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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 2025

31 MARCH 2025 FINANCIAL HIGHLIGHTS

- Revenue was approximately HK\$367.0 million for the year ended 31 March 2025, representing an increase of approximately 0.8% as compared with approximately HK\$364.0 million for the year ended 31 March 2024.
- Gross profit was approximately HK\$89.1 million for the year ended 31 March 2025, representing a significant increase of approximately 60.8% as compared with approximately HK\$55.4 million for the year ended 31 March 2024. Gross profit margin for the year ended 31 March 2025 was approximately 24.3%, representing an increase of approximately 9.1% as compared with approximately 15.2% for the year ended 31 March 2024.
- Loss attributable to owners of the Company was approximately HK\$33.0 million for the year ended 31 March 2025, representing a significant decrease of approximately 80.7% as compared with a loss of approximately HK\$170.7 million for the year ended 31 March 2024.
- Basic loss per share amounted to approximately 2.8 HK cents for the year ended 31 March 2025, representing a significant decrease of approximately 80% as compared with basic loss per share of approximately 14 HK cents for the year ended 31 March 2024.

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 2025, together with the comparative figures, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue	4	366,959	364,028
Cost of sales and services		(277,816)	(308,652)
Gross profit		89,143	55,376
Other income		1,023	586
Other gains and losses	5	45,893	(12,959)
Selling, marketing and distribution expenses		(21,832)	(22,050)
Administrative expenses		(70,627)	(73,031)
Research and development expenses		(8,155)	(14,907)
Share of (loss)/profit of associates		(10)	138
Finance costs		(97,099)	(93,994)
Impairment loss on property, plant and equipment		–	(5,418)
Impairment loss on right-of-use assets		–	(8,099)
Impairment loss on investment in an associate		(2,731)	–
Reversal of/(provision for) impairment loss under expected credit loss model, net of reversal		24,009	(11,876)
Loss before taxation		(40,386)	(186,234)
Income tax (expense)/credit	6	(526)	15,923
Loss for the year	7	(40,912)	(170,311)

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Other comprehensive income (expense):			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of defined benefit plans		(856)	(1,087)
Fair value gain/(loss) on financial assets at fair value through other comprehensive income			
– investment in equity instrument at fair value through other comprehensive income		6	(87)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Fair value loss on financial assets at fair value through other comprehensive income			
– investment in debt instrument at fair value through other comprehensive income		(132)	(801)
Exchange differences arising on translation of:			
– subsidiaries		(1,391)	11,803
Other comprehensive (expense)/income for the year		(2,373)	9,828
Total comprehensive expense for the year		(43,285)	(160,483)
Loss for the year attributable to:			
Owners of the Company		(33,043)	(170,679)
Non-controlling interests		(7,869)	368
		(40,912)	(170,311)
Total comprehensive (expense)/income attributable to:			
Owners of the Company		(34,980)	(161,198)
Non-controlling interests		(8,305)	715
		(43,285)	(160,483)
Loss per share	9		
– Basic (HK\$)		(0.028)	(0.14)
– Diluted (HK\$)		(0.028)	(0.14)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

		2025	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		42,440	62,737
Right-of-use assets		118,367	82,699
Goodwill		2,425	2,425
Intangible assets	<i>11</i>	–	–
Interest in associates		–	5,666
Interest in a joint venture	<i>12</i>	–	–
Financial assets at fair value through other comprehensive income	<i>10</i>	3,304	3,542
Deposits for acquisition of property, plant and equipment	<i>14</i>	72,112	72,492
Deposit for theme park development projects	<i>14</i>	50,000	50,000
Rental deposits		11,676	11,504
		300,324	291,065
Current assets			
Inventories		6,657	5,521
Trade receivables	<i>13</i>	57,681	41,609
Other receivables, deposits and prepayments	<i>14</i>	49,489	56,540
Financial assets at fair value through profit or loss		–	733
Restricted bank balances and cash		2,240	781
Bank balances and cash		11,384	11,685
		127,451	116,869

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current liabilities			
Trade payables	<i>15</i>	4,026	6,255
Other payables and accruals		338,175	279,338
Amount due to a director	<i>16</i>	82	–
Contract liabilities		19,496	20,081
Tax payable		25,652	25,877
Guaranteed note		25,000	25,000
Bonds		721,755	712,400
Lease liabilities		10,942	21,208
Bank and other borrowings	<i>17</i>	162,565	150,345
		<u>1,307,693</u>	<u>1,240,504</u>
Net current liabilities		<u>(1,180,242)</u>	<u>(1,123,635)</u>
Total assets less current liabilities		<u>(879,918)</u>	<u>(832,570)</u>
Non-current liabilities			
Bonds		–	8,644
Bank and other borrowings	<i>17</i>	48,915	54,986
Lease liabilities		98,465	82,554
Contract liabilities		24,578	28,086
Provision for reinstatement costs for rented premises		25,854	23,754
Obligation arising from a put option to a non-controlling interest		10,900	10,871
Put option derivatives		–	3,880
		<u>208,712</u>	<u>212,775</u>
Net liabilities		<u>(1,088,630)</u>	<u>(1,045,345)</u>
Capital and reserves			
Share capital		118,204	118,204
Reserves		<u>(1,191,226)</u>	<u>(1,156,246)</u>
Equity attributable to owners of the Company		(1,073,022)	(1,038,042)
Non-controlling interests		<u>(15,608)</u>	<u>(7,303)</u>
Total capital deficiency		<u>(1,088,630)</u>	<u>(1,045,345)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

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’s shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and have been suspended for trading since 21 November 2024.

