Amendment Agreement, the Extension and the grant of the Specific Mandate (or any adjournment thereof)

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 12 September 2012
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be granted to the Directors at the SGM for the allotment and issue of the Conversion Shares upon exercise of the conversion rights attached to the Convertible Bond as amended and supplemented by the Amendment Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Mr. Ng Man Sun, a substantial Shareholder, executive Director, the Chairman and Chief Executive Officer of the Company
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Director:

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

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

11 November 2022

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
IN RELATION TO THE PROPOSED EXTENSION OF
THE MATURITY DATE OF THE CONVERTIBLE BOND
AND
NOTICE OF THE SGM**

INTRODUCTION

Reference is made to (i) the announcements of the Company dated 30 December 2020, 15 January 2021 and 31 March 2021 and the circular of the Company dated 5 February 2021 in relation to, among others, the subscription of the Convertible Bond by the Subscriber; and (ii) the announcement of the Company dated 30 September 2022 in relation to the Extension.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further details of the Extension; (ii) the letter of recommendation from the Independent Board Committee in relation to the Amendment Agreement, the Extension and the grant of the Specific Mandate; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Amendment Agreement, the Extension and the grant of the Specific Mandate; and (iv) the notice of the SGM.

EXTENSION OF THE MATURITY DATE OF THE CONVERTIBLE BOND

Amendment Agreement

On 30 September 2022 (after trading hours of the Stock Exchange), the Company and the Subscriber entered into the Amendment Agreement to extend the Original Maturity Date (i.e. 30 September 2022) for three years to the Extended CB Maturity Date (i.e. 30 September 2025), subject to the fulfilment of the Conditions Precedent to the Amendment Agreement.

Save for the Extension, all other terms of the Convertible Bond shall remain unchanged and in full force.

As the Convertible Bond has matured on 30 September 2022, which is prior to the Amendment Agreement becoming effective, the Subscriber has undertaken under the Amendment Agreement that he will not (i) sell, dispose, pledge, or otherwise transfer the Convertible Bond; (ii) exercise the Conversion Rights attached to the Convertible Bond; or (iii) require the Company to redeem the whole or part of the Convertible Bond, during the period from the Original Maturity Date up to the date of the SGM.

Conditions Precedent

The Amendment Agreement will only become effective upon all of the following conditions having been fulfilled:

- (i) the Stock Exchange having approved the Extension as contemplated by the Amendment Agreement;
- (ii) the Stock Exchange granting its approval for the listing of, and permission to deal in, the Conversion Shares which may fall to be allotted and issued upon exercise of the Conversion Rights attached to the Convertible Bond as amended and supplemented by the Amendment Agreement; and
- (iii) the approval by the Independent Shareholders of the Amendment Agreement, the Extension and the grant of the Specific Mandate at the SGM to be held and convened.

None of the Conditions Precedent are waivable by the Company or the Subscriber.

LETTER FROM THE BOARD

If any of the Conditions Precedent have not been fulfilled by 30 November 2022 or such later time and date as the Subscriber and the Company may agree in writing, the Amendment Agreement shall cease and terminate and neither the Company nor the Subscriber shall have any claim against the other save for any antecedent breaches of the terms thereof.

As at the Latest Practicable Date, none of the Conditions Precedent have been fulfilled.

Application for listing

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares which may fall to be allotted and issued upon exercise of the Conversion Rights attached to the Convertible Bond as amended and supplemented by the Amendment Agreement. No listing of the Convertible Bond will be sought on the Stock Exchange or any other stock exchanges.

Principal terms of the Convertible Bond immediately after the Extension

Save as revised by the Extension, all the terms of the Convertible Bond remain unchanged and in full force. The principal terms of the Convertible Bond as disclosed in the circular of the Company dated 5 February 2021, which are the terms of the Convertible Bond are reproduced in the below (with the only amendment being in relation to the Extension):

- Principal amount** : HK\$50,000,000
- Maturity** : 30 September 2025
- Interest rate** : the Convertible Bond will be interest free
- Denomination for conversion** : With a minimum aggregate amount of HK\$1,000,000 and authorised denominations(s) integral multiples thereof save that if at any time the aggregate outstanding principal amount held by a holder of the Convertible Bond is less than HK\$1,000,000, the whole (but not part only) of such aggregate outstanding principal amount may be converted.
- Conversion rights** : A 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 Conversion Shares at the Conversion Price (subject to adjustments) on any Business Day from the date of issue of the Convertible Bond and up to the maturity date of the Convertible Bond, subject to the restrictions on the exercise of the Conversion Rights as set out below.

LETTER FROM THE BOARD

Conversion Price : HK\$0.50 per Conversion Share, subject to adjustments.

The Conversion Price shall be adjusted as provided in the Convertible Bond instrument in each of the following cases:

- (i) an alteration of the number of the Shares by reason of any consolidation or subdivision;

If and whenever the Shares by reason of any consolidation or sub-division become of a different nominal amount, the Conversion Price in force immediately prior thereto shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{B}$$

where:

A is the revised nominal amount; and

B is the former nominal amount.

Each such adjustment shall be effective from the close of business in Hong Kong on the date on which the consolidation or sub-division becomes effective.

- (ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);

If and whenever the Company shall issue (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or, if any, capital redemption reserve fund), the Conversion Price in force immediately prior to such issue shall be adjusted by multiplying it by the following fraction:

$$\frac{C}{D}$$

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where:

C is the aggregate nominal amount of the issued Shares immediately before such issue; and

D is the aggregate nominal amount of the issued Shares immediately after such issue.

Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day next following the record date for such issue.

- (iii) a capital distribution (as defined in the Convertible Bond instrument) being made by the Company, whether on a reduction of capital or otherwise, to holders of the Shares in their capacity as such;

If and whenever the Company shall make any capital distribution to holders (in their capacity as such) of Shares (whether on a reduction of capital or otherwise) or shall grant to such holders rights to acquire for cash assets of the Company or any of its subsidiaries, the Conversion Price in force immediately prior to such distribution or grant shall be adjusted by multiplying it by the following fraction:

$$\frac{E-F}{B}$$

where:

E is the market price on the date on which the capital distribution or, as the case may be, the grant is publicly announced or (failing any such announcement) next preceding the date of the capital distribution or, as the case may be, of the grant; and

F is the fair market value on the day of such announcement or (as the case may require) the next preceding day, as determined in good faith by a financial adviser or auditors of the Company for the time being, of the portion of the capital distribution or of such rights which is attributable to one Share;

LETTER FROM THE BOARD

Provided that:

- (a) if in the opinion of the relevant financial adviser or auditors of the Company (as the case may be), the use of the fair market value as aforesaid produces a result which is significantly inequitable, it may instead determine, and in such event the above formula shall be construed as if F meant the amount of the said market price which should properly be attributed to the value of the capital distribution or rights; and
- (b) the provisions as aforesaid shall not apply in relation to the issue of Shares paid out of profits or reserves and issued in lieu of a cash dividend.

Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day next following the record date for the capital distribution or grant.

- (iv) an offer or grant being made by the Company to holders of Shares by way of rights or of options or warrants to subscribe for new Shares;

If and whenever the Company shall after the date hereof offer to Shareholders new Shares for subscription by way of rights, or shall grant to Shareholders any options, warrants or other rights to subscribe for or purchase any Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of the announcement of such offer or grant by the following fraction:

$$\frac{G + (H \times I) / J}{G + H}$$

where:

G is the number of Shares in issue immediately before the date of such announcement;

H is the aggregate number of Shares so offered for subscription;

LETTER FROM THE BOARD

I is the amount (if any) payable for the rights, options or warrants or other rights to subscribe for each new Share, plus the subscription price payable for each new Share; and

J is the closing price per Share on the last trading day on which the Shares are traded on cum-rights basis.

Such adjustment shall become effective (if appropriate retroactively) from the commencement of the day next following the record date for the offer.

- (v) an issue being made by the Company of securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total effective consideration per Share (as defined below) initially receivable for such securities is less than 80% of the market price;
- (a) If and whenever the Company shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total effective consideration per Share (as defined below) initially receivable for such securities is less than 80% of the market price at the date of the announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the issue by a fraction of which the numerator is the number of Shares in issue immediately before the date of the issue plus the number of Shares which the total effective consideration receivable for the securities issued would purchase at such market price and the denominator is the number of Shares in issue immediately before the date of the issue plus the number of Shares to be issued upon conversion or exchange of, or the exercise of the subscription rights conferred by, such securities at the initial conversion or exchange rate or subscription price. Such adjustment shall become effective (if appropriate retrospectively) from the close of business in Hong Kong on the Business Day next preceding whichever is the earlier of the date on which the issue is announced and the date on which the Company determines the conversion or exchange rate or subscription price.

