



華夏文化科技集團
CA CULTURAL TECHNOLOGY GROUP

Annual Report 2024/25



華夏文化科技集團有限公司
CA Cultural Technology Group Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1566)

CONTENTS

Corporate Information	2
Financial Highlights	3
Corporate Profile	4
Chairman's Statement	6
Management Discussion and Analysis	8
Biographical Details of Directors and Senior Management	19
Corporate Governance Report	23
Report of the Directors	39
Independent Auditor's Report	51
Consolidated Statement of Profit or Loss and Other Comprehensive Income	54
Consolidated Statement of Financial Position	56
Consolidated Statement of Changes in Equity	58
Consolidated Statement of Cash Flows	59
Notes to the Consolidated Financial Statements	61
Five Years Financial Summary	165

CORPORATE INFORMATION

Registered Office

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

Principal Place of Business in Hong Kong

Room 2905, 29/F
China Resources Building
No. 26 Harbour Road
Wanchai, Hong Kong

Principal Place of Business in China

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

Company's Website

www.animatechina.com

Executive Directors

Mr. CHONG Heung Chung Jason (莊向松)
(formerly named as Mr. ZHUANG Xiangsong (庄向松))
Ms. LIU Moxiang (劉茉香)

Independent Non-executive Directors

Mr. NI Zhenliang (倪振良)
Mr. HUNG Muk Ming (洪木明)
Mr. WANG Guozhen (王國鎮)

Audit Committee of our Board

Mr. HUNG Muk Ming (洪木明) (*Chairman*)
Mr. NI Zhenliang (倪振良)
Mr. WANG Guozhen (王國鎮)

Remuneration Committee of our Board

Mr. WANG Guozhen (王國鎮) (*Chairman*)
Mr. HUNG Muk Ming (洪木明)
Mr. NI Zhenliang (倪振良)

Nomination Committee of our Board

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

Investment Committee of our Board

Mr. CHONG Heung Chung Jason (莊向松) (*Chairman*)
Ms. LIU Moxiang (劉茉香)
Mr. WANG Guozhen (王國鎮)
Mr. HUNG Muk Ming (洪木明)
Mr. NI Zhenliang (倪振良)

Authorised Representatives

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

Company Secretary

Mr. LUK Sik Tat (陸適達) FCCA

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited

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

Principal Share Registrar and Transfer Office

Conyers Trust Company (Cayman) Limited

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

Auditor

KTC Partners CPA Limited

Room 1305–07, 13/F.
New East Ocean Centre
9 Science Museum Road
Tsim Sha Tsui East
Kowloon, Hong Kong

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited

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

Hang Seng Bank Limited

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

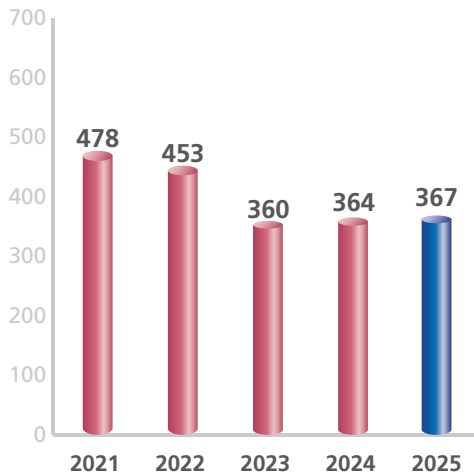
Bank of China (Hong Kong) Limited

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

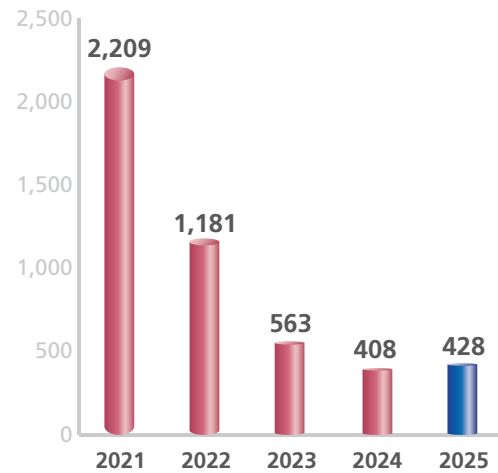
FINANCIAL HIGHLIGHTS



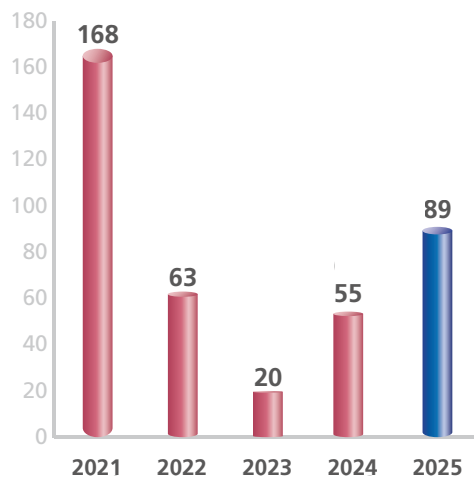
Revenue (HK\$ million)



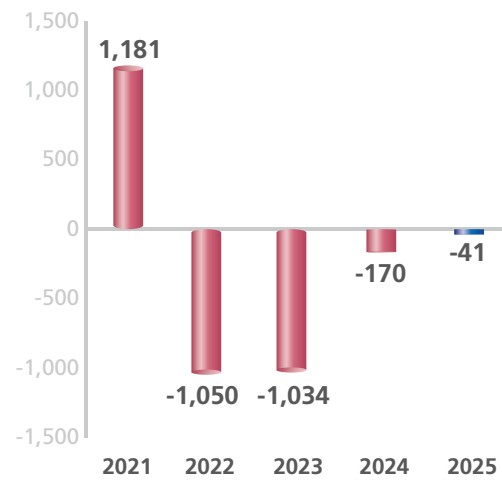
Total Assets (HK\$ million)



Gross Profit (HK\$ million)



Profit/Loss (HK\$ million)





CORPORATE PROFILE

The Group is a multimedia entertainment group in China which engage in three main business segments:

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

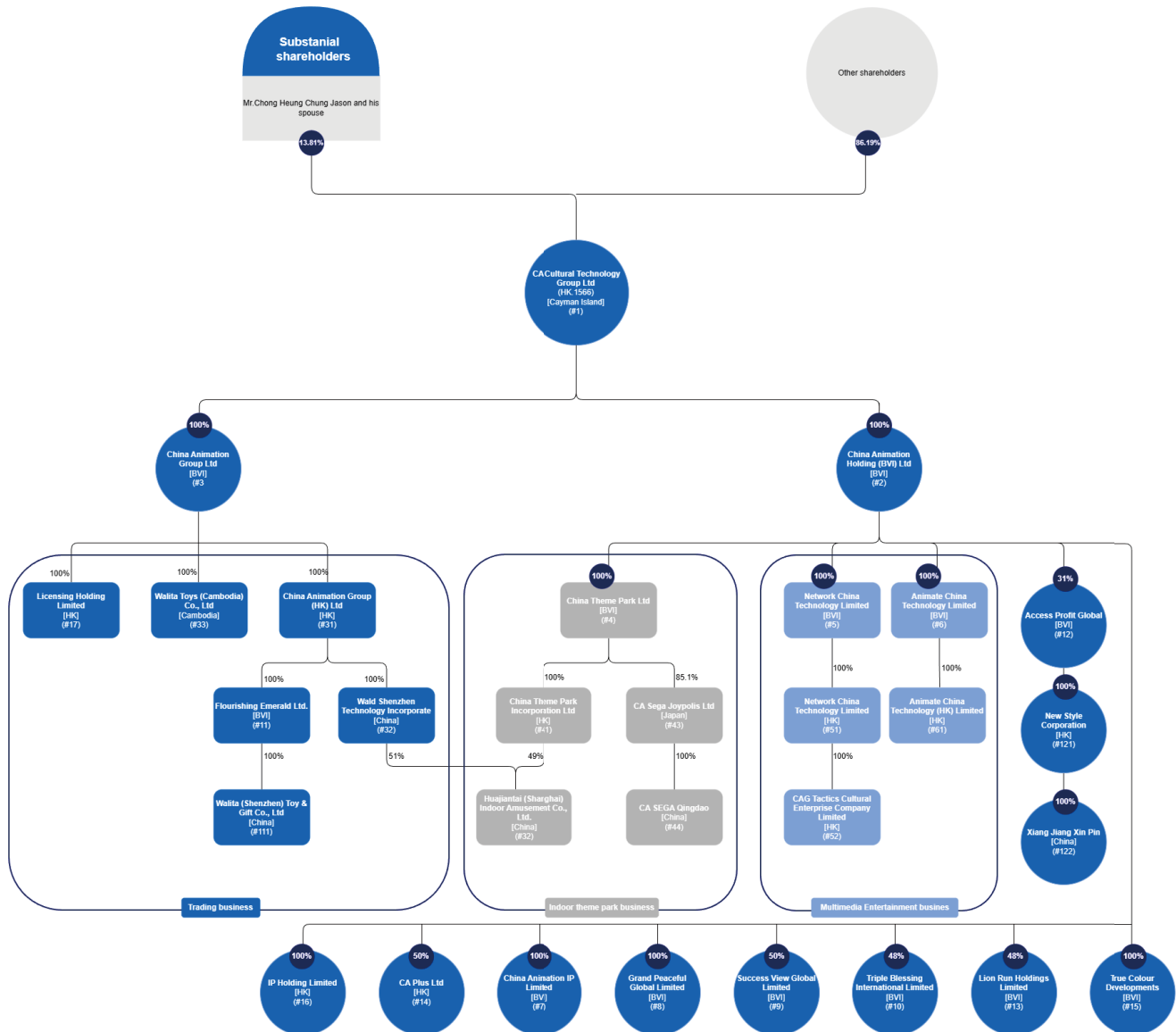
CA SEGA JOYPOLIS LTD. (formerly known as “**SEGA Live Creation Inc.**”) is the world's No.1 indoor theme park brand company acquired by the Group from SEGA Holding in 2017. The Group cooperated with different business partners through asset-light licensing model to promote theme park brand. Currently, 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 theme 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 many famous animation IP, including two top 10 national cartoon characters — “Han Ba Gui” and “Violet”, as well as characters from movies and animated dramas such as “Project Egg”, “Animal Conference on the Environment” and “Amazing UU”. China's first virtual artist “Violet” created by the Group has held a number of 3D Holographic Concerts in Shenzhen and Hong Kong since 2015. The Group also enjoys close cooperative relationships with many world-leading IP brands such as “Transformers” in the US, SEGA Sonic the Hedgehog, Initial D, etc. The Group also participated as the second largest shareholder in the co-investment and co-production of the animated series “The Reflection” with international famous partners such as Studio Deen from Japan, Stan Lee “Father of Marvel” which was broadcasted over 38 countries and regions.

The Group established VR eSports and VR O2O game model, and become one of the leaders in VR eSport industry. And the Group hosts “China Animation Cup — National VR eSports Tournament” with the world's first ever VR shooting battle game “Tower Tag”. The Group launched its groundbreaking and self-innovated VR eSports game “Huang Yangjie Battle 黃洋界保衛戰” to promote red tourism and was the only VR game awarded two prestigious industry awards named “Chinese Information Consumption Innovation award 2018 (2018中國信息消費創新獎)” and “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).

Shareholding and Corporate Structure as at 31 March 2025



CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT



On behalf of the board (the “**Board**”) of directors of CA Cultural Technology Group Limited (“**CA Cultural**” or the “**Company**”), I am pleased to present the report of the Company and its subsidiaries (the “**Group**”, “**we**” or “**us**”) for the year ended 31 March 2025 (the “**Year under Review**”).

Coupled with the Group’s active restructuring currently in progress, our working capital restored to a relatively stable level from a tight position, supporting the Group’s fundamental businesses and strategic cooperation.

During the Year under Review, the Board and the management of each business unit continued to adjust their business strategies, in order to drive revenue and reduce expenditure, and to achieve positive cash flows in line with the completion of the restructuring scheme.