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 HKFRS ACCOUNTING STANDARDS

New and amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRS Accounting Standards as 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 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

Except for the amendments to HKFRS Accounting Standard 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 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or noncurrent, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.
- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity’s own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity’s right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

Amendments to HKFRS Accounting Standards in issue but not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

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

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards 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\$40,912,000 for the year ended 31 March 2025, and, as at 31 March 2025, the Group recorded net current liabilities of HK\$1,180,242,000 and net liabilities of HK\$1,088,630,000. The Group’s total bank and other borrowings, bonds payable and guaranteed notes amounted to HK\$958,235,000, out of which HK\$909,320,000 were due for repayment or would be due for repayment within the next twelve months, while its cash and cash equivalents amounted to HK\$11,384,000 only as at 31 March 2025.

As at 31 March 2025, the Group also has defaulted on repayment of certain bonds payable, a guaranteed note and other borrowings of approximately HK\$712,655,000, HK\$25,000,000 and HK\$78,977,000 respectively which were included as part of current liabilities as at 31 March 2025. 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 collect the outstanding sales proceeds and control costs and expenses effectively;
- (v) successful maintaining relationships with the Group’s existing lenders such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings and other debts for which principal and interest payments are 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 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 (the "**Subscription**") for the benefit of the Scheme creditors. For details, please refer to the Company's announcement dated 15 March 2023.

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 was 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.

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Sales of animation derivative products	147,229	146,285
Sales of admission tickets	186,862	209,115
Sales of theme park machineries	25,018	6,957
Licensing income of indoor theme parks	2,648	1,668
Licensing income from multimedia animation entertainment	128	3
Sales of other products	513	–
Revenue from provision of theme park design and consultancy services	4,561	–
	<u>366,959</u>	<u>364,028</u>

Timing of revenue recognition:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
At point in time	364,183	361,791
Over time	2,776	2,237
	<u>366,959</u>	<u>364,028</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\$4,370,000 as at 31 March 2025 (2024: HK\$3,649,000). There is generally only one performance obligation.

Licensing income of indoor theme parks

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.

The licensing income is included in the segment revenue of 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.

Provision for theme park design and consultancy services

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

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

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

	Establishment and operation of indoor theme park	
	2025	2024
	HK\$'000	HK\$'000
Within one year	1,608	1,618
More than one year but not more than two years	1,608	1,618
More than two years	5,495	7,146
	8,711	10,382

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>
For the year ended 31 March 2025				
Segment revenue	<u>147,229</u>	<u>219,087</u>	<u>643</u>	<u>366,959</u>
Segment (loss)/profit	<u>(12,176)</u>	<u>113,136</u>	<u>9,180</u>	<u>110,140</u>
Unallocated expense				(58,329)
Unallocated other income, other gains and losses				2,710
Unallocated finance cost				(92,176)
Unallocated impairment loss on investment in an associate				<u>(2,731)</u>
Loss before tax				<u><u>(40,386)</u></u>
For the year ended 31 March 2024				
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><u>(186,234)</u></u>

(i) There was no inter-segment revenue for the years ended 31 March 2025 and 2024.

(b) Segment assets and liabilities

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

Segment assets

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Sales of animation derivative products	83,241	90,073
Establishment and operation of indoor theme parks	317,649	288,270
Multimedia animation entertainment	4,828	5,159
	<hr/>	<hr/>
Total segment assets	405,718	383,502
Unallocated property, plant and equipment	38	147
Unallocated interest in associates	–	2,740
Unallocated other receivables, deposits and prepayments	2,666	2,379
Goodwill	2,425	2,425
Financial assets at FVTPL	–	733
Financial assets at FVTOCI	3,304	3,542
Restricted bank deposit and cash	2,240	781
Bank balances and cash	11,384	11,685
	<hr/>	<hr/>
Consolidated total assets	427,775	407,934

Segment liabilities

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Sales of animation derivative products	2,717	3,502
Establishment and operation of indoor theme parks	213,633	241,862
	<hr/>	<hr/>
Total segment liabilities	216,350	245,364
Unallocated other payables and accruals	305,186	215,912
Amount due to a director	82	–
Bank and other borrowings	211,480	205,331
Tax payable	25,652	25,877
Bonds	721,755	721,044
Guaranteed note	25,000	25,000
Obligation arising from a put option to a non-controlling interest	10,900	10,871
Put option derivatives	–	3,880
	<hr/>	<hr/>
Consolidated total liabilities	1,516,405	1,453,279

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>
2025						
Amounts included in the measurement of segment profit or loss and segment assets:						
Addition to right-of-use assets	-	683	-	683	-	683
Additions to property, plant and equipment	-	1,737	79	1,816	380	2,196
Depreciation of property, plant and equipment	5,997	14,558	7	20,562	109	20,671
Depreciation of right-of-use assets	587	15,769	-	16,356	-	16,356
Share of (loss)/profit of associates	-	-	-	-	(10)	(10)
Impairment loss/(reversal of impairment loss) under expected credit loss model, net of reversal	7,272	(22,500)	(8,942)	(24,170)	161	(24,009)
Research and development costs	-	8,155	-	8,155	-	8,155
Finance costs	-	4,923	-	4,923	92,176	97,099
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:						
Income tax expense	-	(526)	-	(526)	-	(526)

