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ANNUAL REPORT 2023

世紀娛樂國際控股有限公司

CENTURY ENTERTAINMENT INTERNATIONAL HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 959)





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## BOARD OF DIRECTORS

### Executive

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

Ms. Ng Wai Yee

### Independent Non-executive

Ms. Yeung Pui Han, Regina

Mr. Li Chi Fai

Ms. Sie Nien Che, Celia

## AUDIT COMMITTEE

Mr. Li Chi Fai (*Chairman*)

Ms. Yeung Pui Han, Regina

Ms. Sie Nien Che, Celia

## COMPLIANCE COMMITTEE

Ms. Ng Wai Yee (*Chairlady*)

Mr. Li Chi Fai

Mr. Man Yun Wah (*Company Secretary*)

## REMUNERATION COMMITTEE

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

Ms. Ng Wai Yee

Ms. Sie Nien Che, Celia

## NOMINATION COMMITTEE

Mr. Ng Man Sun (*Chairman*)

Ms. Yeung Pui Han, Regina

Ms. Sie Nien Che, Celia

## COMPANY SECRETARY

Mr. Man Yun Wah

## AUDITOR

Elite Partners CPA Limited

## LEGAL ADVISER

Cheng, Yeung & Co.

## INVESTOR RELATIONS CONSULTANT

DLK Advisory Limited

## STOCK CODE

959

## BRANCH SHARE REGISTRAR

Tricor Secretaries Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

## REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

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

G02, Shun Tak Centre

168-200 Connaught Road Central

Sheung Wan

Hong Kong

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Century Entertainment International Holdings Limited ("**Century Entertainment**" or the "**Company**"; stock code: 959) and its subsidiaries (collectively the "**Group**"), I present herewith the audited consolidated results (the "**2023 Annual Results**") for the year ended 31 March 2023 (the "**Year under Review**").

## COMPANY OVERVIEW FOR THE YEAR

The three-year-long COVID-19 pandemic continued to pose unprecedented challenges to the global economy and tourism industry, particularly in the first half of the financial year. In the case of Cambodia, border restrictions were still in place, restricting international travellers which were the main source of traffic for the local gaming industry. As a result, local casino operations were forced to shut down or operated on a limited scale since early 2021, and that has added further obstacles to the Group's planning of reopening of the Group's gaming tables. Nonetheless, we strived to navigate through uncertainties, as we worked hard to prepare for the reopening of gaming table business.

As we entered the second half of the financial year, we finally saw light at the end of the tunnel as border restrictions and social distancing policies eased, supported by the high vaccination rate in the Kingdom. Casinos were allowed to resume operation, yet efficient operations remained difficult, as the prolonged closure of casino operations over the years has resulted in notable labor shortages for the industry. In face of such unpredictability as well as our priority to maintain a healthy financial position, we strategically executed the profit guarantee as stated in the Original Assignment Agreement, in order to ensure sufficient capital for our operations.

Throughout these difficult times, we continued to learn and adapt, while keeping a keen eye on the latest development of the gaming industry. We were able to promptly seize the opportunity to secure a new assignment contract with VMG and Lion King, our valued long-term partners, regarding the business rights of gaming tables in the mass market area in a casino located at Dara Sakor. In the arrangement, the Group shall be entitled to 100% house win winnings and responsible for 100% house losses, and shall bear the relevant staff costs and taxes associated with the new business line. As we fully cover the cost of the new gaming tables with our profit guarantee settlement, the move has not only bolstered our financial stability, but also allowed us to venture into new business opportunities in new areas. We firmly believe that Dara Sakor holds promising prospects, as it stands as one of the most rapidly-developing and centrally-located districts in Cambodia. The newly-built Dara Sakor International Airport is scheduled to begin official operation in mid-2023. In addition, an integrated resort, a comprehensive development pilot zone approved by the Cambodian government, is currently under construction. The combined investment of the Dara Sakor International Airport and the integrated resort was approximately US\$3.9 billion. We believe that the completion of the facilities would attract tourists and bring prosperity to the local economy. Riding on the positive market outlook, we remain dedicated to developing our core gaming business, and will make every effort to resume our gaming table operation at the earliest opportunity.



# Chairman's Statement

## OUTLOOK AND PROSPECT

Despite the number of arriving tourists has yet to reach pre-COVID level in 2019, there was already a significant improvement since the border reopening in July 2022, offering us much optimism. The Asian Development Outlook also predicted that, Cambodia's tourism industry will grow 7.3% year-on-year in 2023. As the global economy continues to pick up the pace of recovery, that should also come with an increasing desire for travel and exploration from international travellers, that would bring a steady increase in tourist arrivals and spending in the coming years. This should present us with immense opportunities yet to be captured.

Looking ahead, our Group remains steadfast in its commitment to the core gaming industry. Building on our solid foundation and leveraging our business expertise, we are also exploring new avenues for growth, particularly in the entertainment industry. This strategic approach would allow us to diversify our business risks, and capitalize on the emerging opportunities that align with our organizational strengths.

In line with our growth strategy, the assignment of gaming table rights is currently in the pipeline. We are dedicated to expediting this process, with the aim of completing the deal as soon as possible. This milestone achievement will not only strengthen our financial performance, but also reinforces our position as a key player in the gaming industry.

## WORDS OF APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our management and staff for their determined efforts during the past year. I would also like to express my appreciation to our shareholders for their unwavering support during these challenging times. Together, we will overcome the obstacles and emerge stronger than ever. We are committed to achieving sustainable growth and creating long-term value for our shareholders through our dedication to excellence, and our ability to effectively adapt to evolving circumstances.

**Ng Man Sun**

*Chairman*

Hong Kong, 30 June 2023

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

## FINANCIAL REVIEW

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

The Group recorded no revenue for the Year under Review, as compared to approximately HK\$0.2 million last year. The decrease in revenue was mainly attributable to the spread of COVID-19 and the temporary closure of all casinos in Cambodia since 1 April 2020 affecting the gaming table business and also that the work on the re-opening of the casino is still in progress. Net loss for the Year under Review was approximately HK\$63 million, increasing approximately 91.4% as compared to approximately HK\$3.7 million last year. The change in net loss for the Year under Review was mainly due to fair value gain on financial assets and financial liabilities at fair value through profit or loss increased approximately by HK\$43.1 million.

## Capital Structure

As at 31 March 2023, the Company’s total number of issued shares was 128,247,561 at HK\$0.01 each (31 March 2022: 128,247,561 at HK\$0.01 each). The Group’s consolidated liabilities totalled approximately HK\$26.7 million, representing an increase of approximately HK\$3.7 million as compared to net liabilities of approximately HK\$23.0 million as at 31 March 2021.

## Liquidity and Financial Resources

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

As at 31 March 2023, the Group had total assets and net liabilities of approximately HK\$91.1 million (2022: approximately HK\$133.6 million) and HK\$67.5 million (2022: approximately HK\$26.7 million), comprising non-current assets of approximately HK\$8.2 million (2022: approximately HK\$38.4 million) and current assets of approximately HK\$82.9 million (2022: approximately HK\$95.2 million). The Group also did not have any non-controlling interests (2022: Nil), current liabilities of approximately HK\$128.2 million (2022: approximately HK\$160.2 million) and non-current liabilities of HK\$30.4 million (2022: approximately HK\$Nil million).

The Group’s gearing ratio, calculated as a ratio of total debt to total assets, was approximately 174.1% (2022: 120.0%). As at 31 March 2022, the Group had cash and cash equivalents of approximately HK\$3.8 million (2022: approximately HK\$3.8 million).

## Foreign Exchange and Currency Risks

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

# Management Discussion and Analysis

## BUSINESS OVERVIEW

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

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

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

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

## GAMING TABLE BUSINESS IN CAMBODIA

During the Year under Review, in view of the uncertainty of casino re-opening schedule due to the prolonged COVID-19 pandemic, the Group decided to enforce the Profit Guarantees stated in the Original Assignment Agreement that was entered on 28 October 2019 regarding the assignment of the business rights of the four mass gaming tables at the Century Entertainment casino in Sunshine Bay. The Original Assignment Agreement was entered between Victor Mind Global Limited ("**VMG**"), a wholly-owned subsidiary of the Company and Lion King Entertainment Company Limited ("**Lion King**"), the assignor (the "**Assignor**") of the Gaming Table Business Rights and a Company wholly-owned by Mr. Ng Man Sun ("**Mr. Ng**"), the Chairman and Chief Executive Officer of the Company.

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

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

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

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

After the reporting period, on 30 June 2023, as additional time is required for preparing the information to be included in the circular, the dispatch date of the circular is expected to be postponed to a date falling on or before 31 August 2023. The Group will keep the Shareholders and potential investors informed by the way of announcement as and when appropriate in accordance with the Listing Rules. The Group remains positive towards the completion of the New Assignment Agreement and targets the mass gaming tables business can begin contributing revenue in the second half of 2023.

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

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

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

# Management Discussion and Analysis

## OUTLOOK AND PROSPECTS

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

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

### Environmental Policy

The Group has devoted its greatest efforts in promoting conservation and environmental sustainability. Our environmental strategy is to achieve a balance between the quality and efficiency of our services and the minimization of greenhouse gas emissions and environmental degradation. Accordingly, Energy efficient lightings have been installed in the office to reduce energy consumption and the Group has also continuously monitored its waste and paper consumption such as use of recycled paper and double-sided printing.

Details of the environmental, social and governance practices adopted by the Group are set out in the Environmental, Social and Governance Report which will be published as a separate report on the websites of the Company and the Stock Exchange no later than 31 August 2023.

### Compliance with Laws and Regulations

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

### Relationship with Employees

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

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

## CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of, and complied with all applicable code provisions as set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 to the Listing Rules throughout the year ended 31 March 2023 with the exception of certain deviations as further explained below.

Code provision C.1.8 of the CG Code provides that an issuer should arrange appropriate insurance cover in respect of legal action against its directors.

The Company does not have insurance cover in this respect. The management of the Company considers that all potential claims and legal actions the Directors can be handled effectively and the possibility of actual litigation against the Directors is relatively low based on its business operations for the year ended 31 March 2023. The Company will consider to arrange for an appropriate insurance in accordance with the requirements of code provision C.1.8 of the CG Code as and when appropriate.

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

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

Code provision F.2.2 of the CG Code provides that the chairman of the board should attend the annual general meeting.

Due to other business commitments, Mr. Ng, being the chairman of the Board, was unable to attend the AGM held on 16 September 2022. He had arranged Ms. Ng Wai Yee, who is an executive Director and is very familiar with the Group's business and operations, to attend and chair the AGM.

The Company periodically reviews its corporate governance practices and policy to ensure that they continue to meet the requirements of the CG Code, and acknowledges the important role of the Board in providing effective leadership and direction to the Company's business, and ensuring transparency and accountability of the Company's operations.

As such, the Company considers that sufficient measures have been in place to ensure that the Company's corporate governance practices and policy are no less exacting than the CG Code.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct for securities transactions by the Directors and has adopted written guidelines no less exacting than the Model Code for the relevant employees in respect of their dealings in the Company's securities.

Having made specific enquiries to all Directors, all Directors confirm that they have complied with the required standard as stated in the Model Code regarding securities transactions throughout the year ended 31 March 2023.

## BOARD OF DIRECTORS

### Responsibilities

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

### Board Diversity Policy

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

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

### Nomination Policy

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

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

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

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

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

## Board Composition

The Board currently consists of five members, including two executive Directors, namely Mr. Ng Man Sun (Chairman and CEO) and Ms. Ng Wai Yee; and three independent non-executive Directors, namely Ms. Yeung Pui Han, Regina, Mr. Li Chi Fai and Ms. Sie Nien Che, Celia. Their biographical details are set out on page 29 of this report and are posted on the Company's website. The list of Directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules.

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

## Chairman and Chief Executive Officer

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

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

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

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

## Independence of Independent Non-executive Directors

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

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

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

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

Pursuant to code provision B.2.4(b) of the CG Code, where all the independent non-executive directors of an issuer have served more than nine years on the board, the issuer should appoint a new independent non-executive director on the board at an annual general meeting for the financial year commencing on or after 1 January 2023.

Taking into account all the independent non-executive Directors have served more than nine years, the Company will identify suitable candidate(s) and appoint a new independent non-executive Director by the annual general meeting for the year ending 31 March 2024 as appropriate.

