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華夏文化科技集團
CA CULTURAL TECHNOLOGY GROUP

CA CULTURAL TECHNOLOGY GROUP LIMITED

華夏文化科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01566)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021

31 MARCH 2021 FINANCIAL HIGHLIGHTS

- Revenue was approximately HK\$478.3 million for the year ended 31 March 2021, representing an increase of approximately 22.1% as compared with approximately HK\$391.8 million for the year ended 31 March 2020.
- Gross profit was approximately HK\$167.7 million for the year ended 31 March 2021, representing an increase of approximately 147.3% as compared with approximately HK\$67.8 million for the year ended 31 March 2020. Gross profit margin for the year ended 31 March 2021 was approximately 35.1%, representing an increase of approximately 102.9% as compared with approximately 17.3% for the year ended 31 March 2020.
- Profit attributable to owners of the Company was approximately HK\$83.1 million, representing a decrease of approximately 21.0% as compared with approximately HK\$105.2 million for the year ended 31 March 2020.
- Basic earnings per share amounted to approximately 9 HK cents for the year ended 31 March 2021, representing a decrease of approximately 18.2% as compared with 11 HK cents for the year ended 31 March 2020.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to present the audited consolidated annual results of the Group for the year ended 31 March 2021, together with the comparative figures, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Revenue	3	478,309	391,814
Cost of sales and services		<u>(310,609)</u>	<u>(324,045)</u>
Gross profit		167,700	67,769
Other income		8,370	4,588
Other gains and losses	4	52,558	130,148
Selling and distribution expenses		(12,895)	(23,432)
Administrative expenses		(87,020)	(122,000)
Research and development expenses		(10,807)	(19,394)
Share of profit of a joint venture		8,709	–
Share of profit/(loss) of associates		8,773	(297)
Gain on disposal of a subsidiary		–	161,953
Finance costs		(88,659)	(77,997)
Reversal of/(Impairment loss) under expected credit loss model, net of reversal		5,227	(17,971)
Other expenses		<u>–</u>	<u>(387)</u>
Profit before taxation		51,956	102,980
Taxation	5	<u>19,026</u>	<u>6,508</u>
Profit for the year	6	<u>70,982</u>	<u>109,488</u>
Other comprehensive income (expense):			
<i>Item that will not be reclassified to profit or loss:</i>			
Remeasurement of defined benefit plans		(1,124)	(1,490)
Fair value gain/(loss) on financial assets at fair value through other comprehensive income		10,334	(26,394)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of:			
– subsidiaries		(2,452)	(6,219)
– associate		<u>–</u>	<u>(598)</u>
Other comprehensive income/(expense) for the year		<u>6,758</u>	<u>(34,701)</u>
Total comprehensive income for the year		<u>77,740</u>	<u>74,787</u>

	<i>Notes</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
Profit for the year attributable to:			
Owners of the Company		83,086	105,222
Non-controlling interests		(12,104)	4,266
		<u>70,982</u>	<u>109,488</u>
 Total comprehensive income attributable to:			
Owners of the Company		90,196	70,924
Non-controlling interests		(12,456)	3,863
		<u>77,740</u>	<u>74,787</u>
 Earnings per share	 8		
– Basic (HK\$)		0.09	0.11
– Diluted (HK\$)		0.09	0.11
		<u>0.09</u>	<u>0.11</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		304,774	354,910
Right-of-use assets		153,261	164,947
Goodwill		2,450	2,472
Intangible assets	<i>10</i>	261,364	253,517
Interest in associates	<i>11</i>	215,824	5,110
Interest in a joint venture	<i>12</i>	108,829	100,120
Financial assets at fair value through profit or loss		–	84,120
Financial assets at fair value through other comprehensive income	<i>9</i>	48,007	81,505
Deposits for acquisition of property, plant and equipment		370,619	379,756
Rental deposits		16,788	18,381
		1,481,916	1,444,838
Current assets			
Inventories		861	798
Trade receivables	<i>13</i>	226,243	82,399
Amount due from a joint venture		–	54
Other receivables, deposits and prepayments	<i>14</i>	435,025	335,897
Financial assets at fair value through profit or loss		805	742
Restricted bank balances		4,523	–
Pledged bank deposits		3,565	15,069
Bank balances and cash		56,012	52,800
		727,034	487,759

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current liabilities			
Trade payables	16	1,367	8,213
Other payables and accruals		94,408	56,346
Amount due to a director	15	562	897
Contract liabilities		85,003	24,979
Tax payable		84,794	103,106
Guaranteed note		78,991	99,267
Bonds		199,397	124,817
Lease liabilities		36,426	34,468
Bank and other borrowings	17	21,353	23,385
		602,301	475,478
Net current assets		124,733	12,281
Total assets less current liabilities		1,606,649	1,457,119
Non-current liabilities			
Bonds		158,704	245,670
Bank and other borrowings	17	80,664	27,938
Lease liabilities		118,651	136,713
Long term other payables		40,817	61,158
Deferred tax liabilities		910	2,340
Retirement benefit obligations		–	62
Provision for reinstatement costs for rented premises		31,980	32,389
Obligation arising from a put option to a non-controlling interest		3,065	7,507
Put option derivatives		1,517	440
		436,308	514,217
Net assets		1,170,341	942,902
Capital and reserves			
Share capital		98,170	92,006
Reserves		1,074,373	840,642
Equity attributable to owners of the Company		1,172,543	932,648
Non-controlling interests		(2,202)	10,254
Total equity		1,170,341	942,902

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. CORPORATE INFORMATION

CA Cultural Technology Group Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 25 September 2013 and its shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its parent and ultimate holding company is Bright Rise Enterprises Limited (“**Bright Rise**”), a private company incorporated in the British Virgin Islands. Its ultimate controlling shareholder is Mr. Chong Heung Chung Jason (the “**Controlling Shareholder**”). The registered office of the Company is at Cricket Square, Hutchins Drive, PO BOX 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company is Room 2905, 29th Floor, China Resources Building, No.26 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively referred to as the “**Group**”) are engaged in the sales of animation derivative products, establishment and operation of indoor theme parks and multimedia animation entertainment.

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountant (“**HKICPA**”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

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

In addition, the Group has early applied the Amendment to HKFRS 16 Covid-19 Related Rent Concessions.

Except as described below, the application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKAS 8 *Definition of Material*

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

Impacts on application of Amendments to HKFRS 3 *Definition of a Business*

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group make any acquisition.

Impacts on application of Amendments to HKFRS 9, HKAS 39 and HKFRS 7 *Interest Rate Benchmark Reform*

The Group has applied the amendments for the first time in the current year. The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reform. The amendments are relevant to the Group given that it applies hedge accounting to its benchmark interest rate exposures.

The amendments had no impact on the consolidated financial statements of the Group.

Impacts on early application of Amendment to HKFRS 16 *Covid-19-Related Rent Concessions*

The Group has applied the amendment for the first time in the current year. The amendment introduces a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 Leases if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application of the amendment had no impact to the opening retained earnings at 1 April 2020.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ²

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

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 January 2021.

Except for the new and amendments to HKFRSs mentioned below, the Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 3 Reference to the *Conceptual Framework*

The amendments:

- update a reference in HKFRS 3 *Business Combinations* so that it refers to the *Conceptual Framework for Financial Reporting 2018* issued in June 2018 (the “**Conceptual Framework**”) instead of Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting 2010 issued in October 2010);
- add a requirement that, for transactions and other events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies*, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 *Interest Rate Benchmark Reform – Phase 2*

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 *Interest Rate Benchmark Reform – Phase 2* relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements and disclosure requirements applying HKFRS 7 *Financial Instruments: Disclosures* to accompany the amendments regarding modifications and hedge accounting.

- **Modification of financial assets, financial liabilities and lease liabilities.** A practical expedient is introduced for modifications required by the reform (modifications required as a direct consequence of the interest rate benchmark reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current HKFRSs requirements. A similar practical expedient is proposed for lessee accounting applying HKFRS 16;
- **Hedge accounting requirements.** Under the amendments, hedge accounting is not discontinued solely because of the interest rate benchmark reform. Hedging relationships (and related documentation) are required to be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements; and
- **Disclosures.** The amendments require disclosures in order to allow users to understand the nature and extent of risks arising from the interest rate benchmark reform to which the Group is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from interbank offered rates to alternative benchmark rates, and how the entity is managing this transition.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKFRS 10 and HKAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to HKFRS 10 *Consolidated Financial Statements* and HKAS 28 *Investments in Associates and Joint Ventures* deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
 - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
 - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 March 2021, the application of the amendments will not result in reclassification of the Group's liabilities as at 31 March 2021.

Amendments to HKAS 16 *Property, Plant and Equipment – Proceeds before Intended Use*

The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with HKAS 2 *Inventories*.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*

The amendments specify that, when an entity assesses whether a contract is onerous in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, the unavoidable costs under the contract should reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Costs of fulfilling the contract include incremental costs and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are applicable to contracts for which the Group has not yet fulfilled all its obligations as at the date of initial application.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKFRSs Annual Improvements to HKFRSs 2018-2020

The annual improvements make amendments to the following standards.