	Sales of animation derivative products HK\$'000	Establishment and operation of indoor theme parks HK\$'000	Multimedia animation entertainment HK\$'000	Segment total HK\$'000	Unallocated HK\$'000	Total HK\$'000
2024						
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/(reversal of 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:						
Income tax credit	<u>11,418</u>	<u>4,505</u>	<u>-</u>	<u>15,923</u>	<u>-</u>	<u>15,923</u>

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
PRC	17,371	33,772
Hong Kong	111,105	82,778
Japan	238,483	247,478
	<u>366,959</u>	<u>364,028</u>

Non-current assets by geographical location

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
PRC*	144,979	228,265
Hong Kong	50	148
Japan	133,987	39,146
Cambodia	6,328	8,460
	<u>285,344</u>	<u>276,019</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:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Customer A ¹	90,319	82,772
Customer B ²	N/A ²	41,294

¹ Revenue from sales of animation derivative products.

² The corresponding revenue did not contribute to over 10% of the total revenue for the year ended 31 March 2025.

5. OTHER GAINS AND LOSSES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Net foreign exchange (loss)/gain	(9)	234
Gain on waiver of lease payable	18,451	–
Net gain/(loss) on a put option to a non-controlling interest	3,894	(4,149)
Loss on disposal of property, plant and equipment	(2,860)	(11,616)
Gain on settlement of a legal case	–	1,377
Gain on derecognition of right-of-use assets and lease liabilities	29,461	–
Loss on disposal of an associate	(2,926)	–
Other (loss)/gain	(118)	1,195
	<u>45,893</u>	<u>(12,959)</u>

6. INCOME TAX (EXPENSE)/CREDIT

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
The tax credit comprises:			
Hong Kong Profits Tax:			
Current tax		–	–
Overprovision in prior years	<i>(i)</i>	–	(13,459)
Underprovision in prior years	<i>(ii)</i>	–	1,188
PRC Enterprise Income Tax (“EIT”)			
Overprovision in prior years		–	(3,957)
Corporate tax in Japan			
Current tax		526	305
		<u>526</u>	<u>(15,923)</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% (2024: 23.25%) on the estimated assessable profit. Pursuant to relevant laws and regulations in Japan, withholding tax is imposed at 20.42% (2024: 20.42%) and 5% (2024: 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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss for the year has been arrived at after charging:		
Cost of sales and services		
Staff costs:		
Salaries and other benefits	25,102	31,561
Retirement benefit schemes	3,737	5,176
Defined benefits costs	445	–
Depreciation of property, plant and equipment	13,818	38,200
Depreciation of right-of-use assets	15,363	24,965
Cost of inventories recognised as expenses		
– sales of animation derivative products	136,376	138,714
– sales of theme park machineries	22,948	7,786
– sales of other products	402	–
Building management fee	9,055	11,763
Short-term and low value leases	3,708	2,636
Outsourcing cost for operation of indoor theme parks	9,803	9,068
Utility cost for operation of indoor theme parks	9,198	9,066
Licensing fee for operation of indoor theme parks	5,582	4,801
Written down of inventories	540	–
Other operating cost of indoor theme parks	21,739	24,916
	<u>277,816</u>	<u>308,652</u>

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Administrative expenses		
Staff Costs:		
Directors' emoluments	3,145	3,755
Salaries and other benefits	21,143	26,038
Retirement benefit schemes	2,912	6,995
Defined benefits costs	309	1,195
	<u>27,509</u>	<u>37,983</u>
Auditor's remuneration		
– audit services	3,200	3,226
Legal and professional fess	14,644	14,032
Depreciation of property, plant and equipment	6,779	535
Depreciation of right-of-use assets	587	41
Unwinding of provision for reinstatement cost for rented premises	192	126
Short-term and low value leases	2,928	2,887
Service fee	3,334	3,168
Travelling expenses	2,495	2,260
Entertainment expenses	2,844	2,141
Amortisation of intangible assets	–	2,188
Other administrative expenses	6,115	4,444
	<u>70,627</u>	<u>73,031</u>
Research and development expenses		
– Operation of indoor theme parks		
Staff Costs:		
Salaries and other benefits	6,169	5,120
Retirement benefit schemes	1,078	617
Defined benefits costs	203	–
Depreciation of property, plant and equipment	74	–
Depreciation of right-of-use assets	406	433
Research cost for a theme park development project	–	4,400
Other research and development cost	225	3,603
– Multimedia animation entertainment		
Other research and development cost	–	734
	<u>8,155</u>	<u>14,907</u>

8. DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 March 2025 (2024: 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\$33,043,000 (2024: HK\$170,679,000) and the weighted average of 1,182,042,000 ordinary shares (2024: 1,182,042,000 ordinary shares) in issue during the year.