## Board Meetings

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

Each Director has given sufficient time and attention to the affairs of the Company. Owing to the Chairman’s encouragement to the Directors to make full and active contribution to the affairs of the Board, a culture of openness and debate is developing among the Directors to ensure Board decisions fairly reflected consensus. Four Board meetings and two general meetings of the Company were held during the year ended 31 March 2023 and the attendances of each Board member are set out below:

	Number of meetings attended/eligible to attend	
	Board meetings	General meetings
<b>Executive Directors</b>		
Mr. Ng Man Sun ( <i>Chairman and CEO</i> )	0/4	0/2
Ms. Ng Wai Yee	4/4	2/2
<b>Independent Non-executive Directors</b>		
Ms. Yeung Pui Han, Regina	3/4	2/2
Mr. Li Chi Fai	4/4	2/2
Ms. Sie Nien Che, Celia	2/4	2/2

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

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

# Corporate Governance Report

## Appointment and re-election of Directors

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

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

Each Director has disclosed to the Company at the time of his/her appointment or election, and in a timely manner of any changes in number of offices held in public companies or organizations and other significant commitments. A list of the Directors identifying their roles and functions is available on the websites of Company and the Stock Exchange. The Directors and their biographical details as at the date of this report are set out on page 29 of this report.

## Directors' Training and Continuous Professional Development

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

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

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

#### Directors

##### Executive Directors

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

##### Independent Non-executive Directors

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



*Notes:*

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

## BOARD COMMITTEES

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

### Audit Committee

As at 31 March 2023 and up to the date of this report, the Audit Committee comprised three independent non-executive Directors, namely Ms. Yeung Pui Han, Regina, Mr. Li Chi Fai and Ms. Sie Nien Che, Celia, and is chaired by Mr. Li Chi Fai who has substantial accounting and related financial management expertise.

The main duties of the Audit Committee are to review, monitor and provide supervision over the Company's financial reporting process, risk management and internal control system, perform corporate governance duties delegated by the Board and maintain an appropriate relationship with the Company's auditor. The roles and functions of the Audit Committee are clearly set out in terms of reference which are no less exacting than the CG Code and are available on the websites of the Company and the Stock Exchange.

Four Audit Committee meetings were held during the year ended 31 March 2023. The attendances of each Audit Committee member are set out as follows:

	<b>Number of meetings attended/ eligible to attend</b>
<b>Independent Non-executive Directors</b>	
Ms. Yeung Pui Han, Regina	4/4
Mr. Li Chi Fai	4/4
Ms. Sie Nien Che, Celia	3/4



# Corporate Governance Report

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

- reviewed and recommended for the Board’s approval the draft audited consolidated financial statements of the Year under Review together with the auditor’s report attached thereto and the draft announcement of the 2022 Annual Results, and the draft unaudited consolidated financial statements and announcement of the interim result for the six months ended 30 September 2022 (the “**2022 Interim Results**”).
- reviewed tax issues, compliance and salient features of 2023 Annual Results and 2022 Interim Results.
- discussed with the auditor the nature and scope of the audit and reporting obligations.
- considered and recommended to the Board for the terms of engagement and fee proposals provided by the auditor.
- reviewed the appointment of the auditor.
- recommended to the Board for the proposal for the re-appointment of Elite Partners CPA Limited as the auditor of the Company at the forthcoming AGM.
- reviewed the appointment of the internal auditor and the internal audit plan.
- reviewed the effectiveness of the financial controls, risk management and internal control system of the Company.
- reviewed the Company’s application of its policy and practices of corporate governance and disclosures in this report.
- reviewed the training and continuous professional development of the Directors and senior management.
- reviewed arrangements for employees of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters.

The chairman of the Audit Committee will report the findings and recommendations, if any, to the Board after each meeting. During the year ended 31 March 2023, the Board had no disagreement with the Audit Committee’s view on the selection and appointment of the external auditor.

## Compliance Committee

As at 31 March 2023 and up to the date of this report, the Compliance Committee comprised one executive Director, namely Ms. Ng Wai Yee, one independent non-executive Director, namely Mr. Li Chi Fai and the Company Secretary, Mr. Man Yun Wah, and is chaired by Ms. Ng Wai Yee.

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

One Compliance Committee meeting was held during the year ended 31 March 2023. The attendances of each Compliance Committee member are set out as follows:

	<b>Number of meetings attended/ eligible to attend</b>
Ms. Ng Wai Yee	1/1
Mr. Li Chi Fai	1/1
Mr. Man Yun Wah	1/1

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

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

# Corporate Governance Report

## Remuneration Committee

As at 31 March 2023 and up to the date of this report, the Remuneration Committee comprised one executive Director, namely Ms. Ng Wai Yee, and two independent non-executive Directors, namely Ms. Yeung Pui Han, Regina and Ms. Sie Nien Che, Celia, and is chaired by Ms. Yeung Pui Han, Regina.

The main duties of the Remuneration Committee are to review the Company's policy on remuneration structure, approve the management's remuneration by reference to corporate goals and objectives of the Company, recommend to the Board on the remuneration packages of the independent non-executive Directors, review and determine the remuneration packages for the executive Directors with delegated responsibility according to the model set out in code provision E.1.2(c)(i) of the CG Code and review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules as adopted by the terms of reference of the Remuneration Committee. No Director will determine his/her own remuneration. The roles and functions of the Remuneration Committee are clearly set out in the terms of reference which are no less exacting than the CG Code and are available on the websites of the Company and the Stock Exchange.

One Remuneration Committee meeting was held during the year ended 31 March 2023. The attendances of each Remuneration Committee member are set out below:

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

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

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

The Company has adopted a director remuneration policy, it sets out the general principles which guide the Group to deal with the remuneration matters. This remuneration policy aims to provide a fair market level of remuneration to retain and motivate high quality directors, senior management of the Group and attract experienced people of high calibre to oversee the business and development of the Group.

## Nomination Committee

As at 31 March 2023 and up to the date of this report, the Nomination Committee comprised one executive Director, namely Mr. Ng Man Sun, and two independent non-executive Directors, namely Ms. Yeung Pui Han, Regina and Ms. Sie Nien Che, Celia, and is chaired by Mr. Ng Man Sun.

The main duties of the Nomination Committee are to review the structure, size and diversity (including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board, make recommendations on the selection of individual to act as a Director and on appointment or re-election of Directors to complement the corporate strategy of the Company, and assess the independence of the independent non-executive Directors. The roles and functions of the Nomination Committee are clearly set out in terms of reference which are no less exacting than the CG Code and are available on the websites of the Company and the Stock Exchange.

# Corporate Governance Report

One Nomination Committee meeting was held during the year ended 31 March 2023. The attendances of each Nomination Committee member are set out below:

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

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

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

## REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

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

## AUDITOR'S REMUNERATION

For the year ended 31 March 2023, the fee paid and payable to Elite Partners CPA Limited in respect of audit services was HK\$750,000 and no fee was paid or payable to Elite Partners CPA Limited for non-audit services.

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

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

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

The Audit Committee and the Board, having considered the availability of internal resources and the qualification requirement of internal audit, agreed to engage an external advisory firm to undertake the internal audit function to ensure the effectiveness and efficiency of the risk management and internal control system of the Group. No significant deficiency and weakness on the internal control system has been identified by the external advisory firm for the year ended 31 March 2023.

The Board considered that, for the year ended 31 March 2023, the risk management and internal control system and procedures of the Group, covering all material controls including financial, operational and compliance controls and risk management functions were reasonably effective and adequate.

## WHISTLEBLOWING POLICY AND ANTICORRUPTION POLICY

The Company has established the whistleblowing policy which allows all employees and independent third parties, including customers, suppliers and contractors, to report any possible improprieties, misconducts, malpractices or irregularities in matters of financial reporting, internal control or other matters to the Board or the Audit Committee anonymously. The Group will handle the reports and complaints with care and will treat the whistle-blower's concerns fairly and properly. The Audit Committee has the overall responsibility for the whistleblowing policy but has delegated day-to-day responsibility for overseeing and implementing it to a designated officer. Any person who is found to have victimized or retaliated against those who have raised concerns under this policy will subject to disciplinary sanctions.

The Group has adopted anti-corruption policy on a zero tolerance basis for any form of corruption, including bribery and extortion, fraud and money laundering, and promise to operate our business in an honest, ethical and creditable manner. The policies are revised in due course and all Directors and employees are reminded with its requirement from time to time. In particular, the Group has established a code of conduct and stipulated in the compliance manual of the Company. Additionally, the Group has implemented an effective internal manual on inside information or price sensitive information and has provided separate channels for the reporting of any suspected business irregularities, fraud and corruption.

Please refer to the "2023 Environmental, Social and Governance Report" of the Company for more details.

## COMPANY SECRETARY

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

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

## COMMUNICATION WITH SHAREHOLDERS

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

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

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



## SHAREHOLDERS' RIGHTS

### Procedures for Shareholders to Convene Special General Meeting

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

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

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

### Shareholders' Enquiries to the Board

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

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

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

## INVESTOR RELATIONS

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



# Directors' Report

The Directors present their report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2023.

## PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holdings. The principal activities of its subsidiaries during the Year under Review are set out in note 33 to the consolidated financial statements for the Year under Review.

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

## RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2023 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 41.

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

The forthcoming AGM will be held on Friday, 29 September 2023. A notice of which shall be sent to the shareholders of the Company in accordance with the Bye-laws of the Company, the Listing Rules and other applicable laws and regulations.

## CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders' entitlement to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from Tuesday, 26 September 2023 to Friday, 29 September 2023, both days inclusive, during which no transfer of shares of the Company will be registered. To be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 25 September 2023 or at another time and/or date as advised.

## DIVIDEND POLICY

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

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

## SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 118 of this report.

## BUSINESS REVIEW

The business review of the Group for the Year under Review is set out in the Management Discussion and Analysis on pages 5 to 8 of this report, which forms part of this report, and the paragraphs below.

### Compliance with Laws and Regulations

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

### Relationship with Employees

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

## Relationship with Customers and Suppliers

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

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

## EVENTS AFTER THE REPORTING PERIOD

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

## FIXED ASSETS

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

## SUBSIDIARIES

Details of the Company's subsidiaries as at 31 March 2023 are set out in note 33 to the consolidated financial statements for the Year under Review.

## SHARE CAPITAL

Details of the movements in the Company's share capital during the Year under Review are set out in note 29 to the consolidated financial statements for the Year under Review.

## SHARE OPTION SCHEME

The Company adopted a share option scheme (the "**2012 Scheme**") on 12 September 2012 which was valid and effective for 10 years from its date of adoption and expired on 12 September 2022. During the year ended 31 March 2023, 378,596 options were lapsed under the 2012 Scheme. As at 31 March 2023, there were 3,837,954 options outstanding under the 2012 Scheme.

Details of the 2012 Scheme are set out in note 31 to the consolidated financial statements for the Year under Review.