In addition to promoting capital recovery of its existing businesses, the Group was also vigorously expanding the licensing business of CA SEGA JOYPOLIS. The Joypolis Sports Park, which is invested and established by an external investor licensed by the Group, was opened in December 2024. It becomes the Group’s first theme park in Hong Kong at the Kai Tak Sports Park, which makes an additional contribution to our performance growth. Furthermore, local governments in popular tourist cities in Mainland China and relevant funds are also intended for introducing the Group’s Joypolis brand through joint ventures to build large-scale indoor and outdoor theme parks, toward which efforts are actively directed by the Group.

However, the Group still has to cope with the challenging global economic instability. Meanwhile, in common with many other enterprises in the market, many difficulties and challenges came to us every minute and second. But as always, we chose to embrace the challenges because we believe that being brave to step forward is the only key to make success.

During this challenging time, I would like to express my sincere gratitude to our executive team for their commitment and our professional teams who offer us their advices and assistance from time to time. Their dedication and contributions enabled us to stand where we are. Meanwhile, my heartfelt gratitude also goes to our clients, strategic shareholders, investors and all partners for their unwavering trust and support as always.

Chong Heung Chung Jason

Chairman

Hong Kong, 20 March 2026



MANAGEMENT DISCUSSION AND ANALYSIS

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.



MANAGEMENT DISCUSSION AND ANALYSIS

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.



MANAGEMENT DISCUSSION AND ANALYSIS

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, as well as the establishment and operation of indoor theme parks and multimedia animation entertainment businesses in the PRC, Hong Kong and Japan.

The Group believes that with the arrangement of the Creditors' Scheme, it may continue to development its online business on Meta JOYPOLIS, virtual theme park, big data platform, online social media, Pop Toy platform and upgrading the operating and gaming system of CA SEGA JOYPOLIS.

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

In addition, after July 2025, the Group has commenced the planning and development of AI-related projects and cooperation projects relating to Tuntun Cup products, with a view to expanding its business portfolio and exploring new growth drivers through the integration of technology, consumer products and entertainment-related applications.

MANAGEMENT DISCUSSION AND ANALYSIS



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 (HK\$'000)	366,959	364,028
Gross profit (HK\$'000)	89,143	55,376
Gross profit margin (%)	24.3	15.2
Loss attributable to owners of the Company (HK\$'000)	(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 '000	2024 '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.



MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS



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 (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 HK\$'000	2024 HK\$'000
Project		
Development of Wonder Forest and Joypolis in Shanghai, PRC	72,112	72,492
Development and establishment of new Joypolis	50,000	50,000
	122,112	122,492

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 was issued by the Company (31 March 2024: Nil).



MANAGEMENT DISCUSSION AND ANALYSIS

Additional Information on Auditors' Disclaimer of Opinion and the Company's View and Measures to Address the Disclaimer of Opinion

The Board wishes to draw the attention of the shareholders of the Company (the Shareholders") to the section headed "Basis for Disclaimer of Opinion" as contained in the Independent Auditor's Report dated 20 March 2026 issued by the Company's auditors, KTC Partners CPA Limited (the "**Auditor**"), contained in pages 51 to 53 of this report.

In respect of the basis for disclaimer of opinion as disclosed in the independent auditor's report for the year ended 31 March 2025 relating to the appropriateness of the assumption regarding the Company's ability to continue as a going concern, the Group has prepared a forecast covering a period of 12 months from the date of approval of the consolidated financial statements taking into account the past actual operating performance of the Group and assume the following:

- (i) successful completion of the debt restructuring of its bonds payables and amounts owed to other creditors under the creditors' scheme of arrangement (the "**Creditors' scheme**");
- (ii) successful dismissal of the statutory demands issued by certain creditors;
- (iii) successful obtaining of additional or new sources of financing as and when needed;
- (iv) successful implementation of measures to collect outstanding sales proceeds and to control costs and expenses effectively; and
- (v) successful maintenance of relationships with the Group's existing lenders such that no action will be taken by them to demand immediate repayment of borrowings and other debts in default.

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 and hence it is appropriate to prepare the Group's consolidated financial statements on a going concern basis.

There was no disagreement between the Management and the Auditors regarding the Disclaimer, considering that the consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of the measures under management's assumptions, which are subject to certain uncertainties, including the successful completion of the debt restructuring. While the Company is of the view that that the Group will have sufficient working capital for the 12 months after the date of approval of the consolidated financial statements, the Company also acknowledges the uncertainties raised by the Auditors specified above in that such uncertainties cannot be satisfied due to lack of supporting evidences provided to the Auditors.

Removal of the Disclaimer of Opinion in subsequent financial year

Assuming all the plans and measures in the forecast can be successfully implemented as scheduled, including the completion of the Creditors' scheme before the issuance of the result announcement for the year ended 31 March 2026, after which the Company's scheme liability will be extinguished, and there are no other material adverse changes to the business operation and financial conditions of the Group, the Company's Auditor will consider to remove the Disclaimer of Opinion in next year's audit report.

MANAGEMENT DISCUSSION AND ANALYSIS



Audit Committee's view on the Disclaimer

The audit committee of the Company (the “**Audit Committee**”) had critically reviewed the basis for disclaimer of opinion (the “**Disclaimer**”) of the Auditor. The Audit Committee had also discussed with the Auditor regarding the financial position of the Group, the measures taken and to be taken by the Company, and considered the Auditor's rationale and understood their consideration in arriving the disclaimer of opinion. The Audit Committee is in agreement with the management with respect to the Disclaimer and the Group's ability to continue as a going concern, and in particular the actions or measures to be implemented by the Group.

The Audit Committee's views are based on (i) a critical review of the action plan to address the Disclaimer, including the Company's progress on the debt restructuring given that the High Court of Hong Kong had sanctioned the Creditors' scheme without modification; and (ii) discussions between the Audit Committee, the auditors and the management regarding the Disclaimer and the proposed measures and action plan together with the timeline stated therein to address the Disclaimer. The Audit Committee requested the management to take all necessary actions to address the effect on the basis for disclaimer of opinion to procure no such disclaimer of opinion to be made in the next financial year.

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 bank for banking facilities obtained.

Contingent Liabilities

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



MANAGEMENT DISCUSSION AND ANALYSIS

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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT



Executive Directors

Mr. CHONG Heung Chung Jason (莊向松), aged 57, is our founder, our executive Director and our Chief Executive Officer. Mr. CHONG was appointed as an executive Director on 20 November 2014. Mr. CHONG is also the Chairman of our Board. Mr. CHONG is primarily responsible for conducting the business of our Group and formulation of business and strategic development of our Group. Mr. CHONG has approximately 29 years of experience in the toy industry. Prior to establishing our Group, Mr. CHONG, together with a business partner, started the toy sales business in July 1996 through the acquisition of all issued share capital of Sino Action as a shelf company. During the period between July 1996 and March 2008, Mr. CHONG was a shareholder of Sino Action holding 50.0% of its shares in issue. Mr. CHONG sold all his equity interest in Sino Action in March 2008 in order to focus on the business development of China Animation BVI.

In May 2009, Mr. CHONG completed a part-time course of “Advanced Training Programme for Executives on Private Equity Investment Fund and Financing by way of Listing on Growth Enterprise Market” (私募股權投資基金和創業板上市融資總裁研修班) organised by Tsinghua University (清華大學). In March 2012, Mr. CHONG completed a part-time course of “Telaote Strategic Positioning” (特勞特戰略定位總裁班) organised by Peking University (北京大學).

Mr. CHONG was elected to serve as a representative of the People’s Congress of Shenzhen City Committee (深圳市人民代表大會代表) from June 2015 to May 2020. Mr. CHONG has been the Vice President and Deputy Chairman of Shenzhen City Longgang District General Chamber of Commerce (Association of Industry and Commerce) (深圳市龍崗區總商會(工商聯)), the Honorary President of eSports Association, Guangdong province, China (中國廣東省電競協會榮譽會長) Congress Executive Director of China Cultural Industry Association (中國文化產業協會常務理事), and the Enforcement Supervisor in the fourth term of the Municipal People’s Procuratorate of Shenzhen City (深圳市人民檢察院第四屆執法監督員). Mr. CHONG was appointed as the supervisor of the Buji Customs of Shenzhen (深圳布吉海關監督員) for the period between 1 September 2012 to 1 August 2014.

Ms. LIU Moxiang (劉茉香), aged 51, was appointed as an executive Director on 20 November 2014. Ms. LIU joined Shenzhen Wald in June 2012. Ms. LIU is principally responsible for implementing our business plans and strategies. Prior to joining our Group, Ms. LIU worked in sales team of エイメックストレーディング (Aimex Trading Co., Ltd.*) from April 2004 to July 2005. From October 2005 to June 2007, Ms. LIU worked for Walita Toys and Gifts Co., Ltd., Shenzhen as an assistant to the senior executives. Ms. LIU was the executive manager of Shenzhen Huaxia between June 2007 and June 2012. Ms. LIU graduated from 九江學院 (Jiujiang University*) (formerly known as 九江財經高等專科學校 (Jiujiang College of Finance and Economics*)) in July 1999 on international business. From October 1999 to March 2001, Ms. LIU attended Kobe YMCA Japanese Language School in Japan. Ms. LIU studied business administration in Kobe Gakuin University, Graduate School of Economics, in Japan from April 2002 to March 2004 and received a master degree of arts in business administration.

* For identification purpose only



BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Independent Non-Executive Directors

Mr. NI Zhenliang (倪振良), aged 80, was appointed as an independent non-executive Director on 20 November 2014. Mr. NI is currently the Chairman of the Hong Kong-Greater China Expert Calligraphy Association (香港大中華名家書畫會) and the Shenzhen Municipal Marketing Institute (深圳市市場學會) in the PRC. Mr. NI is also a member of the Federation of Hong Kong Writers (香港作家聯會) in Hong Kong. In April 1974, Mr. NI worked at the PRC State Education Commission (中華人民共和國國務院科教組), an agency of the PRC State Council. In May 1975, the PRC State Education Commission was renamed as the PRC Ministry of Education. Mr. NI worked as the editor, supervisor and officer of 《人民教育》, a publication of the PRC Ministry of Education, until March 1994. From April 1994 to December 2003, Mr. NI held various senior positions in newspapers in Hong Kong and PRC, namely Executive Deputy Editor-in-chief of the publication of “General Affairs in the Society of Democracy and Legal System” 《(民主與法制)》 in the PRC, President of the Elderly Chinese Newspaper Society 《(中華老年報社)》 in the PRC, Deputy Editor-in-chief of Ta Kung Pao (大公報) in Hong Kong and Editor-in-chief of the online version of Wen Wei Po (文匯報) in Hong Kong. Mr. NI has also participated in a number of literary societies in the PRC. Mr. NI has been a council member of the Chinese Writers Association (中國作家協會) since 1988, the Chinese Jurists Society (中國法學會) since 1996, the Chinese Reportage Society (中國報告文學學會) since 1993, the Society of Chinese Literary Biography (中國傳記文學學會) since 1994, and the Association of Chinese Senior Professors (中國老教授協會) since 1994. In September 1993, Mr. NI was appointed as a professor by the Association of Chinese Senior Professors.

Mr. WANG Guozhen (王國鎮), aged 67, was appointed as an independent non-executive Director of the Company on 3 November 2022. Mr. Wang holds an executive master’s degree in business administration with Cheung Kong Graduate School of Business. He joined the Ministry of Finance of the People’s Republic of China in 1982 and has served as heads of various departments. He was also officer of General Office and Bureaucratic Service Center of National Council for Social Security Fund, the standing member of council of Beijing Charity Association and the member of 11th and 12th Beijing Municipal Committee of the Chinese People’s Political Consultative Conference.

Mr. Wang acted as the executive director and vice chairman of Hsin Chong Group Holdings Limited (“**Hsin Chong**”) from September 2018 to November 2019. Hsin Chong is a company incorporated in Bermuda with limited liability and the securities of which were listed on the Main Board of The Stock Exchange until 31 December 2019. Hsin Chong was principally engaged in engineering and property businesses. Hsin Chong was wound up by an order of the Supreme Court of Bermuda dated 20 January 2020, following a winding-up petition being filed by a creditor and shareholder of Hsin Chong in January 2019. Mr. Wang confirmed that (i) the winding up had not resulted in any liability or obligation imposed against him; (ii) there was no wrongful act on his part leading to the winding up process of Hsin Chong; and (iii) he was not aware of any actual or potential claim that had been or would be made against him as a result of the winding up.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT



Mr. HUNG Muk Ming (洪木明), aged 61, was appointed as an independent non-executive Director on 20 November 2014.