HKFRS 9 Financial Instruments

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the “10 per cent” test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other’s behalf.

HKFRS 16 Leases

The amendment to Illustrative Example 13 accompanying HKFRS 16 removes from the example the illustration of reimbursement relating to leasehold improvements by the lessor in order to remove any potential confusion.

HKAS 41 Agriculture

The amendment ensures consistency with the requirements in HKFRS 13 *Fair Value Measurement* by removing the requirement in paragraph 22 of HKAS 41 to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

3. REVENUE INFORMATION

Revenue represents revenue arising from sales of animation derivative products, establishment and operation of indoor theme parks and multimedia animation entertainment in Hong Kong, Japan and the PRC during the year.

(i) Revenue from contract with customers within the scope of HKFRS 15

(a) Disaggregation of revenue from contracts with customers

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Sales of animation derivative products	139,201	137,271
Sales of admission tickets and theme park machineries	142,484	226,267
Revenue from multimedia animation entertainment	83,624	28,276
Revenue from provision of theme park design and consultancy service	113,000	–
	<u>478,309</u>	<u>391,814</u>

No further analysis is presented for animation derivative products as such information is not regularly provided to the chief operating decision maker (“CODM”) and the cost to develop it would be excessive.

Timing of revenue recognition:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At point in time	450,314	360,045
Over time	27,995	31,769
	478,309	391,814

(b) *Performance obligations for contracts with customers*

Sales of animation derivative products

Revenue from sales of animation derivative products is recognised when control of the goods has been transferred, being when the goods have been shipped to the customer's specific location (delivery). Following the delivery, the customer has full discretion over the manner of distribution and determination of prices to sell the goods, has the primary responsibility upon selling the goods and bears the risks of obsolescence and loss in relation to the goods.

Sales of admission tickets

Customers obtain control of goods when the tickets are accepted and surrendered by the customers. Revenue from tickets sold for use at a future date is deferred and recognised as contract liability until the tickets are surrendered or have expired, which amounted to approximately HK\$4,876,000 as at 31 March 2021. There is generally only one performance obligation.

Licensing income

Licensing income is recognised when the following criteria are met: (i) an agreement has been signed with a customer, (ii) the brand being licensed has been utilised by the customer for production of goods and provision of services and (iii) it is probable that future economic benefits will flow to the Group. There is generally only one performance obligation. Invoices are usually payable within 90 days.

The licensing income is included in the segment revenue of multimedia animation entertainment.

Provision for theme park design and consultancy services

The Group provides integrated theme park design and consultancy services to customers under fixed-price contracts. The performance obligation of the Group includes delivery of an integrated theme park design and business plan in a single reporting package. Revenue from the provision for theme park design and consultancy service is recognised at a point in time when the customer has accepted and approved the reporting package.

The service income is included in the segment revenue of establishment and operation of theme park.

(c) *Transaction price allocated to the remaining unsatisfied performance obligation for contracts with customers:*

	Establishment and operation of indoor theme park	
	2021	2020
	HK\$'000	HK\$'000
Within one year	81,182	1,638
More than one year but not more than two years	3,414	1,638
More than two years	15,363	13,100
	99,959	16,376

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contracts for sales of animation derivative products, sales of admission tickets of indoor theme parks and sales of indoor theme park machineries such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of animation derivative products and sales of admission tickets of indoor theme parks that had an original expected duration of one year or less.

(ii) **Segment information**

(a) *Segment revenue and results*

The following is an analysis of the Group's revenue and results by operating and reportable segments:

	Sales of animation derivative products <i>HK\$'000</i>	Establishment and operation of indoor theme parks <i>HK\$'000</i>	Multimedia animation entertainment <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 March 2021				
Segment revenue	<u>139,201</u>	<u>255,484</u>	<u>83,624</u>	<u>478,309</u>
Segment profit/(loss)	<u>33,918</u>	<u>53,064</u>	<u>81,585</u>	<u>168,567</u>
Unallocated income				5,227
Unallocated expenses				(75,985)
Unallocated other income, other gains and losses				35,509
Unallocated finance costs				<u>(81,362)</u>
Profit before taxation				<u>51,956</u>
For the year ended 31 March 2020				
Segment revenue	<u>137,271</u>	<u>226,267</u>	<u>28,276</u>	<u>391,814</u>
Segment profit/(loss)	<u>14,329</u>	<u>(5,175)</u>	<u>237,942</u>	<u>247,096</u>
Unallocated income				3,798
Unallocated expenses				(92,303)
Unallocated other gains and losses				9,409
Unallocated finance costs				<u>(65,020)</u>
Profit before taxation				<u>102,980</u>

(i) There was no inter-segment revenue for the years ended 31 March 2021 and 2020.

Note: The segment profit for multimedia animation entertainment segment included the gain on disposal of a subsidiary and gain on disposal of intangible assets.

(b) *Segment assets and liabilities*

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

Segment assets

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Sales of animation derivative products	140,401	166,474
Establishment and operation of indoor theme parks	953,953	905,339
Multimedia animation entertainment	865,070	585,609
	<hr/>	<hr/>
Total segment assets	1,959,424	1,657,422
Property, plant and equipment	4,816	12,854
Interest in associates	91,196	5,110
Right-of-use assets	2,358	4,127
Other receivables, deposits and prepayments	35,794	16,376
Goodwill	2,450	2,472
Financial assets at FVTPL	805	84,862
Financial assets at FVTOCI	48,007	81,505
Restricted bank deposit	4,523	–
Pledged bank deposits	3,565	15,069
Bank balances and cash	56,012	52,800
	<hr/>	<hr/>
Consolidated assets	2,208,950	1,932,597

Segment liabilities

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Sales of animation derivative products	4,254	11,189
Establishment and operation of indoor theme parks	350,440	284,851
Multimedia animation entertainment	–	–
	<hr/>	<hr/>
Total segment liabilities	354,694	296,040
Other payables and accruals	50,342	49,963
Contract liabilities	200	183
Amount due to a director	562	897
Secured bank borrowings and other borrowings	102,017	51,323
Tax payable	84,794	103,106
Lease liabilities	2,820	7,028
Deferred tax liabilities	910	2,340
Bonds	358,101	370,487
Guaranteed note	78,991	99,267
Obligation arising from a put option to a non-controlling interest	3,065	7,507
Put option derivatives	1,517	440
Long-term payable	596	1,114
	<hr/>	<hr/>
Consolidated liabilities	1,038,609	989,695

Segment assets represent certain property, plant and equipment, right-of-use assets, prepaid lease payments, intangible assets, deposits for acquisition of plant and equipment, deposits for acquisition of long term investment, interest in an associate, interest in a joint venture, inventories, trade receivables, certain other receivables, rental deposits, deposits and prepayments and prepayment to a game developer which are directly attributable to the relevant operating and reportable segments.

Segment liabilities represent trade and notes payables, certain other payables and accruals, contract liabilities, lease liabilities, deferred tax liabilities, retirement benefit obligations, provision for reinstatement costs for rented premises, tax payable, obligation arising from a put option to a non-controlling interest and put option derivatives which are directly attributable to the relevant operating and reportable segments. These are the measures reported to the CODM for the purpose of resources allocation and assessment of segment performance.

(c) *Other segment information*

	Sales of animation derivative products HK\$'000	Establishment and operation of indoor theme parks HK\$'000	Multimedia animation entertainment HK\$'000	Segment total HK\$'000	Unallocated HK\$'000	Total HK\$'000
2021						
Amounts included in the measurement of segment profit or loss and segment assets:						
Additions to property, plant and equipment, right-of-use assets and intangible assets	-	8,548	73,703	82,251	-	82,251
Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets	2,808	74,707	33,213	110,728	10,507	121,235
Share of profit of associates	-	193	8,927	9,120	(347)	8,773
Share of profit of a joint venture	-	-	8,709	8,709	-	8,709
(Loss)/gain on disposal of property, plant and equipment	-	(3,053)	21,293	18,240	-	18,240
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:						
Interest income	-	-	-	-	111	111
Interest expense	-	-	-	-	81,362	81,362
Taxation	(18,516)	(510)	-	(19,026)	-	(19,026)

	Sales of animation derivative products <i>HK\$'000</i>	Establishment and operation of indoor theme parks <i>HK\$'000</i>	Multimedia animation entertainment <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
2020						
Amounts included in the measurement of segment profit or loss and segment assets:						
Additions to property, plant and equipment, right-of-use assets and intangible assets	47	272,045	223,975	496,067	11,496	507,563
Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets	2,904	69,856	37,235	109,995	10,786	120,781
Gain on disposal of intangible assets	-	-	101,447	101,447	-	101,447
Gain/(loss) on disposal of property, plant and equipment	-	19,292	(175)	19,117	-	19,117
Gain on disposal of a subsidiary	-	-	161,953	161,953	-	161,953
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:						
Interest income	-	-	-	-	1,747	1,747
Interest expense	35	12,790	152	12,977	65,020	77,997
Taxation	(7,286)	778	-	(6,508)	-	(6,508)

Segment profit (loss) represents the profit (loss) earned (incurred) by each segment without allocation of certain administrative expenses, share-based payment expenses, other gains and losses (excluded gain on disposal of intangible assets), share of result of an associate, share of result of a joint venture, finance costs and unallocated income and expenses. This is the measure reported to CODM for the purpose of resource allocation and performance assessment.

