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華夏文化科技集團  
CA CULTURAL TECHNOLOGY GROUP

## CA CULTURAL TECHNOLOGY GROUP LIMITED

華夏文化科技集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 01566)**

### ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2024

#### 31 MARCH 2024 FINANCIAL HIGHLIGHTS

- Revenue was approximately HK\$364.0 million for the year ended 31 March 2024, representing an increase of approximately 1.0% as compared with approximately HK\$360.3 million for the year ended 31 March 2023.
- Gross profit was approximately HK\$55.4 million for the year ended 31 March 2024, representing a significant increase of approximately 178.4% as compared with approximately HK\$19.9 million for the year ended 31 March 2023. Gross profit margin for the year ended 31 March 2024 was approximately 15.2%, representing a significant increase of approximately 176.4% as compared with approximately 5.5% for the year ended 31 March 2023.
- Loss attributable to owners of the Company was approximately HK\$170.7 million for the year ended 31 March 2024, representing a significant decrease of approximately 83.5% as compared with a loss of approximately HK\$1,033.6 million for the year ended 31 March 2023.
- Basic loss per share amounted to approximately 14 HK cents for the year ended 31 March 2024, representing a significant decrease of approximately 83.9% as compared with basic loss per share of approximately 87 HK cents for the year ended 31 March 2023.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to present the audited consolidated annual results of the Group for the year ended 31 March 2024, together with the comparative figures, as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31 March 2024*

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	4	<b>364,028</b>	360,302
Cost of sales and services		<b>(308,652)</b>	(340,362)
Gross profit		<b>55,376</b>	19,940
Other income		<b>586</b>	16,429
Other gains and losses	5	<b>(12,959)</b>	2,957
Selling, marketing and distribution expenses		<b>(22,050)</b>	(69,198)
Administrative expenses		<b>(73,031)</b>	(155,748)
Research and development expenses		<b>(14,907)</b>	(262,570)
Share of loss of a joint venture		–	(87,743)
Share of profit/(loss) of associates		<b>138</b>	(97,943)
Finance costs		<b>(93,994)</b>	(80,663)
Impairment loss on property, plant and equipment		<b>(5,418)</b>	–
Impairment loss on right-of-use assets		<b>(8,099)</b>	–
Impairment loss on intangible assets		–	(58,801)
Impairment loss under expected credit loss model, net of reversal		<b>(11,876)</b>	(283,743)
Loss before taxation		<b>(186,234)</b>	(1,057,083)
Taxation	6	<b>15,923</b>	23,937
Loss for the year	7	<b>(170,311)</b>	(1,033,146)

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
<b>Other comprehensive income (expense):</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of defined benefit plans		<b>(1,087)</b>	(581)
Fair value (loss)/gain on financial assets at fair value through other comprehensive income – investment in equity instrument at fair value through other comprehensive income		<b>(87)</b>	1,021
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Fair value (loss)/gain on financial assets at fair value through other comprehensive income – investment in debt instrument at fair value through other comprehensive income		<b>(801)</b>	594
Exchange differences arising on translation of: – subsidiaries		<b>11,803</b>	(123)
Other comprehensive income for the year		<b>9,828</b>	911
Total comprehensive expense for the year		<b>(160,483)</b>	(1,032,235)
(Loss)/profit for the year attributable to:			
Owners of the Company		<b>(170,679)</b>	(1,033,575)
Non-controlling interests		<b>368</b>	429
		<b>(170,311)</b>	(1,033,146)
Total comprehensive (expense)/income attributable to:			
Owners of the Company		<b>(161,198)</b>	(1,032,430)
Non-controlling interests		<b>715</b>	195
		<b>(160,483)</b>	(1,032,235)
Loss per share	9		
– Basic (HK\$)		<b>(0.14)</b>	(0.87)
– Diluted (HK\$)		<b>(0.14)</b>	(0.87)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>62,737</b>	118,877
Right-of-use assets		<b>82,699</b>	125,844
Goodwill		<b>2,425</b>	2,425
Intangible assets	<i>11</i>	–	2,188
Interest in associates	<i>12</i>	<b>5,666</b>	5,528
Interest in a joint venture	<i>13</i>	–	–
Financial assets at fair value through other comprehensive income	<i>10</i>	<b>3,542</b>	4,732
Deposits for acquisition of property, plant and equipment	<i>15</i>	<b>72,492</b>	72,492
Deposit for theme park development projects	<i>15</i>	<b>50,000</b>	54,400
Rental deposits		<b>11,504</b>	14,073
		<hr/> <b>291,065</b>	<hr/> 400,559
<b>Current assets</b>			
Inventories		<b>5,521</b>	6,384
Trade receivables	<i>14</i>	<b>41,609</b>	53,924
Other receivables, deposits and prepayments	<i>15</i>	<b>56,540</b>	63,818
Financial assets at fair value through profit or loss		<b>733</b>	777
Restricted bank balances		<b>781</b>	793
Bank balances and cash		<b>11,685</b>	36,242
		<hr/> <b>116,869</b>	<hr/> 161,938

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Current liabilities</b>			
Trade payables	16	6,255	6,266
Other payables and accruals		279,338	199,961
Amount due to a director	17	–	25
Contract liabilities		20,081	26,508
Tax payable		25,877	42,804
Guaranteed note		25,000	25,000
Bonds		712,400	710,376
Lease liabilities		21,208	32,321
Bank and other borrowings	18	150,345	120,734
		<u>1,240,504</u>	<u>1,163,995</u>
<b>Net current liabilities</b>		<u>(1,123,635)</u>	<u>(1,002,057)</u>
<b>Total assets less current liabilities</b>		<u>(832,570)</u>	<u>(601,498)</u>
<b>Non-current liabilities</b>			
Bonds		8,644	8,019
Bank and other borrowings	18	54,986	92,630
Lease liabilities		82,554	111,206
Contract liabilities		28,086	31,706
Provision for reinstatement costs for rented premises		23,754	27,396
Obligation arising from a put option to a non-controlling interest		10,871	12,407
Put option derivatives		3,880	–
		<u>212,775</u>	<u>283,364</u>
<b>Net liabilities</b>		<u>(1,045,345)</u>	<u>(884,862)</u>
<b>Capital and reserves</b>			
Share capital		118,204	118,204
Reserves		(1,156,246)	(995,048)
Equity attributable to owners of the Company		(1,038,042)	(876,844)
Non-controlling interests		(7,303)	(8,018)
<b>Total capital deficiency</b>		<u>(1,045,345)</u>	<u>(884,862)</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

### 1. CORPORATE INFORMATION

CA Cultural Technology Group Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 25 September 2013 and its shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered office of the Company is at Cricket Square, Hutchins Drive, PO BOX 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company is Room 2905, 29th Floor, China Resources Building, No. 26 Harbour Road, Wanchai, Hong Kong.

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

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

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

#### **New and amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The Group has applied the new standard and the relevant amendments for the first time in the current year.

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

#### **Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies**

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies to the consolidated financial statements.

### **Impacts on application of Amendments to HKAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision, the Group has applied the new accounting policy retrospectively to provisions for restoration costs that occurred on or after 1 April 2023. The application of the amendments has had no material impact on the Group’s financial position and performance.

### **Amendments to HKFRSs in issue but not yet effective**

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “ <b>2020 Amendments</b> ”) <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants (the “ <b>2022 Amendments</b> ”) <sup>2</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of the above amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

#### *Going Concern*

The Group recorded a net loss of HK\$170,311,000 for the year ended 31 March 2024, and, as at 31 March 2024, the Group recorded net current liabilities of HK\$1,123,635,000 and net liabilities of HK\$1,045,345,000. The Group’s total bank and other borrowings, bonds payable and guaranteed notes amounted to HK\$951,375,000, out of which HK\$887,745,000 were due for repayment or would be due for repayment within the next twelve months, while its cash and cash equivalents amounted to HK\$11,685,000 only as at 31 March 2024.

As at 31 March 2024, the Group also has defaulted on repayment of certain bonds payable, a guaranteed note and other borrowings of approximately HK\$712,400,000, HK\$25,000,000 and HK\$66,411,000 respectively which were included as part of current liabilities as at 31 March 2024. Furthermore, the Group received several demand letters and statutory demands from bondholders in relation to the overdue payments of the bonds’ principals and related interest.

