



華夏文化科技集團  
CA CULTURAL TECHNOLOGY GROUP

# Interim Report 2022/23



華夏文化科技集團有限公司  
CA Cultural Technology Group Limited

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code:1566)

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# CORPORATE INFORMATION

## Registered Office

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

## Principal Place of Business in Hong Kong

Room 2905, 29th Floor  
China Resources Building  
No. 26 Harbour Road  
Wan Chai  
Hong Kong

## Principal Place of Business in China

China Animation Creative Industry Park  
(華夏動漫創意產業園)  
Youyi Road, Longcheng Street  
Longgang District  
Shenzhen  
The People's Republic of China ("PRC")

## Company's Website

[www.animatechina.com](http://www.animatechina.com)

## Executive Directors

Mr. CHONG Heung Chung Jason (莊向松)  
(formerly known as Mr. ZHUANG Xiangsong (庄向松))  
Mr. XIONG Hao (熊浩)  
Ms. LIU Moxiang (劉茉香)  
Mr. TING Ka Fai Jeffrey (丁家輝) (resigned on 15 June 2022)

## Independent Non-executive Directors

Mr. NI Zhenliang (倪振良)  
Mr. WANG Guozhen (王國鎮)  
(appointed on 3 November 2022)  
Mr. HUNG Muk Ming (洪木明)  
Mr. TSANG Wah Kwong (曾華光)  
(resigned on 3 November 2022)

## Audit Committee of our Board

Mr. HUNG Muk Ming (洪木明) (*Chairman*)  
Mr. WANG Guozhen (王國鎮) (appointed on 3 November 2022)  
Mr. NI Zhenliang (倪振良)  
Mr. TSANG Wah Kwong (曾華光) (resigned on 3 November 2022)

## Remuneration Committee of our Board

Mr. WANG Guozhen (王國鎮) (*Chairman*)  
(appointed on 3 November 2022)  
Mr. HUNG Muk Ming (洪木明)  
Mr. NI Zhenliang (倪振良)  
Mr. TING Ka Fai Jeffrey (丁家輝) (resigned on 15 June 2022)

## Nomination Committee of our Board

Mr. CHONG Heung Chung Jason (莊向松) (*Chairman*)  
Mr. HUNG Muk Ming (洪木明)  
Mr. NI Zhenliang (倪振良)

## Investment Committee of our Board

Mr. CHONG Heung Chung Jason (莊向松) (*Chairman*)  
Ms. LIU Moxiang (劉茉香)  
Mr. NI Zhenliang (倪振良)  
Mr. WANG Guozhen (王國鎮) (appointed on 3 November 2022)  
Mr. HUNG Muk Ming (洪木明)  
Mr. TSANG Wah Kwong (曾華光) (resigned on 3 November 2022)  
Mr. TING Ka Fai Jeffrey (丁家輝) (resigned on 15 June 2022)

## Authorised Representatives

Mr. CHONG Heung Chung Jason (莊向松)  
Mr. LUK Sik Tat (陸適達) *FCCA, FCPA*

## Company Secretary

Mr. LUK Sik Tat (陸適達) *FCCA, FCPA*

## Hong Kong Share Registrar

**Computershare Hong Kong Investor Services Limited**  
Shops 1712–1716  
17th Floor Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## Principal Share Registrar and Transfer Office

**Conyers Trust Company (Cayman) Limited**  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## Auditor

**KTC Partners CPA Limited**  
Room 617, Seapower Tower  
Concordia Plaza  
1 Science Museum Road  
Tsim Sha Tsui East  
Kowloon, Hong Kong

## Principal Bankers

**The Hongkong and Shanghai Banking Corporation Limited**  
Tsim Sha Tsui CVC Branch  
82–84 Nathan Road  
Kowloon, Hong Kong

## Hang Seng Bank Limited

Chung On Street Branch  
38 Chung On Street  
Tsuen Wan, New Territories  
Hong Kong

## Bank of China (Hong Kong) Limited

56 and 58, Sai Kung Town Centre,  
22–40 Fuk Man Road, Sai Kung,  
New Territories  
Hong Kong

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2022

		Six months ended 30 September	
	Notes	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Revenue	4	193,173	309,274
Cost of sales and services		(159,315)	(240,388)
Gross profit		33,858	68,886
Other income		3,082	3,503
Other gains and losses	5	250	1,108
Selling and distribution expenses		(47,904)	(5,578)
Administrative expenses		(147,258)	(45,948)
Research and development expenses		(30,203)	(4,524)
Share of profit of associates		(2,328)	20,400
Share of profit of a joint venture		(2,404)	18,100
Finance costs		(35,564)	(24,271)
Provision for impairment loss under expected credit loss model, net of reversal		(41,779)	(4,581)
(Loss)/profit before taxation		(270,250)	27,095
Taxation	6	(773)	(11,871)
(Loss)/profit for the period	7	(271,023)	15,224
<b>Other comprehensive income/(expense):</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign subsidiaries		13,634	4,529
Fair value gain/(loss) on financial assets at fair value through other comprehensive income		901	(1,577)
Other comprehensive income for the period		14,535	2,952
Total comprehensive (expense)/income for the period		(256,488)	18,176
(Loss)/profit for the period attributable to:			
Owners of the Company		(271,761)	19,376
Non-controlling interests		738	(4,152)
		(271,023)	15,224
Total comprehensive (expense)/income attributable to:			
Owners of the Company		(258,086)	21,941
Non-controlling interests		1,598	(3,765)
		(256,488)	18,176
(Loss)/earnings per share	9		
– Basic (HK\$)		(0.23)	0.02
– Diluted (HK\$)		N/A	N/A