The movements of the Company's share options outstanding under the 2012 Scheme during the year ended 31 March 2023 are as follows:

	Date of Grant	No. of share options ('000)			As at 31 March 2023 (Note 2)	Exercise period (day/month/year)	Adjusted exercise price HK\$ (Notes 2, 4)
		As at 1 April 2022 (Note 2)	Granted	Lapsed			
<b>Directors</b>							
Mr. Ng Man Sun	05/02/2013 (Note 1)	25	-	(25)	-	05/02/2013 - 04/02/2023	12.41
	03/03/2014	25	-	-	25	03/03/2014 - 02/03/2024	13.45
	10/03/2015	25	-	-	25	10/03/2015 - 09/03/2025	7.01
	01/12/2017	610	-	-	610	01/12/2017 - 30/11/2027	2.80
	17/12/2018	61	-	-	61	17/12/2018 - 16/12/2028	2.00
Ms. Ng Wai Yee	05/02/2013 (Note 1)	25	-	(25)	-	05/02/2013 - 04/02/2023	12.41
	03/03/2014	25	-	-	25	03/03/2014 - 02/03/2024	13.45
	10/03/2015	25	-	-	25	10/03/2015 - 09/03/2025	7.01
	25/04/2016	25	-	-	25	25/04/2016 - 24/04/2026	3.70
	01/12/2017	610	-	-	610	01/12/2017 - 30/11/2027	2.80
17/12/2018	61	-	-	61	17/12/2018 - 16/12/2028	2.00	
Ms. Yeung Pui Han, Regina	05/02/2013 (Note 1)	25	-	(25)	-	05/02/2013 - 04/02/2023	12.41
	03/03/2014	25	-	-	25	03/03/2014 - 02/03/2024	13.45
	10/03/2015	25	-	-	25	10/03/2015 - 09/03/2025	7.01
	25/04/2016	25	-	-	25	25/04/2016 - 24/04/2026	3.70
	01/12/2017	61	-	-	61	01/12/2017 - 30/11/2027	2.80
17/12/2018	61	-	-	61	17/12/2018 - 16/12/2028	2.00	
Mr. Li Chi Fai	03/03/2014	25	-	-	25	03/03/2014 - 02/03/2024	13.45
	10/03/2015	25	-	-	25	10/03/2015 - 09/03/2025	7.01
	25/04/2016	25	-	-	25	25/04/2016 - 24/04/2026	3.70
	01/12/2017	61	-	-	61	01/12/2017 - 30/11/2027	2.80
	17/12/2018	61	-	-	61	17/12/2018 - 16/12/2028	2.00
Ms. Sie Nien Che, Celia	03/03/2014	25	-	-	25	03/03/2014 - 02/03/2024	13.45
	25/04/2016	25	-	-	25	25/04/2016 - 24/04/2026	3.70
	01/12/2017	61	-	-	61	01/12/2017 - 30/11/2027	2.80
	17/12/2018	61	-	-	61	17/12/2018 - 16/12/2028	2.00
<b>Eligible employees</b>							
	05/02/2013 (Note 1)	31	-	(31)	-	05/02/2013 - 04/02/2023	12.41
	03/03/2014	49	-	(25)	24	03/03/2014 - 02/03/2024	13.45
	10/03/2015	-	-	-	-	10/03/2015 - 09/03/2025	7.01
	25/04/2016	-	-	-	-	25/04/2016 - 24/04/2026	3.70
	01/12/2017	-	-	-	-	01/12/2017 - 30/11/2027	2.80
17/12/2018	-	-	-	-	17/12/2018 - 16/12/2028	2.00	
<b>Service providers</b>							
	05/02/2013 (Note 1)	248	-	(248)	-	05/02/2013 - 04/02/2023	12.41
	03/03/2014	248	-	-	248	03/03/2014 - 02/03/2024	13.45
	10/03/2015	124	-	-	124	10/03/2015 - 09/03/2025	7.01
	01/12/2017	610	-	-	610	01/12/2017 - 30/11/2027	2.80
	17/12/2018	800	-	-	800	17/12/2018 - 16/12/2028	2.00
In aggregate		4,218	-	(379)	3,839		

# Directors' Report

## Notes:

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

## RESERVES

Details of the movements in the reserves of the Group are set out in the consolidated statement of changes in equity on page 43 of this report.

## DISTRIBUTABLE RESERVES

As at 31 March 2023, in the opinion of the Directors of the Company, the reserves of the Company available for distribution to shareholders is Nil (2022: Nil).

## DIRECTORS

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

### Executive Directors

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

### Independent Non-executive Directors

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

In accordance with the provisions of the Company's Bye-laws, Mr. Li Chi Fai and Ms. Yeung Pui Han, Regina will retire at the forthcoming AGM and, being eligible, offer themselves for re-election.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

### Executive Directors

**Mr. Ng Man Sun ("Mr. Ng")**, aged 76, also known as Ng Wai, has been appointed as an executive Director and appointed as the Chairman and Chief Executive Officer of the Company since 12 September 2012. He is a shareholder of the Company and father of Ms. Ng Wai Yee, an executive Director. Mr. Ng is well-known amongst the Macau casino business and is the founding chairman of the Association of Casino intermediaries of Macau.

**Ms. Ng Wai Yee ("Ms. Ng")**, aged 49, has been appointed as an executive Director since 12 September 2012. She is the daughter of Mr. Ng Man Sun, the Chairman, Chief Executive Officer and a substantial shareholder of the Company. Ms. Ng is a director of Silver Faith Holdings Limited which assists in the management of Mr. Ng's business.

### Independent Non-executive Directors

**Ms. Yeung Pui Han, Regina ("Ms. Yeung")**, aged 66, has been appointed as an independent non-executive Director since 12 September 2012. Ms. Yeung is a merchant in Canada in respect of high end leisure and entertainment business. She had been appointed as the President of Tradewinds Production Limited, a Canadian corporation.

**Mr. Li Chi Fai ("Mr. Li")**, aged 56, has been appointed as an independent non-executive Director since 22 February 2013. Mr. Li is a member of CPA Australia and holds a Bachelor of Economics degree from Monash University, Australia. He has more than 21 years of experiences in financial auditing and accounting. Mr. Li is currently a director of Tax Wisdom Accountants Pty. Ltd. which provides accounting and tax services in Australia. Before, he has been chief financial officer and company secretary of a number of Main Board issuers of the Stock Exchange.

**Ms. Sie Nien Che, Celia ("Ms. Sie")**, aged 49, has been appointed as an independent non-executive Director since 22 February 2013. Ms. Sie is the founder and chief executive officer of JACSO Entertainment, a well known entertainment based group of companies in Hong Kong. Ms. Sie is a holder of bachelor degree in Arts from the University of Hong Kong and a member of Hong Kong United Youth Association.

### Company Secretary

**Mr. Man Yun Wah**, aged 40, has extensive professional experience in company secretarial profession. Mr. Man holds a bachelor's degree in business administration and management and a master's degree in corporate governance. He is currently an associate member of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute.

## DIRECTORS' SERVICE CONTRACTS

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

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

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Other than the transactions disclosed under the section headed "CONNECTED TRANSACTIONS" below, there was no transactions, arrangements and contracts of significance in relation to the Group's business, to which the Company or its subsidiaries was a party and in which a Director or his or her connected entity has or had a material beneficial interest, whether directly or indirectly, subsisted at 31 March 2023 or at any time during the Year under Review.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed below, during the year ended 31 March 2023, none of the Directors has any interest in a business which causes or may cause a significant competition with the business of the Company and any other conflicts of interest which any such person has or may have with the Company.

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

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

Save as disclosed below, as at 31 March 2023, none of the Directors and chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register(s) and kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix 10 to the Listing Rules.

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

Name of Directors	Capacity	Number of shares held	Number of underlying shares held	Total	Approximate percentage of issued share capital
Mr. Ng Man Sun	Beneficial owner	35,841,459	100,720,652 <i>(Note 1)</i>	136,562,111	106.48%
	Interest in a controlled corporation <i>(Note 3)</i>	30,737	–	30,737	0.02%
	<b>Total</b>	35,872,196	100,720,652 <i>(Note 1)</i>	136,617,674	106.50%
Ms. Ng Wai Yee	Beneficial owner	–	745,478 <i>(Note 2)</i>	745,478	0.58%
Ms. Yeung Pui Han, Regina	Beneficial owner	–	196,478 <i>(Note 2)</i>	196,478	0.15%
Mr. Li Chi Fai	Beneficial owner	–	196,478 <i>(Note 2)</i>	196,478	0.15%
Ms. Sie Nien Che, Celia	Beneficial owner	30,000	171,652 <i>(Note 2)</i>	201,652	0.16%

#### Notes:

- These interests represent the number of underlying shares in respect of (i) the 2012 Scheme (720,652 underlying shares); and (ii) the Convertible Bond issued to Mr. Ng Man Sun on 31 March 2022 (100,000,000 underlying shares). Details of the 2012 Scheme are set out under the section headed "SHARE OPTION SCHEME" of the Directors' Report, and details of the Convertible Bond are set out under the sub-section headed "Subscription of the Convertible Bond" of the Management Discussion and Analysis respectively. The exercise of the conversion rights under the Convertible Bond shall be subject to compliance with the Listing Rules, the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code") or applicable laws or regulations.
- These interests represent the number of underlying shares in respect of the 2012 Scheme, the details of which are set out under the section headed "SHARE OPTION SCHEME" of the Directors' Report.
- For 30,737 shares being held by East Legend Holdings Limited ("**East Legend**"), Mr. Ng Man Sun is interested in the entire issued share capital of East Legend and he is deemed to be interested in the 30,737 Shares held by East Legend.

## SUBSTANTIAL SHAREHOLDERS

As at 31 March 2023, other than interests as disclosed above in respect of Mr. Ng Man Sun as Director, the Chairman and CEO, Ms. Ng Wai Yee, Ms. Yeung Pui Han, Regina, Mr. Li Chi Fai and Ms. Sie Nien Che, Celia as Directors, the following persons had interests or short positions in the shares and underlying shares of the Company as recorded in the register(s) required to be kept under Section 336 of the SFO.

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

## CONNECTED TRANSACTIONS AND PROFIT GUARANTEE

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

References are made to the announcements of the Company dated 2 April 2020, 6 July 2020, 30 September 2020, 5 February 2021, 31 March 2021, 30 April 2021, 30 August 2021, 4 November 2021, 7 March 2022, 28 June 2022 and 30 September 2022. On 28 October 2019, Victor Mind Global Limited ("**VMG**"), Lion King Entertainment Company Limited ("**Lion King**") and Mr. Ng Man Sun ("**Mr. Ng**") entered into an assignment agreement (the "**Original Assignment Agreement**"), pursuant to which Lion King has conditionally agreed to assign the business rights of a total number of 4 gaming tables located at the mass market gaming area (the "**Gaming Tables**") in the casino in the name of "**Century Entertainment**" (the "**Casino**") situate on the 1st and 2nd floors of the Sunshine Bay Hotel at Village 1, Commune No. 3, Mittaphea Town, Sihanoukville Municipal, Cambodia (the "**Gaming Table Business Rights**") to VMG and VMG has conditionally agreed to accept the assignment of the Gaming Table Business Rights for a period of five (5) years (the "**Assignment**") at a consideration of HK\$120 million. The consideration shall be payable by VMG by way of a combination of disposing of the Company's entire equity interests in Forenzia Enterprises Limited (the "**Disposal**") and procure the Company to issue a promissory note to Lion King. The commencement of the Original Assignment Agreement was subject to fulfillment of a number of conditions.

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

As disclosed in announcement of the Company dated 31 March 2020, all the conditions precedent under the Original Assignment Agreement had been satisfied. The Disposal was completed and the promissory note was issued on the same date. Therefore, the Gaming Table Business Rights have been granted to VMG for a period of five years from 31 March 2020. The Group recognised relevant intangible assets of HK\$68 million as at 31 March 2020. Due to the fact above, the Directors consider the Original Assignment was completed and the assignment started on 31 March 2020. The Company was entitled to the operation and management of the four tables under the Original Assignment and enjoyed the economic benefits arising from those tables.

Pursuant to the Original Assignment Agreement, the promissory note was subject to change according to agreed profit guarantees amounting to HK\$60 million. In the event that profit guarantees were not met, Lion King and Mr. Ng shall indemnify VMG by reducing the principal amount of the promissory note in the sum equal to compensation amount and in the event that the principal amount of the promissory note was not sufficient to meet the compensation amount, by way of cash.

Although the Company entered into the Supplemental Framework Agreement on 5 February 2021 to reset the profit guarantee period, the Company decided to enforce the Profit Guarantees in around April 2021 to recover part of the consideration in light of the uncertainty of the casino re-opening schedule at that time. In around April 2022, the Company further enforce the Profit Guarantees to recover the entire consideration for the Original Assignment in light of the protection of the interests of the Company and the Shareholders as a whole by recovery in full of the costs of its investment in the Gaming Table Business Rights.

Given no profit was generated from the Gaming Table Business Rights for the two years ended 31 March 2022 as a result of the outbreak of the novel coronavirus (COVID-19) and the temporary closure of all casinos in Cambodia since 1 April 2020, the total compensation amount under the Profit Guarantees was HK\$120 million (i.e. two times the sum of HK\$60 million), being the Original Consideration. After deducting the entire principal amount of the Promissory Note of HK\$62 million, the net amount due from Mr. Ng and Lion King to the Group was HK\$58 million as at the date of this announcement as a result of the enforcement of the Profit Guarantees.

