

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

The highlights in relation to the unaudited interim results of the Group for the six months ended 30 September 2021 are as follows:

- Revenue was HK\$309.3 million for the six months ended 30 September 2021, representing an increase of approximately 79.4% as compared with HK\$172.4 million for the six months ended 30 September 2020.
- Gross profit was HK\$68.9 million for the six months ended 30 September 2021, representing an increase of approximately 80.4% as compared with HK\$38.2 million for the six months ended 30 September 2020. Gross profit margin for the six months ended 30 September 2021 was approximately 22.3%, representing an increase of approximately 0.2% as compared with approximately 22.1% for the six months ended 30 September 2020.
- Profit attributable to the owners of the Company was HK\$19.4 million, representing a decrease of approximately 23.9% as compared with profit attributable to the owners of the Company of HK\$25.5 million for the six months ended 30 September 2020.
- Basic earning per share amounted to 2 HK cents for the six months ended 30 September 2021, representing a decrease of approximately 33.3% as compared with basic earnings per share of 3 HK cents for the six months ended 30 September 2020.

The board (the “**Board**”) of directors (the “**Directors**”) of CA Cultural Technology Group Limited (the “**Company**”) announces the unaudited interim results of the Company (which together with its subsidiaries, the “**Group**”) for the six months ended 30 September 2021, together with the comparative figures for the corresponding period in 2020.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended	
		30 September	
		2021	2020
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	4	309,274	172,374
Cost of sales and services		(240,388)	(134,205)
Gross profit		68,886	38,169
Other income		3,503	7,073
Other gains and losses	5	1,108	42,615
Selling and distribution expenses		(5,578)	(7,269)
Administrative expenses		(45,948)	(38,593)
Research and development expenses		(4,524)	(5,834)
Share of profit of associates		20,400	28,720
Share of profit of a joint venture		18,100	286
Finance costs		(24,271)	(45,012)
Provision for impairment loss under expected credit loss model, net of reversal		(4,581)	–
Profit before taxation		27,095	20,155
Taxation	6	(11,871)	(1,707)
Profit for the period	7	15,224	18,448
Other comprehensive income/(expense):			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign subsidiaries		4,529	7,653
Fair value (loss)/gain on financial assets at fair value through other comprehensive income		(1,577)	9,921
Other comprehensive income for the period		2,952	17,574
Total comprehensive income for the period		18,176	36,022

		Six months ended	
		30 September	
		2021	2020
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Profit for the period attributable to:			
Owners of the Company		19,376	25,525
Non-controlling interests		(4,152)	(7,077)
		<u>15,224</u>	<u>18,448</u>
Total comprehensive income attributable to:			
Owners of the Company		21,941	42,596
Non-controlling interests		(3,765)	(6,574)
		<u>18,176</u>	<u>36,022</u>
Earnings per share			
	9		
– Basic (HK\$)		0.02	0.03
– Diluted (HK\$)		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

		30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		286,970	304,774
Right-of-use assets		135,912	153,261
Goodwill		2,425	2,450
Intangible assets		241,534	261,364
Interest in associates		237,223	215,824
Interest in a joint venture		126,929	108,829
Financial assets at fair value through other comprehensive income	<i>10</i>	56,690	48,007
Deposits for acquisition of property, plant and equipment		420,619	370,619
Other receivables		1,161	–
Rental deposits		16,784	16,788
		<hr/> 1,526,247	<hr/> 1,481,916
Current assets			
Inventories		1,653	861
Trade receivables	<i>11</i>	213,533	226,243
Other receivables, deposits and prepayments	<i>12</i>	615,607	435,025
Financial assets at fair value through profit or loss		819	805
Restricted bank balance		4,996	4,523
Pledged bank deposit		3,648	3,565
Bank balances and cash		22,286	56,012
		<hr/> 862,542	<hr/> 727,034

		30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
	<i>Notes</i>		
Current liabilities			
Trade and notes payables	13	1,109	1,367
Other payables and accruals		104,391	94,408
Amount due to a director		836	562
Contract liabilities		2,787	85,003
Lease liabilities		35,726	36,426
Tax payable		97,546	84,794
Bonds		198,729	199,397
Guaranteed note		60,000	78,991
Secured bank borrowings and other borrowings	14	29,903	21,353
		<u>531,027</u>	<u>602,301</u>
Net current assets		<u>331,515</u>	<u>124,733</u>
Total assets less current liabilities		<u>1,857,762</u>	<u>1,606,649</u>
Non-current liabilities			
Bonds		171,730	158,704
Secured bank borrowings and other borrowings	14	97,773	80,664
Long term other payables		–	595
Lease liabilities		101,728	118,651
Deferred tax liabilities		197	910
Contract liabilities		36,235	40,222
Provision for reinstatement costs for rented premises		31,740	31,980
Obligation arising from a put option to non-controlling interests		3,065	3,065
Put option derivatives		1,517	1,517
		<u>443,985</u>	<u>436,308</u>
Net assets		<u>1,413,777</u>	<u>1,170,341</u>
Capital and reserves			
Share capital	15	107,170	98,170
Reserves		1,312,574	1,074,373
Equity attributable to owners of the Company		1,419,744	1,172,543
Non-controlling interests		(5,967)	(2,202)
Total equity		<u>1,413,777</u>	<u>1,170,341</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