(b) Diluted loss per share

For the years ended 31 March 2025 and 2024, 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 2025 and 2024.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at FVTOCI include the following:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Equity instruments at fair value through other comprehensive income		
Equity securities listed in Hong Kong (i)	32	25
	<u>32</u>	<u>25</u>
Debt instruments at fair value through other comprehensive income		
Investments on unlisted bonds (ii)	3,272	3,517
	<u>3,304</u>	<u>3,542</u>

- (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) 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 in June 2026.

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>
COST					
At 1 April 2023, 31 March 2024 and 2025	192,788	112,270	2,279	25,793	333,130
AMORTISATION AND IMPAIRMENT					
At 1 April 2023	191,825	111,273	2,051	25,793	330,942
Charge for the year	963	997	228	–	2,188
At 31 March 2024 and 2025	192,788	112,270	2,279	25,793	333,130
CARRYING VALUES					
At 31 March 2025	–	–	–	–	–
At 31 March 2024	–	–	–	–	–

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 A JOINT VENTURE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Cost of investment in a joint venture	100,120	100,120
Share of post-acquisition loss and other comprehensive expense	<u>(97,964)</u>	<u>(97,964)</u>
	2,156	2,156
Less: Impairment loss	<u>(2,156)</u>	<u>(2,156)</u>
Carrying amount of the Group's investment in Success View	<u><u>–</u></u>	<u><u>–</u></u>

Details of the Group's joint venture as at 31 March 2025 and 2024 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
			2025	2024	2025	2024	
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.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Success View		
Current assets	1	1
Current liabilities	(138)	(138)
Revenue	–	–
Loss for the year	–	(31)
Other comprehensive income for the year	–	–
Total comprehensive expense for the year	<u><u>–</u></u>	<u><u>(31)</u></u>

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

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net liabilities of Success View	(137)	(137)
Proportion of the Group's ownership interest in Success View	50%	50%
The Group's interest in Success View	(69)	(69)
Unrecognised share of loss	69	69
Group's share of net assets	–	–
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 2025 and 2024 because the Group's share of losses in the joint venture has accumulated up to its interest in the joint venture.

13. TRADE RECEIVABLES

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade Receivables	292,585	269,739
Less: accumulated impairment losses	(234,904)	(228,130)
	<u>57,681</u>	<u>41,609</u>

As at 1 April 2023, the trade receivables from contracts with customers (net of accumulated impairment loss) amounted to approximately HK\$53,924,000.

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:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 90 days	56,890	34,071
91 to 180 days	352	280
181 to 365 days	439	6,592
Over 365 days	–	666
	<u>57,681</u>	<u>41,609</u>

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:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 90 days	43,346	29,486
91 to 180 days	352	6,496
181 to 365 days	439	1,040
	<u>44,137</u>	<u>37,022</u>

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
United States Dollars ("US\$")	<u>31,713</u>	<u>22,704</u>

14. 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>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Deposit for acquisition of property, plant and equipment	<i>(i)</i>	72,112	72,492
Deposits for theme park development projects	<i>(ii)</i>	<u>50,000</u>	<u>50,000</u>

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 2025 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.

Current assets:

		2025	2024
	Notes	HK\$'000	HK\$'000
Rental deposit		742	4,748
VAT recoverable		649	625
Other receivables		27	793
Prepayments	(i)	47,525	50,169
Amounts due from associates		–	31
Amount due from a joint venture		–	48
Interest receivable		342	85
Deposit paid		204	41
		<u>49,489</u>	<u>56,540</u>

Note:

- (i) As at 31 March 2025, included in the balance of prepayments is a prepayment for purchase of animation derivation products made to the main supplier of the Group, amounting to approximately HK\$40,291,000 (2024: HK\$42,321, 000).

15. TRADE PAYABLES

	2025	2024
	HK\$'000	HK\$'000
Trade payables	<u>4,026</u>	<u>6,255</u>
	<u>4,026</u>	<u>6,255</u>

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

	2025	2024
	HK\$'000	HK\$'000
0 to 30 days	796	630
31 to 60 days	–	32
61 to 90 days	–	57
Over 90 days	<u>3,230</u>	<u>5,536</u>
	<u>4,026</u>	<u>6,255</u>

16. AMOUNT DUE TO A DIRECTOR

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Chong Heung Chung Jason	<u>82</u>	<u>–</u>

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

17. BANK AND OTHER BORROWINGS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Bank borrowings and overdraft	59,279	80,490
Other borrowings	<u>152,201</u>	<u>124,841</u>
	<u>211,480</u>	<u>205,331</u>

(i) Bank borrowings

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
The carrying amount of the bank borrowing are repayable		
Within one year	10,922	26,883
Within a period of more than one year but not exceeding two years	19,670	8,230
Within a period of more than two years but not exceeding five years	25,575	31,936
More than five years	<u>3,112</u>	<u>13,441</u>
	<u>59,279</u>	<u>80,490</u>
Less: Amount due within 1 year shown under current liabilities	<u>(10,922)</u>	<u>(26,883)</u>
Amount of bank borrowing shown under non-current liabilities	<u>48,357</u>	<u>53,607</u>

(ii) Other Borrowings

	2025	2024
	HK\$'000	HK\$'000
The carrying amount of the other borrowings is repayable		
Within one year	151,643	123,462
Within a period of more than one year but not exceeding two years	558	827
Within a period of more than two years but not exceeding five years	<u>–</u>	<u>552</u>
	152,201	124,841
Less: Amount due within 1 year shown under current liabilities	<u>(151,643)</u>	<u>(123,462)</u>
Amount of other borrowings shown under non-current liabilities	<u>558</u>	<u>1,379</u>
Bank and other borrowings shown under non-current liabilities	<u>48,915</u>	<u>54,986</u>
Bank and other borrowings shown under current liabilities	<u>162,565</u>	<u>150,345</u>

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 two large-scale theme parks CA SEGA JOYPOLIS in Tokyo and Sendai, 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 Joypolis Sports, which is invested and established by an external investor and licensed by the Group was opened in December 2024. It becomes the Group's first operating park in Hong Kong at the Kai Tak Sports Park, which makes an additional contribution to our performance growth.

