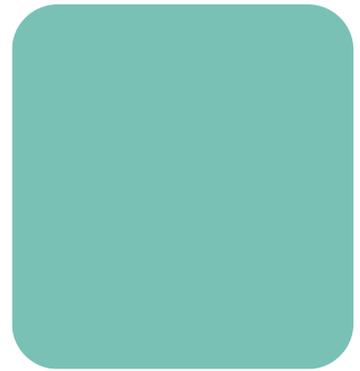




華夏文化科技集團  
CA CULTURAL TECHNOLOGY GROUP

# Interim Report 2021/22



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

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



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# CORPORATE INFORMATION

## Registered Office

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

## Principal Place of Business in Hong Kong

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

## Principal Place of Business in China

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

## Company's Website

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

## Executive Directors

Mr. CHONG Heung Chung Jason (莊向松)  
(formerly known as Mr. ZHUANG Xiangsong (庄向松))  
Mr. TING Ka Fai Jeffrey (丁家輝)  
Ms. LIU Moxiang (劉茉香)

## Independent Non-executive Directors

Mr. NI Zhenliang (倪振良)  
Mr. TSANG Wah Kwong (曾華光)  
Mr. HUNG Muk Ming (洪木明)

## Audit Committee of our Board

Mr. TSANG Wah Kwong (曾華光) (*Chairman*)  
Mr. HUNG Muk Ming (洪木明)  
Mr. NI Zhenliang (倪振良)

## Remuneration Committee of our Board

Mr. HUNG Muk Ming (洪木明) (*Chairman*)  
Mr. TSANG Wah Kwong (曾華光)  
Mr. TING Ka Fai Jeffrey (丁家輝)

## Nomination Committee of our Board

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

## Investment Committee of our Board

Mr. CHONG Heung Chung Jason (莊向松) (*Chairman*)  
Ms. LIU Moxiang (劉茉香)  
Mr. TSANG Wah Kwong (曾華光)  
Mr. TING Ka Fai Jeffrey (丁家輝)  
Mr. WONG Yee Shuen Wilson (黃以信) *FCCA*

## Authorised Representatives

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

## Company Secretary

Mr. LUK Sik Tat (陸適達) *FCCA, FCPA*

## Hong Kong Share Registrar

### Computershare Hong Kong Investor Services Limited

Shops 1712–1716  
17th Floor Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## Principal Share Registrar and Transfer Office

### Conyers Trust Company (Cayman) Limited

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

## Auditor

### KTC Partners CPA Limited

Room 617, Seapower Tower  
Concordia Plaza  
1 Science Museum Road  
Tsim Sha Tsui East  
Kowloon, Hong Kong

## Principal Bankers

### The Hongkong and Shanghai Banking Corporation Limited

Tsim Sha Tsui CVC Branch  
82–84 Nathan Road  
Kowloon, Hong Kong

### Hang Seng Bank Limited

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

### Bank of China (Hong Kong) Limited

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

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

For the six months ended 30 September 2021

		Six months ended 30 September	
	Notes	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue	4	309,274	172,374
Cost of sales and services		(240,388)	(134,205)
Gross profit		68,886	38,169
Other income		3,503	7,073
Other gains and losses	5	1,108	42,615
Selling and distribution expenses		(5,578)	(7,269)
Administrative expenses		(45,948)	(38,593)
Research and development expenses		(4,524)	(5,834)
Share of profit of associates		20,400	28,720
Share of profit of a joint venture		18,100	286
Finance costs		(24,271)	(45,012)
Provision for impairment loss under expected credit loss model, net of reversal		(4,581)	–
Profit before taxation		27,095	20,155
Taxation	6	(11,871)	(1,707)
Profit for the period	7	15,224	18,448
<b>Other comprehensive income/(expense):</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign subsidiaries		4,529	7,653
Fair value (loss)/gain on financial assets at fair value through other comprehensive income		(1,577)	9,921
Other comprehensive income for the period		2,952	17,574
Total comprehensive income for the period		18,176	36,022
Profit for the period attributable to:			
Owners of the Company		19,376	25,525
Non-controlling interests		(4,152)	(7,077)
		15,224	18,448
Total comprehensive income attributable to:			
Owners of the Company		21,941	42,596
Non-controlling interests		(3,765)	(6,574)
		18,176	36,022
Earnings per share	9		
– Basic (HK\$)		0.02	0.03
– Diluted (HK\$)		N/A	N/A