The conditions described above cast significant doubts on the Group’s ability to continue as a going concern. The directors are of the view that the Group will be able to raise adequate funds to enable it to operate as a going concern, based on the Group’s business forecast and cash flow projection which, inter alia, take into account the past actual operating performance of the Group and assume the following:

- (i) successfully completing the debt restructuring of its bonds payables and amounts owed to other creditors;
- (ii) successfully dismissing the statutory demands;
- (iii) successfully obtaining additional new sources of financing as and when needed;
- (iv) successfully implementing measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses;
- (v) the successful maintenance of relationship with the Group’s existing lenders such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings with interest payments in default.

For the purpose of debt restructuring, on 12 December 2022, the Company and an independent third party investor (the “**Investor**”) entered into a legally binding term sheet in relation to the proposed restructuring which included debt restructuring of the Company by way of scheme of arrangement to be entered into between the Company and creditors of the Company under the Companies Ordinance (Cap. 622) (the “**Scheme**”), the subscription of the Company’s shares and its convertible bonds by the Investor, the capital reorganisation of the Company and change in board lot size for trading in the Company’s shares.



If the Scheme is successfully implemented and become effective, claims against and liabilities of the Company under the Scheme will be compromised and discharged. Under the Scheme, a cash consideration of approximately HK\$160,000,000 from the net proceeds from the share subscription by the Investor will be distributed by the Company and an aggregate of 59,000,000 Company's new shares at the issue price of HK\$0.1772 per new share will be issued and allotted by the Company for the benefit of the Scheme creditors. For details, please refer to the Company's announcement dated 15 March 2023.

The Scheme was approved by the requisite majorities of the creditors of the Company on the scheme meeting on 27 June 2023 and sanctioned without modification by the order of the High Court on 19 March 2024.

The directors believe that, taking into account the above factors, the Group will have sufficient working capital to satisfy its present requirements for at least the next 12 months from the end of the reporting period. However, should the above financing be unavailable or the eventual outcome of the above matters be unsuccessful or unfavorable to the Group, the Group may be unable to continue as a going concern, in which case adjustments might have to be made to the carrying values of the Group's assets to write down to their realisable values, to provide for any further liabilities which might arise and to reclassify its non-current assets and non-current liabilities to current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the 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 year.

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 chief operating decision maker 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.

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

(a) *Disaggregation of revenue from contracts with customers*

	Note	2024 HK\$'000	2023 HK\$'000
Sales of animation derivative products		146,285	172,376
Sales of admission tickets		209,115	178,982
Sales of theme park machineries		6,957	7,136
Licensing income of indoor theme parks	(i)	1,668	1,808
Licensing income from multimedia animation entertainment		3	–
		<u>364,028</u>	<u>360,302</u>

Note:

- (i) The revenue is mainly derived from licensing income generated from the Group's animation characters, sales of VR products, and ticketing income from VR gaming exhibitions.

Timing of revenue recognition:

	2024 HK\$'000	2023 HK\$'000
At point in time	361,791	357,325
Over time	2,237	2,977
	<u>364,028</u>	<u>360,302</u>

(b) *Performance obligations for contracts with customers*

*Sales of animation derivative products*

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

*Sales of admission tickets*

Customers obtain control of the services when the tickets are accepted and surrendered by the customers upon entering the theme parks. Revenue from tickets sold for use at a future date is deferred and recognised as contract liability until the tickets are surrendered or have expired, which amounted to approximately HK\$3,648,000 as at 31 March 2024 (2023: HK\$2,866,000). There is generally only one performance obligation.

*Licensing income of indoor theme parks/multimedia animation entertainment*

Licensing income is recognised over time in accordance with the terms of the license agreements. There is generally only one performance obligation. Invoices are usually payable within 90 days to 365 days.

The licensing income is included in the segment revenue of multimedia animation entertainment and establishment and operation of theme park.

*Sales of theme park machineries*

Revenue from sales of theme park machineries is recognized when control of the goods has transferred, being when the goods have been accepted by the customers. Following the delivery and acceptance, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibilities when on selling the goods and bears the risks of obsolescence and loss in relation to the goods.

The income from sales of theme park machineries is included in the segment of establishment and operation of theme park.

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

	<b>Establishment and operation of indoor theme park</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>1,618</b>	1,782
More than one year but not more than two years	<b>1,618</b>	1,782
More than two years	<b>7,146</b>	9,653
	<b>10,382</b>	13,217

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

(ii) **Segment information**

(a) *Segment revenue and results*

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

	Sales of animation derivative products <i>HK\$'000</i>	Establishment and operation of indoor theme parks <i>HK\$'000</i>	Multimedia animation entertainment <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>For the year ended 31 March 2024</b>				
Segment revenue	<u>147,977</u>	<u>216,048</u>	<u>3</u>	<u>364,028</u>
Segment loss	<u>(5,068)</u>	<u>(15,843)</u>	<u>(8,608)</u>	<u>(29,519)</u>
Unallocated expense				(67,350)
Unallocated other income, other gains and losses				(4,479)
Unallocated finance cost				<u>(84,886)</u>
Loss before tax				<u>(186,234)</u>
<b>For the year ended 31 March 2023</b>				
Segment revenue	<u>172,376</u>	<u>187,926</u>	<u>–</u>	<u>360,302</u>
Segment loss	<u>(9,051)</u>	<u>(376,710)</u>	<u>(471,042)</u>	<u>(856,803)</u>
Unallocated expense				(129,786)
Unallocated other income, other gains and losses				2,688
Unallocated finance cost				<u>(73,182)</u>
Loss before tax				<u>(1,057,083)</u>

(i) There was no inter-segment revenue for the years ended 31 March 2024 and 2023.

(b) *Segment assets and liabilities*

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

*Segment assets*

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Sales of animation derivative products	90,073	99,470
Establishment and operation of indoor theme parks	288,270	390,465
Multimedia animation entertainment	5,159	12,917
	<hr/>	<hr/>
Total segment assets	383,502	502,852
Unallocated property, plant and equipment	147	276
Unallocated interest in associates	2,740	2,587
Unallocated other receivables, deposits and prepayments	2,379	11,813
Goodwill	2,425	2,425
Financial assets at FVTPL	733	777
Financial assets at FVTOCI	3,542	4,732
Restricted bank deposit	781	793
Bank balances and cash	11,685	36,242
	<hr/>	<hr/>
Consolidated total assets	407,934	562,497

*Segment liabilities*

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Sales of animation derivative products	3,502	3,245
Establishment and operation of indoor theme parks	241,862	295,764
	<hr/>	<hr/>
Total segment liabilities	245,364	299,009
Unallocated other payables and accruals	215,912	136,355
Amount due to a director	–	25
Secured bank borrowings and other borrowings	205,331	213,364
Tax payable	25,877	42,804
Bonds	721,044	718,395
Guaranteed note	25,000	25,000
Obligation arising from a put option to a non-controlling interest	10,871	12,407
Put option derivatives	3,880	–
	<hr/>	<hr/>
Consolidated total liabilities	1,453,279	1,447,359

Segment assets represent certain property, plant and equipment, right-of-use assets, intangible assets, deposits for acquisition of property, plant and equipment, deposits for a theme park development project, interest in associates, interest in a joint venture, inventories, trade receivables, certain other receivables, rental deposits and deposits and prepayments which are directly attributable to the relevant operating and reportable segments.

Segment liabilities represent trade payables, certain other payables and accruals, contract liabilities, lease liabilities, retirement benefit obligations, provision for reinstatement costs for rented premises and tax payable which are directly attributable to the relevant operating and reportable segments. These are the measures reported to the CODM for the purpose of resources allocation and assessment of segment performance.