## Directors' Report

Reference is made to the announcements of the Company dated 27 February 2023. In order to settle the amount due from Mr. Ng and Lion King to the Group of HK\$58 million, VMG, Lion King and Mr. Ng entered into the new assignment agreement (the "**New Assignment Agreement**"), pursuant to which Lion King has conditionally agreed to assign the New Gaming Table Business Rights to VMG and VMG has conditionally agreed to accept the assignment of the New Gaming Table Business Rights for a period of five (5) years commencing from the completion date at the consideration of HK\$58 million which shall be settled by offsetting the amount due from Mr. Ng and Lion King to the Group of HK\$58 million.

The new casino and all the eight New Gaming Tables to be assigned under the New Framework Agreement have commenced operation since November 2021. Mr. Ng has conditionally agreed to guarantee Lion King's performance under the New Assignment Agreement.

Pursuant to the New Assignment Agreement, Lion King and Mr. Ng have jointly undertaken to compensate VMG in cash for any loss arising from any relocation of the New Casino during the term of the New Gaming Table Business Rights. Such loss will include (i) any relocation expense incurred by the Group; and (ii) loss of revenue during the period of relocation, which is calculated based on the average daily gross revenue generated from the New Gaming Tables during the period from Completion to the date of relocation multiplied by the number of days required for the relocation.

Completion shall take place on or before the third business day after all conditions precedent to the New Assignment Agreement as set out in the New Assignment Agreement have been satisfied or waived by VMG (or such other time and date as the parties to the New Assignment Agreement may agree in writing). Upon Completion, the Company will be entitled to all future economic benefits contributed from the New Gaming Table Business.

A special general meeting will be convened for the purpose of, among other things, considering, and if thought fit, approving the New Assignment Agreement and the transactions contemplated thereunder by the independent Shareholders.

References are made to the announcements of the Company dated 31 March 2023, 2 May 2023 and 30 June 2023. A circular containing, among other things, (i) further information on the New Assignment; (ii) recommendation of the independent Board committee; (iii) letter of advice from the independent financial adviser; (iv) other information as required to be disclosed under the Listing Rules; and (v) a notice of the SGM and a form of proxy were expected to be despatched to the Shareholders on or before 31 August 2023.

## ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

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

## PERMITTED INDEMNITY PROVISION

Code provision C.1.8 of the CG Code provides that an issuer should arrange appropriate insurance cover in respect of legal action against its directors. The Company does not have insurance cover in this respect. The management of the Company considers that all potential claims and legal actions the Directors can be handled effectively and the possibility of actual litigation against the Directors is relatively low based on its business operations for the year ended 31 March 2023. The Company will consider to arrange for an appropriate insurance in accordance with the requirements of code provision C.1.8 of the CG Code as and when appropriate.

## MANAGEMENT CONTRACTS

Save for service contracts, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or subsisting during the year ended 31 March 2023.

## EQUITY-LINKED AGREEMENTS

Save for disclosed under the sections headed "FINANCIAL REVIEW" and "BUSINESS REVIEW" in the Management Discussion and Analysis on pages 5 to 8 of this report and the section headed "SHARE OPTION SCHEME" on pages 26 to 28 of this report, no equity-linked agreement that will or may result in the Company issuing shares or no agreement that requires the Company to enter into an agreement that will or may result in the Company issuing shares were entered into by the Company during the year ended 31 March 2023 or subsisted at the end of the financial year.

## RETIREMENT BENEFIT SCHEMES

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

## EMPLOYMENT AND REMUNERATION POLICY

As at 31 March 2023, the Group employed 10 permanent employees in Hong Kong (2022: 10). The gender ratio of the Group's workforce (including senior management) was approximately 60% male to approximately 40% female. The Group shall continue to take into account diversity perspectives including gender diversity in its hiring of employees from time to time. The Group is aware of the importance of human resources and is dedicated to retaining competent and talented employees by offering them competitive remuneration packages. Their salaries and bonuses were determined by reference to their duties, work experience, performance and prevailing market practices. The Group also participates in the Mandatory Provident Fund scheme in Hong Kong, and provides employees with medical insurance coverage. A share option scheme is in place to reward individual employees for their outstanding performance and contribution to the success of the Group.

## MAJOR CUSTOMERS AND SUPPLIERS

During the Year under Review, no revenue was generated and no purchase was recorded.

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

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

Details of the financial assets and financial liabilities at fair value through profit or loss are set out in note 26 to the consolidated financial statements for the Year under Review.

## RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group are set out in note 32 to the consolidated financial statements for the Year under Review.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the financial year ended 31 March 2023.

## PRE-EMPTIVE RIGHTS

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

## SUFFICIENCY OF PUBLIC FLOAT

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

## CORPORATE GOVERNANCE

Throughout the Year under Review, the Company has complied with all the code provisions contained in Appendix 14 to the Listing Rules, save for certain deviations as explained in the corporate governance report of this report. Principal corporate governance practices adopted by the Company are set out in the corporate governance report on pages 9 to 23 of this report.

## CONFIRMATION OF INDEPENDENCE

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

## AUDITOR

During the Year under Review, Prism Hong Kong and Shanghai Limited ("**Prism**") (formerly known as UniTax Prism (HK) CPA Limited) resigned as the auditor of the Company with effect from 8 March 2023, and Elite Partners CPA Limited ("**Elite Partners**") was appointed as the auditor of the Company with effect from 16 March 2023 to fill the casual vacancy occasioned by the resignation of Prism.

Elite Partners shall retire and, being eligible, offer themselves for re-appointment. A resolution for re-appointment of Elite Partners as the auditor of the Company will be proposed at the forthcoming AGM.

On behalf of the Board

**Ng Man Sun**

*Chairman*

Hong Kong, 30 June 2023

# Independent Auditor's Report



## INDEPENDENT AUDITOR'S REPORT

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

*(Incorporated in Bermuda with limited liability)*

## DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Century Entertainment International Holdings Limited (The "**Company**") and its subsidiaries (together referred as the "**Group**") set out on pages 41 to 117, which comprise the consolidated statement of financial position at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

## BASIS FOR DISCLAIMER OF OPINION

### Material Uncertainty Relate to Going Concern

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

As set out in the circular dated 13 March 2020 and announcements dated 2 April 2020, 6 July 2020, 30 September 2020, 5 February 2021, 31 March 2021, 30 April 2021, 30 July 2021, 30 August 2021, 4 November 2021, 7 March 2022, 28 June 2022 and 30 September 2022, the operation of the Group's gaming and entertainment business (the "**Gaming Business**") in Kingdom of Cambodia ("**Cambodia**") was suspended from 1 April 2020 in order to relocate the casino and to comply with the compulsory temporary closure demand imposed by the government of Cambodia as part of the measures to prevent the spread of the COVID-19 epidemic.

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

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

## BASIS FOR DISCLAIMER OF OPINION (Continued)

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

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

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

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

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

As a result of these multiple uncertainties, the potential interaction of these uncertainties, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate. Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

## OTHER MATTER

The consolidated financial statement of the Group for the year ended 31 March 2022 were audited by another auditor who express a disclaimer of opinion on those statements on 30 June 2022.

# Independent Auditor's Report

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ms. Chow Ka Li with Practising Certificate Number P07809.

### **Elite Partners CPA Limited**

*Certified Public Accountants*

10/F, 8 Observatory Road  
Tsim Sha Tsui, Kowloon  
Hong Kong

Hong Kong  
30 June 2023

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000
<b>Revenue</b>	6	–	200
Cost of sales		–	(40)
<b>Gross profit</b>		–	160
Other income and gains	8	140	11
Written-off/impairment loss on intangible assets	19	(23,452)	(12,658)
Impairment loss on plant and equipment	17	(7)	–
Impairment loss on accounts and other receivables, net of reversal		(15,996)	(5,648)
Fair value gain on financial assets and financial liabilities at fair value through profit or loss, net	26	2,118	56,657
General and administrative expenses		(16,941)	(33,212)
Finance costs	9	(8,411)	(9,167)
<b>Loss before taxation</b>		(62,549)	(3,857)
Income tax credit	10	–	182
<b>Loss for the year attributable to the owners of the Company</b>	11	(62,549)	(3,675)
<b>Loss and total comprehensive expense for the year attributable to owners of the Company</b>		(62,549)	(3,675)
<b>Loss per share</b>			
– Basic and diluted (HK cents)	16	(48.77)	(2.87)

# Consolidated Statement of Financial Position

At 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000
<b>Non-current assets</b>			
Plant and equipment	17	311	666
Intangible assets	19	–	28,142
Deposits paid	20	7,905	9,594
		<u>8,216</u>	<u>38,402</u>
<b>Current assets</b>			
Accounts and other receivables	21	79,093	35,515
Financial assets at fair value through profit or loss	26	–	55,882
Cash and cash equivalents	22	3,807	3,756
		<u>82,900</u>	<u>95,153</u>
<b>Current liabilities</b>			
Other payables	23	14,838	12,837
Other borrowings	24	112,677	100,179
Convertible bonds	27	–	46,475
Tax payables		734	734
		<u>128,249</u>	<u>160,225</u>
<b>Net current liabilities</b>		<u>(45,349)</u>	<u>(65,072)</u>
<b>Total assets less current liabilities</b>		<u>(37,133)</u>	<u>(26,670)</u>
<b>Non-current liabilities</b>			
Convertible bonds	27	30,364	–
		<u>30,364</u>	<u>–</u>
<b>NET LIABILITIES</b>		<u>(67,497)</u>	<u>(26,670)</u>
<b>Equity</b>			
Share capital	29	1,282	1,282
Reserves	30	(68,779)	(27,952)
<b>TOTAL DEFICIT</b>		<u>(67,497)</u>	<u>(26,670)</u>

The consolidated financial statements on pages 41 to 117 were approved and authorised for issue by the Board of Directors on 30 June 2023 and are signed on its behalf by:

**Ng Man Sun**  
Chairman

**Ng Wai Yee**  
Director

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2023

	<b>Share capital</b>	<b>Share premium</b>	<b>Special reserve</b>	<b>Contributed surplus</b>	<b>Capital reserve</b>	<b>Convertible bonds reserve</b>	<b>Accumulated losses</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(note 29)	(note 30(b)(i))	(note 30(b)(ii))	(note 30(b)(iii))	(note 30(b)(iv))	(note 30(b)(v))		
At 1 April 2021	1,282	571,880	(22,470)	2,435,239	37,957	9,863	(3,056,746)	(22,995)
Loss and total comprehensive expenses for the year	-	-	-	-	-	-	(3,675)	(3,675)
Effect of share options forfeitures	-	-	-	-	(5,927)	-	5,927	-
At 31 March 2022	<u>1,282</u>	<u>571,880</u>	<u>(22,470)</u>	<u>2,435,239</u>	<u>32,030</u>	<u>9,863</u>	<u>(3,054,494)</u>	<u>(26,670)</u>
At 1 April 2022	1,282	571,880	(22,470)	2,435,239	32,030	9,863	(3,054,494)	(26,670)
Loss and total comprehensive expenses for the year	-	-	-	-	-	-	(62,549)	(62,549)
Effect of share options forfeitures	-	-	-	-	(6,291)	-	6,291	-
Transfer upon maturity	-	-	-	-	9,863	(9,863)	-	-
Issuance of new convertible bonds	-	-	-	-	13,956	7,766	-	21,722
At 31 March 2023	<b>1,282</b>	<b>571,880</b>	<b>(22,470)</b>	<b>2,435,239</b>	<b>49,558</b>	<b>7,766</b>	<b>(3,110,752)</b>	<b>(67,497)</b>

# Consolidated Statement of Cash Flows

For the year ended 31 March 2023

	2023 HK\$'000	2022 HK\$'000
<b>Operating activities</b>		
Loss before taxation	(62,549)	(3,857)
Adjustments for:		
Depreciation of plant and equipment	348	426
Depreciation of right-of-use assets	-	1,104
Amortisation of intangible assets	4,690	14,187
Interest expenses	8,411	9,167
Interest income	(19)	(11)
Written-off/impairment loss on intangible assets	23,452	12,658
Impairment loss on plant and equipment	7	-
Written-off of prepayment and other receivables	-	1,527
Impairment loss on accounts and other receivables	15,996	5,648
Fair value gain on financial assets and financial liabilities at fair value through profit or loss, net	(2,118)	(56,657)
<b>Operating cash flows before movements in working capital</b>	<b>(11,782)</b>	<b>(15,808)</b>
Decrease in accounts and other receivables	115	1,415
Decrease in other payables	(799)	(843)
<b>Net cash used in operating activities</b>	<b>(12,466)</b>	<b>(15,236)</b>
<b>Investing activity</b>		
Bank interest received	19	11
<b>Net cash generated from investing activity</b>	<b>19</b>	<b>11</b>

# Consolidated Statement of Cash Flows

For the year ended 31 March 2023

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
<b>Financing activities</b>		
Proceeds from other borrowings	<b>12,498</b>	16,718
Repayment of lease liabilities	<b>-</b>	(1,232)
	<b>12,498</b>	15,486
<b>Net cash generated from financing activities</b>	<b>12,498</b>	15,486
<b>Net increase in cash and cash equivalents</b>	<b>51</b>	261
<b>Cash and cash equivalents at the beginning of the year</b>	<b>3,756</b>	3,495
<b>Cash and cash equivalents at the end of the year</b>	<b>3,807</b>	3,756
<b>Analysis of cash and cash equivalents</b>		
Cash and cash equivalents	<b>3,807</b>	3,756

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 1. GENERAL INFORMATION

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

The registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The principal activity of the Company is investment holdings. The principal activities of its subsidiaries during the year are set out in note 33 to the consolidated financial statements.