1. GENERAL

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, a private company incorporated in the British Virgin Island. Its ultimate controlling shareholder is Mr. CHONG Heung Chung Jason (“**Mr. CHONG**”). The registered office of the Company is at Cricket Square, Hutchins Drive, PO BOX 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business 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 its subsidiaries are engaged in the trading of animation derivative products, establishment and operation of indoor theme parks and multimedia animation entertainment. The Company and its subsidiaries are collectively referred to as the “**Group**”.

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

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “**Interim Financial Reporting**” issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as appropriate.

Save as described below, the accounting policies applied to prepare this unaudited condensed consolidated interim financial information for the six months ended 30 September 2021 are consistent with the Group’s annual financial statements for the year ended 31 March 2021, which has been prepared in accordance Hong Kong Financial Reporting Standards (“**HKFRSs**”):

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7,
HKFRS 4 and HKFRS 16

Interest Rate Benchmark Reform – Phase 2

The application of the new and revised standards in the current interim period has had no material impact on the amounts reported in these condensed consolidated financial statements and/or disclosures set in these condensed consolidated financial statements.

4. REVENUE AND SEGMENT 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 six months ended 30 September 2021.

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

The Group’s operating and reportable segments currently are: (i) sales of animation derivative products; (ii) establishment and operation of indoor theme parks; and (iii) multimedia animation entertainment. The CODM considers the Group has three operating and reportable segments which are based on the internal organisation and reporting structure. This is the basis upon which the Group is organised.

Segment revenue and results

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

For the six months ended 30 September 2021 (unaudited)

	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>
Segment revenue	103,115	192,760	13,399	309,274
Segment profit (<i>Note</i>)	<u>27,596</u>	<u>29,091</u>	<u>26,776</u>	83,463
Unallocated income				360
Unallocated expenses				(36,645)
Other gains and losses				160
Finance costs				<u>(20,243)</u>
Profit before taxation				<u>27,095</u>

Note: The segment profit for multimedia animation entertainment segment included share of profit of associates.

For the six months ended 30 September 2020 (unaudited)

	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>
Segment revenue	59,847	98,489	14,038	<u>172,374</u>
Segment profit/(loss) (<i>Note</i>)	<u>13,594</u>	<u>(23,446)</u>	<u>22,979</u>	13,127
Unallocated income				6,790
Unallocated expenses				(10,177)
Other gains and losses				45,194
Share of profit of associates				286
Finance costs				<u>(35,065)</u>
Profit before taxation				<u>20,155</u>

Note: The segment profit for multimedia animation entertainment segment included share of profit of associates.

Segment profit (loss) represents the profit (loss) earned (incurred) by each segment without allocation of certain administrative expenses, share-based payment expenses, share of result of an associate, finance costs, fair value gain on obligation arising from a put option to non-controlling interests, income tax expenses 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.

Timing of revenue recognition:

	Six months ended	
	30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
At point in time	295,875	159,866
Over time	13,399	12,508
	<u>309,274</u>	<u>172,374</u>

Segment assets and liabilities

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

Segment assets

	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
Sales of animation derivative products	133,594	140,401
Establishment and operation of indoor theme parks	938,565	953,953
Multimedia animation entertainment	<u>866,002</u>	<u>865,070</u>
Total segment assets	1,938,161	1,959,424
Property, plant and equipment	2,215	4,816
Right-of-use assets	1,474	2,358
Other receivables, deposits and prepayments	263,880	35,794
Goodwill	2,425	2,450
Interest in associates	92,195	91,196
Financial assets at fair value through profit or loss	819	805
Financial assets at fair value through other comprehensive income	56,690	48,007
Restricted bank balance	4,996	4,523
Pledged bank deposit	3,648	3,565
Bank balances and cash	<u>22,286</u>	<u>56,012</u>
Consolidated assets	<u>2,388,789</u>	<u>2,208,950</u>