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- (b) If and whenever the rights of conversion or exchange or subscription attached to any such securities as foresaid are modified so that the total effective consideration per Share initially receivable for such securities shall be less than 80% of the market price at the date of announcement of the proposal to modify such rights of conversion or exchange or subscription, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by a fraction of which the numerator is the number of Shares in issue immediately before the date of such modification plus the number of Shares which the total effective consideration receivable for the securities issued at the modified conversion or exchange price would purchase at such market price and of which the denominator is the number of Shares in issue immediately before such date of modification plus the number of Shares to be issued upon conversion or exchange of or the exercise of the subscription rights conferred by such securities at the modified conversion or exchange rate or subscription price. Such adjustment shall become effective as at the date upon which such modification shall take effect. A right of conversion or exchange or subscription shall not be treated as modified for the foregoing purposes where it is adjusted to take account of rights or capitalisation issues and other events normally giving rise to adjustment of conversion or exchange terms.

For the purposes of this sub-paragraph (v), the “total effective consideration” receivable for the securities issued shall be deemed to be the consideration receivable by the Company for any such securities plus the additional minimum consideration (if any) to be received by the Company upon (and assuming) the conversion or exchange thereof or the exercise of such subscription rights, and the effective consideration per Share initially receivable for such securities shall be such aggregate consideration divided by the number of Shares to be issued upon (and assuming) such conversion or exchange at the initial conversion or exchange rate or the exercise of such subscription rights at the initial subscription price, in each case without any deduction for any commissions, discounts or expenses paid, allowed or incurred in connection with the issue.

LETTER FROM THE BOARD

- (vi) an issue being made by the Company of Shares at a price which is less than 80% of the market price; and

If and whenever the Company shall issue wholly for cash any Shares at a price per Share which is less than 80% of the market price at the date of the announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of such announcement by a fraction of which the numerator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares which the aggregate amount payable for the issue would purchase at such market price and the denominator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares so issued. Such adjustment shall become effective on the date of the issue.

- (vii) an issue being made by the Company of Shares for the acquisition of asset at a total effective consideration per Share (as defined below) less than 80% of the market price.

If and whenever the Company shall issue Shares for the acquisition of asset at a total effective consideration per Share (as defined below) which is less than 80% of the market price at the date of the announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying it by a fraction of which the numerator shall be the total effective consideration per Share and the denominator shall be such market price. Each such adjustment shall be effective (if appropriate retroactively) from the close of business in Hong Kong on the Business Day next preceding the date on which the Company determines the issue price for such Shares.

For the purpose of this sub-paragraph (vii) “total effective consideration” shall be the aggregate consideration credited as being paid for such Shares by the Company on acquisition of the relevant asset without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the “total effective consideration per Share” shall be the total effective consideration divided by the number of Shares issued as aforesaid.

LETTER FROM THE BOARD

- Transferability** : Freely transferrable, in whole or any part of the outstanding principal amount, to any person, subject to the terms of the Convertible Bond (as the case may be), the Listing Rules and all applicable laws and regulations. If the Convertible Bond is transferred to a “connected person” (as defined in the Listing Rules) of the Company or its associate(s) (as defined in the Listing Rules), the Company shall immediately notify the Stock Exchange and all such transfer shall be made subject to having obtained the written consent from the Company and prior approval of the Stock Exchange (if necessary) and full compliance with the Listing Rules. The Convertible Bond instrument which governs the terms and conditions of the Convertible Bond shall be binding on the Company and any holders of the Convertible Bond.
- Listing** : No application will be made for the listing of the Convertible Bond on the Stock Exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be issued upon the exercise of the Conversion Rights.
- Ranking** : The Conversion Shares to be issued upon the exercise of the Conversion Rights will be credited as fully paid and will rank *pari passu* in all respects among themselves and with other existing Shares outstanding at the date of issue of the Conversion Shares and be entitled to all dividends and other distributions the record date for which falls on a date on or after the date of their issue.
- Voting** : A holder of the Convertible Bond will not be entitled to receive notices of, attend or vote at any Shareholders’ meetings of the Company by reason only of it being a holder of the Convertible Bond.
- Redemption and repurchase** : The Company shall redeem at 100% of the outstanding principal amount of the Convertible Bond (as the case may be) on the maturity date.

The Company shall have the right to redeem in whole or any part(s) of the principal amount of the Convertible Bond, with an aggregate amount of HK\$1,000,000 and authorised denomination(s) integral multiples thereof (if at any time the aggregate outstanding principal amount held by a holder of the Convertible Bond is less than HK\$1,000,000, the whole (but not part only) of such aggregate outstanding principal amount may be redeemed), at any time on any business day prior to the maturity date by giving prior notice of not less than thirty (30) days in writing to the holder of the Convertible Bond. The Convertible Bond(s) or any part thereof so redeemed shall forthwith be cancelled by the Company.

LETTER FROM THE BOARD

Status : The obligations of the Company arising under the Convertible Bond constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable laws.

Restriction on the exercise of the Conversion Rights : The holder(s) of the Convertible Bond agree and undertake to the Company that it shall not exercise any of the Conversion Rights if (i) the holder(s) of the Convertible Bond and parties acting in concert with it/them will directly or indirectly control or be interested in such percentage of voting rights of the Company which the holder(s) would be obliged to make a general offer under the Takeovers Code unless (a) a whitewash waiver is obtained in accordance with the requirement of the Takeovers Code; or (b) a general offer is made in accordance with the requirement of the Takeovers Code; (ii) the Company will be unable to meet the public float requirements under the Listing Rules; or (iii) the holder(s) of the Convertible Bond or the Company will as a result of the issue of the relevant Conversion Shares be in breach of the Listing Rules, the Takeovers Code or applicable laws or regulations.

Conversion Shares

As at the Latest Practicable Date:

- (i) no Conversion Shares have been allotted and issued under the Convertible Bond;
- (ii) the Conversion Price (which is subject to adjustments) remains at HK\$0.50 per Conversion Share; and
- (iii) the Convertible Bond is convertible into a maximum of 100,000,000 Shares at the initial Conversion Price of HK\$0.50 per Conversion Share (subject to adjustments) and assuming that there is no change to the share capital of the Company save for the allotment and issue of the Conversion Shares under the Convertible Bond, the Conversion Shares represent:
 - (a) approximately 78.0% of the total existing issued share capital of the Company as at the Latest Practicable Date; and
 - (b) approximately 43.8% of the total issued share capital of the Company as enlarged by the issue of the 100,000,000 Conversion Shares.

LETTER FROM THE BOARD

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has outstanding share options entitling the holders thereof to subscribe for a total of 4,160,692 new Shares.

Saved as the outstanding share options mentioned above, there are no other outstanding options, warrants, derivatives, or other securities which carry rights to subscribe for or be converted into Shares, as at the Latest Practicable Date.

The table below illustrates the shareholding structure of the Company as at the Latest Practicable Date and immediately upon full conversion of the Convertible Bond of HK\$50,000,000 at the Conversion Price of HK\$0.50 per Conversion Share (assuming there is no other change in the issued share capital and shareholding structure of the Company from the Latest Practicable Date and up to the date of issuance of the Conversion Shares):

	As at the Latest Practicable Date		Immediately after issue and full conversion of Convertible Bond into Conversion Shares (Note 2)	
	Number of Shares	%	Number of Shares	%
Mr. Ng Man Sun (Note 1)	35,872,196	27.97	135,872,196	59.53
Ms. Cheng Wai Man (Note 3)	9,621,212	7.50	9,621,212	4.22
Mr. Huang Wei Qiang (Note 3)	8,690,000	6.78	8,690,000	3.80
Mr. Wong Kam Wah (Note 3)	8,254,212	6.44	8,254,212	3.62
Public Shareholders	65,809,941	51.31	65,809,941	28.83
Total	<u>128,247,561</u>	<u>100.00</u>	<u>228,247,561</u>	<u>100.00</u>

Notes:

1. Mr. Ng Man Sun is a substantial Shareholder, executive Director, Chairman and Chief Executive Officer of the Company.
2. For illustrative purpose only. The conversion of the Convertible Bond shall be subject to the “Restriction on the exercise of the Conversion Rights” under the terms of the Convertible Bond.
3. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of Ms. Cheng Wai Man, Mr. Huang Wei Qiang and Mr. Wong Kam Wah is a third party independent of the Company and its connected persons.