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	Notes	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	10	286,970	304,774
Right-of-use assets		135,912	153,261
Goodwill		2,425	2,450
Intangible assets	11	241,534	261,364
Interest in associates	12	237,223	215,824
Interest in a joint venture	13	126,929	108,829
Financial assets at fair value through other comprehensive income	14	56,690	48,007
Deposits for acquisition of property, plant and equipment		420,619	370,619
Other receivables		1,161	–
Rental deposits		16,784	16,788
		<b>1,526,247</b>	<b>1,481,916</b>
<b>Current assets</b>			
Inventories		1,653	861
Trade receivables	15	213,533	226,243
Other receivables, deposits and prepayments	16	615,607	435,025
Financial assets at fair value through profit or loss	18	819	805
Restricted bank balance		4,996	4,523
Pledged bank deposit		3,648	3,565
Bank balances and cash		22,286	56,012
		<b>862,542</b>	<b>727,034</b>
<b>Current liabilities</b>			
Trade and notes payables	19	1,109	1,367
Other payables and accruals		104,391	94,408
Amount due to a director	17	836	562
Contract liabilities		2,787	85,003
Lease liabilities		35,726	36,426
Tax payable		97,546	84,794
Bonds	21	198,729	199,397
Guaranteed note	20	60,000	78,991
Secured bank borrowings and other borrowings	22	29,903	21,353
		<b>531,027</b>	<b>602,301</b>
<b>Net current assets</b>		<b>331,515</b>	<b>124,733</b>
<b>Total assets less current liabilities</b>		<b>1,857,762</b>	<b>1,606,649</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	Notes	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
<b>Non-current liabilities</b>			
Bonds		171,730	158,704
Secured bank borrowings and other borrowings	22	97,773	80,664
Long term other payables		–	595
Lease liabilities		101,728	118,651
Deferred tax liabilities		197	910
Contract liabilities		36,235	40,222
Provision for reinstatement costs for rented premises		31,740	31,980
Obligation arising from a put option to non-controlling interests		3,065	3,065
Put option derivatives		1,517	1,517
		<b>443,985</b>	436,308
<b>Net assets</b>		<b>1,413,777</b>	1,170,341
<b>Capital and reserves</b>			
Share capital	23	107,170	98,170
Reserves		1,312,574	1,074,373
Equity attributable to owners of the Company		1,419,744	1,172,543
Non-controlling interests		(5,967)	(2,202)
<b>Total equity</b>		<b>1,413,777</b>	1,170,341

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Attributable to owners of the Company							Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Investments revaluation reserve HK\$'000	Share- based compensation reserve HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000			
At 1 April 2020	92,006	578,726	(5,331)	(80,378)	12,836	(90,368)	425,157	932,648	10,254	942,902
Profit for the period	-	-	-	-	-	-	25,525	25,525	(7,077)	18,448
Other comprehensive income for the period	-	-	7,150	-	-	-	-	7,150	503	7,653
Fair value loss on financial assets at fair value through other comprehensive income	-	-	-	9,921	-	-	-	9,921	-	9,921
Total comprehensive income for the period	-	-	7,150	9,921	-	-	25,525	42,596	(6,574)	36,022
Issue of new shares	4,400	117,433	-	-	-	-	-	121,833	-	121,833
Transfers to retained profits	-	-	-	(3,055)	-	-	3,055	-	-	-
At 30 September 2020 (unaudited)	96,406	696,159	1,819	(73,512)	12,836	(90,368)	453,737	1,097,077	3,680	1,100,757
At 1 April 2021	98,170	722,261	(7,813)	(73,100)	-	(91,110)	524,135	1,172,543	(2,202)	1,170,341
Profit for the period	-	-	-	-	-	-	19,376	19,376	(4,152)	15,224
Other comprehensive income for the period	-	-	4,142	-	-	-	-	4,142	387	4,529
Fair value loss on financial assets at fair value through other comprehensive income	-	-	-	(1,577)	-	-	-	(1,577)	-	(1,577)
Total comprehensive income/ (expense) for the period	-	-	4,142	(1,577)	-	-	19,376	21,941	(3,765)	18,176
Issue of new shares (Note 23)	9,000	216,260	-	-	-	-	-	225,260	-	225,260
At 30 September 2021 (unaudited)	107,170	938,521	(3,671)	(74,677)	-	(91,110)	543,511	1,419,744	(5,967)	1,413,777