Segment liabilities

	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
Sales of animation derivative products	1,501	4,254
Establishment and operation of indoor theme parks	<u>247,168</u>	<u>350,440</u>
Total segment liabilities	248,669	354,694
Other payables and accruals	63,307	50,342
Contract liabilities	–	200
Amount due to a director	836	562
Secured bank borrowings and other borrowings	127,676	102,017
Tax payable	97,546	84,794
Lease liabilities	1,740	2,820
Deferred tax liabilities	197	910
Bonds	370,459	358,101
Guaranteed note	60,000	78,991
Obligation arising from a put option to non-controlling interest	3,065	3,065
Put option derivatives	1,517	1,517
Long-term payable	<u>–</u>	<u>596</u>
Consolidated liabilities	<u>975,012</u>	<u>1,038,609</u>

Segment assets represent certain property, plant and equipment, certain right-of-use assets, prepaid lease payments, intangible assets, deposits for acquisition of property, plant and equipment, deposits for acquisition of long term investment, interest in associates, 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, certain 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.

5. OTHER GAINS AND LOSSES

	Six months ended	
	30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net exchange gain	240	340
Gain from changes in fair value of financial assets mandatorily measured at fair value through profit or loss (<i>Note</i>)	–	50,272
Gain/(loss) on disposal of fixed assets	872	(2,507)
Loss on disposal of financial assets at fair value through profit or loss	–	(5,724)
Other (loss)/gain	(4)	234
	1,108	42,615

Note: During the period ended 30 September 2020, the gain mainly arose from the fair value increase in the convertible notes issued by Aceso Life Science Group Limited (formerly known as Hao Tian Development Group Limited) (“**Aceso Life**”) (Stock code: 0474), a company listed on the main board of the Hong Kong Stock Exchange, which were recognised as financial assets at FVTPL of the Group (the “**Convertible Notes**”). During the period ended 30 September 2021, no gain or loss has arose because the Convertible Notes have been fully disposed as at 31 March 2021.

6. TAXATION

	Six months ended	
	30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
The tax charge comprises:		
Hong Kong Profits Tax	3,481	2,114
The PRC Enterprise Income Tax (“ EIT ”)	9,038	–
The Japan Corporate Tax	(648)	(407)
	11,871	1,707

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

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.

Corporate tax in Japan is calculated at 23.2% (31 March 2021: 23.2%) on the estimated assessable profit. Pursuant to relevant laws and regulations in Japan, withholding tax is imposed at 20.42% (31 March 2021: 20.42%) and 5% (31 March 2021: 5%) on dividends declared to local investors and foreign investors, respectively, in respect of profit generated by subsidiaries incorporated in Japan. No provision for Japan corporate income tax has been made for the period as the Japan subsidiary has incurred losses for the period.

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 approximately 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 30 September 2021, the IRD has not issued any penalty notice to the Group in respect of the late notification of chargeability for the relevant years, the directors believe that the risk of the IRD issuing an additional assessment for year of assessment 2015/16 in respect of its offshore income claim is low.

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 30 September 2021, the offshore profits claims are still under review by the IRD. The directors of the Company are of the opinion 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 30 September 2021 would be HK\$73,560,000 (31 March 2021: HK\$70,094,000). The directors believe that the Group has made appropriate provision in respect of the possible tax liability.

Save as disclosed above, the Group is not subject to taxation in any other jurisdictions.

7. PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging (crediting):		
Staff costs:		
Directors' emoluments	2,339	2,322
Other staff costs		
Salaries and other benefits	37,352	40,807
Retirement benefits scheme contributions	4,531	5,852
Defined benefits costs	89	53
	<u>44,311</u>	<u>49,034</u>
Cost of inventories recognised as expenses	138,867	40,229
Depreciation of property, plant and equipment	19,074	25,076
Depreciation of right-of-use assets	17,959	16,740
Amortisation of intangible assets (included in cost of sales and services)	15,159	16,695
Amortisation of intangible assets (included in administrative expenses)	4,410	2,092
Lease payments under operating leases in respect of rental premises		
Minimum lease payments	725	653
Contingent rents (<i>note</i>)	(1,063)	(4,944)

Note: The operating lease rentals for indoor theme parks are determined as the higher of a fixed rental or a predetermined percentage on revenue of respective indoor theme parks pursuant to the terms and conditions that are set out in the respective rental agreements.

8. DIVIDENDS

During the current interim period, no final dividend in respect of the year ended 31 March 2021 (31 March 2020: Nil) was declared to the owners of the Company.

The board of directors does not recommend the payment of an interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

9. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings:		
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the period attributable to owners of the Company)	<u>19,376</u>	<u>25,525</u>
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>983,145</u>	<u>944,346</u>

(b) Diluted earnings per share

For the six months ended 30 September 2021, no diluted earnings per share are presented as there were no potential ordinary shares in issue during the period.