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

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

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

INDUSTRY REVIEW

Theme park business

The indoor theme park industry in China showed the following development trends in 2024:

1. The market continued to recover, with diversified consumer demand

- Visitor flow recovery: As the impact of the pandemic faded, the offline entertainment demand of families and young customers was unleashed, the visitor flow of indoor theme park gradually returned to pre-pandemic level.
- Consumption upgrading: Consumers were no longer satisfied with traditional amusement facilities, but rather pursued “immersive experiences” (such as IP-themed scenes, interactive technology, and the integration of murder mystery games), driving the transformation of theme park towards “culture & tourism + technology + content”.

2. *Expansion of leading brands and differentiated competition*

- Dominance of chain brands: Well-known chain brands continued to expand in first-and second-tier cities, focusing on high-end and scenario-based design, creating a "parent-child + social" complex.
- Cross-sector entry: Real estate developers and cultural tourism enterprises joined the competition through self-operation or partnership models, with some projects deeply tied to commercial real estate, becoming engines for attracting traffic.
- Theme segmentation: Emerging theme parks focused on science popularization, sports adventure and traditional Chinese culture, targeting niche consumer groups.

3. *Technology empowered experience upgrade*

- AR/VR and holographic projection: widely used to enhance interactivity, such as virtual roller coasters and immersive theaters.
- Smart operation: Enhancing the efficiency of entering the park through face recognition and smart wristbands, while optimizing the circulation planning and marketing through data analysis.
- Low-carbon and environmental protection: The use of energy-saving equipment and environmentally friendly materials became a new trend in the industry, aligning with sustainable development policies.

4. *Challenges and pain points*

- Homogenization competition: A large number of theme parks rely on similar equipment and lack unique content, resulting in insufficient user loyalty.
- High operating costs: The pressure from rent, labor, energy, and equipment renewal costs is significant, and the profit model for second-and third-tier cities remains to be explored.
- Safety and compliance: Fire safety and hygiene regulations are becoming stricter, and some small theme parks are facing rectification due to non-compliance with standards.

5. *Policy and capital environment*

- Policy support: The Ministry of Culture and Tourism encourages “new indoor cultural and tourism consumption scenarios”, and some cities provide subsidies or tax incentives to cultural and creative parks.
- Cautious investment: Capital tends to flow more towards leading enterprises with IP, technology or operational capabilities, making it more difficult for small-and medium-sized theme parks to raise funds.

6. *Outlook on future trends*

- Integrated “Park+” model: Combine with catering, retail, education and performances to extend the consumption chain.
- IP in-depth operation: Introduce domestic animation and game IPs to create localized theme areas.
- Potential of lower-tier markets: Consumption power in third-and fourth-tier cities is on the rise, making them new targets for brand expansion, but it requires adapting to the cost and price per consumer.
- Extension of night economy: Extend business hours, organize night-themed activities and attract young consumers.

Overall, China’s indoor theme park industry in 2024 moved towards quality, technology, and IP-based development amidst recovery. Enterprises with innovation capabilities and operational efficiency will be more competitive.

Gaming Industry

I. Market Performance and Scale

1. Revenue scale

In 2024, the actual sales revenue of China's gaming market reached approximately RMB330 billion (representing a year-on-year increase of approximately 5%), with domestic market growth remaining steady while overseas expansion emerged as the core growth engine.

2. *User scale*

The number of domestic game users reached 670 million, with the growth rate further slowing down, indicating the market entered a stage of competition for existing users.

II. *Policy Environment and Regulation*

1. *Normalization of game license issuance*

Over 1,000 domestic and imported game licenses were issued throughout the year, with a stable approval pace, providing more opportunities for small-and medium-sized game developers.

2. *Deepening the protection of minors*

The anti-addiction system continued to be improved, and technologies such as facial recognition were widely applied, resulting in a continuous decrease in the gaming duration and consumption proportion of minors.

3. *New regulations and draft for soliciting opinions*

- At the beginning of the year, the “Measures for the Management of Online Games (Draft for Solicitation of Comments)” triggered market fluctuations, and subsequent adjustments placed more emphasis on industry balance.
- Emphasis on content compliance, anti-monopoly, and consumer rights protection.

III. *Product and Category Trends*

1. *Leading products maintain stability while making progress*

- The revenue of long-term operating products such as “Honor of Kings”, “Peacekeeper Elite” and “Genshin Impact” is stable.
- New products such as “Love and Deepspace” and “Civilization Mobile” cover diverse tracks.