All the segment revenue reported above is from external customers.

(d) Geographical information

The Group's operations are located in Hong Kong, Japan, Cambodia and the PRC.

Information about the Group's revenue from external customers is presented based on the destination of shipment for sales of products or location of services rendered/operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

Revenue from external customers

	2021 HK\$'000	2020 <i>HK\$'000</i>
PRC	267,334	90,191
Hong Kong	43,035	4,057
Japan	167,940	297,566
	478,309	391,814

Non-current assets by geographical location

	2021 HK\$'000	2020 <i>HK\$'000</i>
PRC*	1,237,578	1,054,780
Hong Kong	8,086	8,064
Japan	104,709	128,484
Cambodia	66,748	69,504
	1,417,121	1,260,832

Note: Non-current assets excluded financial assets at FVTOCI, financial assets at FVTPL and rental deposits.

* As at 31 March 2021, the carrying amount of trademark arising from acquisition of subsidiaries included HK\$3,639,000 (2020: HK\$9,359,000) which is allocated to the PRC as it is expected to be used in the PRC.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group, which was mainly derived from provision of theme park design and consultancy service and sales of animation derivative products, are as follows:

	2021 HK\$'000	2020 <i>HK\$'000</i>
Customer A	125,000	–
Customer B	N/A*	47,906

* The corresponding revenue did not contribute 10% or more of the total revenue of the Group in the respective year.

4. OTHER GAINS AND LOSSES

	<i>Note</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
Net exchange gain/(loss)		730	(352)
Net gain on a put option to a non-controlling interest		3,365	–
Gain from changes in fair value of financial assets mandatorily measured at FVTPL		37,681	183
Net gain on disposal of property, plant and equipment		18,240	19,117
Loss on extinguishment of financial liability	9	(5,483)	–
Loss arising from acquisition of an associate	11	(2,469)	–
Other gain/(loss)		494	(46)
Gain on non-substantial modification of financial liabilities measured at amortised cost		–	9,799
Gain on disposal of intangible assets		–	101,447
		52,558	130,148

5. TAXATION

The tax (credit) charge comprises:

	2021 HK\$'000	2020 <i>HK\$'000</i>
Hong Kong Profits Tax:		
Current tax	4,084	3,574
Overprovision in prior years	(22,600)	(10,860)
PRC Enterprise Income Tax (“EIT”)	–	73
Corporate tax in Japan		
Current tax	804	2,025
	(17,712)	(5,188)
Deferred taxation for the year	(1,314)	(1,320)
	(19,026)	(6,508)

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 gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. The tax rate of the PRC subsidiaries is 25% for both years.

Corporate tax in Japan is calculated at 23.2% (2020: 23.2%) on the estimated assessable profit. Pursuant to relevant laws and regulations in Japan, withholding tax is imposed at 20.42% (2020: 20.42%) and 5% (2020: 5%) on dividends declared to local investors and foreign investors, respectively, in respect of profit generated by subsidiaries incorporated in Japan.

The Group only notified the Hong Kong Inland Revenue Department (“**IRD**”) of its assessable profits for the years of assessment 2008/09 to 2012/13 in February 2014. After filing the respective tax returns, the Group received Notices of Assessment for the year of assessment 2008/09 in March 2014, the year of assessment 2009/10 in May 2014, and the years of assessment 2010/11 to 2012/13 in July 2014 from the IRD which stated that tax payable for the years of assessment 2008/09 to 2012/13 amounting to HK\$4,566,000 in aggregate, which is based on the amounts reported in tax returns filed by the Group for relevant years. As at 31 March 2021, the IRD has not issued any penalty notice to the Group in respect of the late notification of chargeability for the relevant years, and after seeking professional advice, the directors believe that the risk of the IRD issuing an additional assessment for year of assessment 2014/15 in respect of its offshore income claim is low. Accordingly, the tax provision of approximately HK\$22,600,000 for the year of assessment 2014/15 was reversed during the year ended 31 March 2021 (2020: HK\$10,860,000 for the year of assessment 2013/14).

The Group has lodged the offshore profits claims in respect of the trading income (other than trading income derived from Hong Kong affiliates of Japanese customers) and licensing income which were derived outside Hong Kong. Hence, the Group estimated the total tax payable for the years of assessment of 2008/09 to 2012/13 (on the assumption that the aforesaid offshore profit claims will be accepted by the IRD) amounted to HK\$4,566,000 and has already paid such amount to the IRD based on the tax returns received. As at 31 March 2021, the offshore profits claims are still under review by the IRD. The directors of the Company opined that in the event that the offshore profits claims in respect of the trading income are not accepted but the offshore profits claims in respect of the licensing income are accepted by the IRD, the estimated outstanding tax payable by the Group as at 31 March 2021 would be HK\$70,094,000 after considering the overprovision of year of assessment 2014/15 (2020: HK\$88,672,000 for the overprovision of year of assessment 2013/14). The directors believe that the Group has made appropriate provision in respect of the possible tax liability.

6. PROFIT FOR THE YEAR

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Staff costs:		
Directors' emoluments	4,836	4,977
Other staff costs		
Salaries and other benefits	74,723	86,577
Retirement benefit schemes	9,980	11,221
Defined benefits costs	1,947	1,329
Share-based payments expense	–	298
	<u>91,486</u>	<u>104,402</u>
Auditor's remuneration		
– audit services	3,062	3,271
– non-audit services	–	300
	<u>3,062</u>	<u>3,571</u>
Cost of inventories recognised as expenses	111,347	99,139
Depreciation of property, plant and equipment		
– Cost of sales and services	34,334	33,581
– Administrative expenses	11,758	12,060
Depreciation of right-of-use assets		
– Cost of sales and services	32,986	29,562
– Administrative expenses	3,648	3,624
– Research and development cost	457	–
Amortisation of intangible assets (included in cost of sales and services)	30,391	14,785
Amortisation of intangible assets (included in administrative expenses)	<u>7,661</u>	<u>27,169</u>

7. DIVIDENDS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Dividends recognised as distributions during the year:		
– Nil (2020: Final dividend of HK\$2.3 cents per share for the year ended 31 March 2019)	–	21,161

The Board does not recommend the payment of a final dividend for the year ended 31 March 2021 (2020: Nil).

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of HK\$83,086,000 (2020: HK\$105,222,000) and the weighted average of 955,289,000 ordinary shares (2020: 920,062,000 ordinary shares) in issue during the year.

(b) Diluted earnings per share

For the years ended 31 March 2021 and 2020, diluted earnings per share attributable to owners of the Company were the same as basic earnings per share because the impact of the exercise of the Company's share options was anti-dilutive.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at FVTOCI include the following:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Equity securities listed in Hong Kong (i)	8,007	81,505
Unlisted equity investments (ii)	40,000	–
	48,007	81,505

- (i) The above listed equity investments represent ordinary shares of an entity listed in Hong Kong. These investments are not held for trading, instead, they are held for long-term strategic purposes. The Directors have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

In June 2020, the Group has signed 2 forward contracts ("the forward contracts") with two separate independent third parties ("the 2 Parties") to sell 372,585,332 listed ordinary shares of Aceso Life ("the Aceso shares") held by the Group and which were classified as the Group's financial assets at FVTOCI to the 2 Parties, at the forward price of HK\$0.225 per share of Aceso in future date of 8 September 2020, regardless of the market value of the stock at the future date.

Subsequent to the execution of the sales and purchase agreement (“SP&A”) with regard to the acquisition (“the acquisition”) of Access Profit Global Enterprises Limited (“Access Profit”) and completion of the acquisition (see Note 11(c)), the vendor has transferred the consideration bonds of aggregate principal amount HK\$94,000,000 (“the Bonds”) issued by the Group to the 2 Parties, and the Group has signed another bond redemption agreement with the 2 Parties to redeem the Bonds and settled the forward contracts on 7 September 2020 and 8 September 2020 by means of transferring the Aceso shares at forward price of HK\$0.225 (aggregate contracted value was approximately HK\$83,832,000), and Aceso Convertible Notes of aggregate principal amount of HK\$10,000,000 with zero coupon, which fair value was measured to be approximately HK\$15,652,000 on the date of redemption by an external independent valuer, Vincorn Consulting and Appraisal Limited, to the 2 parties. The Company has recognized loss of approximately HK\$5,483,000 upon redemption of the Bonds in the other gains and losses of the consolidated profit or loss for the year.

The fair value of the listed equity securities is based on their current bid prices in active markets, and therefore classified under level 1 of fair value hierarchy.