For the six months ended 30 September 2020, diluted earnings per share attributable to owners of the Company were not presented because the impact of the exercise of the Company's share options was anti-dilutive.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The amount represented listed equity securities listed in Hong Kong. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company 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.

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.

11. TRADE RECEIVABLES

	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
Trade receivables from contract with customers	228,786	236,496
Less: Allowance for credit loss	(15,253)	(10,253)
	<u>213,533</u>	<u>226,243</u>

The Group generally allows a credit period ranging from 30 days to 90 days to its trade customers except certain major customers with a good track record which may be granted a longer credit period of 180 days.

For customers of licensing income, the Group allows a credit period ranging from 90 to 365 days.

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

The following is an analysis of trade receivables by age, presented based on the invoice dates, which approximated the revenue recognition dates:

	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
0 to 90 days	41,693	33,748
91 to 180 days	6,363	121,289
181 to 365 days	143,609	66,240
Over 365 days	21,868	4,966
	<u>213,533</u>	<u>226,243</u>

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
Proceeds receivable from disposal of intangible assets	163,536	176,536
Proceeds refundable from a game developer	19,113	25,113
Proceeds receivable from disposal of property, plant and equipment	132,678	138,879
Prepayment (<i>Note i</i>)	71,830	84,180
Proceeds receivable from share subscription (<i>Note ii</i>)	215,000	—
Other receivables, deposits and prepayments	18,927	16,213
	621,084	440,921
Less: Allowance for credit loss	(5,477)	(5,896)
	615,607	435,025

Notes:

- (i) As at 30 September 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\$21,208,000 (31 March 2021: HK\$34,000,000), and prepayments of commission to a bond placement agency, amounting to approximately HK\$34,969,000 (31 March 2021: HK\$20,560,000).
- (ii) As at 30 September 2021, the balance represents the proceeds receivable from the subscriber with regard to the 86,000,000 ordinary shares issued and allotted by the Company at subscription price of HK\$2.5 per subscription share. For further information, please refer to the subsequent event in Note 16.

13. TRADE AND NOTES PAYABLES

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

	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
0 to 30 days	892	1,150
Over 90 days	217	217
	1,109	1,367

14. BANK AND OTHER BORROWINGS

During the period, the Group has drawn new bank borrowings amounting to HK\$30,864,000 (six months ended 30 September 2020: HK\$32,584,500). The bank and other borrowings carry interest at fixed rates ranging from 1.07% to 5.15% (31 March 2021: 1.07% to 5.07%) per annum and are repayable on demand or having maturity from 2021 to 2030. The Group repaid bank borrowings of HK\$3,542,000 during the six months ended 30 September 2021 (six months ended 30 September 2020: HK\$17,280,000).

Included in the bank borrowings balance as at 31 March 2021 are secured bank borrowings of approximately HK\$33,953,000 (31 March 2020: HK\$10,303,000) which were secured by a property jointly owned by Mr. CHONG Heung Chung Jason and his spouse.

15. SHARE CAPITAL

	Number of shares of HK\$0.1 each	Share capital HK\$'000
Authorised:		
At 1 April 2021 and 30 September 2021	5,000,000,000	500,000
Issued and fully paid:		
At 1 April 2021	981,702,000	98,170
Share swap (<i>note ii</i>)	4,000,000	400
Share subscription (<i>note iii</i>)	86,000,000	8,600
At 30 September 2021	1,071,702,000	107,170

Note:

- (i) All the shares issued ranked pari passu in all respects with the then existing shares in issue.
- (ii) On 8 September 2021, the Company issued 4,000,000 shares for the acquisition of 95,000,000 shares of Future World Holdings Limited (0572.HK), representing approximately 8.684% of its issued share capital, which included in financial assets at fair value through other comprehensive income. Details please refer to the announcements to the Company dated 24 August 2021 and 8 September 2021.
- (iii) On 29 September 2021, the Company has allotted and issued 86,000,000 shares of HK0.1 each to the subscriber at the HK\$2.50. For further information, please refer to the subsequent event in Note 16.

16. SUBSEQUENT EVENT

On 1 September 2021, the Company entered a share subscription agreement (the “SSA”) with an investor (the “Subscriber”) for subscription (the “Subscription”) of 86,000,000 Shares (the “Subscription Shares”) at the price of HK\$2.50 each (the “Subscription Price”).

On 29 September 2021, the Company issued 86,000,000 shares of HK0.1 each. At that day, the Company recognized the transaction by debiting HK\$215,000,000 (“Subscription Sum”) as other receivable and crediting HK\$8,600,000 and HK\$206,400,000 as share capital and reserves respectively.