(c) *Other segment information*

	Sales of animation derivative products <i>HK\$'000</i>	Establishment and operation of indoor theme parks <i>HK\$'000</i>	Multimedia animation entertainment <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>2024</b>						
Amounts included in the measurement of segment profit or loss and segment assets:						
Additions to property, plant and equipment	-	1,703	-	1,703	-	1,703
Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets	191	63,730	2,006	65,927	165	66,092
Share of (loss)/profit of associates	-	(15)	-	(15)	153	138
(Reversal of)/impairment loss on right-of-use assets	(6,434)	14,533	-	8,099	-	8,099
Impairment loss on property, plant and equipment	2,036	3,382	-	5,418	-	5,418
Impairment loss under expected credit loss model, net of reversal	6,873	(4,650)	5,887	8,110	3,766	11,876
Research and development costs	-	14,174	733	14,907	-	14,907
Finance costs	-	9,108	-	9,108	84,886	93,994
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:						
Taxation	11,418	4,505	-	15,923	-	15,923

	Sales of animation derivative products <i>HK\$'000</i>	Establishment and operation of indoor theme parks <i>HK\$'000</i>	Multimedia animation entertainment <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
2023						
Amounts included in the measurement of segment profit or loss and segment assets:						
Additions to property, plant and equipment and right-of-use assets	-	12,761	-	12,761	12	12,773
Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets	195	87,482	33,674	121,351	949	122,300
Share of loss of associates	-	1,454	86,712	88,166	9,777	97,943
Share of loss of a joint venture	-	-	87,743	87,743	-	87,743
Impairment loss on intangible assets	-	-	58,801	58,801	-	58,801
Impairment loss under expected credit loss model, net of reversal	290	239,001	43,622	282,913	830	283,743
Research and development costs	-	100,537	162,033	262,570	-	262,570
Finance costs	-	7,481	-	7,481	73,182	80,663
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:						
Taxation	24,289	(352)	-	23,937	-	23,937

Segment profit (loss) represents the profit (loss) earned (incurred) by each segment without allocation of certain administrative expenses, other gains and losses, finance costs and certain other income and expenses. This is the measure reported to CODM for the purpose of resource allocation and performance assessment.

All the segment revenue reported above is from external customers.

(d) **Geographical information**

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

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

*Revenue from external customers*

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
PRC	33,772	23,863
Hong Kong	82,778	78,120
Japan	247,478	258,319
	<u>364,028</u>	<u>360,302</u>

*Non-current assets by geographical location*

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
PRC*	228,265	317,819
Hong Kong	148	303
Japan	39,146	61,154
Cambodia	8,460	2,478
	<u>276,019</u>	<u>381,754</u>

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

*Information about major customers*

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

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A <sup>1</sup>	82,772	78,120
Customer B <sup>1</sup>	41,294	44,087
	<u>124,066</u>	<u>122,207</u>

<sup>1</sup> Revenue from sales of animation derivative products.



## 5. OTHER GAINS AND LOSSES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Net foreign exchange gain	234	632
Gain on lease modification	–	3,058
Net (loss)/gain on a put option to a non-controlling interest	(4,149)	969
Loss on disposal of property, plant and equipment	(11,616)	(1,708)
Gain on settlement of a legal case ( <i>Note</i> )	1,377	–
Gain on financial asset at fair value through profit or loss	–	1
Other gain	1,195	5
	<u>(12,959)</u>	<u>2,957</u>

*Note:* The gain is related to the settlement of a litigation instituted against a subsidiary of the Company, Huajiatai (Shanghai) Indoor Amusement Co., Ltd.. The gain is recognised in respect of the overprovision made in prior year.

## 6. TAXATION

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
The tax credit comprises:		
Hong Kong Profits Tax:		
Current tax	–	–
Overprovision in prior years	(13,459)	(24,289)
Underprovision in prior years	1,188	–
PRC Enterprise Income Tax (“EIT”)		
Overprovision in prior years	(3,957)	–
Corporate tax in Japan		
Current tax	305	352
	<u>(15,923)</u>	<u>(23,937)</u>

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million of profits of the qualifying group entity is taxed at 8.25%, and profits above HK\$2 million are taxed at 16.5%. The profits of group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime are taxed at a flat rate of 16.5%.

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

Corporate tax in Japan is calculated at 23.25% (2023: 23.25%) on the estimated assessable profit. Pursuant to relevant laws and regulations in Japan, withholding tax is imposed at 20.42% (2023: 20.42%) and 5% (2023: 5%) on dividends declared to local investors and foreign investors, respectively, in respect of profit generated by subsidiaries incorporated in Japan.

## 7. LOSS FOR THE YEAR

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
Loss for the year has been arrived at after charging:			
Staff costs:			
Directors' emoluments		3,755	4,957
Other staff costs			
Salaries and other benefits	(i)	62,719	61,896
Retirement benefit schemes		11,585	8,817
Defined benefits costs		1,195	1,769
		<u>75,499</u>	<u>72,482</u>
Auditor's remuneration			
– audit services		<u>3,226</u>	<u>3,227</u>
Cost of inventories recognised as expenses			
– sales of animation derivative products		138,714	141,258
– sales of theme park machineries		7,786	3,976
Building management fee (included in cost of sales and services)		11,763	14,290
Legal and professional fees (included in administrative expenses)		14,032	54,537
Depreciation of property, plant and equipment			
– Cost of sales and services		38,200	58,749
– Administrative expenses		535	1,057
Depreciation of right-of-use assets			
– Cost of sales and services		24,695	27,685
– Administrative expenses		41	630
– Research and development cost		433	400
Amortisation of intangible assets			
– Cost of sales and services		–	473
– Administrative expenses		2,188	33,306
Research and development costs for			
– Operation of indoor theme parks		14,173	100,537
– Multimedia animation entertainment		<u>734</u>	<u>162,033</u>

*Note:*

- (i) Total salaries and other benefits amounting to approximately HK\$31,561,000 (2023: HK\$34,094,000) are included in cost of sales and services approximately HK\$5,120,000 (2023: HK\$5,382,000) are included in research and development expenses and amounting to approximately HK\$26,038,000 (2023: HK\$22,420,000) are included in administrative expenses.

## 8. DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 March 2024 (2023: Nil).

## 9. LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK\$170,679,000 (2023: HK\$1,033,575,000) and the weighted average of 1,182,042,000 ordinary shares (2023: 1,182,042,000 ordinary shares) in issue during the year.

### (b) Diluted loss per share

For the years ended 31 March 2024 and 2023, diluted loss per share attributable to owners of the Company were the same as the basic loss per share because the computation of diluted loss per share does not assume the exercise of the Company's share options as the exercise price of those share options was higher than the average market price of the Company's shares for both years ended 31 March 2024 and 2023.

## 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at FVTOCI include the following:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Equity instruments at fair value through other comprehensive income</b>		
Equity securities listed in Hong Kong (i)	<u>25</u>	<u>1,128</u>
	<b><u>25</u></b>	<b><u>1,128</u></b>
<b>Debt instruments at fair value through other comprehensive income</b>		
Investments on unlisted bonds (ii)	<u>3,517</u>	<u>3,604</u>
	<b><u>3,542</u></b>	<b><u>4,732</u></b>

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

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

- (ii) On 29 March 2023, the Group invested in a bond issued by an independent third party with a nominal amount of HK\$3,580,000 at a consideration of HK\$3,580,000. The bond has a coupon interest rate of 8.0% per annum and maturity date on 28 March 2025.

The bond is held by the Group within a business model whose objective is both to collect their contractual cash flows which are solely payments of principal and interest on the principal amount outstanding and to sell these financial assets. Hence, the investment in the unlisted bond is classified as at FVTOCI.

## 11. INTANGIBLE ASSETS

	Film rights and applications <i>HK\$'000</i> <i>(note i)</i>	Animation characters <i>HK\$'000</i> <i>(note ii)</i>	Indoor theme park right <i>HK\$'000</i> <i>(note iii)</i>	Trademark <i>HK\$'000</i> <i>(note iv)</i>	Total <i>HK\$'000</i>
<b>COST</b>					
At 1 April 2022, 31 March 2023 and 2024	192,788	112,270	2,279	25,793	333,130
<b>AMORTISATION AND IMPAIRMENT</b>					
At 1 April 2022	124,100	86,646	1,823	25,793	238,362
Charge for the year	23,533	10,018	228	–	33,779
Impairment loss	44,192	14,609	–	–	58,801
At 31 March 2023	191,825	111,273	2,051	25,793	330,942
Charge for the year	963	997	228	–	2,188
<b>At 31 March 2024</b>	<b>192,788</b>	<b>112,270</b>	<b>2,279</b>	<b>25,793</b>	<b>333,130</b>
<b>CARRYING VALUES</b>					
At 31 March 2024	–	–	–	–	–
At 31 March 2023	963	997	228	–	2,188

### 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.
- (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.

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

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Cost of unlisted investment	<b>207,598</b>	207,598
Share of post-acquisition profit and other comprehensive income	<b>(201,932)</b>	(202,070)
	<b>5,666</b>	5,528

Details of the Group's material associates as at 31 March 2024 and 2023 are as follows:

Name of associate	Place of establishment	Paid up registered capital	Proportion of equity interest held by the Group		Proportion of voting rights held by the Group		Principal activity
			2024	2023	2024	2023	
常州江南環球港華夏動漫科技有限公司 (Changzhou Southern Yangtze Global Harbor Chinese Animation Technology Co., Ltd) (“Changzhou Joypolis”)	PRC	RMB25,000,000	20%	20%	20%	20%	Operation of indoor theme park
Triple Blessing International Limited (“Triple Blessing”)	BVI	HK\$138,121,000	48%	48%	48%	48%	Development and licensing of IP rights
Lion Run Holdings Limited (“Lion Run”)	BVI	HK\$91,875,000	48%	48%	48%	48%	Development and licensing of IP rights
Access Profit Global Enterprises Group Limited (“Access Profit”)	BVI	HK\$295,263,000	31%	31%	31%	31%	Development of logistic and storage business

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

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

(a) **Changzhou Joypolis**

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets	<b>835</b>	3,550
Current assets	<b>13,801</b>	11,154
Current liabilities	<b>(8)</b>	–
Revenue for the year	<b>7,858</b>	6,852
Loss and total comprehensive expense for the year	<b>(76)</b>	(7,269)

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

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Net assets of Changzhou Joypolis	<b>14,628</b>	14,704
Proportion of the Group's ownership interest in Changzhou Joypolis	<b>20%</b>	20%
Carrying amount of the Group's interest in Changzhou Joypolis	<b>2,926</b>	2,941

(b) **Triple Blessing**

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current liabilities	<b>(29)</b>	(15)
Revenue for the year	–	–
Loss for the year	<b>(14)</b>	(97,364)
Other comprehensive income for the year	–	–
Total comprehensive loss for the year	<b>(14)</b>	(97,364)

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

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Net liabilities of Triple Blessing	<b>29</b>	(15)
Proportion of the Group's ownership interest in Triple Blessing	<b>48%</b>	48%
Carrying amount of the Group's interest in Triple Blessing ( <i>Note</i> )	–	–

*Note:* The Group does not recognize further losses and total comprehensive losses for the investment in Triple Blessing for the years ended 31 March 2024 and 2023 because the Group's share of losses in the associate has accumulated up to its interest in the associate.

### ***Impairment assessment***

*Year ended 31 March 2023*

Triple Blessing held intangible assets – animation characters and entered into a licensing contract with an independent third party (the “**Licensee A**”) in September 2020 for licensing the right of using the intangible assets. However, up to the date of this announcement, Triple Blessing is not able to collect any consideration from Licensee A and has lost contact with Licensee A. Triple Blessing has taken legal action against Licensee A to recover the trade receivable from Licensee A.

Triple Blessing has also tried to solicit other potential licensees for using its intangible assets during the year but was not successful. The management of Triple Blessing thus considered that the recoverable amount of the intangible assets held by Triple Blessing is minimal and full impairment loss of intangible assets is recognised in the financial statements of Triple Blessing.

#### **(c) Access Profit**

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Non-current assets	<b>25,518</b>	24,597
Current assets	<b>1,176</b>	2
Current liabilities	<b>(17,886)</b>	(16,287)
Profit/(loss) for the year	<b>294</b>	(31,540)
Other comprehensive income/(loss) for the year	<b>202</b>	–
Total comprehensive income/(loss) for the year	<b>496</b>	(31,540)

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

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Net assets of Access Profit	<b>8,808</b>	8,312
Proportion of the Group’s ownership interest in Access Profit	<b>31%</b>	31%
Carrying amount of the Group’s interest in Access Profit	<b>2,730</b>	2,577

### ***Impairment assessment***

During the years ended 31 March 2024 and 2023, as Access Profit has not commenced operation and incurred loss, the directors of the Company have performed impairment assessment on a leasehold land in the PRC (the “**Land**”) held by Access Profit. The recoverable amount of the leasehold land held by Access Profit has been determined by Vincorn (2023: AP) based on fair value less costs of disposal (“**FVLCOD**”).

The FVLCOB of the Land held by Access Profit is estimated by reference to the FVLCOB, based on recent market transactions of comparable Land. Since Access Profit has not yet commenced for the Land development due to lack of funds and prolonged impact from COVID-19 in the PRC in the past few years; below is a summary of the valuation techniques used and the key inputs to the valuation of the Land.

Valuation techniques	Significant unobservable inputs	Range	Relationship of unobservable inputs to fair value
Sales comparison method	Estimated market price per square meter (RMB)	RMB153-159 (2023: RMB140) per square meter	the higher the market price, the higher the fair value

Apart from the considerations described above in determining the FVLCOB of the Land held by Access Profit, the Group's management is not currently aware of any other probable changes that would necessitate changes in these key assumptions. However, the estimate of recoverable amount of the Group's investment in Access Profit is particularly sensitive to the market price of market comparable.

The fair values less cost of disposal of the Land held by Access Profit is classified as level 3 measurement.

Based on the valuation report prepared by Vincorn (2023: AP), the recoverable amount of the Land held by Access Profit is approximately HK\$25,098,000 (2023: HK\$24,178,000), and reversal of impairment loss of HK\$920,000 (2023: HK\$31,428,000) was recognized for the year ended 31 March 2024 in Access Profit's financial statements. The Group's share of the impairment loss is included in the share of loss of associates.

**(d) Lion Run**

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current liabilities	(46)	(32)
Revenue for the year	–	–
Loss for the year	(14)	(83,336)
Other comprehensive income for the year	–	–
Total comprehensive expense for the year	<u>(14)</u>	<u>(83,336)</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Net liabilities of Lion Run	(46)	(32)
Proportion of the Group's ownership interest in Lion Run	<u>48%</u>	<u>48%</u>
Carrying amount of the Group's interest in Lion Run ( <i>Note</i> )	<u>–</u>	<u>–</u>

*Note:* The Group does not recognize further losses and total comprehensive losses for the investment in Lion Run for the years ended 31 March 2024 and 2023 because the Group's share of losses in the associate has accumulated up to its interest in the associate.



### ***Impairment assessment***

*Year ended 31 March 2023*

Lion Run held intangible assets – animation characters and entered into a licensing contract with an independent third party (the “Licensee B”) in December 2020 for licensing the right of using the intangible assets. However, up to the date of this announcement, Lion Run is not able to collect any consideration from Licensee B and has lost contact with Licensee B. Lion Run has taken legal action against Licensee B to recover the trade receivable from Licensee B.

Lion Run has also tried to solicit other potential licensees for using its intangible assets during the year but was not successful. The management of Lion Run thus considered that the recoverable amount of the intangible assets held by Lion Run is minimal and full impairment loss of intangible assets is recognised in the financial statements of Lion Run.

### **13. INTEREST IN A JOINT VENTURE**

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Cost of investment in a joint venture	<b>100,120</b>	100,120
Share of post-acquisition loss and other comprehensive expense	<b>(97,964)</b>	(97,964)
	<b>2,156</b>	2,156
Less: Impairment loss	<b>(2,156)</b>	(2,156)
Carrying amount of the Group’s investment in Success View	<b>–</b>	–

Details of the Group’s joint venture as at 31 March 2024 and 2023 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
			2024	2023	2024	2023	
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.

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Success View</b>		
Current assets	<b>1</b>	1
Current liabilities	<b>(138)</b>	(107)
Revenue	–	–
Loss for the year	<b>(31)</b>	(175,591)
Other comprehensive income for the year	–	–
Total comprehensive expense for the year	<b>(31)</b>	(175,591)

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

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Net liabilities of Success View	(137)	(106)
Proportion of the Group's ownership interest in Success View	<b>50%</b>	50%
Group's share of net assets ( <i>Note</i> )	–	–
Goodwill	–	–
Carrying amount of the Group's interest in Success View	<u>–</u>	<u>–</u>

*Note:* The Group does not recognize further losses and total comprehensive losses for the investment in Success View for the years ended 31 March 2024 and 2023 because the Group's share of losses in the joint venture has accumulated up to its interest in the joint venture.

### Impairment assessment

#### *Year ended 31 March 2023*

Success View held intangible assets – animation characters and entered into a licensing contract with an independent third party (the “**Licensee C**”) in March 2020 for licensing the right of using the intangible assets. However, up to the date of this announcement, Success View is not able to collect any consideration from Licensee C and has lost contact with Licensee C. Success View has taken legal action against Licensee C to recover the trade receivable from Licensee C.

Success View has also tried to find the other potential licensees for using its intangible assets during the year but was not successful. The management of Success View thus considered that the recoverable amount of the intangible assets held by Success View is minimal and full impairment loss of intangible assets is recognised in the financial statements of Success View.