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

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

In the current year, the Group has applied, for its first time, the following amendments to HKFRSs, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) where are effective for the Group’s financial year beginning 1 April 2022:

### Amended standards and framework adopted by the Group

The Group has adopted the following amendments to standards and framework for the current accounting:

- Amendments to HKFRS 3, “Reference to the Conceptual Framework”
- Amendments to HKAS 16, “Property, Plant and Equipment – Proceeds before Intended Use”
- Amendments to HKAS 37, “Onerous Contracts – Cost of Fulfilling a Contract”
- Amendments to HKFRSs, “Annual Improvements to HKFRSs 2018-2020”

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

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

### New and amendments to HKFRSs issued but not yet effective

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

- HKFRS 17 and Amendments to HKFRS17, "Insurance Contracts"<sup>1</sup>
- Amendments to HKFRS 10 and HKAS 28, "Sales or Contribution of Assets between an Investor and its Associate or Joint Venture"<sup>2</sup>
- Amendments to HKFRS 16, "Lease Liability in a Sale and Leaseback"<sup>3</sup>
- Amendments to HKAS 1, "Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)"<sup>1</sup>
- Amendments to HKAS 1, "Non-current liabilities with covenants"<sup>3</sup>
- Amendments to HKAS 1 and HKFRS Practice Statement 2, "Disclosure of Accounting Policies"<sup>1</sup>
- Amendments to HKAS 8, "Definition of Accounting Estimates"<sup>1</sup>
- Amendments to HKAS 12, "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"<sup>1</sup>

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

<sup>2</sup> to be determined.

<sup>3</sup> effective for annual periods beginning on or after 1 January 2024.

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) Statement of compliance

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

### (b) Basis of preparation

#### (i) *Going Concern*

In preparing the consolidated financial statements, the directors of the Company have considered the future liquidity of the Group in view of its recurring losses incurred, net current liabilities position at 31 March 2023. The Group incurred a net loss attributable to the owners of the Company of approximately HK\$62,549,000 and had net cash outflows from operating activities of approximately HK\$12,466,000 during the year ended 31 March 2023. At the same date, the Group has net current liabilities of approximately HK\$45,349,000 and net liabilities of approximately HK\$67,497,000.

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

In the opinion of the directors of the Company, in light of the aforesaid arrangement implemented to date, the Group will have sufficient working capital for its current requirements and it is reasonable to expect that the Group will remain as a commercially viable concern. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements for the year ended 31 March 2023 on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the carrying amounts of assets to their recoverable amounts, to provide for future liabilities which might arise and to reclassify non-current assets and non-current liabilities to current respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods or services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement policies are explained in accounting policies set out in note 3(w) below.

### (c) Basis of consolidation

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

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

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

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

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

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

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

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (d) Business combinations

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

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

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

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (e) Foreign currencies

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

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

### (f) Plant and equipment

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

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

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

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

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (g) Intangible assets

#### *Intangible assets acquired separately*

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

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

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

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

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

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

#### *Derecognition of intangible assets*

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (h) Impairment on plant and equipment, and intangible assets

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

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

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

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

### (i) Cash and cash equivalents

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

### (j) Investments in subsidiaries

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (k) Financial instruments

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

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

#### *Financial assets*

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

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

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

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

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

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

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (k) Financial instruments (Continued)

#### *Financial assets (Continued)*

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

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

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

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

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

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

##### *Financial assets at FVTPL*

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

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (k) Financial instruments (Continued)

#### *Financial assets (Continued)*

##### *Impairment of financial assets*

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

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

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

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

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

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

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

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (k) Financial instruments (Continued)

#### *Financial assets (Continued)*

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

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

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

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

##### *Definition of default*

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

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

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (k) Financial instruments (Continued)

#### *Financial assets (Continued)*

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

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

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

##### *Write-off policy*

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (k) Financial instruments (Continued)

#### *Financial assets (Continued)*

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

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

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

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

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

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

##### *Derecognition of financial assets*

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

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

#### *Financial liabilities and equity instruments*

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

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (k) Financial instruments (Continued)

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

##### *Equity instruments*

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

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

##### *Financial liabilities*

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

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

##### *Financial liabilities at FVTPL*

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

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

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (k) Financial instruments (Continued)

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

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

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

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

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

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

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

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

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

##### *Derecognition of financial assets*

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (l) Financial guarantee contracts

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

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

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

### (m) Convertible bonds

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

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

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (m) Convertible bonds (Continued)

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

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

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

### (n) Revenue

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

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

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

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (n) Revenue (Continued)

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

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

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

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

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

### (o) Borrowing costs

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

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

### (p) Government grants

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

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 31. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

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

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

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

### (r) Retirement benefit costs

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

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

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

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

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (t) Taxation

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

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

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

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

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

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

### (u) Offsetting financial instruments

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

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (v) Provisions

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

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

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

### (w) Fair value measurement

When measuring fair value except for the Group's share-based payment transactions and value in use of goodwill, intangible assets, plant and equipment and right-of-use assets for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

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

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

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

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

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

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

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

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

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

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

#### *Going concern basis*

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

### (b) Key sources of estimation uncertainty

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

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

The accounts and other receivables are assessed for impairment based on the expected loss model required by HKFRS 9 *Financial Instruments*. The assessment made by management has taken into account relevant historical information adjusted for forward looking information available to management at the date of assessment (to the extent that such information is reasonable and supportable without undue cost or effort). Impairment losses are recognised for the current year in accordance with the expected credit loss model under HKFRS 9 *Financial Instruments* and details are disclosed in note 5(b) and note 21.

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

At 31 March 2023, the carrying amounts of accounts receivables and other receivables and deposits paid were approximately nil (2022: HK\$150,000) and HK\$78,473,000 (2022: HK\$34,834,000) and HK\$9,770,000 (2022: HK\$9,761,000) respectively, with accumulated loss allowance on accounts receivables and other receivables and deposits paid of approximately nil (2022: HK\$850,000) and HK\$16,764,000 (2022: HK\$11,664,000) and HK\$1,689,000 (2022: HK\$ nil) respectively.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 5. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

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

	2023 HK\$'000	2022 HK\$'000
<b>Financial assets</b>		
<b>Financial assets at FVTPL</b>		
Profit guarantee	–	55,882
<b>Financial assets at amortised cost</b>		
Accounts receivables	–	150
Other receivables	78,473	34,834
Deposits paid	8,081	9,761
Cash and cash equivalents	3,807	3,756
	<b>90,361</b>	48,501
	<b>90,361</b>	104,383
<b>Financial liabilities</b>		
<b>Financial liabilities at amortised cost</b>		
Other payables	14,838	12,837
Other borrowings	112,677	100,179
Convertible bonds	30,364	46,475
	<b>157,879</b>	159,491

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

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

#### (i) Interest rate risk

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 5. FINANCIAL INSTRUMENTS (Continued)

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

#### (ii) Currency risk

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

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

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

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

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

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

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

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

## 5. FINANCIAL INSTRUMENTS (Continued)

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

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

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

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

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

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 5. FINANCIAL INSTRUMENTS (Continued)

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

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

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

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

	Notes	Internal credit rating	12-month or life time ECL	2023			2022		
				Gross carrying amount	Loss allowance	Net carrying amount	Gross carrying amount	Loss allowance	Net carrying amount
				HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accounts receivables	21	(note)	Lifetime ECL (simplified approach)	-	-	-	200	(50)	150
Accounts receivables	21	Default	Lifetime ECL - credit impaired	-	-	-	800	(800)	-
Deposits paid	20 and 21	Performing	12-month ECL	9,770	(1,689)	8,081	9,761	-	9,761
Other receivables	21	Performing	12-month ECL	95,237	(16,764)	78,473	46,498	(11,664)	34,834
					(18,453)			(12,514)	

*Note:* For accounts receivables which are past due within 12 months, the Group has applied the simplified approach in HKFRS 9 *Financial Instruments* to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 21 includes further details on the loss allowance for these assets respectively.

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

At 31 March 2023, the Group does not have concentration of credit risk. At 31 March 2022, the Group has concentration of credit risk as 100% of the total account receivables was due from the Group's largest external customer.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 5. FINANCIAL INSTRUMENTS (Continued)

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

#### (iv) Liquidity risk

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

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

	At 31 March 2023				Carrying amount HK\$'000
	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	Total contractual undiscounted cash flows HK\$'000	
Other payables	14,838	-	-	14,838	14,838
Other borrowings	112,677	-	-	112,677	112,677
Convertible bonds	-	-	50,000	50,000	30,364
	<b>127,515</b>	<b>-</b>	<b>50,000</b>	<b>177,515</b>	<b>157,879</b>

  

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 5. FINANCIAL INSTRUMENTS (Continued)

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

#### (v) Fair value measurement

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

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

	At 31 March 2023			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Financial assets at FVTPL</b>				
Profit guarantee	-	-	-	-
<b>Financial liabilities at FVTPL</b>				
Promissory notes	-	-	-	-
	At 31 March 2022			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Financial assets at FVTPL</b>				
Profit guarantee	-	-	113,400	113,400
<b>Financial liabilities at FVTPL</b>				
Promissory notes	-	-	57,518	57,518

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

During the years ended 31 March 2023 and 2022, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements. The Group's policy is to recognise transfer between levels at the end of the reporting period.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 5. FINANCIAL INSTRUMENTS (Continued)

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

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

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

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

	Fair value at 31 March		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of key inputs and significant unobservable inputs to fair value
	2023 HK\$'000	2022 HK\$'000				
Financial assets at FVTPL – Profit guarantee	-	113,400	Level 3	Monte Carol model based on expected volatility of net profit	Expected Volatility: N/A (2022: 0%)	The higher the expected volatility, the lower the fair value
Financial liabilities at FVTPL – Promissory notes	-	57,518	Level 3	Discounted cash flow model based on discount rate and future cash flow	Discount rate: N/A (2022: 16.14%)	The higher the discount rate, the lower the value

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 5. FINANCIAL INSTRUMENTS (Continued)

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

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

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

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

	<b>Gross amounts recognised</b>		<b>Net amounts presented</b>
	<b>Profit guarantee</b>	<b>Promissory notes</b>	
	<b>HK'000</b>	<b>HK'000</b>	<b>HK'000</b>
At 1 April 2021	48,995	(49,770)	(775)
Fair value gain/(loss) recognised through profit or loss	64,405	(7,748)	56,657
At 31 March 2022	<b>113,400</b>	<b>(57,518)</b>	<b>55,882</b>

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

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

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

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 6. REVENUE

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

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

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

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

The VIP room gaming business had been early terminated from 1 June 2020 due to the global outbreak of the novel coronavirus (COVID-19) epidemic and temporary closure of all casinos in Cambodia since from April 2020. Therefore, no revenue was generated during the year ended 31 March 2022.

No revenue is generated from the gaming tables business due to relocation to a new casino in Dara Sakor Investment Zone, Cambodia and potential acquisition of the new license as set out in note 19 is in progress during the year.