As at the date of this announcement, the Company has not received any consideration for the Subscription Shares and correspondingly, the Subscriber has not fulfilled its payment obligations according to the provisions of the SSA. Accordingly, the SSA should have been deemed to be terminated.

It is intended that all the Subscription Shares will be cancelled as permitted under the Listing Rules, the laws of the Cayman Islands, and other relevant regulatory requirements as from time to time applicable. Upon completion of the cancellation procedures, the Company will cancel the Subscription Shares and derecognise the transaction by crediting other receivable of HK\$215,000,000 and debiting share capital and reserve of HK\$8,600,000 and HK\$206,400,000 respectively.

In the opinion of the directors, the failure of the fulfillment of the provision of the SSA and the cancellation of the Subscription Shares are non-adjusting events, and their impact should be reflected in the period after 30 September 2021.

Further announcement will be made in this regard as and when appropriate in accordance with the Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a multimedia entertainment group in China which is engaged in three main business segments, including:

- 1) expansion of the world's No.1 indoor theme park CA SEGA JOYPOLIS brand through asset-light licensing model;
- 2) animation-derived products trading business, meanwhile on this basis, to explore the IP Pop Toy Collectibles related business;
- 3) Multimedia animation entertainment business focusing on animation IP and VR (including eSports).

CA SEGA JOYPOLIS LTD. (formerly known as “**SEGA Live Creation Inc.**”) is the world's No.1 indoor theme park brand company acquired by the Group from SEGA Holding in 2017. The Group cooperated with different business partners through asset-light licensing model to promote theme park brand. Currently, the Group directly operates three large-scale theme parks CA SEGA JOYPOLIS in Shanghai and Qingdao, China, as well as Tokyo, Japan, a licensed CA SEGA JOYPOLIS indoor theme park in Guangzhou and licensed Wonder Forest kids amusement parks in first-tier and second-tier cities in China.

The Group has over 30 years' experience in the IP pop toy industry (mainly IP pop toy manufacturing business), engaging in the trading business as well as relevant value-added services of sales of animation-derived products (mainly toys) featuring a wide range of popular third-party owned animation characters. Most of the customers of the Group are companies in Japan sourcing animation-derived products for leading toys companies in the Japanese market and for leading outdoor theme parks in Japan. The Group maintained a long term and solid relationships with such companies. The Group has accumulated years of experience, resources, and reputation in the animation industry to fully develop the IP pop toy business.

The Group owns the license rights to many famous animation IPs, including two top 10 national cartoon characters – “Han Ba Gui” and “Violet,” as well as characters from movies and animated dramas such as “The King of Tibetan Antelope”, “Animal Conference on the Environment” and “Amazing UU”. China's first virtual artist “Violet” created by the Group has held 3D Holographic Concerts in Shenzhen and Hong Kong since 2015. The Group also established close cooperative relationships with many world-leading IP brands such as “Transformers” in the US, SEGA Sonic the Hedgehog, and Initial D, etc. The Group also participated in the co-investment and coproduction of the animated series “The Reflection” with internationally famous partners such as Studio Deen from Japan and Stan Lee “Father of Marvel” which was broadcasted over 38 countries and regions.

The Group established VR eSports and VR O2O game model, and became one of the leaders in the VR eSport industry. The Group is the organizer of the eSports tournament in the “World Conference on VR industry 2019” authorized by the China Information Industry Trade Association and the Ministry of Industry and Information Technology. The Group launched its groundbreaking and self-innovated VR eSports game “Huang Yangjie Battle 黃洋界保衛戰” to promote red cultural tourism, which was awarded prestigious industry awards named the “Chinese Information Consumption Innovation award 2018 (2018中國信息消費創新獎)” and the “Gold Award of Chinese eSports Innovative Software 2019 (2019中國電子競技創新獎軟件金獎)” presented by China Information Industry Trade Association (中國信息產業協會). It was also awarded the “Outstanding Award of Global Digital Technology Creative Design Competition 2021” (2021年全球數字科技創意設計大賽傑出獎).

INDUSTRY REVIEW

In recent years, digital cultural creativity has become an important industry in China. New forms of culture and cultural industry chains have been created followed by the integration of culture and technology. In addition, the COVID-19 epidemic has prompted traditional industries to change their modes of operation, which has greatly increased the demand for digital services such as e-cultural entertainment, e-education, and e-office.

As the epidemic began to be brought under control, social-distancing measures were gradually relaxed. The long backlog of demand in entertainment and consumer industries were released. Different types of indoor parks in the country are still opening up under the epidemic.