- (ii) In February 2021, the Group entered into a subscription agreement pursuant to which the Group agreed to subscribe for shares of a limited partnership incorporated in the PRC (the “Investment”), as a limited partner, for an aggregate consideration of HKD40,000,000, which was settled by transferring the Group’s Aceso Life Convertible Note of aggregate Principal amount of HK\$40,000,000 with zero coupon, which fair value was measured to be approximately HK\$40,000,000 on the date of subscription of the Investment by an external independent valuer, Vincorn Consulting and Appraisal Limited, to the vendor. The Group, as a limited partner in the Investment, does not have the power to participate in the financial and operating policy decisions of the Investment. As such, the Group does not have significant influence over the Investment. The shares of the Investment held by the Group represent 0.145% of the issued equity capital of the Investment as at 31 March 2021. The directors of the Company have elected to designate these investments in equity instrument at FVTOCI as they believe that recognizing short-term fluctuations in these investments’ fair value in profit or loss would not be consistent with the Group’s strategy of holding this investment for long term-purpose and realizing their performance potential in the long run.

10. INTANGIBLE ASSETS

	Film rights and applications HK\$'000 (note i)	Animation characters HK\$'000 (note ii)	Indoor theme park right HK\$'000 (note iii)	Exclusive distribution right HK\$'000 (note iv)	Trademark HK\$'000 (note v)	Total HK\$'000
COST						
At 1 April 2019	115,324	60,523	2,279	30,000	26,286	234,412
Additions (Note vi)	174,464	49,500	–	–	–	223,964
Disposal	(95,550)	(12,867)	–	(30,000)	–	(138,417)
Disposal of a subsidiary	(1,450)	(31,250)	–	–	–	(32,700)
Exchange adjustments	–	–	–	–	231	231
At 31 March 2020	192,788	65,906	2,279	–	26,517	287,490
Addition on acquisition of a subsidiary (Note 18)	–	46,364	–	–	–	46,364
Exchange adjustments	–	–	–	–	(465)	(465)
At 31 March 2021	192,788	112,270	2,279	–	26,052	333,389
AMORTISATION						
At 1 April 2019	23,792	12,107	1,140	7,500	11,877	56,416
Charge for the year	22,446	11,000	228	3,000	5,280	41,954
Written back	(36,231)	(7,306)	–	(10,500)	–	(54,037)
Written back on disposal of a subsidiary	(985)	(9,375)	–	–	–	(10,360)
At 31 March 2020	9,022	6,426	1,368	–	17,157	33,973
Charge for the year	26,097	6,471	228	–	5,256	38,052
At 31 March 2021	35,119	12,897	1,596	–	22,413	72,025
CARRYING VALUES						
At 31 March 2021	157,669	99,373	683	–	3,639	261,364
At 31 March 2020	183,766	59,480	911	–	9,360	253,517

Notes:

- (i) Film rights and applications represent the acquisition of film rights and applications from production parties for the distribution of films and applications in various videogram formats, film exhibition, licensing and sub-licensing of film titles and mobile phone gaming applications. Film rights and applications are stated at cost less accumulated amortisation and accumulated impairment losses. The costs of film rights and applications are amortised on a straight-line basis over their estimated useful lives starting from the completion of films and applications.

Included in Films rights and applications is 4 sets of gaming applications acquired in March 2020, with respective carrying amounts of approximately HK\$37,260,000, HK\$41,543,000, HK\$35,749,000 and HK\$42,466,000, were acquired in March 2020. The gaming applications entitle the Group to generate licensing income for 5 to 10 years from the date of acquisition. The net carrying amount will therefore be amortised over the remaining useful lives of 5 to 10 years.

- (ii) Animation characters represent the acquired intellectual properties in the form of trademarks and copyrights of various animation brands and related characters under the ownership of the Group. Included in Animation Characters is a shop design incorporating a brand name of an animation character, which were acquired in March 2020 with carrying amounts of approximately HK\$44,550,000 as at 31 March 2021. The animation character brand name entitle the Group to generate licensing income for 5 to 10 years from the date of acquisition. The net carrying amount will therefore be amortised over the remaining useful lives of 5 to 10 years.

During the year ended 31 March 2021, the Group has acquired copyrights of a series of animation characters through acquisition of a subsidiary, Flourishing Emerald Limited, with carrying amount of HK\$42,887,000 as at 31 March 2021. See Note 18 for details.

- (iii) Indoor theme park right represents the acquired intellectual property rights in the form of trademarks and know-how under a licensing agreement (the “**Licensing Agreement**”) with SEGA Corporation, a Japanese corporation. The term of the Licensing Agreement is 10 years from the date of the Licensing Agreement which is renewable subject to negotiation among the parties concerned.
- (iv) Exclusive distribution right represents the acquired virtual reality game machine and application worldwide exclusive distribution right from an independent third party. In accordance with the agreement, the exclusive distribution right has an indefinite useful life. The Directors are of the opinion that the useful life of the exclusive distribution right should be no more than 10 years based on the studies performed by the management of the Group on product life cycle, market, competitors and environmental trends.
- (v) The trademark acquired on acquisition of CA Sega Group under Trademark Licence Agreement (the “**Trademark Licence Agreement**”) with SEGA Holdings Co., Ltd. for a non-transferrable and non-exclusive right to use and sub-license the JOYPOLIS trademark for the establishment and operation of indoor theme parks with JOYPOLIS worldwide. The term of the Trademark Licence Agreement is 5 years from the date of the Trademark Licence Agreement which is renewable for another 5 years subject to negotiation among the parties concerned.
- (vi) For the year ended 31 March 2020, the additions of intangible assets of approximately HK\$223,964,000 was settled through assignment of the Group’s trade receivables (the “**Trade Receivables**”) to the sellers of the intangible assets through deed of assignment among the Group, the sellers of the intangible assets and the debtors. The acquisition costs of the intangible assets were determined by the fair value of the Trade Receivables assigned, which amounted to approximately HK\$223,964,000 and approximated their carrying amounts. In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Trade Receivables, and does not have any continuing involvement in the Trade Receivables. Accordingly, the Group has derecognised the carrying amounts of the Trade Receivables of approximately HK\$223,964,000.

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the useful lives:

Film rights and applications	2–10 years
Animation characters	5 to 10 years
Indoor theme park right	10 years
Exclusive distribution right	10 years
Trademark	5 years

11. INTEREST IN ASSOCIATES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Cost of unlisted investment	207,598	5,658
Share of post-acquisition loss and other comprehensive expense	8,226	(537)
Exchange adjustments	–	(11)
	<u>215,824</u>	<u>5,110</u>

Details of the Group's material associates as at 31 March 2021 are as follows:

Name of associate	Place of establishment	Paid up registered capital	Proportion of equity interest held by the Group		Proportion of voting rights held by the Group		Principal activity
			2021	2020	2021	2020	
常州江南環球港華夏動漫科技有限公司 (Changzhou Southern Yangtze Global Harbor Chinese Animation Technology Co., Ltd) (“Changzhou Joypolis”)	PRC	RMB25,000,000	20%	20%	20%	20%	Operation of indoor theme park
Triple Blessing International Limited (“Triple Blessing”)	BVI	HK\$138,121,000	48%	–	48%	–	Development and licensing of IP rights
Lion Run Holdings Limited (“Lion Run”)	BVI	HK\$91,875,000	48%	–	48%	–	Development and licensing of IP rights
Access Profit Global Enterprises Group Limited (“Access Profit”)	BVI	HK\$295,263,000	31%	–	31%	–	Development of logistic and storage business

Note:

The Group has 48% ownership interest and voting rights in Triple Blessing and Lion Run. By considering that the Group has no sufficiently dominant voting rights to direct the relevant activities of unilaterally, the Directors conclude that the Group only has significant influence over Triple Blessing and Lion Run and therefore they are classified as associates of the Group.

The summarised financial information in respect of the Group's material associates. Set out below is extracted from the respective associate's financial statements. All of these associate are accounted for using the equity method in these consolidated financial statements.