Mr. HUNG has over 30 years of experience in auditing, finance and accounting. Since February 2017, Mr. HUNG has been the director of Hua Guan New Materials Company Limited (華冠新材料股份有限公司), a subsidiary of Guangdong Mingcrown Group Limited (廣東名冠集團有限公司). Before that he was the group financial controller of Guangdong Mingcrown Group Limited (廣東名冠集團有限公司), a company engaging in construction, property development, hotels, steel production and ports businesses in Dongguan and Xinhui, the PRC. From October 2002 to January 2005, Mr. HUNG was the group financial controller of Hoi Meng Group (開明集團), a company engaging in garment design, manufacturing and export with production facilities in the PRC, Macau and Cambodia. From July 2001 to September 2002, Mr. HUNG worked as a finance manager of Hong Kong Exchanges and Clearing Limited (Stock code: 388), a company listed on the Stock Exchange. From November 1994 to July 2001, Mr. HUNG was the accounting manager of financial control department of Embry (H.K.) Limited. From August 1990 to November 1994, Mr. HUNG was promoted from accountant to senior accountant of Price Waterhouse (now known as PricewaterhouseCoopers). Mr. HUNG was an independent non-executive director and chairman of the audit committee of Cinda International Holdings Ltd. (Stock code: 111), a company listed on the Stock Exchange from December 2008 to November 2022. Mr. HUNG is currently an independent non-executive director and chairman of the audit committee of Silver Grant International Holdings Group Limited (Stock code: 171), and an independent non-executive director, chairman of the audit committee and a member of nomination committee of IBO Technology Company Limited (Stock code: 2708, in liquidation), a company listed on the Stock Exchange. From September 2004 to February 2006, Mr. HUNG was the independent non-executive director and chairman of the audit committee of Rontex International Holdings Ltd. (Stock code: 1142), a company listed on the Stock Exchange. From June 2014 to September 2021, Mr. HUNG was an independent non-executive director and chairman of the audit committee of Century Sage Scientific Holdings Limited (Stock code: 1450), a company listed on the Stock Exchange.

Mr. HUNG received a bachelor's degree in social sciences with a major in economics, finance and accounting from the University of Hong Kong in December 1990. Mr. HUNG obtained a master's degree in corporate governance from Hong Kong Polytechnic University in October 2008. Mr. HUNG has been a fellow member of the Hong Kong Institute of Directors from November 2009 to July 2020, an associate of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries & Administrators) since February 2009, a fellow member of the Hong Kong Institute of Certified Public Accountants since July 2001, a fellow member of the Association of Chartered Certified Accountants since January 1999 and a Certified Public Accountant (Practising) of HKICPA since November 1994.



BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Senior Management

Mr. LUK Sik Tat (陸適達), aged 51, is our finance manager and our company secretary. Mr. LUK joined us on 21 June 2012. Mr. LUK is responsible for the accounting and financial management of our Group. Mr. LUK has approximately 23 years of experience in accounting and finance. During the period between November 2008 and May 2012, Mr. LUK served as a supervisor in financial reporting with MIQ Logistics Hong Kong Limited, a provider of global, transportation and distribution services and a former subsidiary of YRC Worldwide, an assistant manager at Crowe Horwath (HK) CPA Limited (formerly known as CCIF CPA Limited) from November 2006 to November 2008, an audit senior at Wong Lam Leung & Kwok C.P.A. Limited from March 2004 to July 2006, an audit semi-senior and audit senior at K.W. Tam & Co. from September 2000 to January 2003 and from February 2003 to February 2004, respectively, an auditor II at K. L. Wong & Co. from April 1999 to May 2000 and an audit junior at Tai Kong CPA Limited from June 1997 to December 1998.

Mr. LUK graduated from the City University of Hong Kong with a bachelor's degree of arts in accountancy in 1997. Mr. LUK has been a fellow member of the Association of Chartered Certified Accountants since July 2008.

Mr. ZHAN Zhengli (詹正禮), aged 56, is our production management and control manager. Mr. ZHAN joined us on 1 July 2012. Mr. ZHAN is responsible for product management and control of our Group. Mr. ZHAN has relevant experience in production management. Before joining us, Mr. ZHAN worked at Wah Shing and was responsible for the operation of production systems during the period between May 2004 and June 2012.

Mr. ZHAN graduated from 杭州大學 (Hangzhou University) with a bachelor's degree in business management in July 1990.

CORPORATE GOVERNANCE REPORT



CA CULTURAL TECHNOLOGY GROUP LIMITED (the “**Company**”) is committed to maintain a high standard of corporate governance and deliver long-term values to all shareholders. The board of directors of the Company (the “**Board**”) and management maintain and enhance the policies and practices of the Company on a timely, transparent, effective and reasonable manner, so as to maintain good, solid and reasonable corporate governance. The Company believes that good corporate governance is not only in the interest of shareholders and investors but also in the interest of the Company. The Company will continue to raise the standard to formalize the best practice of corporate governance as far as we could.

To maintain a high standard of corporate governance, the Company set out some policies, such as Whistleblowing Policy, Anti-Corruption Policy, and other relevant policies which are communicated with the senior management and the staff.

Corporate Governance Code

Corporate governance provides the framework within which the board forms their decisions and build their businesses. The Company is committed to achieving good corporate governance and focusing on creating long-term sustainable growth for shareholders and delivering long-term values to all shareholders. An effective corporate governance structure allows the Company to have a better understanding of, evaluate and manage, risks and opportunities.

The Company has complied with the principles and applicable code provisions (“**Code Provisions**”) set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) except code provision C.2.1 as more particularly described in the following paragraphs during the year ended 31 March 2025.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix 10 of the Listing Rule as its own conduct regarding securities transaction by Director of the Company. Having made specific enquiries with the directors of the Company (“**Directors**”), all Directors confirmed that they had complied with the required standard as set out in the Model Code throughout the year ended 31 March 2025.

The Company has adopted a dividend policy which sets out the basic principles in determining the distribution of the dividends to the Shareholders (the “**Dividend Policy**”).

In proposing any dividend payout, the Board shall take into account, inter alia:

- (i) the Company and its subsidiaries’ (collectively, the “**Group**”) actual and expected financial performance;
- (ii) Shareholders’ interests;
- (iii) general business conditions and strategies;
- (iv) retained earnings and distributable reserves of the Company and each of the other member(s) of the Group;
- (v) the level of the Group’s debts to equity ratio, return on equity and financial covenants to which the Group is subject to;



CORPORATE GOVERNANCE REPORT

- (vi) any contractual restrictions on payment of dividends by the Company to its Shareholders or by the Company's subsidiaries to the Company;
- (vii) the Group's expected working capital requirements and future expansion plans;
- (viii) liquidity position and future commitments at the time of declaration of dividend;
- (ix) taxation considerations;
- (x) possible effects on the Group's creditworthiness;
- (xi) statutory and regulatory restrictions;
- (xii) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- (xiii) other factors that the Board deems appropriate.

Except in the case of interim dividends to be paid out of profit, dividends declared by the Company must be approved by an ordinary resolution of the Shareholders and must not exceed the amount recommended by the Board.

Board of Directors Composition

The Board comprises five Directors, including two executive Directors, Mr. CHONG Heung Chung Jason (the Chairman and Chief Executive Officer of the Company,) and Ms. LIU Moxiang and three independent non-executive Directors, Mr. NI Zhenliang, Mr. WANG Guozhen and Mr. HUNG Muk Ming. The biographical details of the Directors are set out in the section headed "BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT" of this annual report.

Board Diversity

The Board has one female Director out of five Directors, and is committed to enhancing gender diversity as and when suitable candidates are identified.

The Company has also taken, and continues to take, steps to promote diversity at all levels of its workforce. Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination. As at 31 March 2025, the gender ratio of the Group's workforce was 42.86% male to 57.14% female.

The Board established mechanism to ensure independent views and input are available to the Board. The independent non-executive Directors of the Company support the effective discharge of the duties and responsibilities of the Board and bring independent views and input to the Board. In addition, the Board, Board committees or individual Directors may seek independent professional advice, views and input, which shall include but not limited to legal advice, advice of accountants and advice of other professional financial advisors, as considered necessary to fulfill their responsibilities and in exercising independent judgment when making decisions in furtherance of their Directors' duties at the Company's expense.



Responsibilities of the Board and Management

The Board is primarily responsible for overseeing and managing the Company's affairs, including the responsibilities for the adoption of long-term strategies and appointing and supervising senior management to ensure that the operation of the Group is conducted in accordance with the objectives of the Group.

The Board is also responsible for determining the Company's corporate governance policies which include:

- (a) To develop and review the Company's policies and practices on corporate governance;
- (b) To review and monitor the training and continuous professional development of Directors and senior management;
- (c) To review and monitor the Company's policies and practices to ensure compliance with legal and regulatory requirements;
- (d) To develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (e) To review the Company's compliance with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules and its disclosure requirements in the Corporate Governance Report.

During the year ended 31 March 2025, the Board had reviewed the Company's corporate governance policies and practices, training and continuing professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

While at all times the Board retains full responsibility for guiding and monitoring the Company in discharging its duties, certain responsibilities are delegated to various Board committees which have been established by the Board to deal with different aspects of the Company's affairs. Unless otherwise specified in their respective written terms of reference as approved by the Board, these Board committees are governed by the Company's articles of association as well as the Board's policies and practices (in so far as the same are not in conflict with the provisions contained in the articles of association). With the nomination committee, the remuneration committee and the audit committee, the independent non-executive Directors will be able to effectively devote their time to perform the duties required by the respective Board committees.

The Board has also delegated the responsibility of implementing its strategies and the day-to-day operation to the management of the Company under the leadership of the executive Directors. Clear guidance has been made as to the matters that should be reserved to the Board for its decision which include matters on, inter alia, capital, finance and financial reporting, internal controls, communication with shareholders, Board membership, delegation of authority and corporate governance.



CORPORATE GOVERNANCE REPORT

The Board acknowledges its responsibility for the preparation of the financial statements which give a true and fair view of the state of financial position and financial performance of the Group. The financial statements set out on pages 54 to 164 were prepared on the basis set out in Note 3 to the financial statements. Financial results of the Group are announced in a timely manner in accordance with statutory and/or regulatory requirements. The declaration of reporting responsibility issued by the external auditors of the Company on the financial statements is set out in the Independent Auditors' Report on pages 51 to 53.

The Board has balance of skills, knowledge and experience appropriate for the requirements of the business and to complement the Company's corporate strategy. The Board membership is covered by professionally qualified and widely experienced personnel to bring in valuable contributions and different professional advices and consultancy for development of the Company. All Directors have separate and independent access to the advice and services of the senior management and the company secretary with a view to ensuring the board procedures, and all applicable rules and regulations are followed. The principal functions of the Board are to supervise the management of the business and affairs; to approve the strategic plans, investment and funding decision; to review the Group's financial performance and operating initiatives.

The Board, led by the Chairman, is responsible for formulating overall strategy and policies, monitoring and controlling the performance of the Group. In addition to its overall supervisory role, the Board also retains specific responsibilities such as approving financial accounts, approving annual budget, recommending dividend payments, approving policies relating to the Board's compliance, etc. whilst managing the Group's day-to-day operations is the responsibility of the management of the Group (the "**Management**") such as implementing internal control, business strategies and plans set by the Board, etc.. When the Board delegates certain aspects of its management and administration functions to the Management, it has given clear directions as to the powers of the Management. During the year, the Board reviewed the compliance with the CG Code, the disclosure in the corporate governance report and the effectiveness of the risk management and internal controls systems of the Group.

Continuous Professional Development

During the year ended 31 March 2025, all Directors have been given relevant guideline materials and attended training course and seminar regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group. Such induction materials and briefings will also be provided to newly appointed Directors shortly upon their appointment as Directors. Continuing briefings and professional development to Directors will be arranged whenever necessary.

All Directors have provided record of training attendance and the Company will continue to arrange and/or fund the training in accordance with the Code Provisions.