## 14. TRADE RECEIVABLES

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade Receivables	<b>269,739</b>	268,248
Less: accumulated impairment losses	<b>(228,130)</b>	(214,324)
	<u><b>41,609</b></u>	<u>53,924</u>

As at 1 April 2022, the trade receivables from contracts with customers (net of accumulated impairment loss) amounted to approximately HK\$170,054,000.

The Group generally allows a credit period ranging from 30 days to 90 days to its customers of sales of animation derivative products except certain customers with strategic business relationship which are 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 following is an aged analysis of trade receivables presented based on the invoice dates:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 90 days	<b>34,071</b>	31,867
91 to 180 days	<b>280</b>	2,310
181 to 365 days	<b>6,592</b>	13,042
Over 365 days	<b>666</b>	6,705
	<b>41,609</b>	53,924

Included in trade receivables aged over 365 days are the gross receivable balance of approximately HK\$156,000,000 (2023: HK\$156,000,000), which arose from the revenue generated from provision of integrated theme park design services and the licensing fee for use of the Group's intangible assets to two customers of the Group who were business partners with renowned property developers in the PRC. For provision of integrated theme park design services, billings were made after the delivery of reporting package. Regarding the licensing fee income, billings were made periodically during the license period.

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

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

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 90 days	<b>29,486</b>	29,211
91 to 180 days	<b>6,496</b>	10,888
181 to 365 days	<b>1,040</b>	7,276
	<b>37,022</b>	47,375

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

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
United States Dollars ("US\$")	<b>22,704</b>	23,324

As at 31 March 2024, included in the Group's trade receivables are debtors with aggregate gross amount of approximately HK\$225,709,000 (before provision for impairment) (2023: HK\$208,167,000) which were past due for more than 365 days and/or with history of default. The directors consider credit risk have increased significantly on these trade receivables and considered the receivables as credit-impaired.

**15. DEPOSIT FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT/DEPOSITS FOR THEME PARK DEVELOPMENT PROJECTS/OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

**Non-current assets:**

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Deposit for acquisition of property, plant and equipment	<i>(i)</i>	<b>72,492</b>	72,492
Deposits for theme park development projects	<i>(ii)</i>	<b>50,000</b>	54,400

*Notes:*

- (i) The deposit for acquisition of property, plant and equipment is advance payment made to a construction vendor who is independent third party for interior design works, fire safety facilities and playground facilities for future construction of “Wonder Forest” and “Joypolis” indoor theme parks in Shanghai, PRC. The construction contract was still valid as at 31 March 2024 with expiry dates extended to the second quarter of 2028.
- (ii) Pursuant to contracts entered into between the Group and independent consultants, deposits for theme park development projects were made as an advance payment to the said consultants for the intended formation of joint venture and acquisition of facilities for construction of theme parks in the Metaverse, South-East Asia and the PRC. During the year ended 31 March 2024, a deposit amounting to HK\$4,400,000 was utilized as research expense in respect of the development of a theme park in the Metaverse.

**Current assets:**

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Rental deposit	<b>4,748</b>	5,308
VAT recoverable	<b>625</b>	1,072
Receivable of disposal of financial asset	–	3,666
Other receivables	<b>793</b>	4,517
Prepayments	<b>50,169</b>	48,996
Amounts due from associates	<b>31</b>	31
Amount due from a joint venture	<b>48</b>	–
Interest receivable	<b>85</b>	–
Deposit paid	<b>41</b>	228
	<b>56,540</b>	63,818

**16. TRADE PAYABLES**

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	<u>6,255</u>	<u>6,266</u>
	<b><u>6,255</u></b>	<b><u>6,266</u></b>

The average credit periods on purchases of goods range from 0 to 30 days. The following is an age analysis of trade payables and notes payables presented based on the invoice dates at the end of the reporting period:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 30 days	630	1,330
Over 90 days	5,536	4,936
31 to 60 days	32	–
61 to 90 days	<u>57</u>	<u>–</u>
	<b><u>6,255</u></b>	<b><u>6,266</u></b>

**17. AMOUNT DUE TO A DIRECTOR**

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Chong Heung Chung, Jason	<u>–</u>	<u>25</u>

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

**18. BANK BORROWINGS AND OTHER BORROWINGS**

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank borrowings and overdraft	80,490	100,249
Other borrowings	<u>124,841</u>	<u>113,115</u>
	<b><u>205,331</u></b>	<b><u>213,364</u></b>

(i) **Bank borrowings**

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
The carrying amount of the bank borrowing are repayable		
Within one year	<b>26,883</b>	21,933
Within a period of more than one year but not exceeding two years	<b>8,230</b>	28,485
Within a period of more than two years but not exceeding five years	<b>31,936</b>	26,334
More than five years	<b>13,441</b>	23,497
	<b>80,490</b>	100,249
Less: Amount due within 1 year shown under current liabilities	<b>(26,883)</b>	(21,933)
<b>Amount of bank borrowing shown under non-current liabilities</b>	<b>53,607</b>	78,316

(ii) **Other Borrowings**

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
The carrying amount of the other borrowings is repayable		
Within one year	<b>123,462</b>	98,801
Within a period of more than one year but not exceeding two years	<b>827</b>	12,739
Within a period of more than two years but not exceeding five years	<b>552</b>	1,575
	<b>124,841</b>	113,115
Less: Amount due within 1 year shown under current liabilities	<b>(123,462)</b>	(98,801)
Amount of other borrowings shown under non-current liabilities	<b>1,379</b>	14,314
Bank and other borrowings shown under non-current liabilities	<b>54,986</b>	92,630
Bank and other borrowings shown under current liabilities	<b>150,345</b>	120,734

## 19. EVENTS AFTER THE REPORTING PERIOD

By an Order dated 21 April 2023 (the “**Court Order**”) made by the High Court of the Hong Kong Special Administrative Region (“**Court**”) in relation to the proposed scheme of arrangement between the Company and the creditors under the Companies Ordinance (Cap. 622) (the “**Scheme**”), the Court has directed that a scheme meeting (the “**Scheme Meeting**”) be convened of the creditors of the Company for the purpose of considering and, if thought fit, approving (with or without modification or condition approved and imposed by the Court) the Scheme proposed to be made between the Company and the creditors pursuant to the Companies Ordinance (Cap. 622). The Scheme has been approved by the requisite majorities of the creditors of the Company on the Scheme Meeting on 27 June 2023. The Creditors’ Scheme was sanctioned without modification by the order of the High Court of Hong Kong on 19 March 2024. The Creditors’ Scheme will become effective when all the conditions precedent to the Creditors’ Scheme, among others, the completion of the Subscriptions having taken place, are satisfied.

For details please refer to the announcements of the Company dated 5 June 2023 and 27 June 2023, and joint announcement issued by the Company and Kyosei-Bank Co., Ltd. dated 15 March 2023, 6 April 2023, 21 April 2023, 12 May 2023, 2 June 2023, 14 July 2023, 21 August 2023, 25 September 2023, 26 October 2023 and 13 November 2023, 22 December 2023, 22 January 2024, 9 February 2024, 8 March 2024, 10 April 2024, 13 May 2024 and 14 June 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY REVIEW

#### **Strong market rebound for theme park business**

The theme park industry in Japan showed a good momentum of recovery and development in 2023, business innovation, and intelligent transformation have become key issues for the industry.

**The overall recovery trend of the industry was obvious:** In 2023, as the epidemic eased and the macro economy improved, the theme park industry in Japan showed a significant recovery trend, and the opening rate and passenger flow of venues returned to the pre-epidemic level.

**Innovative business formats are emerging:** In order to attract more visitors, theme park operators continued to launch innovative business formats such as themed and experiential formats, such as immersive theme parks and VR game experience halls, which were well received by consumers.

**Initial results of intelligent transformation:** Theme park operators have begun to increase investment in intelligent management systems, realizing real-time monitoring and data analysis of visitor flow and equipment status, and improving operational efficiency.

**The concept of green environmental protection has been gradually implemented:** The playground has begun to pay attention to environmental protection and energy conservation in its construction and operation, such as the use of solar power generation, rainwater collection and utilization, etc., reflecting a stronger sense of social responsibility.

In the future, enterprises in the industry will continue to focus on enhancing their core competitiveness and meeting the diversified needs of consumers.