(a) **Changzhou Joypolis**

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets	37,574	9,539
Current assets	10,690	16,844
Current liabilities	(21,748)	(832)
Loss for the year	<u>(1,157)</u>	<u>(1,483)</u>

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Net assets of Changzhou Joypolis	26,516	25,551
Proportion of the Group's ownership interest in Changzhou Joypolis	<u>20%</u>	<u>20%</u>
Carrying amount of the Group's interest in Changzhou Joypolis	<u>5,303</u>	<u>5,110</u>

(b) **Triple Blessing**

	2021 <i>HK\$'000</i>
Non-current assets	134,668
Current assets	12,597
Current liabilities	–
Revenue for the year	13,000
Profit for the year	9,144
Other comprehensive income for the year	–
Total comprehensive income for the year	<u>9,144</u>

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2021 <i>HK\$'000</i>
Net assets of Triple Blessing	147,265
Proportion of the Group's ownership interest in Triple Blessing	<u>48%</u>
Carrying amount of the Group's interest in Triple Blessing	<u>70,687</u>

On 25 September 2020, the Group acquired of 51% equity interest in Triple Blessing out of which 3% was undertaken by the Group on the same date to hold for and on behalf of the vendor by a deed of undertaking, and, therefore, the Group only beneficially entitled to 48% equity interest. Triple Blessing held intellectual property intangible assets at the acquisition date and the management of the Group concluded that the acquired set of activities and assets of Triple Blessing is not a business. The consideration is satisfied by convertible notes issued by Aceso Life Science Group Limited (formerly known as Hao Tian Development Group Limited) (“**Aceso Life**”), a company listed on the Main Board of the Hong Kong Stock Exchange, which was recognised as financial assets at FVTPL of the Group (the “**Convertible Notes**”) in principal amount of HK\$50,000,000 with zero interest. The cost of acquisition of the Group's interests in Triple Blessing was determined based on the fair value of the Convertible Notes in principal amount of HK\$50,000,000 at the acquisition completion date of approximately HK\$66,298,000, which were measured by an external independent valuer, Vincorn Consulting and Appraisal Limited.

(c) **Access Profit**

	2021 HK\$'000
Non-current assets	302,545
Current assets	51,617
Current liabilities	(60,018)
Non-current liabilities	–
Other income	3,524
Loss for the year	(1,119)
Other comprehensive loss for the year	–
Total comprehensive loss for the year	(1,119)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2021 HK\$'000
Net assets of Access Profit	294,144
Proportion of the Group's ownership interest in Access Profit	31%
	<hr/>
Carrying amount of the Group's interest in Access Profit	91,185

On 3 September 2020, the Group entered into a sales and purchase agreement (“**SP&A**”) with the vendor of Access Profit, to acquire 31% equity interest in Access Profit, which indirectly wholly owned subsidiary holds a leasehold land in the PRC (“**the Land**”) at the acquisition date, at a consideration of HK\$94,000,000, which was satisfied by the issuance of bonds (“**the bonds**”) at face value of HK\$94,000,000. At the acquisition date, the Land is for future development of logistic and storage business and the management of the Group concluded that the acquired set of activities and assets of Access Profit and its subsidiaries do not constitute a business. The difference of the fair value of the consideration of HK\$94,000,000 and the Group's share of net assets of Access Profit, amounting to approximately HK\$2,469,000, was recognized as other gain and losses in the consolidated profit or loss for the year.

(d) **Lion Run**

	2021 HK\$'000
Non-current assets	90,344
Current assets	10,985
Current liabilities	–
Non-current liabilities	–
Revenue for the year	11,125
Profit for the year	9,454
Other comprehensive income for the year	–
Total comprehensive income for the year	9,454

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2021 HK\$'000
Net assets of Lion Run	101,329
Proportion of the Group's ownership interest in Lion Run	48%
Carrying amount of the Group's interest in Lion Run	48,638

On 8 December 2020, the Group acquired 51% equity interest in Lion Run, out of which 3% was undertaken by the Group on the same date to hold for and on behalf of the vendor by a deed of undertaking, and therefore, the Group only beneficially entitled 48% equity interest. Lion Run only held intangible assets at the acquisition date and the management concluded that the acquired set of activities and assets is not a business.

Based on a supplementary agreement, the consideration is satisfied by the issue of 17,640,000 new ordinary shares of the Company of HK\$0.1 each at issue price of HK\$2.5 per share, which is also the fair value of the shares at acquisition date of Lion Run used for the cost of acquisition of the interests in Lion Run.

12. INTEREST IN A JOINT VENTURE

	2021 HK\$'000	2020 HK\$'000
Cost of investment in a joint venture	100,120	100,120
Share of post-acquisition profits and other comprehensive income	8,709	–
	108,829	100,120

Details of the Group's joint venture as at 31 March 2021 are as follows:

Name of joint venture	Place of establishment	Paid up registered capital	Proportion of equity interest held by the Group		Proportion of voting rights held by the Group		Principal activity
			2021	2020	2021	2020	
Success View Global Limited ("Success View")	BVI	USD25,770,100	50%	50%	50%	50%	Multimedia animation entertainment business

The summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs. The joint venture is accounted for using the equity method in these consolidated financial statements.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Success View		
Current assets	27,484	1
Non-current assets	185,931	195,981
Current liabilities	(69)	(54)
Non-current liabilities	–	–
Revenue	54,967	–
Profit/(loss) for the year	17,419	(5,079)
Other comprehensive income for the year	–	–
Total comprehensive income for the year	17,419	(5,079)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Net assets of Success View	213,346	195,928
Proportion of the Group's ownership interest in Success View	50%	50%
Goodwill	2,156	2,156
Carrying amount of the Group's interest in Success View	108,829	100,120

13. TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade Receivables	236,496	99,475
Less: accumulated impairment losses	(10,253)	(17,076)
	<u>226,243</u>	<u>82,399</u>

The Group generally allows a credit period ranging from 30 days to 90 days to its trade customers except certain distributors with strategic business relationship which are granted a longer credit period of 180 days.

The Group allows a credit period of 365 days to its customers with strategic business relationship who obtained theme park design and consultancy service from the Group.

The following is an aged analysis of trade receivables presented based on the invoice dates:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 90 days	33,748	27,055
91 to 180 days	121,289	5,961
181 to 365 days	66,240	42,801
Over 365 days	4,966	6,582
	<u>226,243</u>	<u>82,399</u>

Included in trade receivables aged within 91 to 180 days and 181 to 365 days are the receivable balance of approximately HK\$117,000,000 (2020: HK\$Nil) and HK\$39,400,000 (2020: HK\$Nil) respectively, which arose from the revenue generated from provision of integrated theme park design services and the licensing fee for use of the Group's intangible assets to the Group's two customers of who are business partners with renowned property developers in the PRC, in which billings were made one-off, whilst the related revenue were recognised at a point in time upon acceptance and approval of theme park design package and licence right by the customers.

Before accepting any new customers, the Group assesses the potential customer's credit quality and defines credit limits by each customer. Limits attributed to customers are reviewed once a year.

Included in the Group's trade receivables are receivables with the following carrying amounts which are past due at the end of each reporting period for which the Group has not provided for impairment loss as there has not been a significant change in the credit quality and the settlements after the end of the reporting period from those debtors are satisfactory. The Group does not hold any collateral over these balances. Ageing by invoice due date of trade receivables which are past due but not impaired is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 90 days	13,472	37,604
91 to 180 days	8,212	8,696
181 to 365 days	8,977	3,122
Over 365 days	–	–
	<u>30,661</u>	<u>49,422</u>

The Group's trade receivables that are denominated in currencies other than the functional currencies of the respective group entities are set out below:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
United States Dollars ("US\$")	29,097	53,358

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
	<i>Note</i>	
Proceeds receivable from disposal of intangible assets	176,536	185,827
Rental deposit	5,558	6,404
VAT recoverable	3,220	476
Deposits refundable from a game developer	25,113	25,759
Other receivables	7,013	6,140
Proceeds receivable from disposal of property, plant and equipment	138,879	66,129
Prepayments	84,180	47,665
Amounts due from associates	69	–
Interest receivable	6	1,241
Deposit paid	347	556
	440,921	340,197
Less: Allowance for credit loss	(5,896)	(4,300)
	435,025	335,897

Note:

- (i) As at 31 March 2021, included in the balance of prepayments is a prepayment for purchase of animation derivative products made to the main supplier of the Group, amounting to approximately HK\$34,000,000 (2020: HK\$38,000,000). prepayments to various vendors of interior design and suppliers of indoor these park facilities amounting to approximately HK\$23,217,000 (2020: HK\$ Nil), and prepayments to a bond placement of commission agency, amounting to approximately HK\$20,560,000 (2020: HK\$ Nil).

15. AMOUNT DUE TO A DIRECTOR

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Chong Heung Chung, Jason	562	897

The amount is unsecured, interest-free and repayable on demand.

16. TRADE PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	<u>1,367</u>	<u>8,213</u>
	<u>1,367</u>	<u>8,213</u>

The average credit period on purchases of goods is 30 days. The following is an aged analysis of trade payables and notes payables presented based on the invoice dates at the end of the reporting period:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 30 days	1,150	7,996
Over 90 days	<u>217</u>	<u>217</u>
	<u>1,367</u>	<u>8,213</u>

17. BANK BORROWINGS AND OTHER BORROWINGS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank borrowings and overdraft	87,980	37,036
Other borrowings	<u>14,037</u>	<u>14,287</u>
	102,017	51,323
The carrying amounts of bank borrowings and overdraft are repayable:		
Within one year	21,353	12,381
Within a period of more than one year but not exceeding two years	10,586	5,238
Within a period of more than two years but not exceeding five years	<u>56,041</u>	<u>8,413</u>
	<u>87,980</u>	<u>26,032</u>
Carrying amount of bank borrowing that contain a repayment on demand clause (shown under current liabilities)	<u>–</u>	<u>11,004</u>
	87,980	37,036
Less: Amount due within one year shown under current liabilities	<u>(21,353)</u>	<u>(23,385)</u>
	66,627	13,651
Other borrowings		
Within one year	–	–
Within a period of more than one year but not exceeding two years	–	–
Within a period of more than two years but not exceeding five years	<u>14,037</u>	<u>14,287</u>
	<u>14,037</u>	<u>14,287</u>
	<u>80,664</u>	<u>27,938</u>

The ranges of effective interest rates on the Group’s bank borrowings are as follows:

	2021	2020
Fixed-rate bank borrowings	1.07% to 5.07%	1.07% to 4.17%
Variable-rate bank borrowings	—	—

The Group’s bank borrowings that are denominated in currencies other than the functional currencies of the respective group entities are set out below:

	2021 HK\$’000	2020 HK\$’000
US\$	—	—

Included in the bank borrowings balance as at 31 March 2021 are secured bank borrowings of approximately HK\$Nil (2020: HK\$11,004,000) which secured by pledged bank deposits.