The Company has arranged appropriate directors and officers liability insurance cover in respect of legal actions against the Directors.



Independent Non-executive Directors

During the year ended 31 March 2025, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board and at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

Prior to their respective appointment, each of the independent non-executive Directors has submitted a written statement to the Stock Exchange confirming their independence and has undertaken to inform the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect their independence. The Company has also received a written confirmation from each of the independent non-executive Directors in respect of their independence. The Company considers all independent non-executive Directors to be independent in accordance with the independence requirements set out in Rule 3.13 of the Listing Rules.

The independent non-executive Directors take an active role in Board meetings, contribute to the development of strategies and policies and make sound judgment in various aspects. They will take lead when potential conflicts of interest arise. They are also members of various Board committees and devote sufficient amount of time and attention to the affairs of the Company.

Roles of Chairman and Chief Executive Officer

The position of the Chairman and the Chief Executive Officer of the Company are held by Mr. CHONG Heung Chung Jason. 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 is Chairman of the Board and the Chief Executive Officer. As Mr. CHONG is the founder of the Group and has extensive experience in corporate operations and management, the Directors believe that it is in the best interest of the Group to have Mr. CHONG taking up both roles for effective management and business development.

The Chairman of the Company, Mr. CHONG, takes up the role of providing leadership for the Board and ensures that the Board works effectively and discharges its responsibility properly. With the support of executive Directors and the company secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at board meetings and receive adequate and reliable information in a timely manner. Mr. CHONG also ensures that good corporate governance practice is in force from time to time, and all key issues are discussed by the Board in a timely manner.

Mr. CHONG, also as the Chief Executive Officer of the Group, is responsible for managing overall daily operations of the Group, the implementation of the Group's development strategies and plans and to perform other responsibilities as assigned by the Board.

Appointment, Re-election and Removal of Directors

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive Directors.



CORPORATE GOVERNANCE REPORT

Each of the executive Directors has entered into a service contract with the Company and each of the independent non-executive Directors has signed a letter of appointment with the Company. Such term is for an initial term of three years for the executive Directors commencing from the Listing Date and three years for the independent non-executive Directors commencing from 20 November 2014, subject to re-election.

Pursuant to Article 83(3) of the Articles, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Shareholders after his appointment and be subject to re-election of such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Any Director appointed pursuant to Article 83(3) of the Articles shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

Pursuant to Article 84 of the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years and shall then be eligible for re-election.

In accordance with the Articles and the Corporate Governance Code contained in Appendix 14 to the Listing Rules, Mr. CHONG Heung Chung Jason will retire by rotation in accordance with Article 84 of the Articles. All retiring Directors, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The Nomination Committee will recommend to the Board for the selection, appointment and re-appointment of Director(s) in accordance with the following procedures and process:

- (i) The Nomination Committee will, giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;
- (ii) The Nomination Committee may consult any source it considers appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from a third-party agency firm and proposals from the Shareholders with due consideration given to the criteria which include but are not limited to:
 - (a) Diversity in the aspects of, amongst others, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service;
 - (b) Commitment for responsibilities of the Board in respect of available time and relevant interest (details of the Board Diversity Policy set out above);
 - (c) Qualifications, both academic and professional, including accomplishment and experience in the relevant industries in which the business(es) of the Company and its subsidiaries is/are involved;



- (d) Independence (for independent non-executive Directors);
 - (e) Reputation for integrity;
 - (f) Potential contributions that the individual can bring to the Board; and
 - (g) Plan(s) in place for the orderly succession of the Board;
- (iii) The Nomination Committee may adopt any process it considers appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third-party reference checks;
- (iv) The Nomination Committee will consider a broad range of candidates who are in and outside of the Board's circle of contacts;
- (v) Promptly after considering a candidate's suitability for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;
- (vi) The Nomination Committee will provide the relevant information of the selected candidate to the Remuneration Committee for consideration of the remuneration package of such selected candidate;
- (vii) The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment, and where a non-executive Director is considered, the Remuneration Committee will make the recommendation to the Board on the policy and structure for the remuneration;
- (viii) The Board may arrange for the selected candidate to be interviewed by the members of the Board, who are not members of the Nomination Committee and the Board will thereafter deliberate and decide the appointment as the case may be; and
- (ix) All appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be) to be filed with the relevant regulatory authorities, if required.

Board Meetings

The Board meets regularly, and at least four times a year, additional meetings are convened when deemed necessary by the Board. Board members are provided with complete, adequate and timely information to allow the Directors to fulfill their duties properly. In addition, Directors have full access to information on the Group and independent professional advice whenever deemed necessary by the Directors.

During the year ended 31 March 2025, the Board held thirty-six meetings. Due notice and board papers were given to all Directors prior to the board meetings in accordance with the CG Code.

CORPORATE GOVERNANCE REPORT

In addition, the Chairman and non-executive Directors including the independent non-executive Directors meet at least once every year without the presence of executive Directors.

At least 14 days' notice for all regular Board meetings will be given to all Directors and all Directors must be given the opportunity to include items or businesses for discussion in the agenda. For all other Board meetings, reasonable notice will be given. Relevant agenda and accompanying Board papers will be sent to all Directors at least three days in advance of every regular Board meeting.

Meetings Held During the Year Ended 31 March 2025

Details of the Directors' attendance at Board meetings and Board committee meetings, held during the year ended 31 March 2025 and the annual general meeting held on 5 August 2026 ("AGM") are set out as below:

	Attended/Eligible to attend					
	Board Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	Chairman and Independent non-executive Directors Meeting	AGM
Number of Meetings Held	40	2	1	1	1	1
Executive Directors						
Mr. CHONG Heung Chung Jason	36/36	–	1/1	–	1/1	1/1
Ms. LIU Moxiang	36/36	–	–	–	–	1/1
Independent Non-executive Directors						
Mr. NI Zhenliang	36/36	3/3	1/1	1/1	1/1	1/1
Mr. WANG Guozhen	36/36	3/3	–	1/1	1/1	–
Mr. HUNG Muk Ming	36/36	3/3	1/1	1/1	1/1	1/1

Board Committees

The Board has established four committees, including audit committee, remuneration committee, nomination committee and investment committee, for overseeing particular aspects of the Company's affairs and to strengthen its functions and to enhance its expertise. All committees have been formed with specific written terms of reference which deals clearly with the respective committees' authorities and duties. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Remuneration Committee

The Company established a remuneration committee pursuant to a resolution of the Directors passed on 20 November 2014 with written terms of reference in compliance with Rule 3.25 and Rule 3.26 of the Listing Rules. The written terms of reference of the remuneration committee was adopted in compliance with the Code Provisions. Its terms of reference are available on the websites of the Company and the Stock Exchange. As at the date of this report, the Remuneration Committee comprises three members including three independent non-executive Directors, namely Mr. HUNG Muk Ming, Mr. NI Zhenliang and Mr. WANG Guozhen. It is chaired by Mr. WANG Guozhen.



The major roles and functions of the Remuneration Committee are as follows:

- (a) To make recommendations to the Board on the Company's policy and structure for all directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (c) To make recommendations to the Board on the remuneration packages of individual executive directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment); and
- (d) To make recommendations to the Board on the remuneration of non-executive directors.

One Remuneration Committee meeting was held during the year ended 31 March 2025. From the date onwards, the Remuneration Committee will meet at least once a year for reviewing the remuneration policy and structure and making recommendations to the Board on determining the annual remuneration packages of the executive Directors and the senior management and other related matters.

The remuneration package of executive Directors is determined by reference to their duties and responsibilities, experience and the prevailing market conditions. The remuneration package of individual executive Directors includes salary, discretionary bonus and share based payment. Details of the Directors' fee and other emoluments of the Directors of the Company are set out in Note 12 to the financial statements.

The Remuneration Committee has adopted the model that it will review the proposals made by the management on the remuneration of executive Directors and senior management, and make recommendations to the Board. The Board will have final authority to approve the recommendations made by the Remuneration Committee.

Nomination Committee

The Company established a nomination committee pursuant to a resolution of the Directors passed on 20 November 2014 with written terms of reference in compliance with paragraph A.5.1 of Appendix 14 of the Listing Rules. Its terms of reference are available on the websites of the Company and the Stock Exchange. As at the date of this report, the Nomination Committee comprises three members including one executive Director, namely Mr. CHONG Heung Chung Jason and two independent non-executive Directors, namely Mr. HUNG Muk Ming and Mr. NI Zhenliang. It is chaired by Mr. CHONG Heung Chung Jason, the Chairman of the Board.

In November 2014, the Company adopted the Board Diversity Policy in accordance with the requirement set out in the code provision of the Code. Such policy sets out the approach to achieve diversity on Board.



CORPORATE GOVERNANCE REPORT

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The major roles and functions of the Nomination Committee are as follows:

- (a) To review the structure, size and composition (board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (b) To identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board;
- (c) To review the Board Diversity Policy, as appropriate, and disclose the Board Diversity Policy or its summary in the corporate governance report of the Company including the measurable objectives set for implementing the Board Diversity Policy and progress made towards achieving these measurable objectives;
- (d) To assess the independence of independent non-executive directors; and
- (e) make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors in particular the chairman and the chief executive.

All candidates must be able to meet the standards as set forth in Rule 3.08 and Rule 3.09 of the Listing Rules. A candidate who is to be appointed as an independent non-executive Director should also meet the independence criteria set out in Rule 3.13 of the Listing Rules. Qualified candidates will then be recommended to the Board for approval.

One Nomination Committee meeting was held during the year ended 31 March 2025. From the date onwards, the Nomination Committee will conduct meeting at least once a year.



Audit Committee

The Company established an audit committee pursuant to a resolution of the Directors passed on 20 November 2014 with written terms of reference in compliance with Rule 3.21 and Rule 3.22 of the Listing Rules. The written terms of reference of the audit committee was adopted in compliance with the Code Provisions. Its terms of reference are available on the websites of the Company and the Stock Exchange.

As at the date of this report, Audit Committee consists of three independent non-executive Directors, namely Mr. WANG Guozhen, Mr. HUNG Muk Ming and Mr. NI Zhenliang. It is chaired by Mr. HUNG Muk Ming who holds appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The major roles and functions of the Audit Committee are as follows:

- (a) To make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- (b) To monitor integrity of the Company's financial statements and to review significant financial reporting judgements contained in them;
- (c) To review the Company's financial controls, internal control and risk management systems; and
- (d) To discuss the internal control system with management to ensure that management has performed its duty to have an effective internal control system.

Two audit committee meetings were held during the year ended 31 March 2025.

As at the date of this annual report, the Audit Committee has considered and reviewed the accounting principles and practice adopted by the Group and has discussed matters in relation to internal control and financial reporting with the management. The Audit Committee considers that the 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.

The Audit Committee held a meeting with the external auditors on 20 March 2026 to (i) review the consolidated financial statements for the year ended 31 March 2025; (ii) discuss the internal control and financial reporting matters of the Group; and (iii) review the consolidated financial statements and the auditor's report and recommend to the board for approval. All members of the committee attended that meeting. From the date onwards, the Audit Committee will meet at least twice a year to review the financial results and reports, financial reporting and compliance procedures, the report of the internal auditor on the Company's internal control and risk management review and processes, and the re-appointment of the external auditor.

During the period from the Listing Date to the date of this annual report, the Board has not taken a different view from the audit committee on the selection, appointment, resignation or dismissal of an external auditor.



CORPORATE GOVERNANCE REPORT

Investment Committee

The Company established an investment committee pursuant to a resolution of the Directors passed on 20 November 2014. The written terms of reference of the investment committee are available on the websites of the Company.

As at the date of this report, Investment Committee consists of five Directors, namely Mr. CHONG Heung Chung Jason, Ms. LIU Moxiang, Mr. NI Zhenliang, Mr. WANG Guozhen and Mr. HUNG Muk Ming. It is chaired by Mr. CHONG Heung Chung Jason.

The major roles and functions of the Investment Committee are as follows:

- (a) To consider the investment and business decisions of the Group;
- (b) To make recommendations to our Board in respect of the major investment projects of the Group, such as the establishment of new JOYPOLIS in China; and
- (c) To monitor the performance of the Group for compliance with the investment policies and guidelines.