FUND RAISING ACTIVITY IN THE PAST TWELVE-MONTH PERIOD

The Company has not conducted any fund-raising activities in the 12 months prior to the Latest Practicable Date.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE PROPOSED EXTENSION

The Original Maturity Date of the Convertible Bond is 30 September 2022 and the bondholder of the Convertible Bond has a right to redeem or convert the Convertible Bond on the Original Maturity Date. Given (i) the out-of-money situation where the Conversion Price is HK\$0.50 per Conversion Share, representing (a) a premium of approximately 96.08% over the closing price of HK\$0.255 per Share on the date of the Amendment Agreement; and (b) a premium of approximately 92.31% over the average closing price of HK\$0.26 per Share of the last five consecutive trading days up to and including the date of the Amendment Agreement; and (ii) the net liabilities position of the Group as at 31 March 2022, the Subscriber is unlikely to convert all or part of the Convertible Bond on or before the Original Maturity Date and therefore require the Company to redeem the Convertible Bond in full if there would be no Extension. As at the Latest Practicable Date, no Convertible Bond have been converted.

With reference to the annual report of the Company for the year ended 31 March 2022, the Group had revenue of only approximately HK\$200,000 and loss attributable to the Shareholders of approximately HK\$3.7 million for the year ended 31 March 2022. The relatively small amount of revenue was mainly due to the low demand in the Group's augmented reality and virtual reality entertainment products and services and the further delay in the gaming table operation in Cambodia as a result of the COVID-19 pandemic. As at 31 March 2022, the Group recorded net current liabilities of approximately HK\$65.1 million, net liabilities of approximately HK\$26.7 million and current other borrowings of approximately HK\$100.2 million, while the Group had cash and cash equivalents of approximately HK\$3.8 million. As such, the Group's liquidity is under severe pressure and the Company is not able to fully redeem the Convertible Bond without raising additional funds from borrowings or other fund-raising activities, and therefore the redemption of the Convertible Bond is expected to pose an adverse impact on the cashflow and financial stability of the Group. To avoid the Group defaulting in its redemption obligations of the Convertible Bond on the Original Maturity Date, and taking into account the net current liabilities position of the Group and capital requirements for business operations of the Group, the Extension will enable the Group to postpone a substantial amount of cash outflow and allow it to have reasonable time to improve its financial performance and net current liabilities position in order to satisfy the redemption obligations under the terms of the Convertible Bond.

The Extension will also allow the Group to have more financial flexibility in the deployment of its working capital for its business operations and development. In light of the zero coupon rate of the Convertible Bond, the Directors consider it is in the interests of the Company and the Independent Shareholders as a whole to utilise its cash resources for business development and invest in other business opportunities should they arise. Further, as the Group does not have sufficient cash to for the full redemption of the Convertible Bond, the Group would be required to raise additional funds from bank borrowings or carry out other fund-raising activities for the Group to fulfill its redemption obligations. Given the financial performance and position of the Group, the Directors consider that it may not be practicable for the Group to secure further financing from banks without incurring relatively high financing cost, and result in additional interest burdens to the Group.

In view of the above, the Board (including the independent non-executive Directors) considers that, although the Amendment Agreement and the transactions contemplated thereunder are not conducted in the ordinary and usual course of business of the Group, given the nature of and the reasons for the transaction, they consider the Amendment Agreement, the Extension and the grant of the Specific Mandate are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

INFORMATION OF THE GROUP

The Company is incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange. The principal activity of the Company is investment holding. The Group is principally engaged in (i) operating the gaming tables in Cambodia; and (ii) development of innovative intellectual properties and technological solutions in connection with augmented reality or virtual reality applications to clients.

INFORMATION OF THE SUBSCRIBER

The Subscriber, Mr. Ng Man Sun, is a substantial Shareholder, executive Director, the Chairman and Chief Executive Officer of the Company. As at the Latest Practicable Date, the Subscriber holds approximately 27.97% of the total issued share capital of the Company and therefore is a substantial Shareholder of the Company. Accordingly, the Subscriber is a connected person of the Company under Chapter 14A of the Listing Rules.

LISTING RULES IMPLICATIONS

According to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. The Company will apply to the Stock Exchange for its approval for the Extension pursuant to the requirements under the Listing Rules.

The Extension is considered as a material change to the terms and conditions of the Convertible Bond. It is therefore regarded as new arrangement for the Company to issue convertible debt securities to the Subscriber and hence Shareholders' approval is required.

The Company will seek the grant of the Specific Mandate from the Independent Shareholders at the SGM to be convened to authorise the Board to allot and issue the Conversion Shares upon exercise of the Conversion Rights attached to the Convertible Bond as amended and supplemented by the Amendment Agreement.

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares which may fall to be allotted and issued upon exercise of the Conversion Rights attached to the Convertible Bond as amended and supplemented by the Amendment Agreement.

As at the Latest Practicable Date, the Subscriber and his close associates in aggregate holds 35,872,196 Shares, representing approximately 27.97% of the existing number of issued Shares of the Company and hence the Subscriber is a substantial Shareholder and a connected person of the Company under Chapter 14A of the Listing Rules. The entering into of the Amendment Agreement and the issue of the Conversion Shares pursuant to the Specific Mandate constitute a connected transaction of the Company, and is subject to reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

GENERAL

Given that Mr. Ng Man Sun (i.e. the Subscriber) and Ms. Ng Wai Yee (being Mr. Ng Man Sun's daughter) are considered to have a material interest in the Amendment Agreement, the Extension and the grant of the Specific Mandate, each of them has abstained from voting in respect of the Board resolution approving the Amendment Agreement, the Extension and the grant of the Specific Mandate.

The Amendment Agreement, the Extension and the grant of the Specific Mandate, are subject to, among other things, the approval of Independent Shareholders at the SGM. The Independent Board Committee (comprising all independent non-executive Directors) has been formed pursuant to the Listing Rules to advise the Independent Shareholders as to the fairness and reasonableness of the entering into of the Amendment Agreement, the Extension and the grant of the Specific Mandate. Euto Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Amendment Agreement, the Extension and the grant of the Specific Mandate. The Subscriber and his associates shall abstain from voting in respect of the resolution. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no other Shareholders are required to abstain from voting at the SGM in respect of the Amendment Agreement, the Extension and the grant of the Specific Mandate.

SGM

A notice convening the SGM of the Company to be held at United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Tuesday, 29 November 2022 at 11:00 a.m. or any adjournment thereof is set out on pages 47 to 48 of this circular. A form of proxy for the SGM is enclosed herein. Whether or not you are able to attend at the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Hong Kong branch share registrar of the Company, Tricor Secretaries Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman of the SGM, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The results of the poll will be published on the websites of the Stock Exchange and the Company after the SGM in the manner prescribed under Rules 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Thursday, 24 November 2022 to Tuesday, 29 November 2022, both days inclusive, during which period no transfer of Shares of the Company will be registered. In order to be eligible to attend and vote at the SGM, unregistered holders of Shares of the Company should ensure that all the share transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Tricor Secretaries Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 23 November 2022 (Hong Kong Time).

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 22 and 23 of this circular which contains its recommendation to the Independent Shareholders in relation to the Amendment Agreement, the Extension and the grant of the Specific Mandate; and (ii) the letter from the Independent Financial Adviser set out on pages 24 to 40 of this circular which contains its recommendation and advice to the Independent Board Committee in this regard.

The Board (including the independent non-executive Directors) considers that, although the Amendment Agreement and the Extension are not conducted in the ordinary and usual course of business of the Group, given the nature of and the reasons for the transaction, they consider the Amendment Agreement, the Extension and the grant of the Specific Mandate are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Amendment Agreement, the Extension contemplated thereunder and the grant of the Specific Mandate.

FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular and the notice of the SGM.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the full text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



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)

CONNECTED TRANSACTION IN RELATION TO THE PROPOSED EXTENSION OF THE MATURITY DATE OF THE CONVERTIBLE BOND

11 November 2022

To the Independent Shareholders

Dear Sirs or Madams,

We refer to the circular of the Company to the Shareholders dated 11 November 2022 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee, which has been established to consider the Amendment Agreement, the Extension and the grant of the Specific Mandate, and advise the Independent Shareholders whether, in our opinion, its terms are fair and reasonable so far as the Independent Shareholders are concerned, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole. Euto Capital Partners Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

We wish to draw your attention to the letter from the Board and the letter from the Independent Financial Adviser as set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of the Independent Financial Adviser as set out in its letter of advice, we consider that although the Amendment Agreement and the Extension are not conducted in the ordinary and usual course of business of the Group,

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

given the nature of and the reasons for the transaction, we consider the Amendment Agreement, the Extension and the grant of the Specific Mandate are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

We also consider that the Amendment Agreement, the Extension and the grant of the Specific Mandate, are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Amendment Agreement, the Extension and the grant of the Specific Mandate.