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	Notes	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	10	156,510	190,849
Right-of-use assets		70,862	93,912
Goodwill		2,425	2,425
Intangible assets	11	77,709	94,768
Interest in associates	12	101,144	103,473
Interest in a joint venture	13	85,339	87,743
Financial assets at fair value through other comprehensive income	14	13,223	12,825
Deposits for acquisition of property, plant and equipment		73,892	72,492
Deposit for a theme park development project		50,000	50,000
Rental deposits		12,567	15,835
		<b>643,671</b>	<b>724,322</b>
<b>Current assets</b>			
Inventories		6,349	1,500
Trade receivables	15	134,242	170,054
Other receivables, deposits and prepayments	16	236,164	258,995
Financial assets at fair value through profit or loss	17	752	839
Restricted bank balance		435	718
Pledged bank deposit		3,365	3,725
Bank balances and cash		29,061	20,955
		<b>410,368</b>	<b>456,786</b>
<b>Current liabilities</b>			
Trade payables	18	14,786	15,522
Other payables and accruals		135,177	122,907
Amount due to a director	19	31,649	–
Contract liabilities		29,335	17,026
Lease liabilities		31,546	35,371
Tax payable		67,252	67,913
Bonds	20	431,578	321,416
Guaranteed note	21	20,000	20,000
Secured bank borrowings and other borrowings	22	182,552	99,599
		<b>943,875</b>	<b>699,754</b>
<b>Net current liabilities</b>		<b>(533,507)</b>	<b>(242,968)</b>
<b>Total assets less current liabilities</b>		<b>110,164</b>	<b>481,354</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	Notes	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
<b>Non-current liabilities</b>			
Bonds	20	7,750	64,581
Bank and other borrowings	22	90,223	111,957
Long term other payables		278	298
Lease liabilities		63,125	90,265
Contract liabilities		29,433	33,885
Provision for reinstatement costs for rented premises		24,958	29,483
Obligation arising from a put option to non-controlling interests		13,376	13,376
		<b>229,143</b>	<b>343,845</b>
<b>Net (liabilities)/assets</b>		<b>(118,979)</b>	<b>137,509</b>
<b>Capital and reserves</b>			
Share capital	23	118,204	118,204
Reserves		(226,934)	31,152
Equity attributable to owners of the Company		(108,730)	149,356
Non-controlling interests		(10,249)	(11,847)
<b>Total equity</b>		<b>(118,979)</b>	<b>137,509</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Investments revaluation reserve HK\$'000	Share-based compensation reserve HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2021	98,170	722,261	(7,813)	(73,100)	-	(91,110)	524,135	1,172,543	(2,202)	1,170,341
Profit for the period	-	-	-	-	-	-	19,376	19,376	(4,152)	15,224
Other comprehensive income for the period	-	-	4,142	-	-	-	-	4,142	387	4,529
Fair value loss on financial assets at fair value through other comprehensive income	-	-	-	(1,577)	-	-	-	(1,577)	-	(1,577)
Total comprehensive income/ (expense) for the period	-	-	4,142	(1,577)	-	-	19,376	21,941	(3,765)	18,176
Issue of new shares (Note 23)	9,000	216,260	-	-	-	-	-	225,260	-	225,260
At 30 September 2021 (unaudited)	107,170	938,521	(3,671)	(74,677)	-	(91,110)	543,511	1,419,744	(5,967)	1,413,777
At 1 April 2022	118,204	768,937	(2,706)	(118,542)	2,562	(93,050)	(526,049)	149,356	(11,847)	137,509
Profit for the period	-	-	-	-	-	-	(271,761)	(271,761)	738	(271,023)
Other comprehensive income for the period	-	-	12,774	-	-	-	-	12,774	860	13,634
Fair value loss on financial assets at fair value through other comprehensive income	-	-	-	901	-	-	-	901	-	901
Total comprehensive income/ (expense) for the period	-	-	12,774	901	-	-	(271,761)	(258,086)	1,598	(256,488)
At 30 September 2022 (unaudited)	118,204	768,937	10,068	(117,641)	2,562	(93,050)	(797,810)	(108,730)	(10,249)	(118,979)

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	Six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
<b>NET CASH (USED IN)/FROM OPERATING ACTIVITIES</b>	<b>(112,903)</b>	36,429
<b>INVESTING ACTIVITIES</b>		
Interest received	2	4
Proceeds on disposal of property, plant and equipment	–	1,808
Purchase of property, plant and equipment	<b>(1,223)</b>	(533)
Deposits paid for and purchase of property, plant and equipment	–	(50,000)
Acquisition of financial assets of fair value through other comprehensive income	<b>(7,773)</b>	–
Proceeds on disposal of financial assets at fair value through other comprehensive income	<b>8,226</b>	–
Withdrawal of restricted bank deposits	<b>222</b>	–
Placement of pledged bank deposit	<b>(24)</b>	(83)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(520)</b>	(48,804)
<b>FINANCING ACTIVITIES</b>		
Advance from a director	<b>30,426</b>	422
New bank and other loans raised	<b>96,779</b>	30,864
Proceeds from bonds issuance, net of issue expenses	<b>44,690</b>	56,485
Repayment of lease liabilities	<b>(20,054)</b>	(22,777)
Repayment of guaranteed note	–	(20,000)
Interest paid	<b>(2,802)</b>	(6,404)
Repayment of bank and other loans	<b>(17,283)</b>	(3,542)
Repayment of bonds	<b>(1,300)</b>	(58,600)
<b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES</b>	<b>130,456</b>	(23,552)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>17,033</b>	(35,927)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>20,955</b>	56,012
<b>EFFECTS OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>(8,927)</b>	2,201
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, REPRESENTING BANK BALANCES AND CASH</b>	<b>29,061</b>	22,286



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 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 2022 are consistent with the Group’s annual financial statements for the year ended 31 March 2022, 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 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 16	Property, plant and equipment: Proceeds before intended use
Amendments to HKAS 17	Provisions, contingent liabilities and contingent assets: Onerous contracts - cost of fulfilling a contract

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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 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 2022.

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 2022 (unaudited)**

	Sales of animation derivative products HK\$'000	Establishment and operation of indoor theme parks HK\$'000	Multimedia animation entertainment HK\$'000	Total HK\$'000
Segment revenue	91,820	91,982	9,371	193,173
Segment profit/(loss)	15,541	(74,046)	(51,043)	(109,548)
Unallocated income				187
Unallocated expenses				(128,727)
Other gains and losses				166
Finance costs				(32,328)
Loss before taxation				(270,250)

#### **For the six months ended 30 September 2021 (unaudited)**

	Sales of animation derivative products HK\$'000	Establishment and operation of indoor theme parks HK\$'000	Multimedia animation entertainment HK\$'000	Total HK\$'000
Segment revenue	103,115	192,760	13,399	309,274
Segment profit (Note)	27,596	29,091	26,776	83,463
Unallocated income				360
Unallocated expenses				(36,645)
Other gains and losses				160
Finance costs				(20,243)
Profit before taxation				27,095

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 4. Revenue and Segment Information (Continued)

#### Segment revenue and results (Continued)

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	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
At point in time	182,913	295,875
Over time	10,260	13,399
	<b>193,173</b>	<b>309,274</b>

#### 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 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Sales of animation derivative products	77,797	97,202
Establishment and operation of indoor theme parks	602,371	657,092
Multimedia animation entertainment	300,221	342,978
Total segment assets	<b>980,389</b>	<b>1,097,272</b>
Property, plant and equipment	405	673
Right-of-use assets	–	590
Other receivables, deposits and prepayments	11,619	28,721
Goodwill	2,425	2,425
Interest in associates	12,364	12,365
Financial assets at fair value through profit or loss	752	839
Financial assets at fair value through other comprehensive income	13,223	12,825
Restricted bank balance	435	718
Pledged bank deposit	3,366	3,725
Bank balances and cash	29,061	20,955
Consolidated assets	<b>1,054,039</b>	<b>1,181,108</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 4. Revenue and Segment Information (Continued)