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>36,429</b>	16,077
<b>INVESTING ACTIVITIES</b>		
Interest received	4	58
Advance to a director	–	(2,088)
Proceeds on disposal of property, plant and equipment	1,808	–
Purchase of property, plant and equipment	(533)	–
Acquisition of a subsidiary, net of cash and cash equivalents acquired	–	8,206
Investment in associates	–	(144,011)
Deposits paid for and purchase of property, plant and equipment	(50,000)	(1,246)
Proceeds of redemption of financial assets of fair value through profit or loss	–	10,168
Proceeds of redemption of financial assets at fair value through other comprehensive income	–	83,832
(Placement)/Withdrawal of pledged bank deposit	(83)	11,718
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(48,804)</b>	(33,363)
<b>FINANCING ACTIVITIES</b>		
Advance from/(Repayment to) a director	422	(897)
New bank loans raised	30,864	23,857
Proceeds from bonds issuance, net of issue expenses	56,485	53,400
Repayment of lease liabilities	(22,777)	(17,862)
Repayment of guaranteed note	(20,000)	–
Interest paid	(6,404)	(29,048)
Repayment of bank loans	(3,542)	(6,512)
Repayment of bonds	(58,600)	–
<b>NET CASH (USED IN)/FROM FINANCING ACTIVITIES</b>	<b>(23,552)</b>	22,938
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(35,927)</b>	5,652
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>56,012</b>	52,800
<b>EFFECTS OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>2,201</b>	6,253
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, REPRESENTING BANK BALANCES AND CASH</b>	<b>22,286</b>	64,705

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 1. General

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

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

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

## 2. Basis of Preparation

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

## 3. Principal Accounting Policies

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

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

### Application of new and amendments to HKFRSs

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

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
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The application of the new and revised standards in the current interim period has had no material impact on the amounts reported in these condensed consolidated financial statements and/or disclosures set in these condensed consolidated financial statements.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 4. Revenue and Segment Information

Revenue represents revenue arising from sales of animation derivative products, establishment and operation of indoor theme parks and multimedia animation entertainment in Hong Kong, Japan and the PRC during the six months ended 30 September 2021.

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

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

### Segment revenue and results

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

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

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

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

#### **For the six months ended 30 September 2020 (unaudited)**

	Sales of animation derivative products HK\$'000	Establishment and operation of indoor theme parks HK\$'000	Multimedia animation entertainment HK\$'000	Total HK\$'000
Segment revenue	59,847	98,489	14,038	172,374
Segment profit/(loss) (Note)	13,594	(23,446)	22,979	13,127
Unallocated income				6,790
Unallocated expenses				(10,177)
Other gains and losses				45,194
Share of profit of associates				286
Finance costs				(35,065)
Profit before taxation				20,155

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

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

#### Segment revenue and results (Continued)

Segment profit (loss) represents the profit (loss) earned (incurred) by each segment without allocation of certain administrative expenses, share-based payment expenses, share of result of an associate, finance costs, fair value gain on obligation arising from a put option to non-controlling interests, income tax expenses and unallocated income and expenses. This is the measure reported to CODM for the purpose of resource allocation and performance assessment.

All the segment revenue reported above is from external customers.

Timing of revenue recognition:

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

#### Segment assets and liabilities

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

#### Segment assets

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

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

#### Segment assets and liabilities (Continued)

##### Segment liabilities

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

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

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

These are the measures reported to the CODM for the purpose of resources allocation and assessment of segment performance.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

### 5. Other Gains and Losses

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

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

### 6. Taxation

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

Under the two-tiered profit tax rates regime in Hong Kong, the first HK\$2 million of profits of the qualifying group entity is taxed at 8.25%, and profit above HK\$2 million are taxed at 16.5%. The profit 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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

### 6. Taxation (Continued)

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

The Group only notified the Hong Kong Inland Revenue Department (“**IRD**”) of its assessable profits for the years of assessment 2008/09 to 2012/13 in February 2014. After filing the respective tax returns, the Group received Notices of Assessment for the year of assessment 2008/09 in March 2014, the year of assessment 2009/10 in May 2014, and the years of assessment 2010/11 to 2012/13 in July 2014 from the IRD which stated that tax payable for the years of assessment 2008/09 to 2012/13 amounting to approximately HK\$4,566,000 in aggregate, which is based on the amounts reported in tax returns filed by the Group for relevant years. As at 30 September 2021, the IRD has not issued any penalty notice to the Group in respect of the late notification of chargeability for the relevant years, the directors believe that the risk of the IRD issuing an additional assessment for year of assessment 2015/16 in respect of its offshore income claim is low.

The Group has lodged the offshore profits claims in respect of the trading income (other than trading income derived from Hong Kong affiliates of Japanese customers) and licensing income which were derived outside Hong Kong. Hence, the Group estimated the total tax payable for the years of assessment of 2008/09 to 2012/13 (on the assumption that the aforesaid offshore profit claims will be accepted by the IRD) amounted to HK\$4,566,000 and has already paid such amount to the IRD based on the tax returns received. As at 30 September 2021, the offshore profits claims are still under review by the IRD. The directors of the Company are of the opinion that in the event that the offshore profits claims in respect of the trading income are not accepted but the offshore profits claims in respect of the licensing income are accepted by the IRD, the estimated outstanding tax payable by the Group as at 30 September 2021 would be HK\$73,560,000 (31 March 2021: HK\$70,094,000). The directors believe that the Group has made appropriate provision in respect of the possible tax liability.