Yours faithfully,

For and on behalf of the

Independent Board Committee of

Century Entertainment International Holdings Limited

Ms. Yeung Pui Han, Regina

Mr. Li Chi Fai

Ms. Sie Nien Che, Celia

Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER



裕韜資本有限公司
Euto Capital Partners Limited

Euto Capital Partners Limited
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www.eutocapital.com

11 November 2022

To *the Independent Board Committee and
the Independent Shareholders*

Dear Sirs and Madams,

CONNECTED TRANSACTION IN RELATION TO THE PROPOSED EXTENSION OF THE MATURITY DATE OF THE CONVERTIBLE BOND

INTRODUCTION

We refer to our appointment as the independent financial adviser (the “**Independent Financial Adviser**”) to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the proposed extension under the Amendment Agreement (the “**Proposed Extension**”) and the grant of a specific mandate, particulars of which are set out in the section headed “Letter from the Board” (the “**Letter**”) contained in the Circular of the Company to the Shareholders dated 11 November 2022 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

Reference is made to the (i) announcements of the Company dated 30 December 2020, 15 January 2021 and 31 March 2021 and the circular of the Company dated 5 February 2021 in relation to, among others, the subscription of the Convertible Bond by the Subscriber; and (ii) the announcement of the Company dated 30 September 2022 in relation to the Extension. As at the Latest Practicable Date, the entire principal amount of the Convertible Bond remains outstanding and is matured on 30 September 2022 pursuant to the existing terms and conditions of the Convertible Bond.

On 30 September 2022 (after trading hours of the Stock Exchange), the Company and the Subscriber entered into the Amendment Agreement to extend the Original Maturity Date (i.e. 30 September 2022) for 3 years to the Extended CB Maturity Date (i.e. 30 September 2025), subject to the fulfilment of the Conditions Precedent to the Amendment Agreement. Save for the Extension, all other terms of the Convertible Bond shall remain unchanged and in full force.

As at the Latest Practicable Date, the Subscriber holds approximately 27.97% of the total issued share capital of the Company and therefore is a substantial Shareholder of the Company. Accordingly, the Subscriber is a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the entering into of the Amendment Agreement and the issue of the Conversion Shares pursuant to the Specific Mandate constitute a connected transaction of the Company, and is subject to, among other requirements, the approval from the Independent Shareholders under Chapter 14A of the Listing Rules by way of poll at the SGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Ms. Yeung Pui Han, Regina, Mr. Li Chi Fai and Ms. Sie Nien Che, Celia has been established to advise the Independent Shareholders in relation to the Proposed Extension contemplated under the Amendment Agreement. None of the members of the Independent Board Committee has any material interest in the Proposed Extension.

OUR INDEPENDENCE

We, Euto Capital Partners Limited (“**Euto Capital**”), have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard, and such appointment has been approved by the Independent Board Committee pursuant to the Listing Rules.

Euto Capital is a licensed corporation licensed under the Securities and Futures Ordinance (“**SFO**”) to carry out Type 6 (advising on corporate finance) regulated activity. Euto Capital has participated in and completed various independent financial advisory transactions since 2015. Ms. Wendy Liu (“**Ms. Liu**”) is the person signing off the opinion letter from Euto Capital contained in the Circular. Ms. Liu has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2014. Ms. Liu has participated in and completed various independent financial advisory transactions in Hong Kong.

There was no other service provided by Euto Capital to the Company during the past two years immediately preceding the Latest Practicable Date. As at the Latest Practicable Date, we confirmed that there is no relationship or interest between Euto Capital and the Company or any other parties that could reasonably be regarded as hindrance to Euto Capital’s independence as set out under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Extension contemplated under the Amendment Agreement.

We are not associated with and have no significant connection financially or otherwise, with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates, and accordingly, are eligible to give independent advice and recommendations.

Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates. We are not aware of the existence of or change in any circumstances that would affect our independence.

Accordingly, we consider that we have performed all reasonable steps as required under the Listing Rules and are eligible to give independent advice in respect of the Proposed Extension contemplated under the Amendment Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things: the Amendment Agreement, the financial statements of the Group and other information as set out in the Circular. We have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries (the “**Management**”).

We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true and that all expectations and intentions of the Directors and the Management, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors and the Management. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed.

We consider that we have been provided with, and we have reviewed, among others: the annual reports of the Company for the year ended 31 March 2021 (the “**2021 Annual Report**”) and for the year ended 31 March 2022 (the “**2022 Annual Report**”) and the announcement of the Company dated 30 September 2022 in relation to the Proposed Extension which are made available to us and enable us to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors and the Management. We have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Company or its future prospects.

We have assumed that the Proposed Extension will be consummated in accordance with the terms and conditions set forth in the Circular without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents as required for the Proposed Extension, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Proposed Extension. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with note 1 to Rule 13.80 of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the terms of the Proposed Extension contemplated under the Amendment Agreement, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors and reasons:

1. Background information on the parties to the Amendment Agreement

The Company is incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange. The principal activity of the Company is investment holding. The Group is principally engaged in (i) operating the gaming tables in Cambodia; and (ii) development of innovative intellectual properties and technological solutions in connection with augmented reality or virtual reality applications to clients.

The Subscriber, Mr. Ng Man Sun, is a substantial Shareholder, executive Director, the Chairman and Chief Executive Officer of the Company. As at the Latest Practicable Date, the Subscriber holds approximately 27.97% of the total issued share capital of the Company.

1.1 Historical financial performance of the Group

Set out below is the summary of the Group's financial information for each of the years ended 31 March 2020, 2021 and 2022 as extracted from the 2022 Annual Report and the 2021 Annual Report:

	For the year ended March 2021		
	2022	2021	2020
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)
Revenue	200	727	45,922
Loss before taxation	(3,857)	(44,991)	(63,858)
Loss for the year attributable to the owners of the Company	(3,675)	(42,999)	(39,219)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(a) *Year ended 31 March 2022 (“FY2022”) compared with year ended 31 March 2021 (“FY2021”)*

As disclosed in the 2022 Annual Report, the Group recorded a revenue of approximately HK\$0.2 million from continuing operations for FY2022, decreasing by approximately 72.5% as compared to approximately HK\$0.7 million for FY2021. There was no revenue generated from gaming table business because of the spread of COVID-19 and the temporary closure of all casinos in Cambodia since 1 April 2020 and also that the work on the re-opening of the casino is still in progress. Net loss for FY2022 was approximately HK\$3.7 million, decreasing approximately 91.4% as compared to approximately HK\$43.0 million for FY2021. The change in net loss for FY2022 was mainly due to fair value gain on financial assets and financial liabilities at fair value through profit or loss increased, representing an increase of approximately HK\$43.1 million.

(b) *FY2021 compared with year ended 31 March 2020 (“FY2020”)*

As stated in the 2021 Annual Report, the Group recorded a revenue of approximately HK\$0.7 million from continuing operations for FY2021, decreasing by approximately 98.4% as compared to approximately HK\$45.9 million for FY2020. 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 FY2021 was approximately HK\$43.0 million, increasing by approximately 12.8% as compared to approximately HK\$38.1 million for FY2020. The loss was mainly due to (a) the decrease in revenue for the Group which was mainly attributable to (i) the termination of the VIP room gaming business; and (ii) the temporary closure of casinos in Cambodia affecting the gaming table business and also that the work on the re-opening of the new casino was delayed due to strict lockdown measures imposed in Cambodia since February 2021; and (b) amortization made on the intangible assets in relation to the gaming table business, and amortisation and impairment losses made on the intangible assets and goodwill in relation to the AR/VR applications operation in the amounts of approximately HK\$13.6 million and HK\$25.9 million respectively.

1.2 *Historical financial position of the Group*

	For the year ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
	(audited)	(audited)
Total assets	133,555	114,377
Non-current assets	38,402	65,373
Current assets	95,153	49,004
Total liabilities	160,225	137,372
Current liabilities	160,225	96,363
Non-current liabilities	–	41,009
Net assets/(liabilities)	(26,670)	(22,995)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As stated in the 2022 Annual Report, 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 have 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).