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

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 7. SEGMENT INFORMATION

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

During the years ended 31 March 2023 and 2022, the Group's reportable segments are as follows:

- (i) Gaming and entertainment related businesses; and
- (ii) AR/VR and mobile games solutions.

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

### (a) Segment revenues and results

*For the year ended 31 March 2023*

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 7. SEGMENT INFORMATION (Continued)

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

*For the year ended 31 March 2022*

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

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 7. SEGMENT INFORMATION (Continued)

### (b) Segment assets and liabilities

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

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

  

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

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

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 7. SEGMENT INFORMATION (Continued)

### (c) Other segment information

For the year ended 31 March 2023

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 7. SEGMENT INFORMATION (Continued)

### (c) Other segment information (Continued)

*For the year ended 31 March 2022*

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 7. SEGMENT INFORMATION (Continued)

### (d) Geographical information

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

	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
Hong Kong	-	200

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

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

### (e) Information about major customers

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

	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
Company A <sup>1</sup>	N/A	200

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 8. OTHER INCOME AND GAINS

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

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

Note:

- (a) During the year ended 31 March 2023, the Group recognised government subsidy of approximately HK\$121,000 in respect of COVID-19-related subsidy, which is related to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund, set up by the Hong Kong SAR Government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees. There are no unfulfilled conditions and other contingencies attached to the receipt of subsidy.

## 9. FINANCE COSTS

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 10. INCOME TAX CREDIT

	2023 HK\$'000	2022 HK\$'000
Hong Kong Profits Tax		
Over provision in previous years	-	85
Deferred tax (note 29)	-	97
<b>Income tax credit</b>	<b>-</b>	<b>182</b>

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

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The two-tiered profits tax rates regime is applicable to a nominated qualifying entity in the Group for its annual period beginning on or after 1 April 2018.

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

	2023 HK\$'000	2022 HK\$'000
Loss before taxation	<b>(62,549)</b>	(3,857)
Tax at the rates applicable in the tax jurisdictions concerned	<b>(4,702)</b>	4,596
Tax effect of expenses not deductible for tax purposes	<b>3,073</b>	4,642
Tax effect of income not taxable for tax purposes	<b>(361)</b>	(9,350)
Tax effect of temporary differences not recognised	<b>35</b>	39
Tax effect of tax losses not recognised	<b>1,955</b>	-
Utilisation of tax losses previously not recognised	-	(24)
Over provision in respect of prior years	-	(85)
<b>Income tax credit</b>	<b>-</b>	<b>(182)</b>

Details of the deferred taxation are set out in note 28 to the consolidated financial statements.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 11. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

### (a) Staff costs

	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
Directors' emoluments	<b>1,802</b>	1,794
Salaries, allowances and other benefits	<b>2,457</b>	5,322
Contributions to retirement benefits scheme (excluding contributions for directors)	<b>56</b>	88
	<b>4,315</b>	7,204

### (b) Other items

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 12. DIRECTORS' EMOLUMENTS

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

For the year ended 31 March 2023

	Directors' fees HK\$'000	Salaries, allowances and other benefits HK\$'000	Contributions to retirement benefits scheme HK\$'000	Total HK\$'000
<b>Executive Directors</b>				
Mr. Ng Man Sun ( <i>Chairman and Chief Executive Officer</i> )	-	600	-	600
Ms. Ng Wai Yee	-	732	18	750
<b>Independent Non-executive Directors</b>				
Ms. Yeung Pui Han, Regina	144	-	-	144
Mr. Li Chi Fai	164	-	-	164
Ms. Sie Nien Che, Celia	144	-	-	144
	<b>452</b>	<b>1,332</b>	<b>18</b>	<b>1,802</b>

For the year ended 31 March 2022

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 12. DIRECTORS' EMOLUMENTS (Continued)

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

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

During the year ended 31 March 2023, no emoluments (2022: nil) were paid by the Group to any of the directors as inducement to join or upon ended 31 March 2023 joining the Group or as a compensation for loss of office. None of the directors waived or agreed to waive any emolument for the years ended 31 March 2023 and 2022.

## 13. INDIVIDUAL WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2022: two) were directors of the Company whose emoluments are disclosed in note 12 above. The emoluments of the remaining three (2022: three) highest paid individuals were as follows:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Salaries, allowances and other benefits	<b>962</b>	3,307
Contributions to retirement benefits scheme	<b>36</b>	50
	<b>998</b>	3,357

The emoluments of the three (2022: three) individual with highest emoluments are within the following bands:

	<b>Number of individuals</b>	
	<b>2023</b>	2022
Nil to HK\$1,000,000	<b>3</b>	1
HK\$1,000,001 – HK\$1,500,000	–	1
HK\$1,500,001 – HK\$2,000,000	–	1

## 14. RETIREMENT BENEFIT COSTS

### Defined contribution retirement scheme

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

The total cost charged to consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2023 of approximately HK\$74,000 (2022: HK\$106,000) represents contributions paid and payable to these schemes by the Group for the year at rates specified in the rules of the relevant schemes.

## 15. DIVIDENDS

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

## 16. LOSS PER SHARE

### (a) Basic loss per share

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

### (b) Diluted loss per share

No adjustment has been made to basic loss per share amounts presented for the years ended 31 March 2023 and 2022 in respect of the potential dilution of share options and convertible bonds as the impact of the share options and convertible bonds had an anti-dilutive effect on the basic loss per share amounts presented.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 17. PLANT AND EQUIPMENT

	<b>Leasehold improvements</b>	<b>Furniture and equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>COST</b>				
At 1 April 2021	339	1,641	1,338	3,318
Written-off	(339)	-	-	(339)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2022, 1 April 2022 and 31 March 2023	<u>-</u>	<u>1,641</u>	<u>1,338</u>	<u>2,979</u>
<b>ACCUMULATED DEPRECIATION</b>				
At 1 April 2021	297	1,438	491	2,226
Charge for the year	42	116	268	426
Written-off	(339)	-	-	(339)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2022 and 1 April 2022	<u>-</u>	<u>1,554</u>	<u>759</u>	<u>2,313</u>
Charge for the year	-	80	268	348
Impairment	-	7	-	7
	<u>-</u>	<u>7</u>	<u>-</u>	<u>7</u>
At 31 March 2023	<u>-</u>	<u>1,641</u>	<u>1,027</u>	<u>2,668</u>
<b>NET CARRYING AMOUNTS</b>				
At 31 March 2023	<u>-</u>	<u>-</u>	<u>311</u>	<u>311</u>
At 31 March 2022	<u>-</u>	<u>87</u>	<u>579</u>	<u>666</u>

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 18. RIGHT-OF-USE ASSETS

	<b>Leased buildings</b> HK\$'000
At 1 April 2021	1,104
Charge for the year	(1,104)
At 31 March 2022	-

### Amounts recognised in profit or loss

	<b>2023</b> HK\$'000	2022 HK\$'000
Depreciation of right-of-use assets	-	1,104
Interest on lease liabilities	-	29
Expense relating to short-term leases	-	137

At 31 March 2023 and 31 March 2022, no lease agreement not yet commenced is committed by the Group.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 19. INTANGIBLE ASSETS

	<b>Non-competition agreement</b> HK\$'000 (note a)	<b>License right of gaming tables</b> HK\$'000 (note b)	<b>Total</b> HK\$'000
<b>COST</b>			
At 1 April 2021, 31 March 2022 and 1 April 2022	24,100	68,000	92,100
Written-off	<u>(24,100)</u>	<u>(68,000)</u>	<u>(92,100)</u>
At 31 March 2023	<u>–</u>	<u>–</u>	<u>–</u>
<b>AMORTISATION AND IMPAIRMENT</b>			
At 1 April 2021	23,513	13,600	37,113
Charge for the year	587	13,600	14,187
Impairment	<u>–</u>	<u>12,658</u>	<u>12,658</u>
At 31 March 2022 and 1 April 2022	24,100	39,858	63,958
Charge for the year	–	4,690	4,690
Written-off	<u>(24,100)</u>	<u>(44,548)</u>	<u>(68,648)</u>
At 31 March 2023	<u>–</u>	<u>–</u>	<u>–</u>
<b>NET CARRYING AMOUNTS</b>			
At 31 March 2023	<u>–</u>	<u>–</u>	<u>–</u>
At 31 March 2022	<u>–</u>	<u>28,142</u>	<u>28,142</u>

Notes:

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

At 31 March 2022, the NCA together with goodwill are allocated to the AR/VR and mobile games solutions CGU for impairment test purpose. There was no impairment losses on intangible assets under AR/VR and mobile games solutions recognised in profit or loss.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 19. INTANGIBLE ASSETS (Continued)

Notes: (Continued)

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

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

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

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

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

Weighted-average cost of capital ("WACC") was adopted in determining the appropriate discount rate. An asset specific risk premium was added onto the WACC to reflect the specific risk factor considered for the Gaming Table Business Rights. There was no change in methodology in estimating the WACC in 31 March 2022. The most discount rate of the Gaming Table Business Rights as of 31 March 2022, was 22%.

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 19. INTANGIBLE ASSETS (Continued)

Notes:

(b) (Continued)

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

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

During the year ended 31 March 2023, the Original assignment agreement as supplemented by the supplemental framework agreement in relation to the license right of gaming tables has been repudiated by the Group as a result of enforcement of the profit guarantee and therefore ceased to have any effect. Therefore, the Group is not entitled to the gaming table business rights under the Original assignment agreement and the license rights are fully written-off.

In addition, the Group entered into an assignment of new license right of eight gaming table ("New Eight Gaming Table") with a company controlled by Mr.Ng. The consideration of such assignment will be settled by offsetting the profit guarantee receivable due from Mr.Ng of approximately HK\$58,000,000 and recognised as intangible assets upon completion of the new assignment agreement. The completion is subject to the approval of independent shareholder. Up to the date of this report, the approval was not yet obtained and the transaction was not yet completed.

## 20. DEPOSITS PAID

At 31 March 2023, deposit of approximately HK\$7,905,000 (2022: HK\$9,594,000) was paid to a related company, the assignor of the license right of gaming tables and also a company wholly owned by Mr. Ng, a director of the Company, as refundable security deposit for the preparation work in regarding to the gaming tables in a new casino located in Dara Sakor Investment Zone, Koh Kong Province, Cambodia. The deposit is refundable. At 31 March 2023, accumulated impairment loss of approximately HK\$1,689,000 (2022: nil) was recognised.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 21. ACCOUNTS AND OTHER RECEIVABLES

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

Notes:

(a) Accounts receivables

	2023 HK\$'000	2022 HK\$'000
Receivables at amortised cost comprise:		
Accounts receivables	–	1,000
Less: Loss allowance for accounts receivables	–	(850)
	<u>–</u>	<u>150</u>

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

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

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

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 21. ACCOUNTS AND OTHER RECEIVABLES (Continued)

Notes:(Continued)

### (a) Accounts receivables (Continued)

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

	At 31 March 2023			At 31 March 2022		
	Weighted average expected Loss rate	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Weighted average expected Loss rate	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Accounts receivables						
Current (not past due)	-	-	-	-	-	-
Less than 3 months past due	-	-	-	-	-	-
3 months to 6 months past due	-	-	-	-	-	-
6 months to 12 months past due	-	-	-	25.1%	200	50
Over 12 months past due	100%	-	-	100%	800	800
					1,000	850

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

	2023 HK\$'000	2022 HK\$'000
At 1 April	850	1,388
Impairment loss recognised in profit or loss	-	302
Written-off	(800)	(840)
Reversal	(50)	-
At 31 March	-	850

### (b) Other receivables

	2023 HK\$'000	2022 HK\$'000
Other receivables	95,237	46,498
Less: loss allowance for other receivables	(16,764)	(11,664)
	78,473	34,834

At 31 March 2023, the gross amounts of other receivables mainly comprised of (i) net revenue received by the operators of the VIP room in Genting Crown Casino and the four gaming tables in at the casino named Century Entertainment, Cambodia on behalf of the Group for previous years of approximately nil (2022: HK\$9,257,000), (ii) other receivable paid to the assignor, a related party of the Company of the license right of gaming tables of a new casino in Cambodia of approximately HK\$37,237,000 (2022: HK\$37,237,000), such amount was assigned to Mr. Ng during the year ended 31 March 2023, and (iii) profit guarantee receivable from Mr. Ng and Lion King (note 26) of approximately HK\$58,000,000 (2022: nil).