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

### 7. Profit for the Period

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

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

### 8. Dividends

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

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

### 9. Earnings Per Share

#### (a) Basic earnings per share

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

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

#### (b) Diluted earnings per share

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

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

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

During the current interim period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of HK\$936,000 (30 September 2020: HK\$2,507,000).

During the current interim period, the Group paid approximately HK\$533,000 (30 September 2020: HK\$1,246,000) for the acquisition of property, plant and equipment to expand its operations.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

### 11. Intangible Assets

	Film rights and applications HK\$'000 (Note i)	Animation characters HK\$'000 (Note ii)	Indoor theme park right HK\$'000 (Note iii)	Trademark HK\$'000 (Note iv)	Total HK\$'000
<b>COST</b>					
At 1 April 2020	192,788	65,906	2,279	26,517	287,490
Addition on acquisition of a subsidiary (Note 24)	–	46,364	–	–	46,364
Exchange adjustments	–	–	–	(465)	(465)
At 31 March 2021	192,788	112,270	2,279	26,052	333,389
Exchange adjustments	–	–	–	(261)	(261)
At 30 September 2021	192,788	112,270	2,279	25,791	333,128
<b>AMORTISATION</b>					
At 1 April 2020	9,022	6,426	1,368	17,157	33,973
Charge for the year	26,097	6,471	228	5,256	38,052
At 31 March 2021	35,119	12,897	1,596	22,413	72,025
Charge for the period	13,050	3,815	113	2,591	19,569
At 30 September 2021	48,169	16,712	1,709	25,004	91,594
<b>CARRYING VALUES</b>					
At 30 September 2021 (unaudited)	144,619	95,558	570	787	241,534
At 31 March 2021 (audited)	157,669	99,373	683	3,639	261,364

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. Included in Animation Characters is a shop design incorporating a brand name of an animation character, which were acquired in March 2020 with carrying amounts of approximately HK\$42,075,000 as at 30 September 2021 (HK\$44,550,000 as at 31 March 2021). The animation character brand name entitle the Group to generate licensing income for 5 to 10 years from the date of acquisition. The net carrying amount will therefore be amortised over the remaining useful lives of 5 to 10 years.
- During the year ended 31 March 2021, the Group has acquired copyrights of a series of animation characters through acquisition of a subsidiary, Flourishing Emerald Limited, at fair value of consideration of approximately HK\$46,364,000 with carrying amount of HK\$40,569,000 as at 30 September 2021 (HK\$42,887,000 as at 31 March 2021). See Note 24 for details.
- (iii) Indoor theme park right represents the acquired intellectual property rights in the form of trademarks and know-how under a licensing agreement (the “**Licensing Agreement**”) with SEGA Corporation, a Japanese corporation. The term of the Licensing Agreement is 10 years from the date of the Licensing Agreement which is renewable subject to negotiation among the parties concerned.
- (iv) The trademark acquired on acquisition of CA Sega Group under Trademark Licence Agreement (the “**Trademark Licence Agreement**”) with SEGA Holdings Co., Ltd. for a non-transferrable and non-exclusive right to use and sub-license the JOYPOLIS trademark for the establishment and operation of indoor theme parks with JOYPOLIS worldwide. The term of the Trademark Licence Agreement is 5 years from the date of the Trademark Licence Agreement which is renewable for another 5 years subject to negotiation among the parties concerned.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

### 11. Intangible Assets (Continued)

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

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

### 12. Interest in associates

	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
Share of net assets	237,223	215,824

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

	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
At beginning of the period/year	215,824	207,598
Share of post-acquisition profit and other comprehensive income	21,399	8,226
	237,223	215,824

### 13. Interest in a joint venture

	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
At beginning of the period/year	108,829	100,120
Share of post-acquisition profits and other comprehensive income	18,100	8,709
	126,929	108,829

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

### 13. Interest in a joint venture (Continued)

Details of the Group's joint venture as at 30 September 2021 and 31 March 2021 are as follows:

Name of joint venture	Place of establishment	Paid up registered capital	Proportion of equity interest held by the Group		Proportion of voting rights held by the Group		Principal activity
			30 September 2021	31 March 2021	30 September 2021	31 March 2021	
Success View Global Limited ("Success View")	BVI	USD25,770,100	50%	50%	50%	50%	Multimedia animation entertainment business

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

	30 September 2021 HK\$'000	31 March 2021 HK\$'000
<b>Success View</b>		
Current assets	96,192	27,484
Non-current assets	153,423	185,931
Current liabilities	(69)	(69)
Non-current liabilities	–	–
Revenue	41,225	54,967
Profit for the year	36,200	17,419
Other comprehensive income for the year	–	–
Total comprehensive income for the year	36,200	17,419