2. *Breakthrough in new product categories*

- Console/standalone game: “Black Myth: Wukong” has become a global sensation, driving up the attention towards domestic 3A games.
- Mini-program games: Relying on the WeChat ecosystem, the number of light game users has seen rapid growth.
- AI interactive games: Generative AI enhances game narrative and interactive experience.

3. *IP cross-sector collaboration*

Games are increasingly collaborating with film and television, animation, and culture & tourism, such as the cultural export of Genshin Impact and the collaboration of Sword of Justice with traditional culture.

IV. *Technology-driving and Innovation*

1. *AI applications have achieved comprehensive penetration*

- R&D side: AI is used for scene generation, character design and plot writing (such as the self-developed AI tools launched by NetEase and Tencent).
- Operational side: AI customer service, personalized recommendations and anti-cheat system to enhance efficiency.

2. *Hardware and experience upgrades*

- The exploration of cloud gaming and VR/AR gaming is accelerating, with devices like Apple's Vision Pro driving immersive experiences.
- Engine technology iteration (such as Unity, Unreal and domestic engines) enhances graphics and performance.

V. *Overseas Expansion and Globalization*

1. *Growth in overseas revenue*

The overseas sales revenue of China's self-developed games exceeded USD18 billion, representing a year-on-year increase of approximately 6%, primarily from the United States, Japan, South Korea, Southeast Asia and emerging markets.

2. *Strategies and challenges*

- Deepening of localized operations, such as the global simultaneous release of "Honkai: Star Rail".
- Facing challenges including geopolitics and overseas regulations (such as data security and payment rules).

VI. *Challenges and Prospects*

1. *Main challenges*

- The domestic user dividend is receding, leading to increased customer acquisition costs.
- Competition due to content homogenization leads to increased pressure on innovation.
- Compliance requirements in the global market are becoming stricter.

2. *Future trends*

- Quality content: Players' increasing demands for quality drive up R&D investment.
- Technology convergence: AI+ gaming, cloud and cross-platform integration have become the development trends.
- Cultural empowerment: Games, as cultural carriers, facilitate the export of traditional culture and IP building.

In 2024, China's gaming industry was gradually maturing amidst regulatory standardization and technological change, with the local market entering a period of intensive cultivation. Globalization and technological innovation became the dual engines of growth. With the emergence of phenomenal products such as "Black Myth: Wukong", the industry was reshaping the global market's perception of Chinese games. In the future, the integration of "content + technology + culture" will be the core of competition.

BUSINESS REVIEW

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

1. Trading business of animation derivatives

During the Year under Review, the Group retained stable 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

During the Year under Review, the Group cooperated with an investor for the establishment of new theme park — JOYPOLIS SPORTS PARK has been grand opened in December 2024 in Kai Tak, Hong Kong. It has received great reviews and has become a local landmark. The Group also implemented cost reduction strategy by termination of the operation of Shanghai Joypolis in September 2024 which resulted in the improvement in the performance of indoor them park business for the year.

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 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 is facing unprecedented challenges during the year. On 21 November 2024, at the request of the Company, trading in the shares of the Company on the Stock Exchange has been halted with effect from 9:00 a.m.. The Company has engaged an independent advisor to conduct an independent forensic investigation covering the background and commercial rationale behind various transactions entered into with various parties, including those which eventually led to the impairments made in the financial years of 2022 and 2023. Trading in the shares of the Company on the Stock Exchange will continue to be suspended until further notice. The Company is actively taking steps to apply for resumption of trading in the Shares.

Even though the difficulties, the Group will continue to develop and 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.

FINANCIAL REVIEW

The following sets forth a summary of the performance of the Group for the year ended 31 March 2025 with comparative figures for the latest year as follows:

	For the year ended 31 March	
	2025	2024
Revenue (<i>HK\$'000</i>)	366,959	364,028
Gross profit (<i>HK\$'000</i>)	89,143	55,376
Gross profit margin (%)	24.3	15.2
Loss attributable to owners of the Company (<i>HK\$'000</i>)	(33,043)	(170,679)

Revenue

The revenue increased by approximately HK\$3.0 million, or approximately 0.8%, compared to the approximately HK\$364.0 million for the year ended 31 March 2024 to approximately HK\$367.0 million for the year ended 31 March 2025. The revenue was maintained at a similar level to that of last year.

Sales of animation derivative products

The revenue from sales of animation derivative products decreased by approximately 0.5% from approximately HK\$148.0 million for the year ended 31 March 2024 to approximately HK\$147.2 million for the year ended 31 March 2025. The revenue from sales of animation derivative products was maintained at a similar level to that of last year.

Establishment and operation of indoor theme parks

The revenue from establishment and operation of indoor theme parks increased by approximately 1.5% from approximately HK\$216.0 million for the year ended 31 March 2024 to approximately HK\$219.2 million for the year ended 31 March 2025. The increase was primarily due to increase in sales of theme park machineries.

The number of visitors based on ticket sales increase by 14.3% from 0.7 million for the year ended 31 March 2024 to 0.8 million for the year ended 31 March 2025.

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

	2025	2024
	'000	'000
PRC	132	368
Japan	688	380

Multimedia animation entertainment

The revenue from multimedia animation entertainment increased by approximately HK\$511,000 from approximately HK\$3,000 for the year ended 31 March 2024 to approximately HK\$514,000 for the year ended 31 March 2025. 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\$30.9 million, or approximately 10.0%, from approximately HK\$308.7 million for the year ended 31 March 2024 to approximately HK\$277.8 million for the year ended 31 March 2025. The decrease was mainly due to the decrease in depreciation of theme park assets during the year ended 31 March 2025.