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 21. ACCOUNTS AND OTHER RECEIVABLES (Continued)

Notes:(Continued)

### (b) Other receivables (Continued)

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

	<b>Expected loss rate</b>	<b>Gross carrying amount</b> HK\$'000	<b>Loss allowance</b> HK\$'000
At 31 March 2023			
Performing	17.6%	95,237	16,764
At 31 March 2022			
Performing	25.1%	46,498	11,664

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

	<b>12-month ECL</b> HK\$'000
At 1 April 2021	6,321
Impairment loss recognised in profit or loss during the year	5,346
Written-off	(3)
At 31 March 2022 and 1 April 2022	11,664
Impairment loss recognised in profit or loss during the year	14,357
Written-off	(9,257)
At 31 March 2023	<b>16,764</b>

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 22. CASH AND CASH EQUIVALENTS

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

	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
Cash at bank and in hand	<b>701</b>	669
Short-term bank deposit	<b>3,106</b>	3,087
	<b>3,807</b>	3,756

At 31 March 2023, the short-term bank deposit carry fixed interest rate of 4.2% (2022: 0.3% to 0.4%) per annum.

## 23. OTHER PAYABLES

	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
Accruals and other payables	<b>6,507</b>	7,306
Interest payable (note 24)	<b>8,229</b>	5,429
Advance from an independent third party	<b>102</b>	102
	<b>14,838</b>	12,837

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

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

Included in the accruals was the accrued director salary to Mr. Ng amounting to HK\$2,511,000 (2022: HK\$1,911,000).

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 24. OTHER BORROWINGS

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Loan from a director (note a)	<b>54,677</b>	42,179
Other loans from independent third parties (note b)	<b>58,000</b>	58,000
	<b>112,677</b>	100,179

Notes:

- (a) Loan from a director, Mr. Ng, is unsecured, interest free and repayable on demand.
- (b) Other loans from independent third parties with an amount of HK\$30,000,000 (2022: HK\$30,000,000) was transferred from the convertible bonds with principal amount of HK\$30,000,000 on the maturity date of 23 October 2020. Such other loans are unsecured, interest free and repayable on demand and guaranteed by Mr. Ng.

The remaining amount of other loans from independent third parties of HK\$28,000,000 (2022: HK\$28,000,000) are unsecured, subject to interest at 10% p.a., and repayable on demand and guaranteed by Mr. Ng.

At 31 March 2022, the accrued interest for other loans from independent third parties are recorded in interest payable (note 23) was approximately HK\$8,229,000 (2022: HK\$5,429,000).

Movements of the other borrowings are as below:

	<b>Loan from a director</b>	<b>Other loans from independent third parties</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000
At 1 April 2021	25,461	58,000	83,461
Loan from a director	16,718	–	16,718
At 31 March 2022 and 1 April 2022	42,179	58,000	100,179
Loan from a director	12,498	–	12,498
At 31 March 2023	<b>54,677</b>	<b>58,000</b>	<b>112,677</b>

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 25. LEASE LIABILITIES

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

	Minimum lease payments		Present value of minimum lease payments	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Within one year	-	-	-	-
Less: Total future interest expenses	-	-	-	N/A
Present value of lease obligations	-	-	-	-
Less: Amount due for settlement within 12 months (shown under current liabilities)	-	-	-	-
Amount due for settlement after 12 months	-	-	-	-

Movement of lease liabilities is as follows:

	2023 HK\$'000	2022 HK\$'000
At 1 April	-	1,203
Interest on lease liabilities	-	29
Repayment during the year	-	(1,232)
At 31 March	-	-

At 31 March 2023 and 31 March 2022, no lease agreement not yet commenced is committed by the Group.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

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

	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
Financial assets at FVTPL		
–Profit guarantee	–	55,882
Financial liabilities at FVTPL		
–Promissory notes issued on 30 March 2020	–	–

Reconciliation of financial assets and financial liabilities are as follow:

	<b>Gross amounts recognised</b>		<b>Net amounts presented</b>
	<b>Profit guarantee</b>	<b>Promissory notes</b>	<b>presented</b>
	HK'000	HK'000	HK'000
At 1 April 2021	48,995	(49,770)	(775)
Fair value gain/(loss) recognised through profit or loss	64,405	(7,748)	56,657
At 31 March 2022 and 1 April 2022	113,400	(57,518)	55,882
Fair value gain/(loss) recognised through profit or loss	6,600	(4,482)	2,118
Transfer to other receivables	(120,000)	62,000	(58,000)
At 31 March 2023	–	–	–

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

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

On 31 March 2020, the Company issued unsecured promissory note with principal amount of HK\$62,000,000 in favour of Mr. Ng for acquisition of the license right of gaming tables of a casino in Cambodia for 5 years from a related company, of which the details are provided in note 19(b) to these consolidated financial statements. The promissory note are interest free and fall due on 29 September 2022. Pursuant to the Assignment Agreement, the promissory note is subject to change in accordance with the profit guarantee as follows:

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

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

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

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

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

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

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

The profit guarantee and the promissory notes were matured during the year ended 31 March 2023 and accordingly transferred to other receivable. Based on the above-mentioned consideration adjustment mechanism, the finalized compensation amount was HK\$120 million since the license right of gaming tables earn zero profit during the 24-month period after the commencement of Assignment Agreement.

During the year, the Group measured the fair value of financial assets and financial liabilities and recognised approximately HK\$2,118,000,000 (2022: HK\$56,657,000) fair value gain in profit or loss. Details of fair value measurement for the year ended 31 March 2022 are set out in note 5(b).

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 27. CONVERTIBLE BONDS

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
CB1 – principal amount of HK\$50 million (note a)	–	46,475
CB2 – principal amount of HK\$50 million (note b)	<b>30,364</b>	–
	<b>30,364</b>	46,475
Analysis:		
Current liabilities	–	46,475
Non-current liabilities	<b>30,364</b>	–
	<b>30,364</b>	46,475

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

	<b>CB1</b>	<b>CB2</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000
	(note a)	(note b)	
At 1 April 2021	40,137	–	40,137
Effective interest on convertible bonds	6,338	–	6,338
At 31 March 2022 and 1 April 2022	46,475	–	46,475
Issuance of convertible bonds	–	28,278	28,278
Effective interest on convertible bonds	3,525	2,086	5,611
Transfer to other borrowings	(50,000)	–	(50,000)
At 31 March 2023	<b>–</b>	<b>30,364</b>	<b>30,364</b>

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 27. CONVERTIBLE BONDS (Continued)

Notes:

- (a) On 31 March 2021, the Company issued the convertible bonds ("**CB1**") with principal amount of HK\$50 million to Mr. Ng for settlement part of the other borrowings.

### **CB1**

The CB1 is unsecured and non-interest bearing. The holder of the CB1 will be able to convert the outstanding principal amount into ordinary shares of the Company at a conversion price of HK\$0.5 per conversion share (subject to be customary anti-dilutive adjustments) until the maturity date at 30 September 2022. The CB1 was matured on 30 September 2022 and transferred to other borrowings of approximately HK\$50,000,000.

- (b) In November 2022, the Company completed the issue of new convertible bond ("**CB2**") with principal amount of HK\$50 million to Mr. Ng for settlement of other borrowings which is arisen from CB1. Such transaction was treated as equity transaction as Mr. Ng is shareholder of the Company. At issuance date of the CB2, the fair value was determined to be approximately HK\$36,044,000. The difference between the fair value of CB2 and carrying amount of the other borrowings mentioned in note (a) above was approximately HK\$13,956,000, which was recognised and presented in the consolidated statement of changes in equity under the heading "Capital Reserve".

The CB2 is unsecured and non-interest bearing. The holder of the CB2 will be able to convert the outstanding principal amount into ordinary shares of the Company at a conversion price of HK\$0.5 per conversion share until the maturity date at 30 September 2025.

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

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

The Group recognised the values of equity component for the CB1 and CB2 of approximately HK\$9,863,000 and HK\$7,766,000 respectively as equity upon their initial recognition and presented in the consolidated statement of changes in equity under the heading "Convertible bonds reserve".

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

	<b>CB1</b>	<b>CB2</b>
Discount rate adopted	15.79%	22.26%

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

	<b>CB1</b>	<b>CB2</b>
Effective interest rate	15.79%	22.26%

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 28. DEFERRED TAX LIABILITIES

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

	<b>Intangible assets</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
At 1 April	-	97
Credit to profit or loss resulting from:		
Amortisation of intangible assets	-	(97)
At 31 March	-	-

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

	<b>2023</b>		2022	
	<b>HK\$'000</b>		HK\$'000	
Tax losses	<b>2,620</b>	827		
Deductible temporary differences	<b>(150)</b>	1,029		
	<b>2,470</b>	1,856		

No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are estimated losses of approximately HK\$14,000 (2022: HK\$260,000) that are subject to the review of Hong Kong Inland Revenue Department. The unused tax losses may be carried forward indefinitely.

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 29. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
<b>Authorised:</b>		
Ordinary share of HK\$0.01 each at 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	<b>40,000,000</b>	400,000
<b>Issued and fully paid:</b>		
Ordinary share of HK\$0.01 each at 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	<b>128,247</b>	1,282

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

Notes:

### (a) Capital risk management

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

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

During the year ended 31 March 2023, the Group's overall strategy was unchanged from 2022. The Group monitors its capital structure based on a net debt-to-capital ratio. For this purpose the Group defines net debt as total debt, which includes other payables, other borrowings, lease liabilities, financial assets and financial liabilities at FVTPL and convertible bonds disclosed in note 23 to note 27 respectively, net of cash and cash equivalents disclosed in note 22, and equity attributable to the owners of Group, comprising issued share capital, reserves and accumulated losses.

In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares or return capital to shareholders, raise new debt financing or sell assets to reduce debt. The net debt-to-capital ratio at 31 March 2023 and 2022 is as follows:

	2023 HK\$'000	2022 HK\$'000
Total debts	157,879	159,491
Less: cash and cash equivalents	(3,807)	(3,756)
Net debts	154,072	155,735
Capital deficiency	(67,497)	(26,670)
Adjusted net debt-to-capital ratio	(228%)	(584%)

At 31 March 2023, the Group had a capital deficiency of approximately HK\$67,497,000 (2022: HK\$26,670,000). The directors have considered the solvency of the Group and taken steps to improve the Group's capital base and liquidity as disclosed in note 3(b).

## 30. RESERVES

### (a) Group

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

### (b) Nature and purpose of reserves

#### (i) Share premium

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

#### (ii) Special reserve

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

#### (iii) Contributed surplus

The contributed surplus of the Company represents the following:

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

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

#### (iv) Capital reserve

The capital reserve comprises the following:

- the fair value of the unexercised share options granted to employees and service provider of the Company recognised in accordance with the accounting policy set out in note 3(q); and
- the amount transfer from convertible bonds reserve in regarding to the equity component of unexercised convertible bonds at the expiry date recognised in accordance with the accounting policy adopted for convertible bonds in note 3(m).
- the credit of approximately HK\$13,956,000 in relation to fair value gain of settlement of shareholder loan included in other borrowings by issuing zero coupon convertible bond.

#### (v) Convertible bonds reserve

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 31. SHARE OPTION SCHEME

### 2012 Scheme

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

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

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

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

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 31. SHARE OPTION SCHEME (Continued)

### 2012 Scheme (Continued)

The exercise prices shown as below represent the adjusted exercise prices at 31 March 2023 and 2022.

	2023		2022	
	Number of options	Weighted average exercise price HK\$	Number of options	Weighted average exercise price HK\$
At 1 April	4,216,550	4.707	6,618,221	4.556
Lapsed during the year	(378,596)	12.48	(2,401,671)	4.290
At 31 March	3,837,954	3.94	4,216,550	4.707
Exercisable at 31 March	3,837,954	3.94	4,216,550	4.707

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

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

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 31. SHARE OPTION SCHEME (Continued)

### 2012 Scheme (Continued)

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

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

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

The 2012 Scheme remained in force for a period of 10 years commencing on 12 September 2012 till 11 September 2022.