## **Challenging gaming business**

During 2023, the gaming market in the PRC was characterized by slowing growth and intensifying segmentation.

**Slowing overall growth:** The total revenue growth rate of the gaming market in the PRC slowed down in 2023, grew by about 5% year-on-year for the whole year, which was much lower than the high growth rate in previous years. This is mainly affected by factors such as the macroeconomic downturn and tighter regulation.

**Increasing share of the mobile gaming market:** Mobile gaming remained the main growth driver of the gaming market in the PRC, accounting for more than 70% of the total market revenue in 2023. Benefiting from the popularity of 5G networks and the emergence of high-quality mobile games.

**Intensifying competition among domestic game brands:** Leading domestic game manufacturers have further consolidated their market positions through continuous spending on research and development, innovation, and refined operations. However, small and medium-sized gaming companies were facing greater pressure, and the market competition became increasingly fierce.

**Slow approval of version numbers affects the launch of new products:** In 2023, the approval speed of game version numbers was relatively slow, and the pace of new game launched was hindered to a certain extent, which had a certain negative impact on the overall market.

**The concept of the metaverse was sought after:** The game companies have begun to increase their layout and investment in the metaverse field, showing a certain development boom. However, the landing application still needed to wait for more technological breakthroughs and the improvement of consumer acceptance.

Enterprises need to further improve their innovation capabilities and operational levels in the future to cope with the complex and volatile market environment.

## **Overall healthy development trend for toy industry in the PRC**

During the year 2023, the toys industry in the PRC has undergone some important changes and developments.

**Industrial upgrading continues to advance:** Chinese toy companies continued to increase investment in technological innovation and improved product design and manufacturing. Emerging technologies such as AR/VR and intelligent interaction were increasingly used in toy development, improving the intelligence and entertainment of toys.

**Accelerating shift in consumer demand:** With the rise of China's middle class, consumers were increasingly demanding high-quality, educational, and eco-friendly toys. Companies were adjusting their product strategies to launch more toys that meet the needs of different age groups and consumer groups.

**Significant growth in e-commerce sales:** Due to the continued online consumption habits affected by the epidemic, toy companies have accelerated the expansion of e-commerce channels, and the proportion of online sales has further increased. Toy sales on major e-commerce platforms maintained rapid growth.

**Overseas market development has achieved remarkable results:** With the continuous improvement of the quality and brand influence of Chinese toys, more and more Chinese toy manufacturers were actively exploring overseas markets, and their sales performance has maintained a good growth trend. Some of the leading companies have significantly increased their international market share.

In the future, driven by policy support and market demand, it is believed that China's toy business will continue to maintain rapid development.

## **BUSINESS REVIEW**

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

### **1. Trading business of animation derivatives: Pop Toy and IP culture facilitates number of orders and revenue**

Global inflation is heating up and results in the rise of operating and trading costs of animation derivatives, but the popularity of Pop Toy and IP culture drove the number of orders in the entire animation derivatives market as a whole. However, due to keen market competition, many industry peers attracted customers by cutting their prices. During the Year under Review, the Group retained stable, progressive pace in its trading business by adjusting its sales strategy and providing high-quality value-added services, and continually reviewed operating costs and efficiency so as to make progress and maintain stability in the tough and challenging market environment.

### **2. Indoor theme park business: NEW JOYPOLIS SPORTS PARK, to be located in Kai Tak, Hong Kong**

During the Year under Review, the Group is cooperating with an investor to establish another new theme park – JOYPOLIS SPORTS PARK, which is expected to be opened in Kai Tak, Hong Kong in December 2024. During the Year under Review, the Group's CA SEGA brand theme parks, including SEGA JOYPOLIS in Tokyo and Sendai in Japan and Shanghai JOYPOLIS in China, as well as kids amusement parks in different regions, have been fully recovered after the release of restrictive measure. However, the Group still have to cope with the challenging global economic instability.

### **3. Multimedia animation entertainment business:**

During the Year under Review, the Group's business partners had resumed their IP projects and in business negotiation to explore different surrounding derivatives, including but not limited to theme parks, online live broadcasts and virtual platforms.

## **BUSINESS PROSPECTS**

The Company is an investment holding company and the Group is principally engaged in the trading of animation derivative products, establishment and operation of indoor theme parks and multimedia animation entertainment in the PRC, Hong Kong and Japan. The Group's operations and income generated from the theme parks and animation derivatives products businesses have been fully recovered after the Covid-19 pandemic. However, the global economic instability which still affect to Group's expansion its business in certain extent.

During the year ended 31 March 2024, the Group have significant progress on it's debt restructuring. On 27 June 2024, the Creditors Scheme was approved by the requisite majorities of Creditors and was further sanctioned without modification by the High Court of Hong Kong on 19 March 2024.

The Group believes that after the completion of the scheme of arrangement together with the Group's development in online business on Meta JOYPOLIS, virtual theme park, big data platform, online social media, Pop Toy platform and upgrading the operating and gaming system of CA SEGA JOYPOLIS. The Group can restart to meet any future challenge.

Although the Group is facing unprecedented challenges, the Group will continue to actively seek stability and progress in the face of uncertainties. The Group will continue to develop and launch different types of CA SEGA JOYPOLIS theme parks (including Metaverse-themed virtual reality parks) and present them to tourists through different real and virtual scenes. 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 surrounding derivatives consumption areas to increase income sources.

Following the fully release of restrictive measures after the epidemic, the Group resume its theme park projects gradually, which will bring considerable revenue to the Group and enhance the brand power of CA SEGA indoor theme park.

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

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

## FINANCIAL REVIEW

The following sets forth a summary of the performance of the Group for the year ended 31 March 2024 with comparative figures for the latest year as follows:

	<b>For the year ended 31 March</b>	
	<b>2024</b>	2023
Revenue ( <i>HK\$'000</i> )	<b>364,028</b>	360,302
Gross profit ( <i>HK\$'000</i> )	<b>55,376</b>	19,940
Gross profit margin (%)	<b>15.2</b>	5.5
Loss attributable to owners of the Company ( <i>HK\$'000</i> )	<b>(170,079)</b>	(1,033,575)

### Revenue

The revenue increased by approximately HK\$3.7 million, or approximately 1.0%, compared to the approximately HK\$360.3 million for the year ended 31 March 2023 to approximately HK\$364.0 million for the year ended 31 March 2024. The increase was primarily due to the increase in the revenue from establishment and operation of indoor theme parks of HK\$29.8 million.

### Sales of animation derivative products

The revenue from sales of animation derivative products decreased by approximately 14.2% from approximately HK\$172.4 million for the year ended 31 March 2023 to approximately HK\$148.0 million for the year ended 31 March 2024. The decrease was primarily due to the decrease in purchase orders placed by customers.

### Establishment and operation of indoor theme parks

The revenue from establishment and operation of indoor theme parks increased by approximately 15.0% from approximately HK\$187.9 million for the year ended 31 March 2023 to approximately HK\$216.0 million for the year ended 31 March 2024. The increase was primarily due to increase in sales of admission tickets.

The number of visitors based on ticket sales significantly decrease by 41.7% from 1.2 million for the year ended 31 March 2023 to 0.7 million for the year ended 31 March 2024.

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

	<b>2024</b>	2023
	<b>'000</b>	'000
PRC	<b>368</b>	553
Japan	<b>380</b>	606

During the year ended 31 March 2024, certain promotional activities for stimulation of visiting were absent, compared to the last year, which was the year of recovery from the pandemic.

### **Multimedia animation entertainment**

During the year ended 31 March 2024, the Group recognised revenue of approximately HK\$3,000 from multimedia animation entertainment, but such revenue was not derived for the year ended 31 March 2023. The revenue from multimedia animation entertainment included income from licencing of animation characters, income for ticket sales for VR Game Centre, trading of VR gaming machines and event activities.

### **Cost of sales and services**

The cost of sales and services decreased by approximately HK\$31.7 million, or approximately 9.3%, from approximately HK\$340.4 million for the year ended 31 March 2023 to approximately HK\$308.7 million for the year ended 31 March 2024. The decrease was mainly due to the decrease in depreciation and amortization of theme park assets during the year ended 31 March 2024.

### **Gross profit and gross profit margin**

The Group's gross profit increased significantly by approximately HK\$35.5 million, or approximately 178.4%, from approximately HK\$19.9 million for the year ended 31 March 2023 to approximately HK\$55.4 million for the year ended 31 March 2024. The Group's gross profit margin increased significantly from approximately 5.5% for the year ended 31 March 2023 to approximately 15.2% for the year ended 31 March 2024. The significant increase in gross profit and gross profit margin was mainly due to the decrease in cost of sales and services recognized in theme park segment for the year ended 31 March 2024.