Included in the other borrowings balance as at 31 March 2020 are secured by the long-term rental deposits.

18. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF A SUBSIDIARY

On 23 April 2020 and 16 June 2020, the Company entered into the sale and purchase agreement (the “**S&P Agreement**”), as amended by a supplemental S&P Agreement dated 16 June 2020, respectively with Mr. Liu Zhongsheng (“**the Vendor**”) and Flourishing Emerald Limited (the “**Flourishing Emerald**”) in respect of the acquisition of Flourishing Emerald, pursuant to which the Company conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the entire issued share capital of Flourishing Emerald at the consideration of HK\$121,330,000. On 22 June 2020, the acquisition was completed as the conditions precedent to the completion had been fulfilled on 19 June 2020. The consideration is satisfied by the issue of 44,000,000 shares of the Company (the “**Consideration Shares**”). The fair value of the Consideration Shares on 19 June 2020, when the conditions precedents were met, is amounted to HK\$105,600,000. The fair value of the Consideration Shares was determined by reference to the published closing price of HK\$2.4 at the date of the conditions precedents were met.

Flourishing Emerald is principally engaged in investment holding and through certain VIE arrangements, Flourishing Emerald has effective control and beneficially entitled to entire interest of 深圳市華利達玩具禮品有限公司 (“**深圳華利達**”, Flourishing Emerald and 深圳華利達 are collectively referred to as the “**Flourishing Emerald Group**”). Immediately before the date of acquisition, 深圳華利達 only held certain intangible assets and property, plant and equipment, and the management of the Group concluded that the acquired set of activities and assets do not constitute a business.

The Group has elected to measure the non-controlling interests in Flourishing Emerald Group at the non-controlling interest’s proportionate share of fair values of Flourishing Emerald’s identifiable net assets.

The identifiable assets of the acquiree acquired and liabilities assumed as at the date of acquisition, which were determined based on the fair value of the equity instruments granted, were as follows:

	<i>HK\$'000</i>
Net assets acquired:	
Property, plant and equipment	27,326
Trade and other receivables	31,910
Intangible assets	46,364
	<hr/>
Total identifiable net assets at fair value	105,600
	<hr/>
Non-controlling interests	–
Consideration	105,600
Less: Fair value of net assets acquired	(105,600)
	<hr/>
Total purchase consideration satisfied by:	
Issuance of new shares at fair value	105,600
	<hr/>
Net cash inflow arising on acquisition	
Cash consideration	–
Cash and cash equivalents acquired	–
	<hr/>
	<hr/> <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

The pandemic speeds up transformation of the traditional entertainment industry, while shopping malls and theme parks jointly undergo transformation and upgrade

The pandemic around the world has not yet been curbed, and overseas travelling was restricted which directly promoted domestic tourism and entertainment consumption in the PRC. However, the implementation of social distancing measures has affected the flow of visitors in offline shopping malls; shopping malls and their property developers thus speeded up business reforms to digitize flow of passenger and consumer operation data. At the same time, the property developers and brand merchants have changed their way of cooperation from owner-and-tenant relationship to a new way of cooperation with a two-way visitor traffic flow.

Property developers also targeted at brand power, full-scene amusement experience and strong traffic driver of the IP indoor theme park. Through different kinds of promotions including live streaming, they jointly launched theme park products with different brands to drive traffic of the shopping malls, as well as to increase the duration of stay of the visitors and their amount of money spent.

Size of IP Pop Toy market reached HKD trillions and becomes a key consumption market

The research reports pointed out that the animation output value in the globe has reached HKD1.2 trillion in 2019 and there were over 400 million ACG users who loved animation IP in the PRC market in 2020, whom most of them were the post-90s and 00s; it was expected that by 2024, the size of online pop toy entertainment market will reach HKD1.4 trillion and becoming a key consumption market.

BUSINESS OVERVIEW

Different government adopted different degrees of pandemic precaution measures and encouraged citizens to get vaccinated to fight against COVID-19. However, During the Year under Review, the economy has not yet fully recovered. Since the pandemic in China is generally under control, the Group's business segments in China have resumed operation basically with a year-on-year growth on revenue, as compared with the time when the pandemic was serious during the previous financial year.

The Group has taken strategic investment during the pandemic which somehow temporarily suppressed the profitability of the Group, but it will bring long-term profitability to the Group as business cooperation and strategies successively implement.

During the Year under Review, the Group has made the following achievements:

1. Animation derivatives product trading business: steady growth on the number of orders, at the same time launches online pop toy collectibles business

During the Year under Review, the number of orders of animation derivative products in the PRC and Southeast Asia market recorded growth. In order to satisfy with the need of the new orders, the Group has upgraded production capacity of the factories. Meanwhile, the factories continued to strengthen its precaution measures to fight against COVID-19 as well as quality control to ensure “ZERO infection” of all client products, “ZERO complaint” on our orders and to make sure all our clients could receive goods on time in such a hardly charged time during pandemic.

Meanwhile, during the Year under Review, the Group has officially started its pop toy collectible business. Based on our reputation and resources accumulated for over 30 years, we have introduced top IP products from Japan, Mainland China, Europe, and America, which in return, gained the recognition and support of the industry partners and investors. Through offline marketing, new membership promotion and IP product promotion events, different CA SEGA JOYPOLIS offline theme parks became a natural traffic entry of the collectibles platform. The unique dual-track and synergy advantages of “theme park + IP Pop Toy” become our important growth engines in the future.

2. Indoor theme park business: jointly develops CA SEGA JOYPOLIS indoor theme park with CP Group and other partners

Currently, the Group has three self-owned CA SEGA JOYPOLIS located in Tokyo Japan, Shanghai and Qingdao China.

With the basis of the successful operation of self-owned theme parks, the Group continued to promote asset-light licensing model of the theme park during the Year under Review, and has entered long term licensing cooperation with partners in overseas and the PRC.

For licensing business in the overseas market, the Group has entered strategic cooperation with CP Group Thailand (known as “CP Group”) in March 2021 to introduce and build “CA SEGA JOYPOLIS Light” containing popular animation IP amusement experiences in partnered shopping malls in the globe. A special booth will be set up to sell IP pop toy products to allow traffic introduction, joint promotion and marketing among indoor parks, online Pop Toy collectibles platform and the partnered shopping malls.

For licensing business in the PRC market, the large licensed indoor theme park CA SEGA JOYPOLIS will be launched in Zengcheng District, Guangzhou in the third quarter of 2021. This project is an integrated creativity, cultural and tourism land development project, with a gross floor area of over 170,000 square meters, led by Junming Group, a leading property developer in Guangzhou. The CA SEGA JOYPOLIS indoor theme park has covered construction area of 20,000 square meters of the whole project. The Group received licensing fee and equipment sales fee from Junming Group to inject into the CA SEGA JOYPOLIS brand, while the CA SEGA Japan team conducted project design and planning. The Group could enjoy shared revenue of the theme park every year as royalty fee.

In addition, the Group has also carried out pre-feasibility studies for the theme park projects in the PRC for land developers, which contributed revenue brought by the pre-research and site planning. Introduction of world-class CA SEGA JOYPOLIS to these land development projects could enhance its cultural industry value to fulfill the government's requests for regional industrial development.

3. Multimedia animation entertainment business: enriches its self-owned IP matrix

During the Year under Review, the Group has completed several national IP acquisitions to further enhance its self-owned IP resources, to get ready for the synergies with other businesses, such as indoor theme park business, animation derivatives product business in the future, to increase the Group's profitability.

FINANCIAL REVIEW

The following sets forth a summary of the performance of the Group for the year ended 31 March 2021 with comparative figures for the latest year as follows:

	For the year ended 31 March	
	2021	2020
Revenue (<i>HK\$'000</i>)	478,309	391,814
Gross profit (<i>HK\$'000</i>)	167,700	67,769
Gross profit margin (%)	35.1	17.3
Profit attributable to owners of the Company (<i>HK\$'000</i>)	83,086	105,222

Revenue

The revenue increased by approximately HK\$86.5 million, or approximately 22%, compared to the approximately HK\$391.8 million for the year ended 31 March 2020 to approximately HK\$478.3 million for the year ended 31 March 2021. The increase was primarily due to the new business of provision of theme park design and consultancy service to projects cooperated with land developers which contributed of approximately HK\$113 million of revenue during the year ended 31 March 2021. The another factor attributable to the increase was mainly the equipment sales to Junming Group for indoor theme park that will be launched in Zengcheng District, Guangzhou in the third quarter of 2021.