No new share option scheme has been approved after the maturity of 2012 Scheme.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 31. SHARE OPTION SCHEME (Continued)

### 2012 Scheme (Continued)

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

For the year ended 31 March 2023

Name of category	Type	Number of share option			Outstanding at 31/3/2023	Date of grant	Exercised period	Exercise price (notes 2 and 3) HK\$
		Outstanding at 1/4/2022	Granted	Lapsed				
<b>Directors</b>								
Ng Man Sun	2013 (note 1)	24,826	-	(24,826)	-	5 February 2013	5 February 2013-4 February 2023	12.41
	2014	24,826	-	-	24,826	3 March 2014	3 March 2014-2 March 2024	13.45
	2015	24,826	-	-	24,826	10 March 2015	10 March 2015-9 March 2025	7.01
	2017	610,000	-	-	610,000	1 December 2017	1 December 2017-30 November 2027	2.80
	2018	61,000	-	-	61,000	17 December 2018	17 December 2018-16 December 2028	2.00
Ng Wai Yee	2013 (note 1)	24,826	-	(24,826)	-	5 February 2013	5 February 2013-4 February 2023	12.41
	2014	24,826	-	-	24,826	3 March 2014	3 March 2014-2 March 2024	13.45
	2015	24,826	-	-	24,826	10 March 2015	10 March 2015-9 March 2025	7.01
	2016	24,826	-	-	24,826	25 April 2016	25 April 2016-24 April 2026	3.70
	2017	610,000	-	-	610,000	1 December 2017	1 December 2017-30 November 2027	2.80
	2018	61,000	-	-	61,000	17 December 2018	17 December 2018-16 December 2028	2.00
Yeung Pui Hon, Regina	2013 (note 1)	24,826	-	(24,826)	-	5 February 2013	5 February 2013-4 February 2023	12.41
	2014	24,826	-	-	24,826	3 March 2014	3 March 2014-2 March 2024	13.45
	2015	24,826	-	-	24,826	10 March 2015	10 March 2015-9 March 2025	7.01
	2016	24,826	-	-	24,826	25 April 2016	25 April 2016-24 April 2026	3.70
	2017	61,000	-	-	61,000	1 December 2017	1 December 2017-30 November 2027	2.80
	2018	61,000	-	-	61,000	17 December 2018	17 December 2018-16 December 2028	2.00
Li Chi Fai	2014	24,826	-	-	24,826	3 March 2014	3 March 2014-2 March 2024	13.45
	2015	24,826	-	-	24,826	10 March 2015	10 March 2015-9 March 2025	7.01
	2016	24,826	-	-	24,826	25 April 2016	25 April 2016-24 April 2026	3.70
	2017	61,000	-	-	61,000	1 December 2017	1 December 2017-30 November 2027	2.80
	2018	61,000	-	-	61,000	17 December 2018	17 December 2018-16 December 2028	2.00
Sie Nien Che, Celia	2014	24,826	-	-	24,826	3 March 2014	3 March 2014-2 March 2024	13.45
	2016	24,826	-	-	24,826	25 April 2016	25 April 2016-24 April 2026	3.70
	2017	61,000	-	-	61,000	1 December 2017	1 December 2017-30 November 2027	2.80
	2018	61,000	-	-	61,000	17 December 2018	17 December 2018-16 December 2028	2.00
		<b>2,105,216</b>	<b>-</b>	<b>(74,478)</b>	<b>2,030,738</b>			
<b>Eligible employees</b>	2013 (note 1)	31,032	-	(31,032)	-	5 February 2013	5 February 2013-4 February 2023	12.41
	2014	49,652	-	(24,826)	24,826	3 March 2014	3 March 2014-2 March 2024	13.45
		<b>80,684</b>	<b>-</b>	<b>(55,858)</b>	<b>24,826</b>			
<b>Service providers</b>	2013 (note 1)	248,260	-	(248,260)	-	5 February 2013	5 February 2013-4 February 2023	12.41
	2014	248,260	-	-	248,260	3 March 2014	3 March 2014-2 March 2024	13.45
	2015	124,130	-	-	124,130	10 March 2015	10 March 2015-9 March 2025	7.01
	2017	610,000	-	-	610,000	1 December 2017	1 December 2017-30 November 2027	2.80
	2018	800,000	-	-	800,000	17 December 2018	17 December 2018-16 December 2028	2.00
		<b>2,030,650</b>	<b>-</b>	<b>(248,260)</b>	<b>1,782,390</b>			
<b>Total</b>		<b>4,216,550</b>	<b>-</b>	<b>(378,596)</b>	<b>3,837,954</b>			
<b>Weighted average exercise price</b>		4.707			3.940			

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 31. SHARE OPTION SCHEME (Continued)

### 2012 Scheme (Continued)

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

For the year ended 31 March 2022

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

## 31. SHARE OPTION SCHEME (Continued)

### 2012 Scheme (Continued)

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

*Notes:*

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

The options outstanding at 31 March 2023 had an exercise price ranging from HK\$2.00 to HK\$13.45 (2022: HK\$2.00 to HK\$13.45) and a weighted average remaining contractual life of 3.2 years (2022: 3.7 years).

No equity-settled share-based payments charged to the profit or loss for the years ended 31 March 2023 and 2022.

At the end of the reporting period, the Company has 3,837,954 (2022: 4,216,550) share options outstanding. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in issue of 3,837,954 (2022: 4,216,550) additional ordinary shares of the Company of HK\$0.01 (2022: HK\$0.01) each and additional share capital of approximately HK\$38,000 (2022: HK\$42,000).

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 32. RELATED PARTY TRANSACTIONS

### (a) Compensation of key management personnel

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

	2023 HK\$'000	2022 HK\$'000
Salaries and other emoluments	1,784	3,526
Contributions to retirement benefits scheme	18	33
	<u>1,802</u>	<u>3,559</u>

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

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

	2023 HK\$'000	2022 HK\$'000
<b>Year end balances with related party</b>		
Deposit and other receivables from a related company (notes i, ii and iii)	9,594	37,237
Less: Loss allowance for other receivables from a related company	<u>(1,689)</u>	<u>(9,340)</u>
	<u>7,905</u>	<u>27,897</u>

Notes:

- (i) The related company is wholly-owned by a director of the Company, Mr. Ng, who is also the substantial shareholder of the Company.
- (ii) Other receivables from a related company are unsecured, interest free and repayable on demand.
- (iii) On 28 June 2022, the Group entered into the a debt assignment of other receivables with Mr. Ng and the related party for the sum of approximately HK\$37,237,000 to assign the balances with the related parties to Mr. Ng.

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

## 33. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries at 31 March 2023 and 2022 are as follows:

Name of subsidiaries	Place of incorporation/ operation	Particular of issued and fully paid share capital	Percentage of equity interest and voting power attributable to the Company		Principal activities
			2023	2022	
<b>Direct</b>					
Digital Zone Global Limited	BVI/BVI	1 Ordinary share	100%	100%	Conduct mobile game apps business
Victor Mind Global Limited	BVI/Cambodia	1 Ordinary share	100%	100%	Gaming table business
<b>Indirect</b>					
Explicitly Grand Investments Limited	BVI/Hong Kong	50,000 Ordinary shares	100%	100%	Investment holdings
MostCore Limited	Hong Kong/Hong Kong	10,000 Ordinary shares	100%	100%	Provision of AR/VR and mobile games solutions

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

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

	Notes	2023 HK\$'000	2022 HK\$'000
<b>Non-current assets</b>			
Plant and equipment		311	593
Investments in subsidiaries	(a)	1	1
		<b>312</b>	<b>594</b>
<b>Current assets</b>			
Other receivables		48,409	531
Amounts due from subsidiaries	(b)	4,588	72,348
Financial asset at fair value through profit or loss		–	55,882
Cash and cash equivalents		3,807	3,756
		<b>56,804</b>	<b>132,517</b>
<b>Current liabilities</b>			
Other payables		14,345	12,329
Amount due to a subsidiary		338	–
Other borrowings		112,677	100,179
Convertible bonds		–	46,475
		<b>127,360</b>	<b>158,983</b>
<b>Net current liabilities</b>		<b>(70,556)</b>	<b>(26,466)</b>
<b>Total assets less current liabilities</b>		<b>(70,244)</b>	<b>(25,872)</b>
<b>Non-current liabilities</b>			
Convertible bonds		30,364	–
		<b>30,364</b>	<b>–</b>
<b>NET LIABILITIES</b>		<b>(100,608)</b>	<b>(25,872)</b>
<b>Capital and reserves</b>			
Share capital		1,282	1,282
Reserves	(c)	(101,890)	(27,154)
<b>TOTAL DEFICIT</b>		<b>(100,608)</b>	<b>(25,872)</b>

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 30 June 2023 and are signed on its behalf by:

**Ng Man Sun**  
Chairman

**Ng Wai Yee**  
Director

# Notes to Consolidated Financial Statements

For the year ended 31 March 2023

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

Notes:

### (a) Investments in subsidiaries

At 31 March 2023, investments in subsidiaries are carried at cost of HK\$1,000 (2022: HK\$1,000) and no accumulated impairment loss was recognised in profit or loss (2022: nil).

### (b) Amounts due from subsidiaries

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

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

	<b>Share premium</b>	<b>Contributed surplus</b>	<b>Capital reserve</b>	<b>Convertible bonds reserve</b>	<b>Accumulated losses</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(note 30(b)(i))	(note 30(b)(iii))	(note 30(b)(iv))	(note 30(b)(v))		
At 1 April 2021	571,880	2,540,265	37,957	9,863	(3,194,081)	(34,116)
Profit and total comprehensive income for the year	-	-	-	-	6,962	6,962
Effect of share options forfeitures	-	-	(5,927)	-	5,927	-
At 31 March 2022 and 1 April 2022	571,880	2,540,265	32,030	9,863	(3,181,192)	(27,154)
Loss and total comprehensive expense for the year	-	-	-	-	(96,458)	(96,458)
Transfer to capital reserve for unexercised convertible bonds at expiry date	-	-	9,863	(9,863)	-	-
Issue of convertible bonds (note 27)	-	-	13,956	7,766	-	21,722
Effect of share options forfeitures	-	-	(6,291)	-	6,291	-
At 31 March 2023	<b>571,880</b>	<b>2,540,265</b>	<b>49,558</b>	<b>7,766</b>	<b>(3,271,359)</b>	<b>(101,890)</b>

## 35. EVENTS AFTER REPORTING PERIOD

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

# Five-Year Financial Summary

## RESULTS

	<b>2023</b> <b>HK\$'000</b>	<b>Year ended 31 March</b>			
		2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000
REVENUE	-	200	727	45,922	71,218
LOSS FOR THE YEAR	<b>(62,549)</b>	<b>(3,675)</b>	<b>(42,999)</b>	<b>(38,108)</b>	<b>(418,275)</b>
ATTRIBUTABLE TO					
- Owners of the Company	<b>(62,549)</b>	<b>(3,675)</b>	<b>(42,999)</b>	<b>(39,129)</b>	<b>(418,039)</b>
- Non-controlling interests	-	-	-	1,111	(236)
LOSS PER SHARE (in HK Cents)					
- Basic	<b>(48.77)</b>	(2.87)	(33.53)	(30.97)	(46.16)
- Diluted	<b>(48.77)</b>	(2.87)	(33.53)	(30.97)	(46.16)

## ASSETS AND LIABILITIES

	<b>2023</b> <b>HK\$'000</b>	<b>At 31 March</b>			
		2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000
NON-CURRENT ASSETS	<b>8,216</b>	38,402	65,373	106,414	157,411
CURRENT ASSETS	<b>82,900</b>	95,153	49,004	50,610	43,866
TOTAL ASSETS	<b>91,116</b>	133,555	114,377	157,024	201,277
NON-CURRENT LIABILITIES	<b>30,364</b>	-	41,009	17,652	53,692
CURRENT LIABILITIES	<b>128,249</b>	160,225	96,363	129,231	60,252
TOTAL LIABILITIES	<b>158,613</b>	160,225	137,372	146,883	113,944
NET (LIABILITIES)/ASSETS	<b>(67,497)</b>	(26,670)	(22,995)	10,141	87,333
EQUITY HOLDERS' FUND	<b>(67,497)</b>	(26,670)	(22,995)	10,141	34,360
NON-CONTROLLING INTERESTS	-	-	-	-	52,973
TOTAL (DEFICIT)/EQUITY	<b>(67,497)</b>	(26,670)	(22,995)	10,141	87,333