For further details of the financial information of the Group, please refer to the financial reports published by the Company.

1.3 Prospects of the Group

As stated in the 2022 Annual Report, 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 travelers 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. The Company 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.

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

Based on the aforesaid, we understand that the macro-economic environment may be improving, however, it remains uncertain as to whether the trend will continue as it is hard to predict the macro environment in the future. Therefore, we consider the future prospects of the Group remain challenging and uncertain in the near future.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2.1 Background of and reasons for the Amendment Agreement

As detailed in the circular of the Company dated 5 February 2021 (the “**2021 Circular**”), the Original Maturity Date of the Convertible Bond is 30 September 2022 and the bondholder of the Convertible Bond has a right to redeem or convert the Convertible Bond on the Original Maturity Date. Given (i) the out-of-money situation where the Conversion Price is HK\$0.50 per Conversion Share, representing (a) a premium of approximately 96.08% over the closing price of HK\$0.255 per Share on the date of the Amendment Agreement; and (b) a premium of approximately 92.31% over the average closing price of HK\$0.26 per Share of the last five consecutive trading days up to and including the date of the Amendment Agreement; and (ii) the net liabilities position of the Group as at 31 March 2022, the Subscriber is unlikely to convert all or part of the Convertible Bond on or before the Original Maturity Date and therefore require the Company to redeem the Convertible Bond in full if there would be no Extension.

With reference to the 2022 Annual Report, the Group had revenue of only approximately HK\$200,000 and loss attributable to the Shareholders of approximately HK\$3.7 million for the year ended 31 March 2022. The relatively small amount of revenue was mainly due to the low demand in the Group’s augmented reality and virtual reality entertainment products and services and the further delay in the gaming table operation in Cambodia as a result of the COVID-19 pandemic. As at 31 March 2022, the Group recorded net current liabilities of approximately HK\$65.1 million, net liabilities of approximately HK\$26.7 million and other borrowings of approximately HK\$100.2 million, while the Group had cash and cash equivalents of approximately HK\$3.8 million. As such, the Group’s liquidity is under severe pressure and the Company is not able to fully redeem the Convertible Bond without raising additional funds from borrowings or other fund-raising activities, and therefore will pose an adverse impact on the cashflow and financial stability of the Group. To avoid the Group defaulting in its redemption obligations of the Convertible Bond on the Original Maturity Date, and taking into account the net current liabilities position of the Group and working capital requirements for the business operations of the Group, the Proposed Extension will enable the Group to postpone a substantial cash outflow and allow it to have reasonable time to improve its financial performance and net current liabilities position in order to satisfy the redemption obligations under the terms of the Convertible Bond.

As stated in the Letter in the Circular, the Proposed Extension will also allow the Group to have more financial flexibility in the deployment of its working capital for its business operations and development. In light of the zero coupon rate of the Convertible Bond, the Directors consider it is in the interests of the Company and the Independent Shareholders as a whole to utilise its cash resources for business development and invest in other business opportunities should they arise. Further, as the Group does not have sufficient cash for the full redemption of the Convertible Bond, the Group would be required to raise additional funds from bank borrowings or carry out other fund-raising activities for the Group to fulfill its redemption obligations. Given the financial performance and position of the Group, the Directors consider that it may not be practicable for the Group to secure further financing from banks without incurring relatively high financing cost, and result in additional interest burdens to the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In respect of the potential repayment or refinancing of the Convertible Bond (being alternatives to the Proposed Extension), we have reviewed the 2022 Annual Report and we noted that: (i) the Group only had cash and bank balances of approximately HK\$3.8 million and net current liabilities of approximately HK\$65.1 million as at 31 March 2022 and (ii) other unsecured loans of the Group had effective interest rates of approximately 10% per annum for the year ended 31 March 2022. Moreover, we note that the principal amount of HK\$50 million of the Convertible Bond represented approximately 152.9% of the market capitalisation of the Company of approximately HK\$32.7 million as at the date of the Amendment Agreement. As confirmed by the Directors, the net proceeds from the Convertible Bonds had already been fully utilized. In view of the aforesaid and the loss making financial performance of the Group in the past few years, we understand that (i) the repayment of the Convertible Bond would reduce the working capital of the Group and hamper its business development; (ii) refinancing the Convertible Bond with bank loans would incur interest that would cause further financial burden to the Group, in particular, the market interest rate is currently on a rising trend; and (iii) refinancing the Convertible Bond through equity fund raising exercise (such as placing of new shares, rights issue or open offer) would cause an immediate and material dilution to all Shareholders (including the Independent Shareholders) who do not participate in the exercise.

Taking into account, in particular, (i) save for the Proposed Extension, all terms of the Convertible Bond remain unchanged and in full force; (ii) the Convertible Bond is interest-free, whereas the market interest rate is currently on a rising trend, the average Hong Kong interbank offered rate in January 2022 was approximately 0.15% and increased to approximately 2.28% in September 2022.; (iii) the Group has been loss making in the past few years and the repayment of the Convertible Bond would reduce the working capital and cash resources of the Group and hamper its business development; (iv) the Group had net liabilities of approximately HK\$26.7 million and other borrowings of approximately HK\$100.2 million as at 31 March 2022; and (v) the terms of the Proposed Extension contemplated under the Amendment Agreement are fair and reasonable as discussed below, we are of the view that although the Proposed Extension contemplated under the Amendment Agreement is not in the ordinary and usual course of business of the Group, it is fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

2.2 Principal terms of the Amendment Agreement

The Amendment Agreement extends the Maturity Date (i.e. the Proposed Extension) from 30 September 2022 to 30 September 2025, subject to the fulfilment of the Conditions Precedent to the Amendment Agreement. Save for the Proposed Extension, all terms of the Convertible Bond remain unchanged and in full force. The following sets out the existing principal terms of the Convertible Bond, which was approved by the then independent shareholders of the Company at the special general meeting held on 1 March 2021. For further details of the terms, please refer to the 2021 Circular and the Letter in the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- Principal amount** : HK\$50,000,000
- Maturity** : 30 September 2025
- Interest rate** : the Convertible Bond will be interest free
- Denomination for conversion** : With a minimum aggregate amount of HK\$1,000,000 and authorised denominations(s) integral multiples thereof save that if at any time the aggregate outstanding principal amount held by a holder of the Convertible Bond is less than HK\$1,000,000, the whole (but not part only) of such aggregate outstanding principal amount may be converted.
- Conversion rights** : A 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 Conversion Shares at the Conversion Price (subject to adjustments) on any Business Day from the date of issue of the Convertible Bond and up to the maturity date of the Convertible Bond, subject to the restrictions on the exercise of the Conversion Rights as set out below.
- Conversion price** : HK\$0.50 per Conversion Share, subject to adjustments. For details of the adjustments, please refer to the Letter.
- Ranking** : The Conversion Shares to be issued upon the exercise of the Conversion Rights will be credited as fully paid and will rank pari passu in all respects among themselves and with other existing Shares outstanding at the date of issue of the Conversion Shares and be entitled to all dividends and other distributions the record date for which falls on a date on or after the date of their issue.
- Voting** : A holder of the Convertible Bond will not be entitled to receive notices of, attend or vote at any Shareholders' meetings of the Company by reason only of it being a holder of the Convertible Bond.