The market share of China’s pop toy industry among the globe has increased from 11.18% in 2017 to 19.17% in 2020. China is expected to gradually develop into one of the core markets for global pop toy consumption. In 2020, the market size of China’s pop toy economy will reach RMB29.48 billion. Affected by factors such as the “surprise economy” and social emotional demand, the popularity of China’s pop toy has continued to rise. It is expected that the size of China’s pop toy market will continue to expand, to reach RMB38.43 billion with a growth rate of 30.4% in 2021.

BUSINESS REVIEW

During the period under review, with the COVID-19 pandemic brought under control, the Group’s business has gradually recovered in general. All business segments have recorded satisfactory performance as compared with the period in the midst of the COVID-19 epidemic.

For the **animation derivatives trading business**, the Group’s factory orders increased. During the epidemic period, all departments of the factory strictly followed anti-epidemic measures. During the period under review, revenue increased as compared to the same period last year.

Benefiting from the trend of the pop toy industry, the Group has gained more opportunities for cooperation in the trading of animation derivative products to further develop in the pop toy product market. At the same time, the factory strictly implemented anti-epidemic policies to ensure that all factories, production lines and products were “zero infected”. During the period under review, the animation derivatives trading business recorded significant growth, a year-on-year increase of 79.4% over the same period last year.

In terms of **indoor park business**, CA SEGA JOYPOLIS (華夏世嘉歡樂世界) in Zengcheng District, Guangzhou, which the Group licensed Junming Group, a real estate developer in the PRC, has started its operations at the end of September this year. The theme park is located in the CA SEGA JOYPOLIS (華夏世嘉歡樂世界), which has the same name as the theme park covering approximately 180,000 square meters.

The indoor park covers an area of about 15,000 square meters. The project is also equipped with different commercial and cultural tourism facilities, including a 10,000-square-meter Japanese anime IP hotel, a 17-meter-high, 400-meter-long creative aerial runway plus a 6,000-square-meter rooftop sports park, which together made a new landmark of cultural tourism in Guangzhou.

In terms of **multimedia animation and entertainment business**, the Group won the Outstanding Award of Global Digital Technology Creative Design Competition 2021 for its self-developed VR battle shooting game “Song of Star Wars – the Huang Yangjie Battle”.

On the other hand, during the period under review, the Group’s Japan CA SEGA team also introduced different well-known Japanese IPs, including Ninja Rantaro, Corner Creatures, etc., and co-hosted quarterly IP interactive activities with partners in the SEGA JOYPOLIS Indoor Park in Odaiba, Tokyo, Japan, which successfully attracted a large number of fans to visit the park.

BUSINESS PROSPECTS

“CA SEGA JOYPOLIS large-scale indoor theme park + Wonder Forest Kids Amusement Park + Pop Toy Collectible Business + VR industry chain + IP” will be the key driving force of the Group. Next, the Group will materialize the cooperation intentions which was made during the year under review to welcome the growing indoor theme park market and online IP pop toy market.

The Group will continue to grant license and expand CA SEGA JOYPOLIS and demonstrate in terms of R&D, operation, and management which have been accumulated for more than 24 years.

The Group will continue to expand CA SEGA JOYPOLIS theme park business globally 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 an online theme park membership system to add online theme park, online VR education and all kinds of VR amusement experience technology to explore more sources of revenue.

A licensed large-scale CA SEGA JOYPOLIS indoor theme park 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-scale CA SEGA JOYPOLIS indoor theme parks in China in the coming ten years, to further optimize the Group's theme park layout.

Moreover, small-to-mid-scale indoor kids theme parks CA SEGA JOYPOLIS Kids (3,000-5,000 square meters, containing animation IP themes) will quickly enter into 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.

For overseas market, the first JOYPOLIS SPORTS sports theme park will be launched at the end of March 2022. It will be located in a commercial complex in Sendai City, Miyagi Prefecture, Japan (日本官城縣仙台市) covering an area of approximately 3,200 sq. meters and providing the most exciting sports games in the world. Different age groups of visitors can relax and gather through sports entertainment.

To Strengthen Animation Resources and R&D Capabilities via M&A

Following the acquisition of SEGA JAPAN SEGA Live Creation Inc. (renamed as CA SEGA JOYPOLIS Ltd.) in 2017, the Group has become the world's leading whole industry chain R&D center and operator of large-scale indoor amusement park and VR theme park, which further strengthened the resources and R&D capability of the Group's animation cultural business. The Group will continue to identify quality M&A opportunities in the PRC and overseas to strengthen the Group's animation cultural resources and R&D capabilities globally.

To Coordinate with National Policies to Press ahead Cultural Industry

With the support of national policies and government resources, the Group is building an animation cultural industry base in the PRC at a preferential cost. The Group will inject its animation cultural resources and will introduce different international cultural enterprises or partners to develop the project and enjoy the sales profits brought by the project.