Gross profit and gross profit margin

The Group's gross profit increased significantly by approximately HK\$33.7 million, or approximately 60.8%, from approximately HK\$55.4 million for the year ended 31 March 2024 to approximately HK\$89.1 million for the year ended 31 March 2025. The Group's gross profit margin increased significantly from approximately 15.2% for the year ended 31 March 2024 to approximately 24.3% for the year ended 31 March 2025. 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 2025 as a result of significant drop in depreciation expenses on theme park assets.

Other income

Other income increased by approximately HK\$0.4 million from approximately HK\$0.6 million for the year ended 31 March 2024 to approximately HK\$1.0 million for the year ended 31 March 2025. The other income was maintained at a similar level to that of the last year.

Other gains and losses

The Group recorded a gain of approximately HK\$45.9 million for the year ended 31 March 2025, compared to a loss of approximate HK\$13.0 million for the year ended 31 March 2024. This change was due to the Group recording an decrease in net loss on written off and disposal of property, plant and equipment of approximately HK\$8.7 million for the year ended 31 March 2025, a gain on waiver of lease payable of approximately HK\$18.5 million for the year ended 31 March 2025, and a gain on derecognition of right-of-use assets and lease liabilities of approximately HK\$29.5 million for the year ended 31 March 2025. The gain was mainly due to an one-time gain from the waiver of lease payable resulted from the termination of operation of a theme park of the Group in Shanghai, the PRC.

Selling and distribution expenses

The selling and distribution expenses decreased by approximately HK\$0.3 million, or approximately 1.4%, from approximately HK\$22.1 million for the year ended 31 March 2024 to approximately HK\$21.8 million for the year ended 31 March 2025. The selling and distribution expenses was maintained at a similar level to that of last year.

Research and development expenses

The research and development expenses decreased by approximately HK\$6.7 million from approximately HK\$14.9 million for the year ended 31 March 2024 to approximately HK\$8.2 million for the year ended 31 March 2025.

The significant decrease in the research and development expenses were due to the absence of research and development expenses for the online business including the Meta JOYPOLIS, and virtual theme park.

Reversal of/provision of Impairment loss under expected credit loss model, net of reversal

The Group recognised a reversal of impairment loss under expected credit loss model, of approximately HK\$24.0 million for the year ended 31 March 2025, as compared to a provision of approximated HK\$11.9 million for the year ended 31 March 2024.

The impairment losses under expected credit loss model, net of reversal, for the year ended 31 March 2025 comprised of provision for impairment losses of trade receivables of approximately HK\$7.6 million (2024: approximately HK\$13.8 million), reversal of impairment losses of other receivables and deposits of approximately HK\$31.8 million as a result of settlement arrangements with debtors (2024: reversal of approximately HK\$2.0 million) and impairment on financial asset at fair value through other comprehensive income of approximately HK\$112,000 (2024: approximately HK\$29,000).

Loss attributable to owners of the Company

The loss attributable to owners of the Company decreased by approximately HK\$137.7 million, or approximately 80.7%, from approximately HK\$170.7 million for the year ended 31 March 2024 to approximately HK\$33.0 million for the year ended 31 March 2025. The reasons included (i) a increase in gross profit of approximately HK\$33.7 million; (ii) a decrease in an impairment loss of approximately HK\$13.5 million on property, plant and equipment and right-of-use assets; (iii) reversal of impairment loss of approximately HK\$31.8 million on certain other receivables which have been significantly past due but partially settled during the year ended 31 March 2025; and (iv) an increase in other gain or loss of approximately HK\$58.9 million mainly arising from derecognition of right-of-use assets and lease liabilities.

Deposits for acquisition of property, plant and equipment

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Project		
Development of Wonder Forest and Joypolis in Shanghai, PRC	72,112	72,492
Development and establishment of new Joypolis	50,000	50,000
	<u>122,112</u>	<u>122,492</u>

Other receivables, deposits and prepayments

The amount was decreased by HK\$7.0 million from HK\$56.5 million for the year ended 31 March 2024 to HK\$49.5 million for the year ended 31 March 2025.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2025, 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 2025, the cash and bank balances of the Group were approximately HK\$11.4 million (31 March 2024: approximately HK\$11.7 million). The cash and bank balances was maintained a similar level to that of last year.

As at 31 March 2025, 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 249.6% (31 March 2024: approximately 258.7%).

During the year ended 31 March 2025, no bond or guarantee note was issued by the Company (31 March 2024: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group will continue to focus on enhancing brand awareness and operational efficiency, expanding the global presence of CA SEGA JOYPOLIS through theme park licensing models in China and overseas. Joypolis Sports theme parks have demonstrated stable revenue performance since their opening, serving as a successful example of the Group's asset-light licensing model. In the future, the Group will accelerate the replication and expansion of such projects, characterized by more flexible floor space, lower investment, shorter payback periods, and alignment with new consumption trends in more cities and regions. Furthermore, the Group will moderately advance the development of its online systems, including membership systems and related management tools, to improve operational efficiency and further refine its overall business structure.