Sales of animation derivative products

The revenue from sales of animation derivative products increased by approximately 1.4% from approximately HK\$137.3 million for the year ended 31 March 2020 to approximately HK\$139.2 million for the year ended 31 March 2021. The increase was primarily due to the recovery from the outbreak of the COVID-19, while the Group major supplier's factory in Shenzhen was temporary suspended for the year ended 31 March 2020.

Establishment and operation of indoor theme parks

The revenue from establishment and operation of indoor theme parks dropped by approximately 37% from approximately HK\$226.3 million for the year ended 31 March 2020 to approximately HK\$142.5 million for the year ended 31 March 2021. The drop was mainly owing to the lockdown measures imposed by Japan and PRC government due to COVID-19.

The number of visitors based on ticket sales decreased by approximately 23.5% from approximately 1.7 million for the year ended 31 March 2020 to approximately 1.3 million for the year ended 31 March 2021.

The analysis of the number of visitors is set out below:

	2021	2020
	'000	'000
PRC	1,053	1,158
Japan	202	589

The decrease in visitors was primarily due to the outbreak of the COVID-19, the operations of the theme park in Japan was affected by pandemic precaution measures while alternative measure were implemented to attract visitors even affected by COVID-19 in the PRC.

Multimedia animation entertainment

The revenue from multimedia animation entertainment increased by approximately HK\$55.3 million, or approximately 195%, from approximately HK\$28.3 million for the year ended 31 March 2020 to approximately HK\$83.6 million for the year ended 31 March 2021. The revenue from multimedia animation entertainment included income from licencing of animation characters, income for ticket sales for VR Game Centre, trading of VR gaming machines and event activities. The increase was primarily due to the increase in income from licensing the IP rights to a land developer during the year ended 31 March 2021.

Revenue from provision of theme park design and consultancy service

During the year ended 31 March 2021, the Group cooperated with land developers to provide IP rights licencing, projects planning ,designs and feasibility studies.

Cost of sales and services

The cost of sales and services decreased by approximately HK\$13.9 million, or approximately 4.3%, from approximately HK\$324.0 million for the year ended 31 March 2020 to approximately HK\$310.1 million for the year ended 31 March 2021. The decrease was mainly due to the operations of CA SEGA JOYPOLIS was affected by the pandemic precaution measures implemented in Japan.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK\$99.9 million, or approximately 147%, from approximately HK\$67.8 million for the year ended 31 March 2020 to approximately HK\$167.7 million for the year ended 31 March 2021. The Group's gross profit margin increased from approximately 17.3% for the year ended 31 March 2020 to approximately 35.1% for the year ended 31 March 2021. The increase in gross profit and gross profit margin was mainly due to the licencing fee and service fee earned from projects cooperated with land developers which have higher profit margin.

Other income

Other income increased by approximately HK\$3.8 million from approximately HK\$4.6 million for the year ended 31 March 2020 to approximately HK\$8.4 million for the year ended 31 March 2021. The increase was primarily due to government grant of HK\$6.8 million was received by CA SEGA JOYPOLIS during the year ended 31 March 2021.

Other gains and losses

Other gains and losses significantly decreased by approximately HK\$77.5 million from approximately HK\$130.1 million for the year ended 31 March 2020 to approximately HK\$52.6 million for the year ended 31 March 2021. This significant decrease was due to (i) absence of the prior year income arising from the disposals of certain intangible assets resulting a gain of approximately HK\$101.4 million.

Selling and distribution expenses

The selling and distribution expenses decreased by approximately HK\$10.5 million, or approximately 44.9%, from approximately HK\$23.4 million for the year ended 31 March 2020 to approximately HK\$12.9 million for the year ended 31 March 2021. The Group's selling and distribution expenses as a percentage of revenue decreased from approximately 6.0% for the year ended 31 March 2020 to approximately 2.7% for the year ended 31 March 2021. The decrease was primarily due to the outbreak of the COVID-19. The expenditure spent on advertising and promotion was decreased.

Research and development expenses

The research and development expenses decreased by approximately HK\$8.5 million from approximately HK\$19.4 million for the year ended 31 March 2020 to approximately HK\$10.9 million for the year ended 31 March 2021. The decrease was primarily due to the temporary suspension of the operations of the theme parks in Japan due to the outbreak of the COVID-19.

Profit attributable to owners of the Company

The profit attributable to owners of the Company decreased by approximately HK\$22.1 million, or approximately 26.6%, from approximately HK\$105.2 million for the year ended 31 March 2020 to approximately HK\$83.1 million for the year ended 31 March 2021. The decrease was primarily due to the absence of the one off incomes earned for the year ended 31 March 2020 including (i) gains of HK\$101.4 million were recognised on disposals of certain intangible assets; and (ii) a gain of HK\$162.0 million on disposal of 50% equity interest in a subsidiary was recognised. For the year ended 31 March 2021, the aforementioned form of revenue was absent, but the core business of the Group was better as shown by the increase in revenue of approximately HK\$86.5 million compared with last year.

Deposits for acquisition of property, plant and equipment

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Project		
Development and establishment of new Wonder Forest	225,413	230,880
Development and establishment of new Joypolis	145,206	148,876
	<u>370,619</u>	<u>379,756</u>

Other receivables, deposits and prepayments

The amount was increased by HK\$99.1 million from HK\$335.9 million for the year ended 31 March 2020 to HK\$435.0 million for the year ended 31 March 2021. The increased was mainly due to the sales proceed receivable amounting to HK\$80.5 million from the disposals of property, plant and equipment of 深圳華利達 as the Group has undergone a restructuring for the preparation of the development of Pop Toy Collectible ecommerce platform.

BUSINESS PROSPECTS

“CA SEGA JOYPOLIS indoor theme park + Pop Toy Collectible ecommerce platform” will be the dual driving force of the Group. Next, the Group will implement the cooperation intentions which was made during the Year under Review to welcome the growing indoor theme park market and online IP pop toy platform market.

Another licensed large indoor theme park CA SEGA JOYPOLIS project (10,000 square meters or more) will be launched in Jiangmen City, Guangdong Province China. The Group has also authorized a well-known property developer in the Mainland China to launch several large indoor theme park CA SEGA JOYPOLIS in China in the coming ten years, to further optimize the Group’s theme park layout. For overseas theme park project, corresponding planning will be kicked off when the pandemic becomes stable.

Moreover, small-to-mid indoor kids theme park CA SEGA JOYPOLIS Kids (3,000-5,000 square meters, containing animation IP as theme) will quickly manipulate in different cities in China in terms of chain-stores, which will bring considerable revenue to the Group and enhance the brand power of CA SEGA indoor theme park.

In order to strengthen the synergy and operation efficiency of different business segments of the Group, the Group plans to introduce offline traffic of the park to online Pop Toy Collectibles platform via APP. IP Pop Toy special booth will be set up in the indoor parks to host IP events including IP parades, KOL live streaming and more, to attract more animation IP lovers to visit theme parks to experience, at the same time, encourage more followers and sales of the online platform.

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The Company has received net proceeds of approximately HK\$298.6 million after deducting the underwriting fee and commissions and relevant expenses in connection with the global offering on 12 March 2015. As at 31 March 2021, approximately HK\$251.0 million of the net proceeds had been used by the Group. The unutilised net proceeds were deposited with a licenced bank in Hong Kong. The following sets forth a summary of the utilisation of the net proceeds:

	Original planned allocation of net proceeds from the Global Offering		Actual utilised as at 31 March 2021	Unutilised as at 31 March 2021
	%	HK\$'million	HK\$'million	HK\$'million
For the capital expenditure and the working capital for the Shanghai <i>JOYPOLIS</i> and for use in planning the next <i>JOYPOLIS</i>	40.0	119.4	119.4	–
For possible investment in, acquisition of, and/or formation of strategic cooperation with, domestic or international companies which operate animation – related businesses, including without limitation, animation-related event organisers, mobile and internet applications developers and animation-related multi-media platforms	30.0	89.6	42.0	47.6
For the development, production and technical enhancement of music animation concerts and the related promotional and marketing activities and the development of consignment sales business	20.0	59.7	59.7	–
For working capital and general corporate purposes	10.0	29.9	29.9	–
Total	100.0	298.6	251.0	47.6

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2021, the authorised share capital of the Company was HK\$500.0 million divided into 5,000,000,000 shares of HK\$0.1 each and the issued share capital of the Company was approximately HK\$98.1 million divided into 981,702,000 shares of HK\$0.1 each.