#### Segment assets and liabilities (Continued)

##### Segment liabilities

	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Sales of animation derivative products	11,916	12,430
Establishment and operation of indoor theme parks	230,040	257,518
Total segment liabilities	241,956	269,948
Other payables and accruals	84,066	73,784
Amount due to a director	34,787	–
Secured bank borrowings and other borrowings	272,775	211,556
Tax payable	67,252	67,913
Lease liabilities	–	727
Bonds	438,528	385,997
Guaranteed note	20,000	20,000
Obligation arising from a put option to non-controlling interest	13,376	13,376
Long-term payable	278	298
Consolidated liabilities	1,173,018	1,043,599

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 2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Net exchange gain	511	240
(Loss)/gain on disposal of fixed assets	(279)	872
Loss on disposal of financial assets at fair value through profit or loss	1	–
Other (loss)/gain	17	(4)
	250	1,108

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 6. Taxation

	Six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
The tax charge comprises:		
Hong Kong Profits Tax	597	3,481
The PRC Enterprise Income Tax ("EIT")	–	9,038
The Japan Corporate Tax	176	(648)
	<b>773</b>	<b>11,871</b>

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 2022: 23.2%) on the estimated assessable profit. Pursuant to relevant laws and regulations in Japan, withholding tax is imposed at 20.42% (31 March 2022: 20.42%) and 5% (31 March 2022: 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 2022, 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 2022 would be HK\$48,218,000 (31 March 2022: HK\$47,620,000). 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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 7. (Loss)/profit for the Period

	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
(Loss)/profit for the period has been arrived at after charging:		
Staff costs:		
Directors' emoluments	1,564	2,339
Other staff costs		
Salaries and other benefits	29,815	37,352
Retirement benefits scheme contributions	4,943	4,531
Defined benefits costs	81	89
	<b>36,403</b>	44,311
Cost of inventories recognised as expenses	71,245	138,867
Depreciation of property, plant and equipment	25,181	19,074
Depreciation of right-of-use assets	14,460	17,959
Amortisation of intangible assets (included in cost of sales and services)	16,653	15,159
Amortisation of intangible assets (included in administrative expenses)	407	4,410

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 2022 (31 March 2021: 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 2022 (six months ended 30 September 2021: Nil).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 9. (Loss)/Earnings Per Share

#### (a) Basic (loss)/earnings per share

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

	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>(Loss)/earnings:</b>		
(Loss)/earnings for the purpose of calculating basic and diluted earnings per share ((loss)/profit for the period attributable to owners of the Company)	(271,761)	19,376
	'000	'000
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,182,042	983,145

#### (b) Diluted (loss)/earnings per share

For the six months ended 30 September 2022, diluted loss 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.

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.

### 10. Movements in Property, Plant and Equipment

During the current interim period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of HK\$279,000 (30 September 2021: HK\$936,000).

During the current interim period, the Group paid approximately HK\$1,223,000 (30 September 2021: HK\$533,000) for the acquisition of property, plant and equipment to expand its operations.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 11. Intangible Assets

	Film rights and applications HK\$'000 (Note i)	Animation characters HK\$'000 (Note ii)	Indoor theme park right HK\$'000 (Note iii)	Trademark HK\$'000 (Note iv)	Total HK\$'000
<b>COST</b>					
At 31 March 2022	192,788	112,270	2,279	26,052	333,389
Exchange adjustments	–	–	–	(259)	(259)
At 31 March and 30 September 2022	192,788	112,270	2,279	25,793	333,130
<b>AMORTISATION</b>					
At 31 March 2021	30,169	17,847	1,596	22,413	72,025
Charge for the year	42,456	24,223	227	3,380	70,286
Impairment loss	51,475	44,576	–	–	96,051
At 31 March 2022	124,100	86,646	1,823	25,793	238,362
Charge for the period	11,936	5,009	114	–	17,059
At 30 September 2022	136,036	91,655	1,937	25,793	255,421
<b>CARRYING VALUES</b>					
At 30 September 2022 (unaudited)	56,752	20,615	342	–	77,709
At 31 March 2022 (audited)	68,688	25,624	456	–	94,768

Notes:

- (i) Film rights and applications represent the acquisition of film rights and applications from production parties for the distribution of films and gaming 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.
- (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. 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.
- (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) 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.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 11. Intangible Assets (Continued)

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	2–5 years
Animation characters	5 years
Indoor theme park right	10 years
Trademark	5 years

### 12. Interest in Associates

	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Share of net assets	101,144	103,473

The movements of share of net assets during the period are as follows:

	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
At beginning of the period/year	103,473	215,824
Share of post-acquisition profit and other comprehensive income	(2,329)	(112,351)
	101,144	103,473

### 13. Interest in a Joint Venture

	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
At beginning of the period/year	87,743	108,829
Share of post-acquisition profits and other comprehensive income	(2,404)	(18,930)
Less: Impairment loss	–	(2,156)
	85,339	87,743

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 13. Interest in a Joint Venture (Continued)

Details of the Group's joint venture as at 30 September 2022 and 31 March 2022 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
			30 September 2022	31 March 2022	30 September 2022	31 March 2022	
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 extracted from the joint venture's financial statements prepared under HKFRSs. The joint venture is accounted for using the equity method in these consolidated financial statements.

	30 September 2022 HK\$'000	31 March 2022 HK\$'000
<b>Success View</b>		
Current assets	1	1
Non-current assets	170,784	175,572
Current liabilities	(107)	(87)
Revenue	–	–
Profit for the year	(4,808)	(37,860)
Other comprehensive income for the year	–	–
Total comprehensive income for the year	(4,808)	(37,860)

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

	30 September 2022 HK\$'000	31 March 2022 HK\$'000
Net assets of Success View	170,678	175,486
Proportion of the Group's ownership interest in Success View	50%	50%
Carrying amount of the Group's interest in Success View	85,339	87,743

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 14. 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.