During the year ended 31 March 2025, no investment committee meeting was held.

Auditor's Remuneration

The fees charged by the auditor generally depends on the scope and volume of the auditor's work. During the year ended 31 March 2025, the remuneration paid or payable to the Company's external auditor related to audit services and other non-audit services amounted to approximately HK\$2,800,000 and Nil respectively.

Directors' Responsibilities for Financial Reporting

The Directors acknowledge their responsibilities for keeping proper accounting records and preparing the financial statements of each financial period, which shall give a true and fair view of the financial position of the Group and of the financial performance and cash flows for that year.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The senior management provides such explanation and information to the Board so as to enable the Board to make an informed assessment of the financial information and position of the Company.

As set out 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 conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The relevant responsibility statement of the auditor of the Company with respect to the financial statements of the Group is set out in the Independent Auditor's Report on pages 51 to 53.

Risk Management and Internal Control

Risk management

The Company established an inter-departmental ERM working group internally to carry out the relevant work and systematically established a risk management framework to incorporate risk management into enterprise management and business operation. It has also established a two-tier risk management structure model:

As the first tier of the Company's risk management system, each department is responsible for performing daily management process, implementing management system and incorporating means of risk management and internal control into daily operation; studying and proposing the criteria and mechanism for significant departmental decision-making, material events and important operation process; studying and indicating risks of significant departmental decision-making while taking precautions; effectively managing various risks incurred during the course of operation and management.

The audit committee of the Company will be responsible for the management of the effectiveness of risk management and gaining full understanding and making decisions for the Company's risk management. As the second tier of the Company's risk management system, the audit committee is at the top tier of the risk management and governance structure, mainly responsible for ensuring the implementation of risk management, procuring inspection of events with potential risks, ensuring effective implementation of risk management system, supervising and examining tasks relating to risk management regularly, formulating a report on risk management and promoting an effective company-wide risk management and internal control system.

On top of its established internal control system, the Company will continuously deepen its risk management efforts by establishing a system for assessing any possible systematic risks caused by changes in external environment and force majeure. Based on the risk assessment, the Company will identify risk prevention and response to prevent and respond to any possible risks. With respect to the unsystematic risks during the course of operation and management, the Company will establish a normalized process for risk control, risk reporting, risk response and risk management evaluation. Through the aforesaid enhanced measures and means of internal control system and risk management, the possibility of occurrence of risk events can be lowered.

As at the reporting date, the Company has established a comprehensive risk management system, and incorporated risk identification, risk assessment and risk response into daily operation. In consideration of current major risks faced by the Company and the corresponding response plan, the Company is capable of responding to the challenges brought by its own operation and external environment.



CORPORATE GOVERNANCE REPORT

Internal Control

The Board is responsible for maintaining an adequate system of internal controls within the Group and for reviewing their effectiveness. The system of internal controls is designed to facilitate effective and efficient operations, to safeguard assets and to ensure the quality of internal and external reporting and compliance with applicable laws and regulations. It is also designed to provide reasonable, but not absolute, assurance that material misstatement or loss can be avoided, and to manage and minimize risks of failure in operation systems.

The Board engaged a professional consulting firm to perform internal control review to assess the effectiveness of the financial, operational and compliance controls and risk management functions of the Company and the Group's major subsidiaries on a rotation basis.

At the meeting of the Audit Committee held on 20 March 2026, the professional consulting firm reported their review work for the year ended 31 March 2025 performed in accordance with the detailed risk-based internal control review plan which was approved by the Audit Committee. The Board, through the Audit Committee, has conducted a review of the effectiveness of the Group's internal control systems for the year ended 31 March 2025. The Audit Committee members, together with the senior management, have also reviewed, considered and discussed all findings relating to the internal control systems and recommendations for improvement.

The Audit Committee also reviewed and was satisfied with the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function.

Company Secretary

The Company Secretary of the Company is Mr. LUK Sik Tat, who is also the finance manager of the Company. Mr. Luk is a fellow member of the Association of Chartered Certified Accountants and a fellow member of The Hong Kong Institute of Certified Public Accountants. He fulfills the requirements under Rules 3.28 and 3.29 of the Listing Rules.

The Company Secretary is responsible for providing secretarial services to the Board and ensuring the operation of the Company is properly complied with Hong Kong listed companies' regulatory requirements as well as enhancing its corporate governance standards.

All Directors have access to the advice and services of the company secretary with a view to ensuring that board procedures and all applicable rules and regulations are followed. Company Secretary is also the secretary of each of Board committees. Minutes of Board meetings and meetings of all Board committees are kept by the Company Secretary and are available for inspection by the Directors at all times.

For the year ended 31 March 2025, the company secretary complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training.



Shareholders' Rights

Right to Convene an Extraordinary General Meeting

Pursuant to the Company's Articles of Association, shareholder(s) holding not less than one-tenth of the Company's paid-up capital at the end of deposit of requisition and having the right to vote at general meetings can submit a requisition to convene an Extraordinary General Meeting ("EGM").

Such requisition shall be made in writing to the Board or the company secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar and transfer office in Hong Kong, namely, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or the principal place of business of the Company in Hong Kong at Room 2905, 29/F, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong. Shareholders who wish to put enquiries to the Board can send their enquiries to the Company Secretary who will ensure these enquiries to be properly directed to the Board. Shareholders may at any time make a request for the Company's information to the extent such information is publicly available. Corporate communication of the Company will be provided to Shareholders in plain language and in both English and Chinese versions to facilitate Shareholders' understanding. Shareholders have the right to choose the language (either English or Chinese) or means of receipt of the corporate communications (in hard copy or through electronic means).

All resolutions put forward at an EGM will be taken by poll pursuant to the Listing Rules. Shareholders who are unable to attend the EGM can appoint proxies to attend and vote at the general meeting. The Chairman of the EGM will provide explanation of the detailed procedures for conducting a poll and then answer questions (if any) from the shareholders regarding voting by way of poll. In addition, the poll results will be posted on the websites of the Company and of the Stock Exchange after the EGM.

Communications with Shareholders

The Board is obliged to provide regular, effective and fair communication with the shareholders and the investors of the Company. Latest information is conveyed to the Shareholders and the investors of the Company on a timely basis.

The Company uses a range of communication tools to ensure the Shareholders and the investors are kept well informed of key business imperatives.

Upon reviewing the implementation and effectiveness of the Shareholders' communication policy of the Company, the Board considers the policy and its implementation are effective as the policy provides effective channels for the Shareholders to communicate their views with the Company and the Company complied with the principles and required practices as set out in the policy during the Year.



CORPORATE GOVERNANCE REPORT

Disclosure of Information

Information shall be communicated to Shareholders and the investors mainly through the Company's financial reports (interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the disclosures submitted to The Stock Exchange of Hong Kong Limited (the **"Hong Kong Stock Exchange"**) and its corporate communications and other corporate publications on the Hong Kong Stock Exchange's website and the Company's website.

General Meetings

Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings. Shareholders' views on matters that affect the Company are welcome by the Board at shareholders' meetings. Shareholders of the Company are notified of shareholders' meetings through notices and reports or circulars sent to them. Each item of special business in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. A separate resolution is proposed by the chairman of the meetings in respect of each separate issue, including the re-election of Directors.

The Chairman of the Board and Chairmen of the Audit Committee, Remuneration Committee, Nomination Committee and Investment Committee or failing him, his duly appointed delegate, are available at the annual general meeting to answer questions with regard to the work of these committees.

Voting by Poll

Save as provided under the Listing Rules, resolutions put to vote at the general meetings of the Company (other than procedural matters) are taken by poll. Procedures regarding the conduct of the poll are explained to the shareholders at the commencement of each general meeting, and questions from shareholders regarding the voting procedures are answered. The poll results are posted on the respective websites of the Company and the Hong Kong Stock Exchange on the same day of the poll.

Investor Relations

The Company maintains a website www.animatechina.com where information and updates on the list of Directors and their roles and functions, constitutional documents, terms of reference of the Board committees, procedures for shareholders to propose a person for election as a director, announcements, circulars and reports, etc. released to the Hong Kong Stock Exchange and other information are posted. Information on the Company's website will be updated from time to time.

A dedicated email address acti@animatechina.com for investor enquiry is set out in the "Contact Us" section on the Company's website.

REPORT OF THE DIRECTORS



The directors (the “**Directors**”) of the Company are pleased to present their annual report together with the audited financial statements for the year ended 31 March 2025.

Principal Activities

The principal activity of the Company is investment holding and those of the principal subsidiaries are set forth in Note 48 to the consolidated financial statements.

An analysis of the Group’s performance for the year by operating segments is set forth in Note 5 to the consolidated financial statements.

Results and Appropriations

The financial performance of the Group for the year ended 31 March 2025 and the financial position of the Group as of 31 March 2025 are set forth in the consolidated financial statements on pages 54 to 57.

Five Years Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set forth on pages 165 to 166. This summary does not form part of the consolidated financial statements.

Reserves

Details of the movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 58 of this annual report and Note 49 to the consolidated financial statements, respectively.

Distributable Reserves

As at 31 March 2025, the Directors were of the opinion that the Company has no distributable reserves.

Property, Plant and Equipment

Details of the movements in properties, plant and equipment of the Group are set forth in Note 15 to the consolidated financial statements.

Share Capital

Details of the authorised and issued share capital of the Company are set forth in Note 40 to the consolidated financial statements.

Subsidiaries

Details of the major subsidiaries of the Company are set forth in Note 48 to the consolidated financial statements.

Purchase, Sale or Redemption of the Company’s Securities

The Company has not redeemed any of its shares during the year. During the year ended 31 March 2025, neither the Company nor any of its subsidiaries has purchased or sold or redeemed any of the Company’s listed securities during the year.



REPORT OF THE DIRECTORS

Share Option Scheme

The Company's existing share option scheme was approved for adoption in the general meeting held on 16 February 2016 for the purpose of providing the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to eligible participants and for such other purposes as the Board approve from time to time.

As at and during the year ended 31 March 2024, all the share options granted under the Scheme were lapsed.

Details of the Company's share option scheme are set out in Note 46 to the consolidated financial statements and the principal terms of the share option scheme are extracted as follows:

Purpose

The purpose is to give the Eligible Persons (as described below) an opportunity to have a personal stake in the Company and help motivate them to optimise their future performance and efficiency to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executives (as defined below), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

Who may join

The Board may, at its absolute discretion, offer options ("**Options**") to subscribe for such number of Shares in accordance with the terms set forth in the Share Option Scheme to:

- (a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group ("**Executive**"), any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of the Group ("**Employee**");
- (b) a director or proposed director (including an independent non-executive director) of any member of the Group;
- (c) a direct or indirect shareholder of any member of the Group;
- (d) a supplier of goods or services to any member of the Group;
- (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group;
- (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; and
- (g) an associate of any of the persons referred to in paragraphs (a) to (c) above.

(the persons referred above are the "**Eligible Persons**")



Maximum number of Shares

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10.0 per cent. of our Shares in issue as of the Listing Date, excluding Shares which may fall to be issued upon the exercise of the Over-allotment Option (the “**Scheme Mandate Limit**”) provided that:

- (a) The Company may at any time as our Board may think fit seek approval from our Shareholders to refresh the Scheme Mandate Limit, save that the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company shall not exceed 10 per cent. of our Shares in issue as of the date of approval by Shareholders in general meeting where the Scheme Mandate Limit is refreshed. Options previously granted under the Share Option Scheme and any other schemes of the Company (including those outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other schemes of the Company) shall not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. The Company shall send to our Shareholders a circular containing the details and information required under the Listing Rules.
- (b) The Company may seek separate approval from our Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit, provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Person specified by the Company before such approval is obtained. The Company shall issue a circular to our Shareholders containing the details and information required under the Listing Rules.
- (c) The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Group shall not exceed 30% of the Company’s issued share capital from time to time. No options may be granted under the Share Option Scheme and any other share option scheme of the Company if this will result in such limit being exceeded.