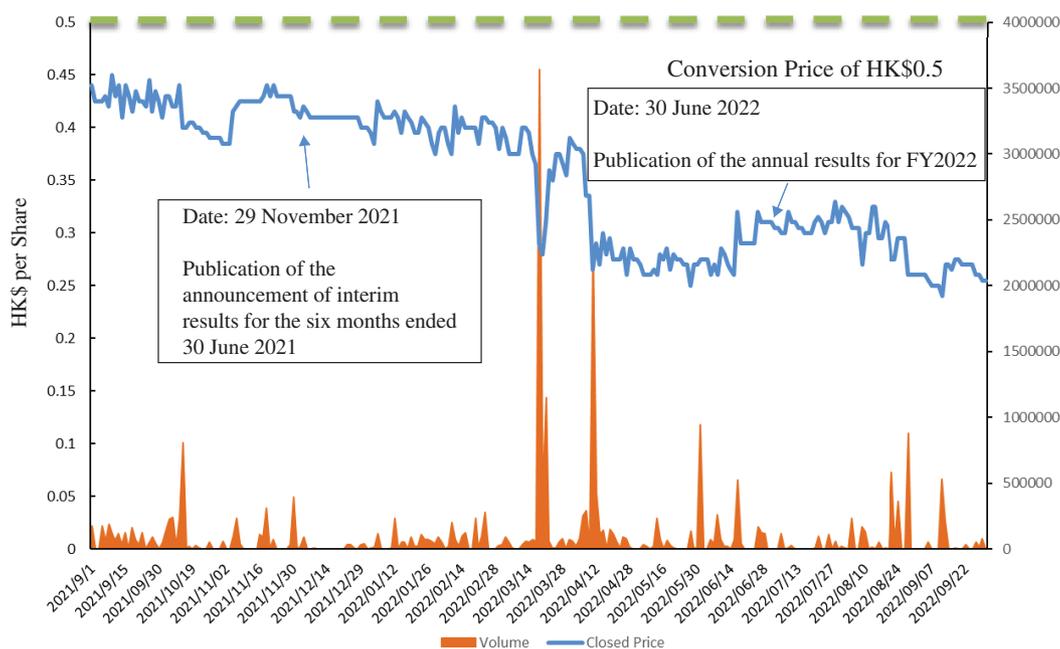
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- Redemption and repurchase** : The Company shall redeem at 100% of the outstanding principal amount of the Convertible Bond (as the case may be) on the maturity date. The Company shall have the right to redeem in whole or any part(s) of the principal amount of the Convertible Bond, with an aggregate amount of HK\$1,000,000 and authorized denomination(s) integral multiples thereof (if at any time the aggregate outstanding principal amount held by a holder of the Convertible Bond is less than HK\$1,000,000, the whole (but not part only) of such aggregate outstanding principal amount may be redeemed), at any time on any business day prior to the maturity date by giving prior notice of not less than thirty (30) days in writing to the holder of the Convertible Bond. The Convertible Bond(s) or any part thereof so redeemed shall forthwith be cancelled by the Company.
- Status** : The obligations of the Company arising under the Convertible Bond constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank pari passu with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable laws.
- Restriction on the exercise of the Conversion Rights** : The holder(s) of the Convertible Bond agree and undertake to the Company that it shall not exercise any of the Conversion Rights if (i) the holder(s) of the Convertible Bond and parties acting in concert with it/them will directly or indirectly control or be interested in such percentage of voting rights of the Company which the holder(s) would be obliged to make a general offer under the Takeovers Code unless (a) a whitewash waiver is obtained in accordance with the requirement of the Takeovers Code; or (b) a general offer is made in accordance with the requirement of the Takeovers Code; (ii) the Company will be unable to meet the public float requirements under the Listing Rules; or (iii) the holder(s) of the Convertible Bond or the Company will as a result of the issue of the relevant Conversion Shares be in breach of the Listing Rules, the Takeovers Code or applicable laws or regulations.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Price performance of the Shares

We have reviewed the historical price performance of the Shares. The chart below depicts the closing prices of the Shares from 1 September 2021, being approximately one full calendar year before the date of the Amendment Agreement, up to and including the date of the Amendment Agreement (the “**Review Period**”). Given the duration of the Review Period of one year (i) can adequately reflect the recent market trend of the pricing of the Shares in view of the ever changing market environment, where the pricing dated a long time ago would be less representative of the current prevailing environment; and (ii) is in line with the usual market practice for market pricing review, we consider such duration to be fair and representative.



With reference to the above chart for the Review Period, the average closing price of the Shares was approximately HK\$0.35 per Share (the “**Average Closing Price**”). The closing prices of the Shares ranged from HK\$0.24 per Share (the “**Lowest Closing Price**”) recorded on 13 September 2022 to HK\$0.45 per Share (the “**Highest Closing Price**”) recorded on 9 September 2021 during the Review Period. Since the beginning of the Review Period, the daily closing price has been in a flat and steady trend from September 2021 to mid-March 2022. Since then, the closing price of the Shares exhibited a significant drop from HK\$0.365 on 16 March 2022 to HK\$0.29 on 17 March 2022. Afterwards, the closing prices rebounded to HK\$0.36 on 22 March 2022. Subsequently, the Shares exhibited a significant drop from HK\$0.335 on 8 April 2022 to HK\$0.265 on 11 April 2022 and experienced a downward trend since April 2022 and remained steady to the date of the Amendment Agreement.

We note that (i) the closing prices of the Shares overall demonstrated a decline trend during the Review Period, where the highest closing price recorded in September 2021 and the lowest closing price recorded in September 2022 represented a decline of approximately 46.67%; and (ii) the Conversion Price of HK\$0.5 per Conversion Share represents a premium of approximately 96.08% to the closing price of the Shares as at the date of the Amendment Agreement, where we understand the Conversion Price to be way higher than the recent market trading price of the Shares.

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Average daily trading volume of the Shares

	Approximate average daily trading volume of the Shares (Number of Shares)	Approximate percentage of average daily trading volume to total number of issued Shares
2021		
September	76,590	0.06%
October	103,027	0.08%
November	65,417	0.05%
December	12,120	0.01%
2022		
January	49,720	0.04%
February	70,450	0.05%
March	261,330	0.20%
April	228,164	0.18%
May	78,488	0.06%
June	72,783	0.06%
July	21,853	0.02%
August	109,086	0.09%
September	48,816	0.04%

Source: website of the Stock Exchange

As shown in the table above, the average daily trading volume of the Shares in each month ranged from 12,120 Shares in December 2021 to 261,330 Shares in March 2022, representing approximately 0.01% and 0.20% of the total number of issued Shares as at the end of the relevant months indicating a relatively thin trading liquidity in general since 2021 and up to the date of the Amendment Agreement. We note from the above table that the trading volume of the Shares was extremely thin during the Review Period, where the percentages of the average daily trading volume of the Shares to the total number of issued Shares were mainly below or around 0.1%. We also note that, upon exercise of the conversion rights under the Convertible Bond in full, a total of 100,000,000 new Shares (being the Conversion Shares) may be allotted and issued to the Bondholder (subject to certain restrictions), representing approximately 77.97% of the total number of issued Shares as at the Latest Practicable Date and approximately 43.81% of the total issued share capital of the Company as enlarged by the issue of the Conversion Shares. Accordingly, the Bondholder would find it difficult to dispose of a large volume of Shares, such as substantial part or all the Conversion Shares, in the open market within a short period of time without exerting material downward pressure on the price of the Shares. The Independent Shareholders should note that (i) the large issue size of the Conversion Shares is based on the existing principal terms of the Convertible Bond, which

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were already approved by the then Independent Shareholders of the Company at the special general meeting held on 1 March 2021; and (ii) the potential dilution effect has already been ongoing, rather than an additional impact, with regard to the entering into of the Amendment Agreement which purely extends the Original Maturity Date with all other terms of the Convertible Bond remain unchanged, for the purpose of preserving cash resources (rather than repaying the proceeds from the Convertible Bond to the Bondholder) in view of the uncertain business environment. For further details of such ongoing potential dilution effect, please refer to the section headed “Financial and dilution impacts of the Convertible Bond” below.

Comparable analysis

In addition, we have exhaustively identified a list of comparable issues (“**Comparable Issues**”), which (i) involved the issue of or the entering into of relevant agreements/deeds in relation to convertible bond for shares listed on the Main Board of the Stock Exchange and (ii) the issues were announced within six months before the date of the Amendment Agreement. In view of the criteria, we consider the Comparable Issues to be fair and representative for the purpose of conducting a comparable analysis for reference, nonetheless the Independent Shareholders should note that the Conversion Price had already been fixed and agreed between the Company and the Bondholder approximately 1.5 years ago, where the terms of the Convertible Bond had already been considered as fair and reasonable as set out in the 2021 Circular, and the issuance of the Convertible Bond Issues was approved by the then Independent Shareholders in March 2021. The details of the Comparable Issues are set out in the following table.