### 15. Trade Receivables

	<b>30 September 2022 (Unaudited) HK\$'000</b>	<b>31 March 2022 (Audited) HK\$'000</b>
Trade receivables from contract with customers	<b>277,170</b>	268,762
Less: Allowance fee credit loss	<b>(142,928)</b>	(98,708)
	<b>134,242</b>	170,054

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:

	<b>30 September 2022 (Unaudited) HK\$'000</b>	<b>31 March 2022 (Audited) HK\$'000</b>
0 to 90 days	<b>14,671</b>	49,843
91 to 180 days	<b>17,220</b>	1,333
181 to 365 days	<b>28,123</b>	22,929
Over 365 days	<b>74,228</b>	95,949
	<b>134,242</b>	170,054

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 16. Other Receivables, Deposits and Prepayments

	Notes	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Proceeds receivable from disposal of intangible assets	(iii)	–	–
Rental deposit		5,427	6,020
VAT recoverable		1,001	1,159
Deposits refundable from a game developer	(iv)	–	–
Other receivables		6,684	6,333
Proceeds receivable from disposal of property, plant and equipment	(v)	–	–
Prepayments	(i)	41,235	63,870
Amounts due from associates		61	29
Amount due from a joint venture		88	87
Deposit refundable from construction vendors	(ii)	181,002	181,002
Deposit paid		666	495
		<b>236,164</b>	<b>258,995</b>

Notes:

- (i) As at 30 September 2022, 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\$37,813,000 (31 March 2022: HK\$40,639,000), and prepayments of commission or service fee of approximately HK\$Nil (31 March 2022: HK\$19,590,000) to an independent bond placement agent for the negotiations with the bond holders for the renewal of bonds and/or extension of bond repayment dates.
- (ii) As at 31 March and 30 September 2022, included in the balance of deposit refundable from construction vendors is a refund of the amount previously paid for construction of various theme parks within one year after the end of the reporting period.
- (iii) As at 31 March and 30 September 2022, the proceeds receivable from disposal with aggregate carrying amount of approximately HK\$176,536,000 (before impairment loss) were past due for more than 365 days. The directors consider credit risk have increased significantly on the balance and considered the receivables as credit-impaired and a full impairment of approximately HK\$176,536,000 was recognised during the year. The Group has taken legal action against these purchasers of intangible assets to recover the proceeds receivables of amount of HK\$176,536,000.
- (iv) As at 31 March and 30 September 2022, the deposits refundable from a game developer with aggregate carrying amount of approximately HK\$25,113,000 (before impairment loss) were past due for more than 365 days. The directors consider credit risk have increased significantly on the balance and considered the receivables as credit-impaired and a fully impairment of approximately HK\$25,113,000 was recognised during the year. The Group has taken legal action against the game developer to recover the deposit refundable of amount of HK\$25,113,000.
- (v) As at 31 March and 30 September 2022, the proceeds receivable from disposal of property, plant and equipment with aggregate carrying amount of approximately HK\$135,716,000 (before impairment loss) were past due for more than 365 days. The directors consider credit risk have increased significantly on the balance and considered the receivables as credit-impaired and a full impairment of approximately HK\$135,716,000 was recognised during the year. The Group has taken legal action against the purchasers of property, plant and equipment to recover the proceeds receivable of amount of HK\$135,716,000.

## 17. Financial Asset at Fair Value through Profit or Loss

The amount represents structured deposits. The structured deposits are wealth management products issued by a bank in Mainland China and are classified as financial assets at fair value through profit or loss at 30 September 2022 and 31 March 2022 as their contractual cash flows are not solely payments of principal and interest. The Group uses structured deposits primarily to enhance the return on investment.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 18. Trade 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 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
0 to 30 days	10,000	9,990
Over 90 days	4,786	5,532
	14,786	15,522

### 19. Amount Due to a Director

	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Mr. Chong Heung Chung Jason	31,649	–

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

### 20. Bonds

During the period ended 30 September 2022, the Company issued bonds at par in an aggregate principal amount of HK\$44,690,000 (31 March 2022: HK\$83,300,000). The Bonds outstanding are denominated in HK\$ and are unlisted. The Bonds are unsecured and carry interest at a nominal rate ranging from 0.1% to 24% per annum (31 March 2022: 5% to 9% per annum), payable monthly, semi-annual and annual in arrears with a maturity period ranging from 0.5 to 7.5 years (31 March 2022: 0.5 to 7.5 years). As at 30 September 2022, bonds with principal amount of HK\$206,300,000 were matured without further extension granted. The proceeds are being utilized for development of the indoor theme park business and general working capital of the Group.

### 21. Guaranteed Note

On 24 September 2021, the Company issued HK\$20,000,000 of 8% secured guaranteed note (the "**Guaranteed Note**"), which is secured by the Company's shares held by the substantial shareholder of the company. The proceeds were utilized for general corporate purpose.

During the year ended 31 March 2022, the Company had breached certain default clause stipulated in the note purchase agreement (the "**Agreement**") of the Guaranteed Note, which triggered the holder of the Guaranteed Note (the "**Note Holder**") to demand for immediate payment of the principal and accrued interest from the Company. On 27 May 2022, the Note Holder filed a winding-up petition (the "**Petition**") against the Company in the High Court of Hong Kong for the claim of the outstanding and accrued interest in the sum of approximately HK\$22,893,000 (the "**Claim**"). On 31 May 2022, the Company and the Note Holder had entered into a settlement agreement (the "**Settlement Agreement**"), to settle the Claim with HK\$25,000,000, in exchange of the withdraw of the Petition. As the Company believed that the Petitioner had breached its Settlement Agreement, on 13 July 2022, the Company filed a summons at the High Court to strike out the Petition (the "**Summons**"), see Note 26(a).

As at 30 September 2022, the Guaranteed Note with principal amount of HK\$20,000,000 was overdue for repayment and together with the overdue interests and settlement consideration thereon of HK\$5,000,000 were not repaid.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 22. Bank and Other Borrowings

During the period, the Group has drawn new bank borrowings amounting to HK\$10,179,000 (six months ended 30 September 2021: HK\$30,864,000). The bank and other borrowings carry interest at fixed rates ranging from 0.60% to 24.00% (31 March 2022: 1.07% to 10.00%) per annum and are repayable on demand or having maturity from 2021 to 2030. The Group repaid bank borrowings of HK\$7,180,000 during the six months ended 30 September 2022 (six months ended 30 September 2021: HK\$3,542,000).

Included in the bank borrowings balance as at 30 September 2022 are secured bank borrowings of approximately HK\$29,769,000 (31 March 2022: HK\$24,542,000) which were secured by a property jointly owned by Mr. CHONG Heung Chung Jason and his spouse.

Included in the other borrowings balance as at 31 March 2022 are borrowings of approximately HK\$74,000,000 (31 March 2022: HK\$60,000,000) which was secured by the Company's shares held by Bright Rise Enterprises Limited (wholly-owned by Mr. CHONG Heung Chung Jason), and approximately HK\$10,873,000 (31 March 2022: HK\$12,876,000) which was secured by the long-term rental deposits.