In order to strengthen the synergy and operation efficiency of different business segments of the Group, the Group will seek for different kinds of new economic model and business cooperation model, including NFT, cooperation between indoor theme park and online Pop Toy Collectibles platform, to form a dual-introduction of traffic between online and offline platform, and to host different kinds of IP events 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 to stimulate the Group's sales and further release the business value of the Group.

FINANCIAL REVIEW

The following sets forth a summary of the performance of the Group for the six months ended 30 September 2021 with comparative unaudited figures for the corresponding period as follows:

	For the six months ended 30 September	
	2021	2020
Revenue (<i>HK\$'000</i>)	309,274	172,374
Gross profit (<i>HK\$'000</i>)	68,886	38,169
Gross profit margin (%)	22.3	22.1
Profit attributable to owners of the Company (<i>HK\$'000</i>)	19,376	25,525

Revenue

The revenue increased by HK\$136.9 million, or approximately 79.4%, from HK\$172.4 million for the six months ended 30 September 2020 to HK\$309.3 million for the six months ended 30 September 2021. The increase was primarily due to an increase of HK\$94.3 million from the revenue of the operation of indoor theme parks business and an increase in sales of animation derivative products of HK\$43.3 million.

Sales of animation derivative products

The revenue from sales of animation derivative products increased by approximately 72.4%, from HK\$59.8 million for the six months ended 30 September 2020 to HK\$103.1 million for the six months ended 30 September 2021, primarily due to the recovery from COVID-19, leading to an increase in purchase orders from its customers.

Establishment and operation of indoor theme parks

The revenue from establishment and operation of indoor theme parks increased by approximately 95.7% from HK\$98.5 million for the six months ended 30 September 2020 to HK\$192.8 million for the six months ended 30 September 2021. The number of visitors based on ticket sales increased by approximately 9.2% from 0.65 million for the six months ended 30 September 2020 to 0.71 million for the six months ended 30 September 2021.

The increase in revenue was mainly contributed by the recognition of the licensing income from the licensed theme park and sales of these park machinery.

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

	2021	2020
	'000	'000
PRC	577	568
Japan	135	85
	712	653

Multimedia animation entertainment

The revenue from multimedia animation entertainment slightly decreased by HK\$0.6 million, or approximately 4.3%, from HK\$14.0 million for the six months ended 30 September 2020 to HK\$13.4 million for the six months ended 30 September 2021. The revenue from multimedia animation entertainment included revenue generated from licensing income, ticket sales for VR games and event activities.

Cost of sales and services

The cost of sales and services increased by HK\$106.2 million, or approximately 79.1%, from HK\$134.2 million for the six months ended 30 September 2020 to HK\$240.4 million for the six months ended 30 September 2021. The increase was primarily due to the increase in the revenue of theme park business and the trading of animation derivative products.

Gross profit and gross profit margin

The Group's gross profit increased by HK\$30.7 million, or approximately 80.4%, from HK\$38.2 million for the six months ended 30 September 2020 to HK\$68.9 million for the six months ended 30 September 2021. The Group's gross profit margin slightly increased from approximately 22.1% for the six months ended 30 September 2020 to approximately 22.3% for the six months ended 30 September 2021. The increase in the gross profit was mainly due to the increase in the revenue from the sale of derivative products and theme park business.

Other gains and losses

Other gains and losses decreased by HK\$41.5 million from HK\$42.6 million for the six months ended 30 September 2020 to HK\$1.1 million for the six months ended 30 September 2021. The decrease was mainly due to a holding gain of HK\$50.3 million that was recognised on financial assets measured at fair value through profit and loss for the period ended 30 September 2020, which is absent during the current reporting period.

Selling and distribution expenses

The selling and distribution expenses decreased by HK\$1.7 million, or approximately 23.3%, from HK\$7.3 million for the six months ended 30 September 2020 to HK\$5.6 million for the six months ended 30 September 2021. The Group's selling and distribution expenses as a percentage of revenue decreased from approximately 4.2% for the six months ended 30 September 2020 to approximately 1.8% for the six months ended 30 September 2021. The decrease was primarily because of the decrease in the spending in promotion activities as a result of social distancing imposed by government due to COVID-19.

Research and development expenses

The research and development expenses decreased by HK\$1.3 million from HK\$5.8 million for the six months ended 30 September 2020 to HK\$4.5 million for the six months ended 30 September 2021. The decrease was primarily due to effect of epidemic. The spending in research and development to new amusement rides and games for indoor theme parks was decreased.