Announcement date	Name of company (stock code)	Maturity (year(s))	Interest rate per annum	Premium/ (discount) of the conversion price over/to the closing price per share as at the date of relevant agreement or deed
4 Apr 2022	Capital Finance Holdings Ltd (8239)	1.5	0.0%	61.29%
11 Apr 2022	CIFI Holdings (Group) Co. Ltd. (884)	3	7.0%	19.18%
22 Apr 2022	IBO Technology Co. Ltd. (2708)	2	0.0%	3.32%
5 May 2022	China Infrastructure Investment Ltd (600)	1	8.0%	1.28%
12 May 2022	Grown Up Group Investment Holdings Ltd (1842)	2	2.5%	(19.60)%
23 May 2022	Sino Splendid Holdings Ltd (8006)	2	1.5%	31.60%
24 May 2022	Beaver Group (Holding) Co. Ltd. (8275)	2	2.5%	33.33%

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Announcement date	Name of company (stock code)	Maturity (year(s))	Interest rate per annum	Premium/ (discount) of the conversion price over/to the closing price per share as at the date of relevant agreement or deed
26 May 2022	SJM Holdings Ltd (880)	5	2.0%	35.70%
8 Jun 2022	China Fordoo Holdings Ltd (2399)	2	8.0%	5.26%
9 Jun 2022	China Health Group Ltd (673)	2	6.0%	112.77%
21 Jun 2022	China Zenith Chemical Group Ltd (362)	1	0.0%	49.30%
21 Jun 2022	Grand Ocean Advanced Resources Co. Ltd. (65)	1	0.3%	6.95%
11 Jul 2022	Jiayuan International Group Ltd (2768)	1	8.0%	56.32%
27 Jul 2022	Virtual Mind Holding Co. Ltd. (1520)	2	10.0%	6.84%
28 Jul 2022	Luye Pharma Group Ltd (2186)	1	6.5%	40.00%
1 Aug 2022	Vobile Group Ltd (3738)	3	4.0%	32.67%
19 Aug 2022	Central Development Holdings Ltd (475)	3	0.0%	0.00%
7 Sep 2022	Capital VC Limited (2324)	2	1.5%	19.00%
13 Sep 2022	South China Financial Holdings Ltd (619)	3	1.0%	0.00%
19 Sep 2022	Huscoke Holdings Limited (704)	2	8.0%	(30.50)%
	Maximum	5	10.0%	112.77%
	Average	2	3.8%	23.24%
	Median	2	2.5%	19.09%
	Minimum	1	0.0%	(30.50)%
The Proposed Extension as at 30 September 2022		3	0.0%	96.08%

Source: the announcements of relevant companies published on the website of the Stock Exchange

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Analysis

As shown in the table above, the conversion prices of the Comparable Issues ranged from a discount of approximately 30.50% to a premium of approximately 112.77% to/over the respective closing price per share as at the date of the relevant agreement/deed, with an average and median of a premium of approximately 23.24% and 19.09%, respectively. The premium of approximately 96.08%, as represented by the Conversion Price over the closing price of HK\$0.255 per Share on the date of the Amendment Agreement, is within the aforesaid range and significantly higher than the average and median of the Comparable Issues.

We note that the Proposed Extension of three years and the total duration of 4.5 years for the Convertible Bond are within the range of those of the Comparable Issues and therefore in line with market practice. Moreover, from the perspective of the extension of an interest-free borrowing, particularly when all the funds from the borrowing had already been utilised and market interest rates in coming years are widely anticipated to be on a rising trend, we consider extending the repayment timeframe would be favourable to the Company and the Shareholders (including the Independent Shareholders) as a whole.

Financial and dilution impacts of the Convertible Bond

We have discussed with, and have been advised by, the Management that the Amendment Agreement is not expected to additionally lead to any immediate financial impact to the Group given the Convertible Bond were already issued in March 2021 and the Amendment Agreement only extends the Original Maturity Date.

The table below illustrates the shareholding structure of the Company as at the Latest Practicable Date and immediately upon full conversion of the Convertible Bond of HK\$50,000,000 at the Conversion Price of HK\$0.50 per Conversion Share (assuming there is no other change in the issued share capital and shareholding structure of the Company from the Latest Practicable Date and up to the date of issuance of the Conversion Shares):

	As at the Latest Practicable Date		Immediately after issue and full conversion of Convertible Bond into Conversion Shares (Note 2)	
	Number of Shares	%	Number of Shares	%
Mr. Ng Man Sun (Note 1)	35,872,196	27.97	135,872,196	59.53
Ms. Cheng Wai Man (Note 3)	9,621,212	7.50	9,621,212	4.22
Mr. Huang Wei Qiang (Note 3)	8,690,000	6.78	8,690,000	3.80
Mr. Wong Kam Wah (Note 3)	8,254,212	6.44	8,254,212	3.62
Public Shareholders	65,809,941	51.31	65,809,941	28.83
Total	128,247,561	100.00	228,247,561	100.00

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Notes:

1. Mr. Ng Man Sun is a substantial Shareholder, executive Director, the Chairman and Chief Executive Officer of the Company.
2. For illustrative purpose only. The conversion of the Convertible Bond shall be subject to the “Restriction on the exercise of the Conversion Rights” under the terms of the Convertible Bond.
3. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of Ms. Cheng Wai Man, Mr. Huang Wei Qiang and Mr. Wong Kam Wah is a third party independent of the Company and its connected persons.

The Independent Shareholders should note that the number of Conversion Shares to be issued pursuant to such conversion shall be limited to the maximum number of Shares issuable by the Company which would not result in a breach of the public float requirement under the Listing Rules or mandatory general offer being triggered under the Takeovers Code, and the balance of the conversion rights attaching to the Convertible Bond which the Bondholder sought to convert shall be suspended until such time when the Company is able to issue additional Shares in satisfaction of the exercise of the said balance of conversion rights attaching to the Convertible Bond and at the same time comply with the public float requirement under the Listing Rules; or without triggering a mandatory general offer under the Takeovers Code; or the general offer is made by such Bondholder or Shareholder and parties acting in concert with it respectively; or a whitewash waiver is approved and granted (as the case may be).

As shown in the Letter under the section headed “Effect on the Shareholding Structure of the Company”, assuming there is no other change in the issued share capital and shareholding structure of the Company other than the conversion of the Convertible Bond, the shareholding in the Company held by existing public Shareholders would be diluted from approximately 51.31% as at the Latest Practicable Date to approximately 28.83% immediately after full conversion of the Convertible Bond.

After primarily taking into account, (i) the Convertible Bond was already issued in March 2021; (ii) the Amendment Agreement purely extends the Original Maturity Date, where all other terms of the Convertible Bonds remain unchanged, and does not cause any additional further dilution to the Independent Shareholders; (iii) the Convertible Bond is interest-free, where the Group has been loss making in the past few years and the net proceeds of the Convertible Bond had already been fully utilised; (iv) the Company may at any time during the period commencing from the Issue Date and expiring on the new Maturity Date redeem the whole or part of the outstanding Convertible Bond; (v) the reasons for entering into of the Amendment Agreement as previously discussed; (vi) the out-of-money situation where the Conversion Price is HK\$0.50 per Conversion Share, representing (a) a premium of approximately 96.08% over the closing price of HK\$0.255 per Share on the date of the Amendment Agreement; and (b) a premium of approximately 92.31% over the average closing price of HK\$0.26 per Share of the last five consecutive trading days up to and including the date of the Amendment Agreement; (vii) the extent of the conversion of the Convertible Bond is subject to the Takeovers Code, such as triggering a general offer or application for a whitewash waiver which would require a separate approval from the Independent Shareholders; and (viii) the terms of the Proposed Extension contemplated under the Amendment Agreement are on normal commercial terms and are fair and reasonable as aforementioned, we consider the potential dilution impacts (being the continuation of the ongoing potential dilution impacts, rather than the creation of any further potential dilution impacts) of the Convertible Bond under the Amendment Agreement to be acceptable.

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RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we consider that the Amendment Agreement of the Proposed Extension contemplated thereunder and the grant of specific mandate are on normal commercial terms. Although the Proposed Extension is not in the ordinary and usual course of business of the Group, it is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the resolution to be proposed at the SGM to approve the Proposed Extension and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully
For and on behalf of
Euto Capital Partners Limited
Wendy Liu
Director

*Ms. Wendy Liu (“**Ms. Liu**”) is a licensed person registered with SFC and regarded as a responsible officer of Type 6 (advising on corporate finance) of Euto Capital Partners Limited. Ms. Liu has been a responsible officer of Type 6 (advising on corporate finance) regulated activities under SFO since 2014 and has participated in and completed various independent financial advisory transactions in Hong Kong.*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(i) Directors' and chief executive's interests and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company and their respective associates in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the 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 (Note 1)	136,586,937	106.50%
	Interest in a controlled corporation (Note 2)	30,737	–	30,737	0.03%
	Total	35,872,196	100,745,478 (Note 1)	136,617,674	106.53%
Ms. Ng Wai Yee	Beneficial owner	–	770,304 (Note 3)	770,304	0.60%
Ms. Yeung Pui Han, Regina	Beneficial owner	–	221,304 (Note 3)	221,304	0.17%
Mr. Li Chi Fai	Beneficial owner	–	196,478 (Note 3)	196,478	0.15%
Ms. Sie Nien Che, Celia	Beneficial owner	30,000	171,652 (Note 3)	201,652	0.16%

Notes:

1. These interests represent the number of underlying shares in respect of (a) the Share Option Scheme (745,478 underlying Shares); and (b) the Convertible Bond issued to Mr. Ng Man Sun on 31 March 2021 (100,000,000 underlying shares). The exercise of the conversion rights under the Convertible Bond shall be subject to compliance with the Listing Rules, the Takeovers Code or applicable laws or regulations.
2. 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.
3. These interests represent the number of underlying shares in respect of the Share Option Scheme.