### 23. Share Capital

	Number of shares of HK\$0.1 each	Share capital HK\$'000
Authorised:		
At 1 April 2022 and 30 September 2022	5,000,000,000	500,000
Issued and fully paid:		
At 1 April 2022 and 30 September 2022	1,182,042,000	118,204

Note:

- (i) All the shares issued ranked pari passu in all respects with the then existing shares in issue.

### 24. Related Party Disclosures

#### (a) Related and connected party transactions

During the current interim period, the Group entered into following transactions with related parties, certain of which is also deemed to be connected parties pursuant to the Listing Rules. Significant transactions with these parties during the period as follows:

		Six months ended 30 September 2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Controlling Shareholder	Rental expense for premises	114	116
SEGA Holdings	Royalty expense for trademark licence	938	879

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 24. Related Party Disclosures (Continued)

#### (b) Guarantees provided by related parties and pledges over assets of related parties

Details of personal guarantees provided by related parties and details of pledges over assets of related parties in connection with the guaranteed note are set out in note 21 and 22.

(c) Details of the outstanding balances with other related parties are set out in note 19.

#### (d) Compensation of key management personnel

The remuneration of key management personnel which represent the executive directors and key executives of the Company during the period was as follows:

	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Salaries and other benefits	2,565	4,183
Retirement benefit schemes contributions	111	105
	<b>2,676</b>	<b>4,288</b>

#### (e) Other related party transaction

Remuneration of approximately HK\$600,000 (six months ended 30 September 2021: HK\$300,000) was paid to the spouse of the Controlling Shareholder during the period ended 30 September 2022.

### 25. Share-Based Payments

#### Equity-settled share option scheme of the Company

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 16 February 2015 for the primary purpose of attracting and retaining the best available personnel, providing additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers ("Eligible Participants") of the Group and promoting the success of the business of the Group and will remain in force for a period of ten years commencing on the adoption date and shall expire at 15 February 2025. The board of directors of the Company may grant options to Eligible Participants to subscribe for shares in the Company.

The total number of shares of each Eligible Participant in respect of which options that may be granted under the Scheme is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. However, the total maximum number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Scheme and any other share option scheme of the Company must not exceed 10% of the issued share capital of the Company from time to time. Options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares as stated in the daily quotation sheet issued by the Stock Exchange at the date of the grant) in excess of HK\$5 million, within any 12-month period up to and including the date of grant, are subject to shareholders' approval in advance in a general meeting.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

## 25. Share-Based Payments (Continued)

### Equity-settled share option scheme of the Company (Continued)

Options granted must be taken up within 30 days from the date of grant, upon payment of a nominal consideration of HK\$1 in total by each grantee. Options may be exercised at any time for a period determined by its directors which shall not be later than the day immediately preceding the tenth anniversary of the date of grant. The exercise price of the share options must be at least the highest of (i) the closing price of the Company's shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant of the share options; (ii) the average closing price of the Company's shares as stated in the daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date of grant; and (iii) the nominal value of an ordinary share on the date of grant.

At 30 September 2022, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 42,910,000 (31 March 2022: 42,910,000), representing 3.6% (31 March 2022: 3.6%) of the shares of the Company in issue at that date.

Details of specific categories of options are as follows:

Category of grantees	Date of grant of share options	Outstanding as at 1 April 2021	Number of share options				Outstanding as at 31 March 2022	Vesting period of shares options	Exercisable period of shares options	Exercise price per share HK\$	Closing price per share immediately before the date of grant HK\$
			Granted	Exercised	Cancelled	Lapsed					
Directors	28 February 2022	-	6,434,000	-	-	-	6,434,000	Vested immediately	28 February 2022 to 28 February 2024	0.171	0.163
Consultants	28 February 2022	-	3,223,000	-	-	-	3,223,000	Vested immediately	28 February 2022 to 28 February 2024	0.171	0.163
Employees	28 February 2022	-	33,253,000	-	-	-	33,253,000	Vested immediately	28 February 2022 to 28 February 2024	0.171	0.163
		-	42,910,000	-	-	-	42,910,000				
Exercisable at the end of the year							42,910,000				
Weighted average exercise price (HK\$)							0.171				

No share-based payments were recognised by the Group for the six months ended 30 September 2022 in relation to share options granted by the Company.

## 26. Litigation

### (a) Maxx Capital Finance Limited (HCCW 190/2022)

A winding-up petition (HCCW 190/2022) (the "Petition") was presented on 27 May 2022 against the Company by Maxx Capital Finance Limited (the "Petitioner") for the claim of a guaranteed note issued to the Petitioner, plus outstanding and accrued interest in the sum of approximately HK\$22,893,000, up to 4 May 2022. As the Company believed that the Petitioner had breached its settlement agreement with the Company, on 13 July 2022, the Company filed a summons at the High Court to strike out the Petition (the "Summons"). On 30 November 2022, the hearing date has been adjourned to 16 January 2023. In view of the aforesaid, the directors of the Company believe that the Petition will be struck out.

For details, please refer to the announcements of the Company dated 1 June 2022, 8 June 2022, 13 June 2022, 23 June 2022, 18 July 2022, 21 July 2022 and 30 November 2022.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 26. Litigation (Continued)

#### (b) ACCP Global Limited (HCA1618/2021)

On 1 September 2021, ACCP Global Limited (the “**Subscriber**”) entered into a share subscription agreement (“**SSA**”) with the Company pursuant to which the Company conditionally agreed to allot and issue 86,000,000 shares (the “**Shares**”) of the Company at a subscription price of HK\$2.50 per share to the Subscriber. On 29 September 2021, the Shares of the Company were allotted and issued to the Subscriber in two batches with the first one consisting of 40,000,000 and the second one comprising 46,000,000 of the Shares. However, the Subscriber refused to pay the full consideration for the Shares at the subscription price pursuant to the SSA on the grounds that the Company allegedly misrepresented that it was in good financial health and standing and was not in default of any of its existing liabilities, despite being in default of multiple bond payables upon the date of SSA. On that basis, the Subscriber claimed that the SSA had been repudiated and was not obliged to perform its obligations pursuant to the SSA. On 26 October 2021, the Subscriber filed a writ of summons (HCA1618/2021) against the Company and Mr. Chong Heung Chung Jason, the chairman and executive director of the Company, to claim for the damages, cost, interest on the damages and further or/and other relief resulting from the alleged fraudulent misrepresentations made by the Company.

The Company denied the alleged misrepresentations and on 6 May 2022, the Company filed a Defence and Counterclaim against the Subscriber and other 2 concerned parties for damages to be assessed, an account of profits and payment of sums found due, cost, interest and further or/and other relief.

Having evaluated the merits of the Company’s case, the directors of the Company believe that the Subscriber’s claim for the alleged misrepresentation is groundless. In view of the aforesaid, the directors of the Company consider that no provision for this claim is necessary.