### **Other income**

Other income decreased by approximately HK\$15.8 million from approximately HK\$16.4 million for the year ended 31 March 2023 to approximately HK\$0.6 million for the year ended 31 March 2024. The decrease was primarily due to the gain on waiver of lease payables of HK\$11.5 million was received by SHANGHAI JOYPOLIS during the year ended 31 March 2023. Such relevant gain was absent for the year ended 31 March 2024.

## **Other gains and losses**

The Group recorded a loss of approximately HK\$13.0 million for the year ended 31 March 2024, compared to a gain of approximate HK\$3.0 million for the year ended 31 March 2023. This change was due to the Group recording an increase in net loss on written off and disposal of property, plant and equipment of approximately HK\$9.9 million for the year ended 31 March 2024, and a net loss on a put option to a non-controlling interest of approximately HK\$4.1 million for the year ended 31 March 2024, compared to a gain of approximately HK\$1.0 million for the year ended 31 March 2023.

## **Selling and distribution expenses**

The selling and distribution expenses decreased by approximately HK\$47.1 million, or approximately 68.1%, from approximately HK\$69.2 million for the year ended 31 March 2023 to approximately HK\$22.1 million for the year ended 31 March 2024. The Group's selling and distribution expenses as a percentage of revenue decreased from approximately 19.2% for the year ended 31 March 2023 to approximately 6.1% for the year ended 31 March 2024. The decrease was primarily due to decrease of marketing expenses of approximately HK\$42.5 million for the year ended 31 March 2024.

## **Research and development expenses**

The research and development expenses decreased by approximately HK\$247.7 million from approximately HK\$262.6 million for the year ended 31 March 2023 to approximately HK\$14.9 million for the year ended 31 March 2024.

The significant decrease in the research and development expenses were due to the Group's strategy for the year ended 31 March 2023 was to develop the online business including the Meta JOYPOLIS, virtual theme park, big data platform, online social media, Pop Toy platform and to upgrade the operating and gaming system of CA SEGA JOYPOLIS. The Group believed that these developments of new business can significantly increase the revenue of all the business segments of the Group.

These investment in research and development were planned to be financed by equity financing of approximately HK\$215 million by a subscriber, ACCP Global Limited. Please refer to the announcement dated 1 September 2021 of the Company. Due to the violation of the subscription agreement by the subscriber and the significant impact subsequently, the Group cannot raise fund to settle the expenses but to issue bonds to the service providers during the year under review.

## **Impairment losses under expected credit loss model, net of reversal**

The Group recognised approximately HK\$11.9 million impairment losses under expected credit loss model, net of reversal, for the year ended 31 March 2024 (year ended 31 March 2023: HK\$283.7 million).

The impairment losses under expected credit loss model, net of reversal, for the year ended 31 March 2024 comprised of impairment losses of trade receivables of approximately HK\$13.8 million (2023: approximately HK\$115.6 million), reversal of impairment losses of other receivables and deposits of approximately HK\$2.0 million (2023: approximately HK\$167.6 million) and impairment on financial asset at fair value through other comprehensive income of approximately HK\$29,000 (2023: approximately HK\$570,000).

### **Loss attributable to owners of the Company**

The loss attributable to owners of the Company decreased by approximately HK\$862.9 million, or approximately 83.5%, from approximately HK\$1,033.6 million for the year ended 31 March 2023 to approximately HK\$170.7 million for the year ended 31 March 2024. The reasons included (i) a decrease in an impairment loss of approximately HK\$45.3 million on property, plant and equipment, right-of-use assets and intangible assets; (ii) a decrease in an impairment loss of approximately HK\$271.9 million on certain other receivables and trade receivable which have been significantly past due; (iii) a decrease in selling, marketing and distribution expenses of approximately HK\$41.7 million; (iv) a decrease in research and development expenses of approximately HK\$247.7 million; and (v) a decrease in the share of loss of a joint venture and of associates of approximately HK\$185.8 million; and (vi) a decrease in administrative expenses of approximately HK\$82.7 million.

### **Deposits for acquisition of property, plant and equipment**

	<b>2024</b>	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Project</b>		
Development of Wonder Forest and Joypolis in Shanghai, PRC	<b>72,492</b>	72,492
Development and establishment of new Joypolis	<b>50,000</b>	54,400
	<b>122,492</b>	126,892

### **Other receivables, deposits and prepayments**

The amount was decreased by HK\$7.3 million from HK\$63.8 million for the year ended 31 March 2023 to HK\$56.5 million for the year ended 31 March 2024.



## USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The Company has received net proceeds of approximately HK\$298.6 million after deducting the underwriting fee and commissions and relevant expenses in connection with the global offering on 12 March 2015. As at 31 March 2024, approximately HK\$298.6 million of the net proceeds had been used by the Group. The unutilised net proceeds were deposited with a licenced bank in Hong Kong. The following sets forth a summary of the utilisation of the net proceeds:

	Planned use of the Net Proceeds		Actual utilised as at 31 March 2024	Unutilised as at 31 March 2024
	%	HK\$'million	HK\$'million	HK\$'million
For the capital expenditure and the working capital for the Shanghai <i>JOYPOLIS</i> and for use in planning the next <i>JOYPOLIS</i>	40.0	119.4	119.4	–
For possible investment in, acquisition of, and/or formation of strategic cooperation with, domestic or international companies which operate animation-related businesses, including without limitation, animation-related event organisers, mobile and internet applications developers and animation-related multi-media platforms	15.3	45.7	45.7	–
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	22.8	68.1	68.1	–
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>298.6</b>	<b>–</b>

## **CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 March 2024, 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 31 March 2024, the cash and bank balances of the Group were approximately HK\$11.7 million (31 March 2023: approximately HK\$36.2 million). The decrease was mainly due to the acquisition of loans in last year.

As at 31 March 2024, the Group had a gearing ratio (calculate as bank borrowings and other borrowings, lease liabilities, guaranteed note and bonds, divided by total assets) of approximately 258.7% (31 March 2023: approximately 195.6%).

During the year ended 31 March 2024, no bond was issued by the Company (31 March 2023: HK\$339.0 million).

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

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

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

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

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

## **MORTGAGES AND PLEDGES**

As at 31 March 2024, no bank deposit of the Group (31 March 2023: Nil) was pledged to a bank for banking facilities obtained.

## **CONTINGENT LIABILITIES**

The Group did not have significant contingent liabilities as at 31 March 2024 (31 March 2023: Nil).

## **FOREIGN EXCHANGE EXPOSURE**

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

## **SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

By an Order dated 21 April 2023 (the "**Court Order**") made by the High Court of the Hong Kong Special Administrative Region ("**Court**") in relation to the proposed scheme of arrangement between the Company and the creditors under the Companies Ordinance (Cap. 622) (the "**Scheme**"), the Court has directed that a scheme meeting (the "**Scheme Meeting**") be convened of the creditors of the Company for the purpose of considering and, if thought fit, approving (with or without modification or condition approved and imposed by the Court) the Scheme proposed to be made between the Company and the creditors pursuant to the Companies Ordinance (Cap. 622). The Scheme has been approved by the requisite majorities of the creditors of the Company on the Scheme Meeting on 27 June 2023. The Creditors' Scheme was sanctioned without modification by the order of the High Court of Hong Kong on 19 March 2024. The Creditors' Scheme will become effective when all the conditions precedent to the Creditors' Scheme, among others, the completion of the Subscriptions having taken place, are satisfied.

For details please refer to the announcements of the Company dated 5 June 2023 and 27 June 2023, and joint announcement issued by the Company and Kyosei-Bank Co., Ltd. dated 15 March 2023, 6 April 2023, 21 April 2023, 12 May 2023, 2 June 2023, 14 July 2023, 21 August 2023, 25 September 2023, 26 October 2023 and 13 November 2023, 22 December 2023, 22 January 2024, 9 February 2024, 8 March 2024, 10 April 2024, 13 May 2024 and 14 June 2024.