Save as disclosed above, to the best knowledge of the Directors as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(ii) Substantial Shareholders’ interests in the Shares and underlying Shares

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as is known to the Directors, the persons (other than a Director or chief executive of the Company or their respective associates) or entities who had, or were deemed or taken to have, an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or in any options in respect of such share capital were as follows:

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

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, no person (other than a Director or chief executive of the Company or their respective associates) had, or were deemed or taken to have, an interest or a short position in the Shares or the underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 to the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or any options in respect of such share capital.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

4. DIRECTORS' INTERESTS IN ASSETS OR CONTRACTS OR ARRANGEMENTS

Save as disclosed in the section headed "COMPETING INTERESTS" below, as at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have since 31 March 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors were materially interested, directly or indirectly, in any subsisting contract or arrangement entered into by any member of the Group which was significant in relation to the business of the Group.

5. COMPETING INTERESTS

As at the Latest Practicable Date, Mr. Ng Man Sun, a substantial Shareholder, executive Director, Chairman and Chief Executive Officer of the Company, is the sole beneficial owner of the Casino.

As at the Latest Practicable Date, 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 Casino as the Group. As such, he is regarded as being interested in such competing business with the Group.

As at the Latest Practicable Date, save as disclosed above, none of the Directors and his/her respective associates had interests in the businesses which competes or was likely to compete, whether directly or indirectly, with the business of the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save as disclosed in the annual report of the Company for the year ended 31 March 2022, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within two years immediately preceding the Latest Practicable Date and are or may be material:

- (i) the conditional subscription agreement dated 30 December 2020 (the “**Subscription Agreement**”) entered into between the Company and the Subscriber pursuant to which the Company has agreed to issue, and the Subscriber has agreed to subscribe for, the Convertible Bond;
- (ii) the supplemental agreement dated 15 January 2021 (the “**Supplemental Subscription Agreement**”) entered into between the Company and the Subscriber for the purpose to amend certain terms and conditions of the Subscription Agreement, among others, the conversion price of the Convertible Bond shall be amended from HK\$0.25 per Share to HK\$0.50 per Share;
- (iii) the supplemental agreement dated 5 February 2021 entered into among (a) Victor Mind Global Limited, a wholly-subsidiary of the Company; (b) Lion King, a company wholly owned by Mr. Ng Man Sun; and (c) Mr. Ng Man Sun, for the purpose to amend certain terms and conditions of the assignment agreement dated 28 October 2019 in respect of the assignment of the rights to operate and manage the gaming tables located at the mass market gaming area in the Casino, among others, the venue, number of gaming tables, term of the gaming table business rights, profits guarantee and additional undertaking by Mr. Ng Man Sun; and
- (iv) the Amendment Agreement.

9. EXPERT AND CONSENT

The following is the qualifications of the expert who has given its opinion or advice as contained in this circular:

Name	Qualifications
Euto Capital Partners Limited	A corporation licensed by the SFC to carry out type 6 (advising on corporate finance) regulated activity under the SFO

Euto Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Euto Capital did not have any shareholding in any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group. As at the Latest Practicable Date, Euto Capital did not have any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2022 (being the date to which the latest published audited financial statements of the Group were made up).

10. MISCELLANEOUS

- (i) The company secretary of the Company is Mr. Man Yun Wah.
- (ii) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (iii) The head office and principal place of business of the Company in Hong Kong is at G02, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong.
- (iv) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (v) The English text of this circular and accompanying form of proxy shall prevail over their respective Chinese text in case of inconsistency.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ceihldg.com) for a period of not less than 14 days from the date of this circular up to and including the date of the SGM and is available for inspection at the SGM:

- (i) the Subscription Agreement, the Supplemental Subscription Agreement and the Amendment Agreement;
- (ii) the written consent of expert as referred to in the paragraph headed “9. Expert and Consent” in this appendix;
- (iii) the letter from the Independent Board Committee, the text of which is set out on pages 22 and 23 in this circular;
- (iv) the letter from the Independent Financial Adviser, the text of which is set out on pages 24 to 40 in this circular; and
- (v) this circular.

NOTICE OF SGM



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)

NOTICE IS HEREBY GIVEN that the special general meeting (the “**SGM**”) of Century Entertainment International Holdings Limited (the “**Company**”) will be held at United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Tuesday, 29 November 2022 at 11:00 a.m. to transact the following businesses:

ORDINARY RESOLUTION

To consider and, if thought fit, pass, with or without modification, the following resolution as ordinary resolution of the Company.

“THAT:

- (a) the Extension (as defined in the circular of the Company dated 11 November 2022 despatched to the shareholders of the Company (the “**Circular**”), the Amendment Agreement (as defined in the Circular) has been produced to this meeting marked “A” and signed by the chairperson hereof for the purpose of identification, and all the transactions contemplated thereby be and are hereby approved, confirmed and ratified;
- (b) any one director of the Company be and is hereby authorised to do all such acts and things and sign, ratify or execute all such documents and take all such steps as the director in his/her discretion may consider necessary, appropriate, desirable and expedient to implement, give effect to the Extension and any of the transactions contemplated thereunder; and
- (c) the directors of the Company be and are hereby granted a specific mandate to exercise the powers of the Company to allot, issue and deal with the Conversion Shares (as defined in the Circular).”

Yours faithfully,

For and on behalf of the board of directors of
Century Entertainment International Holdings Limited
Ng Man Sun

Chairman and Chief Executive Officer

Hong Kong, 11 November 2022

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place of
business in Hong Kong:*
G02, Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan
Hong Kong

NOTICE OF SGM

Notes:

1. A member entitled to attend and vote at the SGM convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the SGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed. In view of the coronavirus epidemic (COVID-19) and in the interest of all Shareholders' health and safety, the Company reminds all Shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising voting rights. As an alternative, Shareholders may consider to appoint the Chairperson of the SGM as their proxy to vote on the relevant resolution(s) at the SGM.
2. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the offices of the Hong Kong branch share registrar of the Company, Tricor Secretaries Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time for holding the SGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a shareholder of the Company from attending in person and voting at the SGM or any adjournment thereof, should he/she/it so wish.
3. In order to determine the entitlement of Shareholders to the right to attend and vote at the SGM, the register of members of the Company will be closed from Thursday, 24 November 2022 to Tuesday, 29 November 2022, both dates inclusive, during which period no share transfers will be effected. All transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Tricor Secretaries Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 23 November 2022.
4. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 8:00 a.m. on the date of the SGM, the meeting will be postponed. The Company will post an announcement on the Company's website (www.ceihldg.com) and on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) to notify Shareholders of the date, time and place of the rescheduled meeting.
5. PRECAUTIONARY MEASURES FOR SGM

In view of the current COVID-19 situation, the Company will implement the following precautionary measures at the SGM:

- (i) Compulsory body temperature checks will be conducted on every shareholder, proxy or other attendee at the entrance of meeting venue. Any person with a body temperature of over 37.3 degrees Celsius may be denied entry into the meeting venue or be required to leave the meeting venue.
- (ii) Prior to entry into the meeting venue, the attendees will have to submit a completed health declaration form confirming their names and contact details, and be asked whether (a) they have travelled to, or to their best of knowledge had close contact with any person who has recently travelled to, areas outside of Hong Kong at any time in the preceding 21 days of the SGM; (b) they are subject to any compulsory quarantine prescribed by the Hong Kong Government; and (c) they have symptoms of the novel coronavirus. Any person who responds affirmatively to any one of the above questions will be denied entry into the meeting venue or be required to leave the meeting venue.
- (iii) Each attendee will be required to wear a surgical face mask throughout the meeting and inside the meeting venue.
- (iv) Appropriate distancing and spacing, if any, in line with the guidance from the Hong Kong Government from time to time will be maintained as required and as such, the Company may limit the number of attendees at the SGM as may be necessary to avoid over-crowding.
- (v) No gifts, food or beverages will be provided at the SGM.