For details of the share subscription, please refer to the announcements of the Company dated 1 September 2021 and 8 December 2021.

#### (c) Claims from bond and other loan holders

Up to the date of this announcement, several demand letters and statutory demands were served on the Company by bond and other loan holders of the Company (the “**Holders**”), demanding the Company to repay outstanding bond payables and accrued interest in an aggregate amount of approximately HK\$162,000,000.

As of the date of this announcement, no legal action has been taken by the Holders. Further, the Company is still proactively negotiating with the Holders for repayment schedules.

#### (d) Legal claim against HuaJiatai (Shanghai) Indoor Amusement Co., Ltd.

On 18 December 2019, a legal claim action was taken by a subcontractor against a subsidiary of the Company, HuaJiatai (Shanghai) Indoor Amusement Co., Ltd. (華嘉泰(上海)室內遊樂有限公司) (“**HuaJiatai**”) for decoration service fees and accrued interest of approximately RMB20,000,000 (equivalent to approximately HK\$21,833,000) in total.

Based on the sentence of the second hearing on 28 December 2021, HuaJiatai shall made a settlement of the principal and interest of total RMB6,927,041.49 (the “**Claim**”) to the subcontractor, in which, RMB4,523,915.13 of the bank balance were executed by the court to partly settle the Claim. The Company made an appeal to the high court, and as at 30 September 2022, the case remains unsettled.

In the opinion of the directors of the Company, a provision of approximately RMB4,538,000 (equivalent to approximately HK\$5,022,000) was made in regards to the claim and included in other payables and accruals at 30 September 2022.

# 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 in the Japanese market. Most of the customers of the Group are companies in Japan sourcing animation-derived products for leading toys companies 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 global 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).

# MANAGEMENT DISCUSSION AND ANALYSIS

## Industry Review

The pandemic environment around the globe is still uncertain, causing changes to the original economic and market ecosystem due to the social distancing measures. The application of Virtual Reality (VR) in various industries is becoming more common in response to the changing control measures from time to time, so as to restore normal economic and social activities.

In the recent report “Deloitte TMT Predictions Forecast 2021” released by DELOITTE, one of the four major international accounting firms, it is stated that breakthroughs have been made among all kinds of enterprise services and consumer electronic technology, no matter in terms of 5G technology, cloud computing or VR, driven by the demand of “Zero Contact” and “Remote Work”. Among the captioned, the annual revenue growth rate of the cloud industry will retain more than 30% from 2021 to 2025.

The demand from enterprises and educational institutions of such technologies led to the increase of 100% y-o-y of total sales volume of XR headsets in 2021 compared with that in 2019. Between 2019 and 2024, sales of XR devices for public infrastructure maintenance, industrial equipment maintenance, and logistics and package delivery management are estimated to expand more than double every year.

## Business Review

During the Period under Review, the overall performance of the Group is as follows:

### 1. Trading business of animation derivative products: orders resumed normal and business performance was similar to the same period last year

The Group’s animation derivative products business department has been striving to explore new customers and keeping an eye on the changes in market costs and product prices, and adjusting marketing approaches and product strategies, aiming to retain existing customers while striving for offering more competitive business conditions. During the Period under Review, orders for the Group’s animation derivative business were generally stable, with only a slight decline recorded.

### 2. Indoor theme park business: actively developed metaverse and blockchain technology applications, upgraded and enriched product line of theme parks to enhance amusement experience

During the Period under Review, the instability of the pandemic resulted in the adjustments on local prevention measures from time to time. The indoor theme park business was still affected and failed to fully recover to the level before the occurrence of the pandemic. During the Period under Review, there was no one-off licensing revenue or amusement equipment revenues generated from new indoor theme parks, so the overall income of the indoor park business recorded a significant decline compared with the same period last year.

However, it is expected that as the global custom and economic activities started to return to normal, the R&D technical teams in Japan and the PRC proactively commenced various development projects and design for theme park’s e-service and digital content during the Period under Review, including membership points, customer relationship management system, sales system, e-Mall APP and applet (mini APP) development, to improve service quality and game experience of the theme park as a whole.

At the same time, the coming of metaverse era and the rising demand for VR technology applications inspired the R&D team of the Group to step up the development of VR blockchain applications and big data IoT platforms during the Period under Review, as well as the design and planning of indoor theme park applying the metaverse technology. Upgrading of the design and planning of the existing large-scale JOYPOLIS park and the small and medium-sized Wonder Forest children’s park were also made during the Period under Review.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review (Continued)

### 3. Multimedia animation entertainment business:

During the Period under Review, the Group had conducted business negotiation to seek for different IP x NFT cooperations and studied the possibility of entering different related derivatives, including but not limited to theme parks, online streaming, virtual platforms and more.

## Business Prospects

Although the Group is facing unprecedented challenges, the Group will still continue to actively seek stability and progress in the face of uncertainties. The Group will continue to develop and launch different types of JOYPOLIS theme parks (including metaverse-themed VR parks) and present them to tourists through different real and virtual scenarios. Moreover, the Group will launch IP theme parks and different types of amusement facilities through the Group's rich animation IP resources to cater to different target groups, so as to explore for more derivatives consumption to increase income sources.

Another licensed large indoor theme park JOYPOLIS project (10,000 square meters or above) projects will be kicked off when the pandemic becomes stable.

Moreover, small-to-mid indoor kids theme park (3,000-5,000 square meters, containing animation IP) will quickly manipulate in terms of chain-stores in different cities in China, which will bring considerable revenue to the Group and enhance the brand power of our 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 the online Pop Toy Collectibles platform via APP. IP Pop Toy special booths 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 our theme parks to experience, at the same time, encourage more followers and sales on the online platform.

## Financial Review

The following sets forth a summary of the performance of the Group for the six months ended 30 September 2022 with comparative unaudited figures for the corresponding period last year as follows:

	For the six months ended	
	30 September	2021
	2022	
Revenue (HK\$'000)	193,173	309,274
Gross profit (HK\$'000)	33,858	68,886
Gross profit margin (%)	17.5	22.3
(Loss)/profit attributable to owners of the Company (HK\$'000)	(271,761)	19,376

### Revenue

The revenue decreased by HK\$116.1 million, or approximately 37.5%, from HK\$309.3 million for the six months ended 30 September 2021 to HK\$193.2 million for the six months ended 30 September 2022. The decrease was primarily due to a decrease of HK\$100.8 million from the revenue of the operation of indoor theme parks business and a decrease in sales of animation derivative products of HK\$11.3 million.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Review (Continued)

### Sales of animation derivative products

The revenue from sales of animation derivative products decreased by approximately 11.0%, from HK\$103.1 million for the six months ended 30 September 2021 to HK\$91.8 million for the six months ended 30 September 2022, primarily due to the comparable reporting period was under the recovery period from COVID-19, leading to compensatory consumption from its customers.