Given the continued uncertainty in the international trade environment, the Group will focus on maintaining a stable and long-term value customer portfolio to ensure robust business scale and profitability. Simultaneously, the Group is systematically advancing the planning of its proprietary product lines, leveraging its existing supply chain and production advantages to moderately extend its business scope and enhance overall operational flexibility and market competitiveness.

The Group will also continue to advance research and development in VR and related technologies, exploring more integration opportunities with theme park and IP businesses. At the same time, the Group will also pay attention to the development trends of emerging technologies such as NFT and AI, and study their potential applications in multimedia entertainment content and interactive experiences, so as to build more innovative foundations for future business growth.

MORTGAGES AND PLEDGES

As at 31 March 2025, no bank deposit of the Group (31 March 2024: Nil) was pledged to a banks for banking facilities obtained.

CONTINGENT LIABILITIES

The Group did not have significant contingent liabilities as at 31 March 2025 (31 March 2024: 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

On 3 February 2026, the Investor and the Company have entered into the 5th supplemental subscription agreements to the Share subscription Agreement and the CB Subscription Agreement respectively (collectively, the “**5th Supplemental Subscription Agreements**”), pursuant to which the parties agreed to extend the Long Stop Date under each of the Subscription Agreements to 31 March 2026 or such later dates as the Company and the Investor may from time to time agree in writing being a condition precedent to the Creditor's Scheme.

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 2025, the Group had 116 employees (31 March 2024: 203 employees). For the year ended 31 March 2025, 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\$64.2 million (31 March 2024: approximately HK\$75.5 million). The decrease was mainly attributable to the decrease of approximately HK\$11.4 million in employee remuneration due to the termination of operation of theme parks of the Group in the PRC. 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 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 2025.

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 2025.

The audit committee of the Board has reviewed the Company's audited consolidated financial statements for the year ended 31 March 2025 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 2025 with the management. They have also reviewed and approved the remuneration in respect of audit provided by external auditors.

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 2025.

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 2025.

AUDIT COMMITTEE

The Group’s annual results for 2025 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 2025, 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 2025 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 2025 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 2025 which included a disclaimer of opinion:

BASIS FOR DISCLAIMER OF OPINION

Material uncertainties relating to going concern

Limitation of scope relating to the appropriateness of the going concern basis for the preparation of the consolidated financial statements

As disclosed in Note 3.1 to the consolidated financial statements, the Group reported a net loss of approximately HK\$40,912,000 for the year ended 31 March 2025, and, as at 31 March 2025, the Group was in net current liabilities position of approximately HK\$1,180,242,000 and net liabilities position of approximately HK\$1,088,630,000. As at 31 March 2025, the Group's total bank and other borrowings, bonds payable and guaranteed notes amounted to approximately HK\$958,235,000, out of which approximately HK\$909,320,000 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\$11,384,000 only as at 31 March 2025.

As at 31 March 2025, the Group has defaulted on repayment of certain bonds payable, a guaranteed note and other borrowings of approximately HK\$712,655,000, HK\$25,000,000 and HK\$78,977,000 respectively which were included as part of current liabilities as at 31 March 2025. 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 50 to the consolidated financial statements.

These events and conditions, together with other matters set out in Note 3.1 to the consolidated financial statements, cast significant doubt on the Group's ability to continue as a going concern.

As detailed in Note 3.1 to the Consolidated Financial Statements, 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 cash flow forecasts covering a period of 12 months from the date of approval of the consolidated financial statements which take 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 for future actions 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 plans and measures for future actions, as follows:

- (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 or new sources of financing as and when needed;
- (iv) successfully implementing measures to collect the outstanding sales proceeds and control costs and expenses effectively; and
- (v) successfully maintaining relationship with the Group's other existing lenders such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings and other debts for which principal and interest payments are in default.

The directors of the Company are in the opinion that, based on the assumption that the plans and measures for future actions described in Note 3.1 to the consolidated financial statements would improve the liquidity and financial position of the Group, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 March 2025 and would be able to continue as a going concern. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

However, the appropriateness of the management's use of the going concern basis of accounting in the preparation of the consolidated financial statements depends on the reliability of the underlying data generated to prepare the forecasts and adequacy of support for the assumptions underlying the forecasts, including the feasibility of the plans and measures for future actions referred to above. We were unable to obtain sufficient appropriate evidence to satisfy ourselves that the assumptions underlying the forecasts, including the feasibility of the management's plans and measures for future actions to deal with these events and conditions, were reasonable and supportable. There were no alternative audit procedures that we could perform to obtain sufficient appropriate audit evidence to support the feasibility of the above plans and measures and whether they can be successfully implemented. As a result, we were unable to obtain sufficient appropriate evidence to conclude whether the directors' use of the going concern basis of accounting to prepare the consolidated financial statements is appropriate.

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 adjustments were necessary.

ANNUAL GENERAL MEETING

The forthcoming Annual General Meeting (“AGM”) will be held on Wednesday, 29 April 2026. 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, 29 April 2026, the registers of members of the Company will be closed from Friday, 24 April 2026 to Wednesday, 29 April 2026, 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, 23 April 2026.

PUBLICATION OF 2025 ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement of the Group for 2025 is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.animatechina.com. The 2024/25 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 due course.

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, 20 March 2026

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.