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

	30 September 2021 HK\$'000	31 March 2021 HK\$'000
Net assets of Success View	249,546	213,346
Proportion of the Group's ownership interest in Success View	50%	50%
Goodwill	2,156	2,156
Carrying amount of the Group's interest in Success View	126,929	108,829

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

### 14. Financial Assets at Fair Value through Other Comprehensive Income

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

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

### 15. Trade Receivables

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

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

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

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

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

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

### 16. Other Receivables, Deposits and Prepayments

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

Notes:

- (i) As at 30 September 2021, included in the balance of prepayments is a prepayment for purchase of animation derivative products made to the main supplier of the Group, amounting to approximately HK\$21,208,000 (31 March 2021: HK\$34,000,000), and prepayments of commission to a bond placement agency, amounting to approximately HK\$34,969,000 (31 March 2021: HK\$20,560,000).
- (ii) As at 30 September 2021, the balance represents the proceeds receivable from the subscriber with regard to the 86,000,000 ordinary shares issued and allotted by the Company at subscription price of HK\$2.5 per subscription share. For further information, please refer to the subsequent event in Note 27.

### 17. Amount Due to a Director

	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
Mr. Chong Heung Chung Jason	836	562

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

### 18. Financial Asset at Fair Value Through Profit or Loss

The amount represents structured deposits. The structured deposits are wealth management products issued by a bank in Mainland China and are classified as financial assets at fair value through profit or loss at 30 September 2021 and 31 March 2021 as their contractual cash flows are not solely payments of principal and interest. The Group uses structured deposits primarily to enhance the return on investment.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 19. Trade and Notes Payables

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

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

## 20. Guaranteed Note

On 27 September 2017, the Company issued HK\$200,000,000 of 7.5% secured guaranteed note (the “**Guaranteed Note**”), which was originally matured on 27 September 2018. During the year ended 31 March 2018, the Company repaid principal amount of HK\$60,000,000. The outstanding principal of HK\$140,000,000 has renewed maturity on 26 September 2019 and coupon rate of 9.5%. The interest on the Guaranteed Note is payable semi-annually in arrears and the note is denominated in HK\$. During the year ended 31 March 2020, the Company repaid principal amount of HK\$40,000,000 before the original maturity date, and the outstanding principal of HK\$100,000,000 was granted a further extension of maturity date by the purchaser to 26 September 2020, with a revised coupon rate of 10.5%. During the year ended 31 March 2021, the Company repaid principal amount of HK\$20,000,000 and the outstanding principal of HK\$80,000,000 was granted a further extension of maturity date by the subscriber to 25 September 2021, with a revised coupon rate of 8.5%. At 30 September 2021, the Guaranteed Note is subject to renewal, and before such further extended maturity date, a principal amount of HK\$20,000,000 was repaid. In the opinion of the directors of the Company, such revisions do not represent a substantial modification of the original Guarantee Note and accordingly, the effective interest rate, has been adjusted at the date of modification.

The Guaranteed Note was secured by the Company’s shares held by the Controlling Shareholder of the Company and guaranteed by the Controlling Shareholder of the Company. The proceeds were utilised for general corporate purpose and other investment opportunities.

## 21. Bonds

During the period ended 30 September 2021, the Company issued bonds at par in an aggregate principal amount of HK\$60,300,000 (31 March 2021: HK\$72,900,000) (the “**Bonds**”). The Bonds are denominated in HK\$ and are unlisted. The Bonds are unsecured and carry interest at a nominal rate ranging from 5.5% to 9% per annum (31 March 2021: 5.5% to 9% per annum), payable semi-annual and annual in arrears with a maturity period ranging from 0.5 to 7.5 years (31 March 2021: 1 to 7.5 years). As at 30 September 2021, bonds with principal amount of HK\$59,000,000 were matured without further extension granted. The proceeds are being utilized for development of the indoor theme park business and general working capital of the Group.

## 22. Bank and Other Borrowings

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

Included in the bank borrowings balance as at 30 September 2021 are secured bank borrowings of approximately HK\$33,953,000 (31 March 2021: HK\$10,303,000) which were secured by a property jointly owned by Mr. CHONG Heung Chung Jason and his spouse.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

### 23. Share Capital

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

Notes:

- (i) All the shares issued ranked pari passu in all respects with the then existing shares in issue.
- (ii) On 8 September 2021, the Company issued 4,000,000 shares for the acquisition of 95,000,000 shares of Future World Holdings Limited (0572.HK), representing approximately 8.684% of its issued share capital, which included in financial assets at fair value through other comprehensive income. Details please refer to the announcements to the Company dated 24 August 2021 and 8 September 2021.
- (iii) On 29 September 2021, the Company has allotted and issued 86,000,000 shares of HK\$0.1 each to the subscriber at the HK\$2.50. For further information, please refer to the subsequent event in Note 27.