### Establishment and operation of indoor theme parks

The revenue from establishment and operation of indoor theme parks decreased by approximately 52.3% from HK\$192.8 million for the six months ended 30 September 2021 to HK\$92.0 million for the six months ended 30 September 2022. The number of visitors based on ticket sales decreased by approximately 9.9% from 0.71 million for the six months ended 30 September 2021 to 0.64 million for the six months ended 30 September 2022.

The decrease in revenue was mainly due to the recognition of the licensing income from the licensed theme park and sales of these park machinery, which is absent during the current reporting period.

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

	2022 '000	2021 '000
PRC	325	577
Japan	314	135
	639	712

### Multimedia animation entertainment

The revenue from multimedia animation entertainment decreased by HK\$4.0 million, or approximately 29.9%, from HK\$13.4 million for the six months ended 30 September 2021 to HK\$9.4 million for the six months ended 30 September 2022. 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 decreased by HK\$81.1 million, or approximately 33.7%, from HK\$240.4 million for the six months ended 30 September 2021 to HK\$159.3 million for the six months ended 30 September 2022. The decrease was primarily due to the decrease 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 decreased by HK\$35.0 million, or approximately 50.8%, from HK\$68.9 million for the six months ended 30 September 2021 to HK\$33.9 million for the six months ended 30 September 2022. The Group's gross profit margin decreased from approximately 22.3% for the six months ended 30 September 2021 to approximately 17.5% for the six months ended 30 September 2022. The decrease in the gross profit was mainly due to the decrease in the revenue from the sale of theme park business and increase in the purchase cost of sales of derivative products.

### Other gains and losses

Other gains and losses slightly decreased by HK\$0.8 million from HK\$1.1 million for the six months ended 30 September 2021 to HK\$0.3 million for the six months ended 30 September 2022.

## Financial Review (Continued)

### Selling and distribution expenses

The selling and distribution expenses increased by HK\$42.3 million, or approximately 755.4%, from HK\$5.6 million for the six months ended 30 September 2021 to HK\$47.9 million for the six months ended 30 September 2022. The Group's selling and distribution expenses as a percentage of revenue increased from approximately 1.8% for the six months ended 30 September 2021 to approximately 24.8% for the six months ended 30 September 2022. The increase was primarily because of the increase in the spending in promotion activities in metaverse, new blockchain technology applications and new product line of theme parks.

### Research and development expenses

The research and development expenses increased by HK\$25.7 million from HK\$4.5 million for the six months ended 30 September 2021 to HK\$30.2 million for the six months ended 30 September 2022. The increase was primarily due to the spending in research and development in metaverse, and blockchain technology applications, upgraded and enriched product line of theme parks to enhance amusement experience.

### Administrative expenses

The administrative expenses increased by HK\$101.3 million from HK\$45.9 million for the six months ended 30 September 2021 to HK\$147.3 million for the six months ended 30 September 2022. The increase was primarily due to: (i) the increase in the cost of handling charge, man power and the related expenses of approximately HK\$23.4 million due to the strict measures in social distancing imposed by the PRC government during the period due to the COVID-19; (ii) the increase in the administrative related expenses of approximately HK\$47.8 million in the maintenance of the projects of metaverse, blockchain technology applications, upgraded and enriched product line of theme parks; and (iii) the professional and consultancy fee incurred for the projects of metaverse and new blockchain technology applications and new product line of theme parks and legal fee incurred for handling litigations of approximately HK\$30.1 million during the period.

### (Loss)/profit attributable to owners of the Company

Loss attributable to owners of the Company for the six months ended 30 September 2022 was HK\$271.8 million as compared with profit attributable to owners of the Company of HK\$19.4 million for the six months ended 30 September 2021. The decrease was primarily due to: (i) the decrease in gross profit in the amount of approximately HK\$35.0 million from the sales of theme park machines due to the absent of launched of new indoor park during the period under review; (ii) the increase in administrative expenses in the amount of approximately HK\$103.6 million; the increase in research and development expenses in the amount of approximately HK\$25.7 million and the increase in selling and distribution expenses in the amount of approximately HK\$42.3 million as mentioned above; (iii) the increase in finance costs in the amount of approximately HK\$9.0 million due to the increase in borrowings during the period; (iv) the increase in provision for impairment loss under expected credit loss model, net of reversal in the amount of approximately HK\$37.2 million; and (v) the decrease in share of profit of associates and a joint venture of approximately HK\$43.2 million which were adversely affected by the COVID-19 as they are mainly engaged in the licencing business in the PRC.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 2022, approximately HK\$280.0 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:

	Planned use of the Net Proceeds		Actual utilised as at 30 September 2022	Unutilised as at 30 September 2022
	%	HK\$'million	HK\$'million	HK\$'million
For the capital expenditure and the working capital for the Shanghai JOYPOLIS and for use in planning the next JOYPOLIS	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	21.5	64.3	45.7	18.6
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	16.6	49.5	49.5	–
Repayment of bonds, interests and related expenses	1.9	5.7	5.7	–
<b>Total</b>	<b>100.0</b>	<b>298.6</b>	<b>280.0</b>	<b>18.6</b>

### Capital Structure, Liquidity and Financial Resources

As at 30 September 2022, 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\$118.2 million divided into 1,182,042,000 shares of HK\$0.1 each.

As at 30 September 2022, the cash and bank balances of the Group were HK\$29.1 million (31 March 2022: HK\$21.0 million). The increase was mainly due to funds were raised from other borrowings and bonds during the six months ended 30 September 2022.

As at 30 September 2022, the Group had a gearing ratio (calculate as bank and other borrowings, lease liabilities, guaranteed note and bonds, divided by total assets) of approximately 78.4% (31 March 2022: approximately 62.9%).

During the six months period ended 30 September 2022, the Company issued bonds in par in an aggregate principal amount of HK\$67.2 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 monthly, 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 and multimedia animation entertainment business and as general working capital of the Group.

### Treasury Policies

The Group has adopted a prudent treasury policy throughout the six months ended 30 September 2022. 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Future Plans, 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.

The Company is in discussions with various investors on the proposed subscription in the shares of the Company and one of which has deposited the escrow money. The Company is also negotiating with the creditors on debt restructuring plan.

## Mortgages and Pledges

As at 30 September 2022, a bank deposit of the Group with a carrying value of HK\$3.3 million (31 March 2022: HK\$3.7 million) was pledged to bank for banking facilities obtained.

## 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 2022, the Group had 339 employees (30 September 2021: 353 employees). For the six months ended 30 September 2022, 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\$36.4 million (six months ended 30 September 2021: HK\$44.3 million). The decrease was mainly attributable to the decrease of HK\$7.5 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.