Maximum number of Options to each participant

No Option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of Options granted and to be granted to that person in any 12 month period exceeds one per cent. of the Company’s issued share capital from time to time. Where any further grant of Options to such an Eligible Person would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such Eligible Person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1.0 per cent of the Shares in issue, such further grant shall be separately approved by the shareholders of the Company in general meeting with such Eligible Person and his close associates (or his associates if the Eligible Person is a connected person) abstaining from voting. The Company shall send a circular to the Shareholders disclosing the identity of the Eligible Person, the number and terms of the Options to be granted (and Options previously granted) to such Eligible Person, and containing the details and information required under the Listing Rules. The number and terms (including the subscription price) of the Options to be granted to such Eligible Person must be fixed before the approval of the Company’s Shareholders and the date of the Board meeting proposing such grant shall be taken as the offer date for the purpose of calculating the subscription price of those Options.



REPORT OF THE DIRECTORS

Offer and grant of Options

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years from the Adoption Date to offer the grant of an Option to any Eligible Person as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the Share Option Scheme) determine (provided the same shall be a board lot for dealing in our Shares on the Stock Exchange or an integral multiple thereof).

Restriction on the time of grant of Options

The Board shall not grant any Option under the Share Option Scheme after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced pursuant to the requirements of the Listing Rules. In particular, no Option shall be granted during the period commencing one month immediately preceding the earlier of the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcements.

Minimum holding period, vesting and performance target

Subject to the provisions of the Listing Rules, the Board may in its absolute discretion when offering the grant of an Option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Share Option Scheme as the Board may think fit (to be stated in the letter containing the offer of the grant of the Option) including (without prejudice to the generality of the foregoing) qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by the Company and/or the grantee, the satisfactory performance or maintenance by the grantee of certain conditions or obligations or the time or period before the right to exercise the Option in respect of all or any of the Shares shall vest provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the Share Option Scheme. For the avoidance of doubt, subject to such terms and conditions as the Board may determine as aforesaid (including such terms and conditions in relation to their vesting, exercise or otherwise) there is no minimum period for which an Option must be held before it can be exercised and no performance target which need to be achieved by the grantee before the Option can be exercised.

Subscription price

The subscription price of a Share in respect of any particular Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but the subscription price shall not be less than whichever is the highest of:

- (a) the nominal value of a Share;
- (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the offer date; and
- (c) the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the 5 business days (as defined in the Listing Rules) immediately preceding the offer date.



Exercise of Options

- (i) An Option shall be exercised in whole or in part (but if in part only, in respect of a Board Lot or any integral multiple thereof) within the Option Period in the manner as set forth in this Share Option Scheme by the grantee (or his legal personal representative(s)) by giving notice in writing to the Company stating that the Option is thereby exercised and specifying the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given. Within 30 days after receipt of the notice and, where appropriate, receipt of a certificate from our auditors pursuant to the Share Option Scheme, the Company shall accordingly allot and issue the relevant number of Shares to the grantee (or his legal personal representative(s)) credited as fully paid with effect from (but excluding) the relevant exercise date and issue to the Grantee (or his legal personal representative(s)) share certificate(s) in respect of our Shares so allotted.
- (ii) The exercise of any Option may be subject to a vesting schedule to be determined by the Board in its absolute discretion, which shall be specified in the offer letter.
- (iii) The exercise of any Option shall be subject to the members of the Company in general meeting approving any necessary increase in the authorized share capital of the Company.

Life of Share Option Scheme

Subject to the terms of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years from the date on which it becomes unconditional, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting Options granted prior to the expiry of the 10-years period or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

Transferability of Options

The Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any Option or attempt so to do (save that the Grantee may nominate a nominee in whose name our Shares issued pursuant to the Share Option Scheme may be registered), except with the prior written consent of the Board from time to time. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Grantee.



REPORT OF THE DIRECTORS

Directors' Right to Acquire Shares or Debentures

Apart from the share option scheme of the Company, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors

The Directors of the Company during the year and up to the date of this report are:

Executive Directors

Mr. CHONG Heung Chung Jason (*Chairman and Chief Executive Officer*)

Ms. LIU Moxiang

Independent Non-Executive Directors

Mr. NI Zhenliang

Mr. HUNG Muk Ming

Mr. WANG Guozhen

In accordance with the Articles and the Corporate Governance Code contained in Appendix 14 to the Listing Rules, Mr. CHONG Heung Chung Jason will retire by rotation in accordance with Article 84 of the Articles. All retiring Directors, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Confirmation of Independence of Independent Non-Executive Directors

The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers that all of them are independent.

Biographical Details of Directors and Senior Management

The biographical details of Directors and senior management are set forth in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

Directors' service Contract

None of the Directors offering themselves for re-election at the forthcoming annual general meeting of the Company has entered into any service contract with the Company or any of its subsidiaries, which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Directors' Interests in Contracts of Significance

No contracts of significance in relation to the Company's business to which the Company, its subsidiaries or its holding company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Controlling Shareholders' Interests in Contracts of Significance

Save as disclosed in this annual report, there was no other contract of significance between the Company or any of its subsidiaries and any controlling shareholder of the Company or any of its subsidiaries during the year.

REPORT OF THE DIRECTORS



Related Party Transactions

Details of the related party transactions of the Group for the year ended 31 March 2025 are set forth in Note 45 to the consolidated financial statements of this annual report.

For those related party transactions or those continuing related party transactions (as the case may be) falling under the definition of “connected transactions” or “continuing connected transactions” (as the case may be) in Chapter 14A of the Listing Rules, please refer to the details set forth in the section headed “Continuing Connected Transaction” and “Exempt Continuing Connected Transactions” of this annual report.

Directors’ Interests in Competing Business

During the year, save as disclosed in the Prospectus, none of the Directors and their respective associates has an interest in any business which competes or may compete with the business in which the Group engaged.

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

As of 31 March 2025, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”), were set forth below:

Long positions in the shares and underlying share of the Company

Name of Directors	Capacity/nature of interest	Name of the controlled corporations	Name of Company	Number of shares	Approximate percentage of shares in issue
CHONG Heung Chung Jason	Interest of controlled corporation (Note 1)	Bright Rise Enterprises Limited	Company	134,538,000 (L)	11.38%
	Spouse interest (Note 2)	–	Company	28,735,000 (L)	2.43%

Notes:

1. All issued shares of Bright Rise Enterprises Limited are held by Mr. CHONG Heung Chung Jason.
2. Ms. LEE Sui Fong Fiona is the spouse of Mr. CHONG Heung Chung Jason. Mr. CHONG Heung Chung Jason is deemed to be interested in our shares interested by Ms. LEE Sui Fong Fiona under the SFO.

Save as disclosed above, as at 31 March 2025, none of the Directors or chief executive or their respective associates had any interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

REPORT OF THE DIRECTORS

Substantial Shareholders

As of 31 March 2025, the following persons or corporations, other than the Directors or chief executive of the Company, had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

	Name of Shareholders	Capacity	Number of Shares	Shareholding percentage of shares in issue (%)
Long position	Bright Rise Enterprises Limited	Beneficial owner	134,538,000	11.38
	Fortress Strength Limited	Beneficial owner	28,735,000	2.43
	Ms. LEE Sui Fong Fiona	Interest in a controlled corporation ⁽¹⁾	28,735,000	2.43
		Spouse interest ⁽²⁾	134,538,000	11.38
Short position	Nil	Nil	Nil	Nil

Notes:

1. Ms. Lee is the sole beneficial owner of all issued shares of Fortress Strength Limited which is the registered and beneficial owner of 28,735,000 Shares.
2. Ms. Lee is the spouse of Mr. Chong and she is deemed to be interested in our Shares interested by Mr. Chong under the SFO.

Save as disclosed above, as of 31 March 2025, the Directors were not aware of any persons or corporations, other than the Directors or chief executive of the Company, who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Deed of Non-Competition

As disclosed in the Prospectus, each of the executive Directors and the substantial shareholders of the Company (the “**Substantial Shareholders**”), namely, Mr. CHONG Heung Chung Jason, Bright Rise Enterprises Limited, Mr. TING Ka Fai Jeffrey, Bonville Glory Limited, Ms. LEE Sui Fong Fiona, Fortress Strength Limited, Mr. Shinichiro IKEDA, Dragon Year Group Limited, Ms. OR Den Fung Bonnie and East Jumbo Development Limited, (collectively the “**Covenantors**”), has entered into the Deed of Non-Competition in favour of the Company, pursuant to which each of the Covenantors has undertaken to the Company that each of the Covenantors would not and would procure that their associates (except any members of the Group) would not, during the period that the Deed of Non-Competition remains effective, directly or indirectly, either on such Covenantor’s own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, agent, employee or otherwise) any business which is or may be in competition with the business of any member of the Group from time to time.



The Company has received an annual written confirmation from each of the executive Directors and the Substantial Shareholders in respect of the compliance with the Deed of Non-Competition for the year ended 31 March 2025.

Based on the information and confirmation provided by or obtained from each of the executive Directors and the Substantial Shareholders, all the independent non-executive directors reviewed the compliance conditions in respect of the Deed of Non-Competition for the year ended 31 March 2025 and believed that each of the executive Directors and the Substantial Shareholders had fully complied with the Deed of Non-Competition.

Continuing Connected Transaction

On 31 December 2016, Sega Holdings Co., Ltd. ("**SEGA Holdings**") and CA Sega Joypolis Ltd. ("**CA Sega**", formerly known as Sega Live Creation Inc.) entered into a trademark licence agreement pursuant to which SEGA Holdings (as licensor) agreed to grant to CA Sega a non-transferable and non-exclusive right to use and sublicense certain registered trademarks owned by SEGA Holdings for a term commencing from 1 January 2017 for an initial period of five years. The trademark licence agreement may be renewed for another five years subject to negotiations and agreements between the parties after expiry of the original term in full compliance with the applicable requirements under the Listing Rules. The annual caps, being the maximum aggregate amount of royalties payable by CA Sega to SEGA Holdings under the trademark licence agreement is JPY208,673,000 (equivalent to HK\$13,838,000) for the year ended 31 March 2025. The aggregate amount of royalties payable by CA Sega to SEGA Holdings amount to JPY44,719,000 (equivalent to approximately HK\$2,322,000) for the year ended 31 March 2025.

As Sega Sammy Holding Inc., ("**SEGA SAMMY**") holds 14.9% equity interest in the CA Sega Shares, SEGA Holdings, being a wholly-owned subsidiary of SEGA SAMMY, is a connected person at the subsidiary level (as defined under Chapter 14A of the Listing Rules) of the Company. Accordingly, the transaction contemplated under the trademark licence agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

For detailed terms of the trademarks licence agreement, please refer to the Company's announcement dated 3 January 2017.

Pursuant to Rule 14A.55 of the Listing Rule, the independent non-executive Directors of the Company have reviewed the continuing connected transactions as set out above and have confirmed that these continuing connected transactions have been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to independent third parties; and
- (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

REPORT OF THE DIRECTORS

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor had issued an unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules. The auditor of the Company has also confirmed to the Board in writing that the above continuing connected transaction for the year ended 31 March 2025 (i) has received the approval of the Board; (ii) has been entered into in accordance with the relevant pricing policies of the Group; (iii) has been entered into in accordance with the relevant agreement governing the transaction; and (iv) has not exceeded the annual cap disclosed in the Company's announcement dated 3 January 2017. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Exempt Continuing Connected Transactions

The companies now comprising the Group have had entered into a number of transactions with Mr. CHONG, a party who, upon the Listing, became a connected person of the Company under the Listing Rules.

Lease of premises

The Group leases premises from Mr. CHONG. The premises include selected floors of the buildings 9 and 10, China Animation Creative Industry Park, Youyi Road, Longcheng Street, Longgang District, Shenzhen, the PRC, and are currently used by us as our offices and research and development centre in Shenzhen. As the premises and all other buildings comprising the industry park are structures with no property ownership certificates granted to Mr. CHONG, 深圳市龍崗區龍城街道處理歷史遺留違法建築領導小組辦公室 (The Office of the Leadership Group in Handling Historical Unauthorised Structures in the area of Longcheng Street, Longgang District, Shenzhen City*) has issued a reply, upon the request of Mr. CHONG, confirming that the registered name of the premises has been changed to Mr. CHONG.