Profit attributable to owners of the Company

The profit attributable to owners of the Company decreased by HK\$6.1 million, or approximately 23.9%, from HK\$25.5 million for the six months ended 30 September 2020 to HK\$19.4 million for the six months ended 30 September 2021. The decrease was primarily due to the recognition of holding gain on financial assets measured at fair value through profit and loss of HK\$50.3 million for the period ended 30 September 2020.

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 30 September 2021, approximately HK\$251 million of the net proceeds had been used by the Group. The unutilised net proceeds were deposited with a licensed 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 30 September 2020	Unutilised as at 30 September 2020
	%	HK\$'million	HK\$'million	HK\$'million
For the capital expenditure and the working capital for the <i>Shanghai 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 30 September 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\$107.2 million divided into 1,071,702,000 shares of HK\$0.1 each.

As at 30 September 2021, the cash and bank balances of the Group were HK\$22.3 million (31 March 2021: HK\$56.0 million). The decrease was mainly due to the repayment of bonds during the six months ended 30 September 2021.

As at 30 September 2021, the Group had a gearing ratio (calculate as bank and other borrowings, lease liabilities, guaranteed note and bonds, divided by total assets) of approximately 29.1% (31 March 2021: approximately 31.4%).

During the six months period ended 30 September 2021, the Company issued bonds in par in an aggregate principal amount of HK\$60.3 million. The bonds are denominated in HK\$ and are unlisted. The bonds are unsecured and carry interest at a nominal rate ranging from 5.5% to 9% per annum, payable semi-annually and annually in arrears with a maturity period ranging from 0.5 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.

TREASURY POLICIES

The Group has adopted a prudent treasury policy and thus maintained a healthy liquidity position throughout the six months ended 30 September 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.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group will continue to develop the indoor amusement theme parks globally and develop Anime IP eCommerce Platform. Moreover, the Group will continue to develop VR technology projects including setting up partnerships with an independent third party for selling of VR equipment, development of VR game contents and VR eSports with the integration of 5G technology and so on.

The Directors believe that VR technology projects will be another significant contributor to the Group's business development in the future.

MORTGAGES AND PLEDGES

As at 30 September 2021, no bank deposit of the Group was pledged to bank for banking facilities obtained (31 March 2021: HK\$Nil million).

CONTINGENT LIABILITIES

The Group did not have significant contingent liabilities as at 30 September 2021 (31 March 2021: 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 dollar, Renminbi, Japanese Yen or US dollar. The Management of the Group is closely monitoring foreign exchange risks and would consider the use of hedging instruments as and when appropriate.

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 to reduce electricity consumption by switching off idle lighting and electrical appliances when they are not in use.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2021, the Group had 353 employees (30 September 2020: 379 employees). For the six months ended 30 September 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 HK\$44.3 million (six months ended 30 September 2020: HK\$49.0 million). The decrease was mainly attributable to the decrease of HK\$3.5 million in employee remuneration and the decrease of HK\$1.3 million in the retirement benefits scheme contributions. 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.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six months ended 30 September 2021.

AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL RESULTS

Pursuant to Rule 3.21 of the Listing Rules, the Company established an audit committee (the “**Audit Committee**”) with written terms of reference aligned with the Corporate Governance Code as stated in Appendix 14 of the Listing Rules (the “**CG Code**”). The Audit Committee comprises three independent non-executive Directors, namely Mr. TSANG Wah Kwong (Chairman), Mr. HUNG Muk Ming, and Mr. NI Zhenliang.

The Audit Committee has discussed with the management of the Group and reviewed the unaudited interim financial results of the Group for the six months ended 30 September 2021, including the accounting principles and practices adopted by the Group, and discussed financial related matters.

INTERIM DIVIDEND

The board of directors does not recommend the payment of an interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the CG Code throughout the period, except for the following deviation:

Code provision A.2.1

Code provision A.2.1 of the CG Code 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 of the Company. 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 six months ended 30 September 2021.

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

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the Company's website (www.animatechina.com) and the website of the Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended 30 September 2021 containing all information required by the Listing Rules will be despatched to the Shareholders and published on the above websites in due course.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was halted from 09:00 a.m. on 7 October 2021 (Thursday), and will remain suspended until further notice. The Company will keep the public informed of the latest developments by making further announcement(s) as and when appropriate.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company.

By order of the Board
CA Cultural Technology Group Limited
Chong Heung Chung Jason
Chairman and Executive Director

Hong Kong, 30 November 2021

As of the date of this announcement, the executive Directors are Mr. Chong Heung Chung Jason, Mr. Ting Ka Fai Jeffrey and Ms. Liu Moxiang, and the independent non-executive Directors are Mr. Ni Zhenliang, Mr. Tsang Wah Kwong and Mr. Hung Muk Ming.