### 24. Acquisition of a subsidiary

On 23 April 2020, the Company entered into the sale and purchase agreement (the “**S&P Agreement**”), as amended by a supplemental S&P Agreement dated 16 June 2020, respectively with Mr. Liu Zhongsheng (the “**Vendor**”) and Flourishing Emerald Limited (the “**Flourishing Emerald**”) in respect of the acquisition of Flourishing Emerald, pursuant to which the Company conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the entire issued share capital of Flourishing Emerald.

On 22 June 2020, the acquisition was completed as the conditions precedent to the completion had been fulfilled on 19 June 2020. The consideration is satisfied by the issue of 44,000,000 shares of the Company (the “**Consideration Shares**”). The fair value of the Consideration Shares on 19 June 2020, when the conditions precedents were met, is amounted to HK\$105,600,000. The fair value of the Consideration Shares was determined by reference to the published closing price of HK\$2.4 at the date of the conditions precedents were met.

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

### 24. Acquisition of a subsidiary (Continued)

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

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

### 25. Related Party Disclosures

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

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

		<b>Six months ended 30 September</b>	
		<b>2021</b>	2020
		<b>(Unaudited)</b>	(Unaudited)
		<b>HK\$'000</b>	HK\$'000
Controlling Shareholder	Rental expense for premises	116	–
SEGA Holdings	Royalty expense for trademark licence	879	428

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

Details of personal guarantees provided by related parties and details of pledges over assets of related parties in connection with the guaranteed note are set out in note 20.

#### (c) Details of the outstanding balances with other related parties are set out in note 17.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

### 25. Related Party Disclosures (Continued)

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

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

	Six months ended 30 September 2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Salaries and other benefits	4,183	4,297
Retirement benefit schemes contributions	105	116
	4,288	4,413

#### (e) Other related party transaction

Remuneration of approximately HK\$300,000 was paid to the spouse of the Controlling Shareholder during the period ended 30 September 2021.

### 26. Share-Based Payments

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

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

At 30 September 2020, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 12,873,240, representing 1.33% of the shares of the Company in issue at that date. As at 30 September 2020, the number of securities of the Company available for issue under the Scheme was 79,132,960, representing approximately 8.21% of the issued share capital of the Company as at 30 September 2020. The total number of shares of each Eligible Participant in respect of which options that may be granted under the Scheme is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. However, the total maximum number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Scheme and any other share option scheme of the Company must not exceed 10% of the issued share capital of the Company from time to time. Options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares as stated in the daily quotation sheet issued by the Stock Exchange at the date of the grant) in excess of HK\$5 million, within any 12-month period up to and including the date of grant, are subject to shareholders' approval in advance in a general meeting.



# MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

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

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

### Industry Review

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

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

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

### Business Review

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

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

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

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

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

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Prospects

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

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

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

A licensed large-scale CA SEGA JOYPOLIS indoor theme park project (10,000 square meters or more) will be launched in Jiangmen City, Guangdong Province China. The Group has also authorized a well-known property developer in the Mainland China to launch several large-scale CA SEGA JOYPOLIS indoor theme parks in China in the coming ten years, to further optimize the Group’s theme park layout.

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

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

#### To strengthen animation resources and r&d capabilities via m&a

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

#### To coordinate with national policies to press ahead cultural industry

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

In order to strengthen the synergy and operation efficiency of different business segments of the Group, the Group will seek for different kinds of new economic model and business cooperation model, including NFT, cooperation between indoor theme park and online Pop Toy Collectibles platform, to form a dual-introduction of traffic between online and offline platform, and to host different kinds of IP events to attract more animation IP lovers to visit theme parks to experience, at the same time, encourage more followers and sales of the online platform to stimulate the Group’s sales and further release the business value of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

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

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

#### Revenue

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

#### Sales of animation derivative products

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

#### Establishment and operation of indoor theme parks

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

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

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

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

#### Multimedia animation entertainment

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Review (Continued)

### Cost of sales and services

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

### Gross profit and gross profit margin

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

### Other gains and losses

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

### Selling and distribution expenses

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

### Research and development expenses

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

### Profit attributable to owners of the Company

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

## Use of Net Proceeds from the Global Offering

The Company has received net proceeds of approximately HK\$298.6 million after deducting the underwriting fee and commissions and relevant expenses in connection with the global offering on 12 March 2015. As at 30 September 2021, approximately HK\$251 million of the net proceeds had been used by the Group. The unutilised net proceeds were deposited with a licensed bank in Hong Kong. The following sets forth a summary of the utilisation of the net proceeds:

	Original planned allocation of net proceeds from the Global Offering		Actual utilised as at 30 September 2021	Unutilised as at 30 September 2021
	%	HK\$'million	HK\$'million	HK\$'million
For the capital expenditure and the working capital for the <i>Shanghai JOYPOLIS</i> and for use in planning the next <i>JOYPOLIS</i>	40.0	119.4	119.4	–
For possible investment in, acquisition of, and/or formation of strategic cooperation with, domestic or international companies which operate animation-related businesses, including without limitation, animation-related event organisers, mobile and internet applications developers and animation-related multi-media platforms	30.0	89.6	42.0	47.6
For the development, production and technical enhancement of music animation concerts and the related promotional and marketing activities and the development of consignment sales business	20.0	59.7	59.7	–
For working capital and general corporate purposes	10.0	29.9	29.9	–
<b>Total</b>	<b>100.0</b>	<b>298.6</b>	<b>251.0</b>	<b>47.6</b>

## Capital Structure, Liquidity and Financial Resources

As at 30 September 2021, the authorised share capital of the Company was HK\$500.0 million divided into 5,000,000,000 shares of HK\$0.1 each and the issued share capital of the Company was approximately HK\$107.2 million divided into 1,071,702,000 shares of HK\$0.1 each.

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

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

During the six months period ended 30 September 2021, the Company issued bonds in par in an aggregate principal amount of HK\$60.3 million. The bonds are denominated in HK\$ and are unlisted. The bonds are unsecured and carry interest at a nominal rate ranging from 5.5% to 9% per annum, payable semi-annually and annually in arrears with a maturity period ranging from 0.5 to 7.5 years. The proceeds were mainly utilised for the development of indoor theme park business and as general working capital of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Treasury Policies

The Group has adopted a prudent treasury policy and thus maintained a healthy liquidity position throughout the six months ended 30 September 2021. The Group strives to reduce credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage the liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

### Future Plans for Material Investments and Capital Assets

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

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

### Mortgages and Pledges

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

### Contingent Liabilities

The Group did not have significant contingent liabilities as at 30 September 2021 (31 March 2021: Nil).

### Foreign Exchange Exposure

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

### Environmental Policy

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

### Employees and Remuneration Policies

As at 30 September 2021, the Group had 353 employees (30 September 2020: 379 employees). For the six months ended 30 September 2021, employees' remuneration and benefits in kind and contribution to the pension scheme (including the Directors' remuneration and benefits in kind and contribution to the pension scheme) amounted to HK\$44.3 million (six months ended 30 September 2020: HK\$49.0 million). The decrease was mainly attributable to the decrease of HK\$3.5 million in employee remuneration and the decrease of HK\$1.3 million in the retirement benefits scheme contributions. The Group's remuneration package is determined with reference to the experience and qualification of the individual employees and the general market conditions. The Group also ensures that all employees are provided with adequate training and continued professional opportunities according to their needs.

### Purchase, Sale or Redemption of Shares

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

### Audit Committee and Review of Interim Financial Results

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

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

### Interim Dividend

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

### Compliance with Model Code for Securities Transaction

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set forth in Appendix 10 of the Listing Rules (the "**Model Code**") as its own code of conduct regarding securities transaction by the Directors. Having made specific enquiry with the Directors, all Directors confirmed that they have fully complied with the required standard as set out in the Model Code throughout the six months ended 30 September 2021.

### Public Float

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

## OTHER INFORMATION

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

As of 30 September 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were set forth below:

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

Name of Directors	Capacity/nature of interest	Name of the controlled corporations	Number of shares	Approximate percentage of shares in issue
CHONG Heung Chung Jason	Interest of controlled corporation (Note 1)	Bright Rise	256,101,000 (L)	23.90%
	Interest in persons acting in concert (Note 2)	–	360,635,000 (L)	33.65%
	Spouse interest (Note 3)	–	360,635,000 (L)	33.65%
TING Ka Fai Jeffrey	Interest of controlled corporation (Note 4)	Bonville Glory Limited	12,900,000 (L)	1.20%
	Interest in persons acting in concert (Note 2)	–	360,635,000 (L)	33.65%

Notes:

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

Save as disclosed above, as at 30 September 2021, none of the Directors or chief executive or their respective associates had any interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

## Substantial Shareholders

As of 30 September 2021, the following persons or corporations, other than the Directors or chief executive of the Company, had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