As at 31 March 2021, the cash and bank balances of the Group were approximately HK\$56.0 million (31 March 2020: approximately HK\$52.8 million). The Group was maintaining similar level to that of last year.

As at 31 March 2021, the Group had a gearing ratio (calculate as secured bank borrowings and other borrowings, lease liabilities, guaranteed note and bonds, divided by total assets) of approximately 31.4% (31 March 2020: approximately 35.8%).

During the year ended 31 March 2021, the Company issued bonds in par in an aggregate principal amount of HK\$5.1 million (31 March 2020: HK\$116.7 million). The bonds are denominated in HK\$ and are unlisted. The bonds are unsecured and carry interest at a nominal rate ranging from 6% to 9% per annum, payable monthly, semi-annually and annually in arrears with a maturity period ranging from 1 to 7.5 years. The proceeds were mainly utilised for the development of indoor theme park business and as general working capital of the Group.

During the year ended 31 March 2021, the Company repaid principal amount of HK\$20 million guaranteed note. The outstanding principal of HK\$80 million has been renewed to mature on 26 September 2021 at a coupon rate of 10.5%. The interest on the guaranteed note is payable semi-annually in arrears and is denominated in HK\$.

TREASURY POLICIES

The Group has adopted a prudent treasury policy and thus maintained a healthy liquidity position throughout the year ended 31 March 2021. The Group strives to reduce credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage the liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2021 (2020: Nil HK cents per share). Due to the global economic environment has been severely affected by the outbreak of COVID-19, the Board believes that it is in the best interest for the Group to keep more liquidity and sufficient working capital for the forthcoming year and will resume for the distribution of dividend when the economy is back to normal.

SIGNIFICANT INVESTMENTS HELD

In August 2015, the Group entered into a strategic partnership agreement with an independent third party to enter into a long-term strategic alliance and partnership to collaborate across VR technology projects. The Group paid RMB4.5 million (equivalent to HK\$5.4 million) as deposit for acquisition of long term investment, on a priority basis, to invest or co-invest in VR technology projects.

In January 2017, the Group acquired 85.1% of the issued shares of SEGA Live Creation Inc. (now renamed as “**CA SEGA JOYPOLIS Co. Limited**”) under SEGA Holdings Group Japan at a consideration of 600.00 million yen and has become a non-wholly owned subsidiary to develop indoor amusement park business in the Greater China Region and over the globe.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group will continue to expand CA SEGA JOYPOLIS theme park business in the globe through licensing the theme park to different partners in the PRC and overseas to increase brand awareness of the theme park whereas attract more fans around the world. The Group will invest and introduce online theme park membership system to add online theme park, online VR education and all kinds of VR amusement experience technology to explore more source of revenue.

The Group will also integrate its quality animation IP as well as its international derivative production technology with popular O2O sales platforms to sell well-known original and quality animation IP derivatives products.

In addition, the Group will continue to make breakthroughs in VR technology. The Group will invest in global wireless VR eSports network and establish a global user database to have a better understanding on the consumption habits and preference in the VR eSports market, and to generate better synergies with theme park business and IP business.

The Board believes that, the continuous promotion of the Group’s animation cultural and technology business allows the Group to explore more opportunities to make profit from quality “Culture + Property” projects. The Group will cooperate with the PRC government and other property developers or investors to develop animation cultural and technology industry in different regions in the PRC. The Group will inject its industry resources with low capital investment in exchange for higher profit return from the projects.

MORTGAGES AND PLEDGES

As at 31 March 2021, a bank deposit of the Group with a carrying value of approximately HK\$3.6 million (31 March 2020: approximately HK\$15.1 million) was pledged to a bank for banking facilities obtained.

CONTINGENT LIABILITIES

The Group did not have significant contingent liabilities as at 31 March 2021 (31 March 2020: Nil).

FOREIGN EXCHANGE EXPOSURE

There has been no significant change in the Group's policy in terms of exchange rate risks. The Group's transactions are mainly denominated in Hong Kong dollars, Renminbi, Japanese Yen or US dollars. Management of the Group is closely monitoring foreign exchange risks and would consider the use of hedging instruments as and when appropriate.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The wide spread of COVID-19 since the beginning of 2020 is a fluid and challenging situation facing all the industries of the society. The Group has already assessed the overall impact of the situation on the operation of the Group and taken all possible effective measures to limit and keep the impact in control. The Group will keep continuous attention on the change of situation and make timely response and adjustments in the future.

ENVIRONMENTAL POLICY

The Group is committed to the protection of the environment. The Group adheres to the principle of recycling and energy saving. The Group has encouraged and motivated our staff to be environmentally friendly in the office including the use of recycled papers for printing and photocopying and reducing electricity consumption by switching off idle lighting and electrical appliances when they are not in use.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2021, the Group had 284 employees (31 March 2020: 357 employees). The decrease in number of staff was mainly due to optimising the staffing structure for JOYPOLIS during the year. For the year ended 31 March 2021, employees' remuneration and benefits in kind and contribution to the pension scheme (including the Directors' remuneration and benefits in kind and contribution to the pension scheme) amounted to approximately HK\$91.5 million (31 March 2020: approximately HK\$104.4 million). The decrease was mainly attributable to the decrease of approximately HK\$11.9 million in employee remuneration. The Group's remuneration package is determined with reference to the experience and qualification of the individual employees and the general market conditions. The Group also ensures that all employees are provided with adequate training and continued professional opportunities according to their needs. A share option scheme has been established to provide incentives and remuneration to eligible Directors and employees of the Group in recognition of their contributions. On 29 February 2016, 21,455,400 options have been granted to the eligible Directors, employees and two consulting firms pursuant to the share option scheme adopted by the Company on 16 February 2015. During the year ended 31 March 2018, 8,582,160 options granted to a consulting firm were cancelled. The remaining options of 12,873,240 were expired and lapsed during the year ended 31 March 2021.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Save as the repayment of guaranteed note and the placing of bonds as disclosed under the section headed “**Capital Structure, Liquidity and Financial Resources**” in this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s securities during the year ended 31 March 2021.

AUDIT COMMITTEE AND REVIEW OF AUDITED ANNUAL RESULTS

The audit committee of the Board consists of three independent non-executive Directors, namely Mr. TSANG Wah Kwong (Chairman), Mr. HUNG Muk Ming and Mr. NI Zhenliang and have met the auditors of the Company, Messrs. KTC Partners CPA Limited, for the review of the Group’s results for the year ended 31 March 2021.

The audit committee of the Board has reviewed the Company’s audited consolidated financial statements for the year ended 31 March 2021 and the accounting principles and practices adopted by the Group and has discussed auditing, risk management, internal controls and financial reporting matters for the year ended 31 March 2021 with the management. They have also reviewed and approved the engagement of external auditors for providing non-audit services, the remuneration in respect of audit and non-audit services provided by external auditors, risk management and internal control systems and the effectiveness of the internal audit function.

SCOPE OF WORK ON PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITOR

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

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Corporate Governance Code as stated in Appendix 14 of the Rules Governing the Listing of Securities on Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) throughout the year, except for the following deviation:

Code provision A.2.1

The Code provision A.2.1 of the Corporate Governance Code in Appendix 14 of the Listing Rules stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. CHONG is the Chairman of the Board and the Chief Executive Officer. As Mr. CHONG is the founder of the Group and has extensive experience in corporate operations and management, the Directors believe that it is in the best interest of the Group to have Mr. CHONG taking up both roles for effective management and business development.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTION

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set forth in Appendix 10 of the Listing Rules (the “**Model Code**”) as its own code of conduct regarding securities transaction by the Directors. Having made specific enquiry with the directors, all directors confirmed that they have fully complied with the required standard as set out in the Model Code throughout the year ended 31 March 2021.

CLOSURE OF THE REGISTER OF MEMBERS

To determine the eligibility of the shareholders of the Company to attend the annual general meeting for the year ended 31 March 2021 to be held on 2 September 2021, the register of members will be closed from 30 August 2021 to 2 September 2021, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the annual general meeting, all transfer forms accompanied by the relevant Share certificates must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 27 August 2021.

In addition, the Company would make further announcement(s) in respect of any change of the aforesaid date of the annual general meeting of the Company for the year ended 31 March 2021.

GENERAL INFORMATION

A circular containing, inter alia, the information required by the Listing Rules, together with the notice of the upcoming annual general meeting, will be despatched to the Shareholders in due course.

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 annual results announcement, the Company has maintained sufficient prescribed public float of the issued shares as required under the Listing Rules.

By order of the Board
CA CULTURAL TECHNOLOGY GROUP LIMITED
CHONG Heung Chung Jason
Chief Executive Officer and Executive Director

Hong Kong, 30 June 2021

As at the date of this announcement, the Board comprise six Directors. Mr. CHONG Heung Chung Jason (Chief Executive Officer), Mr. TING Ka Fai Jeffrey and Ms. LIU Moxiang are executive Directors and Mr. NI Zhenliang, Mr. TSANG Wah Kwong and Mr. HUNG Muk Ming are independent non-executive Directors.