The table below sets forth (1) the term of the lease agreements entered into between us and Mr. CHONG and (2) the annual rent paid by us to Mr. CHONG for the year ended 31 March 2025:

								Historical transaction amount Year ended 31 March							
Lessor	Lessee	Date of lease	Term	Properties	Usage	Gross floor area (m²)	Annual rental (RMB'000)	2025	2024						
Mr. CHONG	Shenzhen Wald	1 August 2020	1 August 2020 to 31 March 2025	5th Floor of Building No. 10 China Animation Creative Industry Park Youyi Road Longcheng Street Longgang District Shenzhen PRC	Offices and research and development centre	1,350	194.4	(RMB'000)							
								194.4	194.4						
								(HK\$'000)							
								209	216						
								Total:	194.4	194.4					



As shown in the table above, the annual rent payable to Mr. CHONG is within the de minimis threshold as set forth in Rule 14A.76 of the Listing Rules. As such, the transactions are exempted from the reporting, announcement requirements and the independent Shareholders' approval requirements. The Directors, including the independent non-executive Directors, confirm that the lease agreements are entered into on normal commercial terms and in the interest of the Shareholders as a whole.

The Directors confirm that the annual rent payable under the relevant lease agreements between us and Mr. CHONG is determined with reference to an independent valuation taking into consideration the prevailing market conditions and rent level of similar types of properties in the vicinity. The independent valuer has confirmed that the annual rent is consistent with the prevailing market rates as of the date of the relevant agreements. On this basis, the Directors confirm that the premises under each of the lease agreements in this section are leased on normal commercial terms and the rental level payable under each of these lease agreements are at market level and are fair and reasonable.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

Major Customers and Suppliers

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases

— the largest supplier	100%
— five largest suppliers combined	100%

Sales

— the largest customer	23%
— five largest customers combined	48%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

Corporate Governance Code

Details of the Group's compliance with corporate governance code of the Company are set forth in the "CORPORATE GOVERNANCE REPORT" on pages 23 to 38 in this annual report.

Audit Committee

The audit committee consists of three independent non-executive Directors, namely Mr. WANG Guozhen, Mr. HUNG Muk Ming and Mr. NI Zhenliang.

By reference to "A Guide for the Formation of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants, written terms of reference which describe the authority and duties of the audit committee were prepared and adopted by the Board of the Company.

The annual results have been reviewed by the audit committee of the Company.



REPORT OF THE DIRECTORS

Tax Relief and Exemption

The Directors are not aware of any tax relief and exemption available to the shareholders by reason of their holding the Company's securities.

Pre-emptive Rights

There is no provision for the pre-emptive rights under the Company's articles of association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float required under the Listing Rules for the year ended 31 March 2025 and up to the date of this report.

Permitted Indemnity Provision

A permitted indemnity provision for the benefit of the directors of the Company is currently in force and was in force throughout the financial year. The Company has taken out and maintained directors and officers liability insurance which provides appropriate cover for, among others, directors of the Company.

Annual General Meeting

The annual general meeting will be held on 5 August 2026. Shareholders should refer to details regarding the annual general meeting in the circular of the Company and the notice of meeting and form of proxy accompanying thereto.

Auditor

A resolution will be submitted to the annual general meeting to re-appoint Messrs. KTC Partners CPA Limited as auditor of the Company.

By Order of the Board

Chong Heung Chung Jason

Chairman

Hong Kong, 20 March 2026

INDEPENDENT AUDITOR'S REPORT



TO THE MEMBERS OF 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)

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of CA Cultural Technology Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 54 to 164, which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

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.



INDEPENDENT AUDITOR'S REPORT

Basis for Disclaimer of Opinion (Continued)

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

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.

INDEPENDENT AUDITOR'S REPORT



Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA and to issue an auditors' report. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KTC Partners CPA Limited

Certified Public Accountants (Practising)

Chow Yiu Wah, Joseph

Audit Engagement Director

Practising Certificate Number P04686

Hong Kong, 20 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue	5	366,959	364,028
Cost of sales and services		(277,816)	(308,652)
Gross profit		89,143	55,376
Other income	6	1,023	586
Other gains and losses	7	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	19	(10)	138
Finance costs	8	(97,099)	(93,994)
Impairment loss on property, plant and equipment	15	–	(5,418)
Impairment loss on right-of-use assets	16	–	(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	9	24,009	(11,876)
Loss before taxation		(40,386)	(186,234)
Income tax (expenses)/credit	10	(526)	15,923
Loss for the year	11	(40,912)	(170,311)
Other comprehensive (expense)/income:			
<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)/gain 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)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
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 attributable to:			
Owners of the Company		(34,980)	(161,198)
Non-controlling interests		(8,305)	715
		(43,285)	(160,483)
Loss per share	14		
– Basic (HK\$)		(0.028)	(0.14)
– Diluted (HK\$)		(0.028)	(0.14)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment	15	42,440	62,737
Right-of-use assets	16	118,367	82,699
Goodwill	17	2,425	2,425
Intangible assets	18	–	–
Interest in associates	19	–	5,666
Interest in a joint venture	20	–	–
Financial assets at fair value through other comprehensive income	21	3,304	3,542
Deposits for acquisition of property, plant and equipment	25	72,112	72,492
Deposit for theme park development projects	25	50,000	50,000
Rental deposits		11,676	11,504
		300,324	291,065
Current assets			
Inventories	23	6,657	5,521
Trade receivables	24	57,681	41,609
Other receivables, deposits and prepayments	25	49,489	56,540
Financial assets at fair value through profit or loss	26	–	733
Restricted bank balances and cash	22	2,240	781
Bank balances and cash	27	11,384	11,685
		127,451	116,869
Current liabilities			
Trade payables	28	4,026	6,255
Other payables and accruals	29	338,175	279,338
Amount due to a director	30	82	–
Contract liabilities	31	19,496	20,081
Tax payable		25,652	25,877
Guaranteed note	33	25,000	25,000
Bonds	36	721,755	712,400
Lease liabilities	34	10,942	21,208
Bank and other borrowings	35	162,565	150,345
		1,307,693	1,240,504
Net current liabilities		(1,180,242)	(1,123,635)
Total assets less current liabilities		(879,918)	(832,570)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current liabilities			
Bonds	36	–	8,644
Bank and other borrowings	35	48,915	54,986
Lease liabilities	34	98,465	82,554
Contract liabilities	31	24,578	28,086
Provision for reinstatement costs for rented premises	32	25,854	23,754
Obligation arising from a put option to a non-controlling interest	39	10,900	10,871
Put option derivatives	39	–	3,880
		208,712	212,775
Net liabilities		(1,088,630)	(1,045,345)
Capital and reserves			
Share capital	40	118,204	118,204
Reserves		(1,191,226)	(1,156,246)
Equity attributable to owners of the Company		(1,073,022)	(1,038,042)
Non-controlling interests		(15,608)	(7,303)
Total capital deficiency		(1,088,630)	(1,045,345)

The consolidated financial statements on pages 54 to 164 were approved and authorised for issue by the board of directors on 20 March 2026 and are signed on its behalf by:

Chong Heung Chung Jason
DIRECTOR

Liu Moxiang
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Investments	Share-based	Other reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
				revaluation	compensation					
				reserve	reserve					
				HK\$'000	HK\$'000					
At 1 April 2023	118,204	768,937	(2,683)	(116,927)	2,562	(93,543)	(1,553,394)	(876,844)	(8,018)	(884,862)
Loss for the year	-	-	-	-	-	-	(170,679)	(170,679)	368	(170,311)
Exchange differences arising on translation of foreign subsidiaries	-	-	11,294	-	-	-	-	11,294	509	11,803
Fair value loss on investment in equity instrument at fair value through other comprehensive income	-	-	-	(801)	-	-	-	(801)	-	(801)
Fair value loss on debt investments at fair value through other comprehensive income	-	-	-	(87)	-	-	-	(87)	-	(87)
Remeasurement of defined benefit plans	-	-	-	-	-	(925)	-	(925)	(162)	(1,087)
Total comprehensive expense for the year	-	-	11,294	(888)	-	(925)	(170,679)	(161,198)	715	(160,483)
Transfer upon expiry of share option scheme	-	-	-	-	(2,562)	-	2,562	-	-	-
At 31 March 2024	118,204	768,937	8,611	(117,815)	-	(94,468)	(1,721,511)	(1,038,042)	(7,303)	(1,045,345)
Loss for the year	-	-	-	-	-	-	(33,043)	(33,043)	(7,869)	(40,912)
Exchange differences arising on translation of foreign subsidiaries	-	-	(1,083)	-	-	-	-	(1,083)	(308)	(1,391)
Fair value gain on investment in equity instrument at fair value through other comprehensive income	-	-	-	6	-	-	-	6	-	6
Fair value loss on debt investments at fair value through other comprehensive income	-	-	-	(132)	-	-	-	(132)	-	(132)
Remeasurement of defined benefit plans	-	-	-	-	-	(728)	-	(728)	(128)	(856)
Total comprehensive expense for the year	-	-	(1,083)	(126)	-	(728)	(33,043)	(34,980)	(8,305)	(43,285)
At 31 March 2025	118,204	768,937	7,528	(117,941)	-	(95,196)	(1,754,554)	(1,073,022)	(15,608)	(1,088,630)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	2025 HK\$'000	2024 HK\$'000
OPERATING ACTIVITIES		
Loss before taxation	(40,386)	(186,234)
Adjustments for:		
Amortisation of intangible assets	–	2,188
Defined benefit plans loss	957	1,334
Depreciation of property, plant and equipment	20,671	38,735
Depreciation of right-of-use assets	16,356	25,169
Finance costs	97,099	93,994
Net (gain)/loss on a put option to a non-controlling interest	(3,880)	4,149
Interest income	(315)	(57)
Loss on disposal of property, plant and equipment	2,860	11,616
Share of loss/(profit) of associates	10	(138)
Provision recognised for reinstatement costs for rented premises	192	126
Gain on derecognition of right-of-use assets and lease liabilities	(29,461)	–
Fair value gain on financial assets at fair value through profit or loss	(75)	–
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	–
Impairment loss under expected credit loss model, net of reversal	(24,009)	11,876
Gain on waive of lease payable	(18,451)	–
Loss on disposal of an associate	2,926	–
Operating cash flows before movements in working capital	27,225	16,275
(Increase)/decrease in inventories	(1,137)	863
Increase in trade receivables	(23,353)	(5,436)
Decrease in other receivables, deposits and prepayments	38,730	6,485
Decrease in trade payables	(2,229)	(11)
Increase in other payables and accruals	75,458	79,377
Decrease in contract liabilities	(3,855)	(7,002)
CASH GENERATED FROM OPERATION	110,839	90,551
Income tax paid	(752)	(1,005)
NET CASH GENERATED FROM OPERATING ACTIVITIES	110,087	89,546

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	2025 HK\$'000	2024 HK\$'000
INVESTING ACTIVITIES		
Deposits paid for and purchase of property, plant and equipment	(837)	(1,702)
Proceeds from disposal of property, plant and equipment	1,881	559
Decrease in deposits paid for a theme park development project	–	4,400
Proceeds from disposal of investment at fair value through profit or loss	808	–
Proceeds from disposal of investment at fair value through other comprehensive income	–	272
Placement of restricted cash	(1,460)	–
Interest received	316	57
NET CASH FROM INVESTING ACTIVITIES	708	3,586
FINANCING ACTIVITIES		
New bank and other borrowings raised	50,918	34,953
Advances/(repayment to) from a director	82	(25)
Repayment of bonds	–	–
Interest paid	(91,464)	(82,238)
Repayment of bank and other borrowings	(45,190)	(30,964)
Repayment of lease liabilities	(24,475)	(39,897)
NET CASH USED IN FINANCING ACTIVITIES	(110,129)	(118,171)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	666	(25,039)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	11,685	36,242
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	(967)	482
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTING BANK BALANCES AND CASH	11,384	11,685

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. 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 Hong Kong Financial Reporting Standards (“**HKFRSs**”)

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

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 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 HKFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Impacts on application of Amendments to HKAS 1 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

2. Application of Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

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”) (Continued)

- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

2. Application of Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 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 HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information

3.1 Basis of preparation of consolidated financial statements

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

Going Concern

The Group recorded a net loss of HK\$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) successfully maintaining relationship with the Group’s existing lenders such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings and other debts for which principal and interest payments are in default.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.1 Basis of preparation of consolidated financial statements (Continued)

Going Concern (Continued)

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

If the Scheme is successfully implemented and become effective, claims against and liabilities of the Company amounting to approximately HK\$1,244,846,000 (interest accrued to 31 March 2025 and inclusive of intercompany balances booked under the Company’s standalone financial statements which are fully eliminated in the consolidated financial statements) will be compromised and discharged. Under the Scheme, a cash consideration of approximately HK\$160,000,000 from the net proceeds from the share subscription by the Investor will be distributed by the Company and an aggregate of 59,000,000 Company’s new shares at the issue price of HK\$0.1772 per new share will be issued and allotted by the Company for the benefit of the Scheme creditors. For details, please refer to the Company’s announcement dated 15 March 2023.