	Name of Shareholders	Capacity	Number of shares	Shareholding percentage of shares in issue (%)
Long position	Bright Rise	Beneficial owner	256,101,000	23.90
		Interest in persons acting in concert <sup>(1)</sup>	360,635,000	33.65
	Newgate (PTC) Limited as trustee of The Fortune Trust created by Mr. CHONG	Interest in a controlled corporation <sup>(2)</sup>	360,635,000	33.65
		Interest in persons acting in concert <sup>(1)</sup>	360,635,000	33.65
	Mr. CHONG, Ms. LEE Sui Fong Fiona and their children, being the beneficiaries of The Fortune Trust	Interest in a controlled corporation <sup>(2)</sup>	256,101,000	23.90
		Interest in persons acting in concert <sup>(1)</sup>	360,635,000	33.65
	Fortress Strength Limited	Beneficial owner	17,025,000	1.59
		Interest in persons acting in concert <sup>(1)</sup>	360,635,000	33.65
	Ms. LEE Sui Fong Fiona	Interest in a controlled corporation <sup>(3)</sup>	17,025,000	1.59
		Interest in persons acting in concert <sup>(1)</sup>	360,635,000	33.65
		Spouse interest <sup>(4)</sup>	360,635,000	33.65
	Dragon Year Group Limited	Beneficial owner	50,280,000	4.69
		Interest in persons acting in concert <sup>(1)</sup>	360,635,000	33.65
	Mr. Shinichiro IKEDA	Personal interest	12,000,000	1.12
		Interest in a controlled corporation <sup>(7)</sup>	50,280,000	4.69
		Interest in persons acting in concert <sup>(1)</sup>	360,635,000	33.65

## OTHER INFORMATION

### Substantial Shareholders (Continued)

Name of Shareholders	Capacity	Number of shares	Shareholding percentage of shares in issue (%)
Bonville Glory Limited	Beneficial owner	12,900,000	1.20
	Interest in persons acting in concert <sup>(1)</sup>	360,635,000	33.65
Mr. TING Ka Fai Jeffrey	Interest in a controlled corporation <sup>(5)</sup>	12,900,000	1.20
	Interest in persons acting in concert <sup>(1)</sup>	360,635,000	33.65
East Jumbo Development Limited	Beneficial owner	12,329,000	1.15
	Interest in persons acting in concert <sup>(1)</sup>	360,635,000	33.65
Ms. OR Den Fung Bonnie	Interest in a controlled corporation <sup>(6)</sup>	12,329,000	1.15
	Interest in persons acting in concert <sup>(1)</sup>	360,635,000	33.65
Short position	Nil	Nil	Nil

Notes:

- (1) Pursuant to the concert party agreement, the concert parties have agreed with certain arrangements pertaining to their shareholdings. Further information on the terms and conditions of the concert party agreement is set forth in the section headed "Controlling Shareholders and Substantial Shareholders – Summary of Concert Party Agreement" in the Prospectus.
- (2) Newgate (PTC) Limited is the sole shareholder of Bright Rise and it holds all the shares of Bright Rise in its capacity as the trustee of The Fortune Trust created by Mr. CHONG in the Cayman Islands. The beneficiaries of The Fortune Trust currently include Mr. CHONG and his family member. Bright Rise is the registered and beneficial owner of 256,101,000 Shares.
- (3) Ms. LEE is the sole beneficial owner of all issued shares of Fortress Strength Limited which is the registered and beneficial owner of 17,025,000 Shares.
- (4) Ms. LEE is the spouse of Mr. CHONG and she is deemed to be interested in our Shares interested by Mr. CHONG under the SFO.
- (5) Mr. TING is the sole beneficial owner of all issued shares of Bonville Glory Limited which is the registered and beneficial owner of 12,900,000 Shares.
- (6) Ms. OR is the sole beneficial owner of all issued shares of East Jumbo Development Limited which is the registered and beneficial owner of 12,329,000 Shares.
- (7) Mr. Shinichiro Ikeda is the sole beneficial owner of all issued shares of Dragon Year Group Limited which is the beneficial owner of 50,280,000 Shares.

Save as disclosed above, as of 30 September 2021, the Directors were not aware of any persons or corporations, other than the Directors or chief executive of the Company, who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## Purchase, Sale or Redemption of Shares

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

## Audit Committee and Review of Interim Financial Results

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

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

## Compliance with Code on Corporate Governance Practices

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

### Code Provision A.2.1

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



## OTHER INFORMATION

### Compliance with Model Code for Securities Transaction

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set forth in Appendix 10 of the Listing Rules (the “**Model Code**”) as its own code of conduct regarding securities transaction by the Directors. Having made specific enquiry with the Directors, all Directors confirmed that they have fully complied with the required standard as set out in the Model Code throughout the six months ended 30 September 2021.

By order of the Board

**CHONG Heung Chung Jason**  
*Chief Executive Officer and Executive Director*  
Hong Kong, 30 November 2021