## 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 2022.



# MANAGEMENT DISCUSSION AND ANALYSIS

## 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. HUNG Muk Ming (Chairman), Mr. WANG Guo Zhen, 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 2022, 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 2022 (six months ended 30 September 2021: 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 2022.

## 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.

## OTHER INFORMATION

### Directors' Interests and Short Positions in the Shares, Underlying Shares or Debentures

As of 30 September 2022, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were set forth below:

#### Long positions in the shares and underlying share of the Company

Name of Directors	Capacity/nature of interest	Name of the controlled corporations	Number of shares	Approximate percentage of shares in issue
CHONG Heung Chung	Interest of controlled corporation (Note 1)	Bright Rise	177,606,000 (L)	15.03%
Jason	Interest in persons acting in concert (Note 2)	–	291,264,000 (L)	24.64%
	Spouse interest (Note 3)	–	291,264,000 (L)	24.64%

Notes:

- All issued shares of Bright Rise are held by Newgate (PTC) Limited. Newgate (PTC) Limited is a company incorporated in the BVI on 12 September 2014 and acts as the trustee of the trust created in the Cayman Islands by Mr. CHONG on 18 November 2014, namely The Fortune Trust. The beneficiaries of The Fortune Trust currently include Mr. CHONG and his family members.
- Pursuant to the concert party agreement, the concert parties have agreed with certain arrangements pertaining to their shareholdings. Further information on the terms and conditions of the concert party agreement is set forth in the section headed "Controlling Shareholders and Substantial Shareholders – Summary of the Concert Party Agreement" in the prospectus of the Company dated 28 February 2015 (the "Prospectus").
- Ms. LEE Sui Fong Fiona is the spouse of Mr. CHONG Heung Chung Jason. Mr. CHONG is deemed to be interested in our Shares interested by Ms. LEE under the SFO.

Save as disclosed above, as at 30 September 2022, none of the Directors or chief executive or their respective associates had any interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

## OTHER INFORMATION

### Substantial Shareholders

As of 30 September 2022, the following persons or corporations, other than the Directors or chief executive of the Company, had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

	Name of Shareholders	Capacity	Number of shares	Shareholding percentage of shares in issue (%)
Long position	Bright Rise	Beneficial owner	177,606,000	15.03
		Interest in persons acting in concert <sup>(1)</sup>	291,264,000	24.64
	Newgate (PTC) Limited as trustee of The Fortune Trust created by Mr. CHONG	Interest in a controlled corporation <sup>(2)</sup>	291,264,000	24.64
		Interest in persons acting in concert <sup>(1)</sup>	291,264,000	24.64
	Mr. CHONG, Ms. LEE Sui Fong Fiona and their children, being the beneficiaries of The Fortune Trust	Interest in a controlled corporation <sup>(2)</sup>	177,606,000	15.03
		Interest in persons acting in concert <sup>(1)</sup>	291,264,000	24.64
	Fortress Strength Limited	Beneficial owner	26,149,000	2.21
		Interest in persons acting in concert <sup>(1)</sup>	291,264,000	24.64
	Ms. LEE Sui Fong Fiona	Interest in a controlled corporation <sup>(3)</sup>	26,149,000	2.21
		Interest in persons acting in concert <sup>(1)</sup>	291,264,000	24.64
		Spouse interest <sup>(4)</sup>	291,264,000	24.64
	Dragon Year Group Limited	Beneficial owner	50,280,000	4.25
		Interest in persons acting in concert <sup>(1)</sup>	291,264,000	24.64
	Mr. Shinichiro IKEDA	Personal interest	12,000,000	1.02
		Interest in a controlled corporation <sup>(7)</sup>	50,280,000	4.25
		Interest in persons acting in concert <sup>(1)</sup>	291,264,000	24.64

## Substantial Shareholders (Continued)

Name of Shareholders	Capacity	Number of shares	Shareholding percentage of shares in issue (%)
Bonville Glory Limited	Beneficial owner	12,900,000	1.09
	Interest in persons acting in concert <sup>(1)</sup>	291,264,000	24.64
Mr. TING Ka Fai Jeffrey	Interest in a controlled corporation <sup>(5)</sup>	12,900,000	1.09
	Interest in persons acting in concert <sup>(1)</sup>	291,264,000	24.64
East Jumbo Development Limited	Beneficial owner	12,329,000	1.04
	Interest in persons acting in concert <sup>(1)</sup>	291,264,000	24.64
Ms. OR Den Fung Bonnie	Interest in a controlled corporation <sup>(6)</sup>	12,329,000	1.15
	Interest in persons acting in concert <sup>(1)</sup>	291,264,000	24.64
Short position	Nil	Nil	Nil

## Notes:

- (1) Pursuant to the concert party agreement, the concert parties have agreed with certain arrangements pertaining to their shareholdings. Further information on the terms and conditions of the concert party agreement is set forth in the section headed "Controlling Shareholders and Substantial Shareholders – Summary of Concert Party Agreement" in the Prospectus.
- (2) Newgate (PTC) Limited is the sole shareholder of Bright Rise and it holds all the shares of Bright Rise in its capacity as the trustee of The Fortune Trust created by Mr. CHONG in the Cayman Islands. The beneficiaries of The Fortune Trust currently include Mr. CHONG and his family member. Bright Rise is the registered and beneficial owner of 177,606,000 Shares.
- (3) Ms. LEE is the sole beneficial owner of all issued shares of Fortress Strength Limited which is the registered and beneficial owner of 26,149,000 Shares.
- (4) Ms. LEE is the spouse of Mr. CHONG and she is deemed to be interested in our Shares interested by Mr. CHONG under the SFO.
- (5) Mr. TING is the sole beneficial owner of all issued shares of Bonville Glory Limited which is the registered and beneficial owner of 12,900,000 Shares.
- (6) Ms. OR is the sole beneficial owner of all issued shares of East Jumbo Development Limited which is the registered and beneficial owner of 12,329,000 Shares.
- (7) Mr. Shinichiro Ikeda is the sole beneficial owner of all issued shares of Dragon Year Group Limited which is the beneficial owner of 50,280,000 Shares.

Save as disclosed above, as of 30 September 2022, the Directors were not aware of any persons or corporations, other than the Directors or chief executive of the Company, who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## OTHER INFORMATION

### Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the six months ended 30 September 2022.

### 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. HUNG Muk Ming (Chairman), Mr. WANG Guo Zhen, 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 2022, including the accounting principles and practices adopted by the Group, and discussed financial related matters.

### 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 2022.

By order of the Board

#### **CHONG Heung Chung Jason**

*Chief Executive Officer and Executive Director*

Hong Kong, 30 November 2022