## **ENVIRONMENTAL POLICY**

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

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2024, the Group had 203 employees (31 March 2023: 301 employees). For the year ended 31 March 2024, employees' remuneration and benefits in kind and contribution to the pension scheme (including the Directors' remuneration and benefits in kind and contribution to the pension scheme) amounted to approximately HK\$75.5 million (31 March 2023: approximately HK\$72.5 million). The increase was mainly attributable to the increase of approximately HK\$2.8 million in contribution to retirement benefit schemes. The Group's remuneration package is determined with reference to the experience and qualification of the individual employees and the general market conditions. The Group also ensures that all employees are provided with adequate training and continued professional opportunities according to their needs. A share option scheme has been established to provide incentives and remuneration to eligible Directors and employees of the Group in recognition of their contributions. On 28 February 2022, 42,910,000 options have been granted to the eligible Directors, employees and a consultant pursuant to the share option scheme adopted by the Company on 16 February 2015. During the year ended 31 March 2024, 42,910,000 options were lapsed.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

Save as the repayment of guaranteed note and the placing of bonds as disclosed under the section headed "Capital Structure, Liquidity and Financial Resources" in this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities during the year ended 31 March 2024.

## **AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION**

The audit committee of the Board consists of three independent non-executive Directors, namely, Mr. HUNG Muk Ming (Chairman), Mr. WANG Guo Zhen and Mr. NI Zhenliang and have met the auditors of the Company, Messrs. KTC Partners CPA Limited, for the review of the Group's results for the year ended 31 March 2024.

The audit committee of the Board has reviewed the Company's audited consolidated financial statements for the year ended 31 March 2024 and the accounting principles and practices adopted by the Group and has discussed auditing, risk management, internal controls and financial reporting matters for the year ended 31 March 2024 with the management. They have also reviewed and approved the engagement of external auditors for providing non-audit services, the remuneration in respect of audit and non-audit services provided by external auditors, risk management and internal control systems and the effectiveness of the internal audit function.

## **OTHER INFORMATION**

### **Compliance with Corporate Governance Code**

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules during the Reporting Period.

#### **Code provision C.2.1**

The Code provision C.2.1 of the Corporate Governance Code in Appendix 14 of the Listing Rules stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. CHONG serves as chairman as well as chief executive officer of the Company and this dual role leadership has been in practice by the Company for many years. Such deviation is deemed appropriate as it is considered to be more efficient to have one single person to be chairman of the Company as well as to discharge the executive functions of a chief executive thereby enabling more effective planning and better execution of long-term strategies. In addition, the balance of power is ensured by the following reasons:

- the audit committee of the Company is comprised of all independent non-executive Directors; and
- the independent non-executive Directors have free and direct access to the Company’s external auditor and independent professional advisers when considered necessary.

The Board believes that the present structure is considered to be appropriate under the current size of operation, enabling the Company to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. CHONG, and believes that his appointment to the posts of chairman and chief executive officer is beneficial to the business prospects of the Company. The Company will review the current structure when and as it becomes appropriate.

Save as disclosed above, the Company has complied with the applicable code provisions of the CG Code during the Reporting Period.

## **COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTION**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set forth in Appendix 10 of the Listing Rules (the “**Model Code**”) as its own code of conduct regarding securities transaction by the Directors. Having made specific enquiry with the directors, all directors confirmed that they have fully complied with the required standard as set out in the Model Code throughout the year ended 31 March 2024.

The Board has also adopted the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision C.5.3 of the CG Code. No incident of non-compliance with the Model Code by the Company’s relevant employees has been noted during the Reporting Period after making reasonable enquiry.

The Company has complied with the applicable code provisions of the CG Code during the Reporting Period, except from the deviation from code provision C.2.1 of the CG Code.

## **FINAL DIVIDEND**

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 March 2024.

## **AUDIT COMMITTEE**

The Group’s annual results for 2024 have been reviewed by the Audit Committee of the Company.

The Audit Committee has considered and reviewed the Group’s annual results for the year ended 31 March 2024, the accounting principles and practices adopted by the Company and the Group and discussed matters in relation to internal control and financial reporting with the management. The Audit Committee considers that the annual financial results for the year ended 31 March 2024 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

## **SCOPE OF WORK OF KTC PARTNERS CPA LIMITED**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary announcement have been agreed by the Group’s auditor, KTC Partners CPA LIMITED, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by KTC Partners CPA LIMITED in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KTC Partners CPA LIMITED on the preliminary announcement.

## **EXTRACT OF INDEPENDENT AUDITOR'S REPORT**

The following is an extract of the independent auditors' report on the Group's consolidated financial statements for the year ended 31 March 2024 which included a disclaimer of opinion:

### **BASIS FOR DISCLAIMER OF OPINION**

#### **Material uncertainties relating to going concern**

As set out in Note 3.1 to the consolidated financial statements, the Group recorded a net loss of approximately HK\$170,311,000 for the year ended 31 March 2024, and, as at 31 March 2024, the Group recorded net current liabilities of approximately HK\$1,123,635,000 and net liabilities of approximately HK\$1,045,345,000. The Group's total bank and other borrowings, bonds payable and guaranteed notes amounted to approximately HK\$951,375,000, out of which approximately HK\$887,745,000 were due for repayment or would be due for repayment within the next twelve months, while its cash and cash equivalents amounted to approximately HK\$11,685,000 only as at 31 March 2024.

As at 31 March 2024, the Group has defaulted on repayment of certain bonds payable, a guaranteed note and other borrowings of approximately HK\$712,400,000, HK\$25,000,000 and HK\$66,411,000 respectively which were included as part of current liabilities as at 31 March 2024. Furthermore, the Group has received several demand letters and statutory demands from bondholders in relation to the repayment of the overdue principals and interest. Details of which are set out in Notes 33, 36 and 51 to the consolidated financial statements.

These conditions, together with other matters set out in Note 3.1 to the consolidated financial statements, indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

In assessing the appropriateness of the use of the going concern basis in the preparation of these consolidated financial statements, the directors of the Company have prepared a cash flow forecast covering a period of 12 months from the date of approval of the consolidated financial statements which takes into account of the plans and measures being taken by the Group to improve the Group's liquidity and financial position as set out in Note 3.1 to the consolidated financial statements. Based on the assessment made by the directors of the Company, assuming that the plans and measures can be successfully implemented or executed as scheduled, the directors are of the view that the Group is able to continue as a going concern and it is appropriate to prepare the consolidated financial statements on a going concern basis.



The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the successful eventual outcome of the abovementioned plans and measures, which as at the date of this report cannot be ascertained with reasonable certainty and are still subject to significant uncertainties, including whether:

- (i) the debt restructuring of the Group's bonds payables and amounts owed to the creditors of the Group will be successfully completed;
- (ii) the statutory demands will be successfully dismissed;
- (iii) additional new sources of financing as and when needed will be successfully obtained;
- (iv) measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses will be successfully implemented; and
- (v) relationship with the Group's other existing lenders will be successfully maintained such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings and other debts with principal and interest payments in default.

Should the Group fail to achieve successful outcomes from the above-mentioned plans and measures, it might not be able to continue to operate as a going concern. We have not been provided with sufficient appropriate audit evidence to conclude on the appropriateness of management's use of the going concern basis of accounting in the preparation of the consolidated financial statements because of the lack of detailed analyse provided by management to us in relation to its plans and measures which involve future actions in its going concern assessment which takes into account the uncertainty of outcome of these plans and measures and how variability in outcome would affect the future cash flows of the Group.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements and we were unable to determine whether such adjustment were necessary.

## **ANNUAL GENERAL MEETING**

The forthcoming Annual General Meeting ("AGM") will be held on Wednesday, 28 August 2024. A notice convening the AGM and all other relevant documents will be published and despatched to shareholders.



## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the AGM to be held on Wednesday, 28 August 2024, the registers of members of the Company will be closed from Friday, 23 August 2024 to Wednesday, 28 August 2024, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 22 August 2024.

## **PUBLICATION OF 2024 ANNUAL RESULTS AND ANNUAL REPORT**

This annual results announcement of the Group for 2024 is published on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.animatechina.com](http://www.animatechina.com). The 2023/24 Annual Report containing all applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the above websites in July 2024.

## **GENERAL INFORMATION**

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

## **PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this annual results announcement, the Company has maintained sufficient prescribed public float of the issued shares as required under the Listing Rules.

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

Hong Kong, 28 June 2024

*As of the date of this announcement, the executive Directors are Mr. Chong Heung Chung Jason and Ms. Liu Moxiang, and the independent non-executive Directors are Mr. Ni Zhenliang, Mr. Wang Guozhen and Mr. Hung Muk Ming.*