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material Accounting Policy Information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material Accounting Policy Information (Continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

Interest in associates and a joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint venture are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of the associate and joint venture used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or a joint venture. Changes in net assets of the associate and joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or a joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or a joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or a joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material Accounting Policy Information (Continued)

Interest in an associate and a joint venture (Continued)

Interest in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or a joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or a joint venture that are not related to the Group.

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Notes 5 and 31.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material Accounting Policy Information (Continued)

Lease

(a) Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

(b) The Group as a lessee

(i) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of buildings that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

(ii) Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The principal annual rates are as follows:

Plant and machinery	2 to 5 years
Leased properties	1 to 6 years
Leasehold land	214 months

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material Accounting Policy Information (Continued)

Lease (Continued)

(b) The Group as a lessee (Continued)

(iii) Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

(iv) Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material Accounting Policy Information (Continued)

Lease (Continued)

(b) The Group as a lessee (Continued)

(v) Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(vi) Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform, the Group applies the practical expedient to remeasure the lease liabilities by discounting the revised lease payments using the unchanged discount rate and makes a corresponding adjustment to the related right-of-use assets. A lease modification is required by interest rate benchmark reform if, and only if, both of these conditions are met:

- the modification is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the lease payments is economically equivalent to the previous basis (i.e. the basis immediately preceding the modification).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material Accounting Policy Information (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material Accounting Policy Information (Continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligations, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme and other state-managed retirement benefit scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. In determining the present value of the Group's defined benefit obligations and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than earlier years, the Group attributes the benefit on a straight-line basis from:

- (a) the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until
- (b) the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Defined benefit costs are categorised as follows:

- service cost (representing current service cost);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material Accounting Policy Information (Continued)

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees and others providing similar services to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in share-based compensation reserve. At the end of the reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based compensation reserve.

When share options are exercised, the amount previously recognised in share-based compensation reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based compensation reserve will be transferred to accumulated losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material Accounting Policy Information (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material Accounting Policy Information (Continued)

Taxation (Continued)

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment (other than construction in progress as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

When the Group makes payments for a property interest which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “prepaid lease payments” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the consideration cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as property, plant and equipment.

Construction in progress for production or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees in accordance with the Group’s accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material Accounting Policy Information (Continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material Accounting Policy Information (Continued)

Impairment on tangible and intangible assets other than goodwill (Continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairments loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material Accounting Policy Information (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

(a) Financial assets

(i) Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material Accounting Policy Information (Continued)

Financial instruments (Continued)

(a) Financial assets (Continued)

(i) Classification and subsequent measurement of financial assets (Continued)

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material Accounting Policy Information (Continued)

Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(iii) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of Investments Revaluation reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iv) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the other income line item in profit or loss.

(v) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material Accounting Policy Information (Continued)

Financial instruments (Continued)

(a) Financial assets (Continued)

(vi) Impairment of financial assets

The Group performs impairment assessment under expected credit loss (“**ECL**”) model on financial assets at amortised cost which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“**12m ECL**”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balance or collectively using a provision matrix with similar credit risk characteristics based primarily on the debtors’ aging profiles.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material Accounting Policy Information (Continued)

Financial instruments (Continued)

(a) Financial assets (Continued)

(vi) Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that result in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 1 year past due the Group has rebutted the 90 days past due presumption of default based on reasonable and supportable information including the Group's credit risk control practices and the historical recovery rate of financial assets over 90 days past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material Accounting Policy Information (Continued)

Financial instruments (Continued)

(a) Financial assets (Continued)

(vi) Impairment of financial assets (Continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material Accounting Policy Information (Continued)

Financial instruments (Continued)

(a) Financial assets (Continued)

(vi) Impairment of financial assets (Continued)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for investments in debt instruments that are at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the Investments revaluation reserve without reducing the carrying amount of these debt instruments. Such amount represents the changes in the Investments revaluation reserve reserve in relation to accumulated loss allowance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material Accounting Policy Information (Continued)

Financial instruments (Continued)

(a) Financial assets (Continued)

(vii) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(b) Financial liabilities and equity

(i) Classification as debt or equity

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recognised at the proceeds received, net of direct issue costs.

(iii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

(iv) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material Accounting Policy Information (Continued)

Financial instruments (Continued)

(b) Financial liabilities and equity (Continued)

(iv) Financial liabilities at FVTPL (Continued)

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, such as convertible bonds, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability.

(v) Financial liabilities at amortised cost

Financial liabilities including trade payables, other payables, bank and other borrowings, guaranteed note and bonds are subsequently measured at amortised cost, using the effective interest method.

(vi) Derecognition/Substantial modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The Group accounts for an exchange with a lender of a financial liability with substantially different terms as an extinguishment of the original financial liability and the recognition of a new financial liability. A substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the Group) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

3.2 Material Accounting Policy Information (Continued)

Financial instruments (Continued)

(b) Financial liabilities and equity (Continued)

(vi) Derecognition/Substantial modification of financial liabilities (Continued)

The Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

When an existing financial liability is renegotiated in such a way that the liability is extinguished fully or partially by issuing equity instruments, it is accounted for as an extinguishment of the original financial liability and a recognition of equity instrument at the fair value upon issue with the difference between the carrying amount of the financial liability (or part of the financial liability) extinguished and the consideration paid (being the fair value of the equity instruments issued), recognised to profit or loss.

(vii) Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Significant influence over Triple Blessing International Limited ("Triple Blessing") and Lion Run Holdings Limited ("Lion Run")

Note 19 describes that Triple Blessing and Lion Run are associates (the "**Associates**") of the Group although the Group has 48% ownership interest and voting rights in the Associates. The remaining 52% of shareholdings are owned by several investors that are unrelated to the Group. Details of the Associates are set out in Note 19.

The directors of the Company assessed whether the Group has control over the Associates based on whether the Group has the practical ability to direct the relevant activities of the Associates unilaterally. In making the judgement, the directors of the Company considered the Group's absolute size of holding in the Associates and the relative size of and dispersion of the shareholdings owned by the other shareholders. After assessment, the directors of the Company concluded that the Group does not have sufficiently dominant voting interest to direct the relevant activities of the Associates and therefore the Group does not have control over the Associates.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

(Continued)

Provision of ECL for trade receivables, other receivables and deposits

The Group calculate ECL for the trade receivables based on the past due status as groupings of various debtors that have similar loss patterns. The ECL is based on the Group's estimated rates taking into consideration key economic variables impacting credit risk and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the estimated default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balances and credit impaired receivables are assessed for ECL individually.

ECL for other receivables and deposits are also based on management's estimate of the 12-months/lifetime ECL to be incurred, which is estimated by taking into account the credit loss experience, ageing of overdue other receivables and deposits, debtors' repayment history and an assessment of both the current and forecast general economic conditions.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables, other receivables and deposits are disclosed in Notes 24, 25 and 42(b).

Estimated useful lives of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives, using straight-line method. The estimated useful lives that the Group depreciates the property, plant and equipment reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the assets. Actual economic lives may differ from estimated useful lives. If the actual useful lives of property, plant and equipment are less than the original estimated useful lives due to changes in commercial and technological environment, such difference will impact the depreciation charges for the remaining periods.

At 31 March 2025, the carrying amount of property, plant and equipment was approximately HK\$42,440,000 (2024: HK\$62,737,000). Details of the useful lives of the property, plant and equipment are disclosed in Note 15.

Estimated impairment of non-current assets relating to CA Sega Group, Huajiatai, Walita Toys (Cambodia) Company Limited, the multimedia segment and China Animation Group Limited

Property, plant and equipment, rights-of-use assets and intangible assets are stated at costs less accumulated depreciation, accumulated amortisation and impairment, if any. The directors review their impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable at the end of each reporting period. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, which in the case of value in use represents, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

(Continued)

Estimated impairment of non-current assets relating to CA Sega Group, Huajiatai, Walita Toys (Cambodia) Company Limited, the multimedia segment and China Animation Group Limited (Continued)

Based on the management's assessment, no impairment was recognised on non-current assets relating to CA Sega Group.

For non-current assets relating to Walita Toys (Cambodia) Company Limited, impairment loss of HK\$Nil (2024: HK\$2,036,000) and reversal of impairment loss of approximately HK\$Nil (2024: HK\$6,434,000) had been recognized in respect of the property, plant and equipment and right-of-use assets respectively for the year ended 31 March 2025.

For non-current assets relating to Huajiatai, impairment loss of approximately HK\$Nil (2024: HK\$3,382,000) and HK\$Nil (2024: HK\$14,533,000) had been recognized in respect of the property, plant and equipment and right-of-use assets respectively for the year ended 31 March 2025.

For non-current assets relating to the multimedia segment, no impairment loss has been recognized in respect of the intangible assets for the year ended 31 March 2025 (2024: Nil).

For non-current assets relating to China Animation Group Limited, no impairment loss has been recognised in respect of the property, plant and equipment belonging to China Animation Group Limited for the year ended 31 March 2025 (2024: Nil).

Income tax

The Group is subject to income taxes in Hong Kong and overseas locations. Judgement is required in determining the provision for income taxes. There are transactions for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the income tax and deferred tax provision in the period in which such determination is made. In addition, deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. This requires significant judgment on the tax treatments of certain transactions and also assessment on the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

5. 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 HK\$'000	2024 HK\$'000
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	–
	366,959	364,028
Timing of revenue recognition:		
	2025 HK\$'000	2024 HK\$'000
At point in time	364,183	361,791
Over time	2,776	2,237
	366,959	364,028

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

5. Revenue and Segment Information (Continued)

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

(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\$4,244,000 as at 31 March 2025 (2024: HK\$3,649,000). There is generally only one performance obligation.

Licensing income of indoor theme parks/multimedia animation entertainment

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

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

Sales of theme park machineries

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

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

5. Revenue and Segment Information (Continued)

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

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

	Establishment and operation of indoor theme park	
	2025 HK\$'000	2024 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

5. Revenue and Segment Information (Continued)

(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 HK\$'000	Establishment and operation of indoor theme parks HK\$'000	Multimedia animation entertainment HK\$'000	Total HK\$'000
For the year ended 31 March 2025				
Segment revenue	147,229	219,087	643	366,959
Segment (loss)/profit	(12,176)	113,136	9,180	110,140
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				(2,731)
Loss before tax				(40,386)
For the year ended 31 March 2024				
Segment revenue	147,977	216,048	3	364,028
Segment loss	(5,068)	(15,843)	(8,608)	(29,519)
Unallocated expense				(67,350)
Unallocated other income, other gains and losses				(4,479)
Unallocated finance cost				(84,886)
Loss before tax				(186,234)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

5. Revenue and Segment Information (Continued)

(ii) Segment information (Continued)

(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 HK\$'000	2024 HK\$'000
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
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	2,240	781
Bank balances and cash	11,384	11,685
Consolidated total assets	427,775	407,934

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

5. Revenue and Segment Information (Continued)

(ii) Segment information (Continued)

(b) Segment assets and liabilities (Continued)

Segment liabilities

	2025 HK\$'000	2024 HK\$'000
Sales of animation derivative products	2,717	3,502
Establishment and operation of indoor theme parks	213,633	241,862
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
Consolidated total liabilities	1,516,405	1,453,279

Segment assets represent certain property, plant and equipment, right-of-use assets, deposits for acquisition of 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, deferred tax 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

5. Revenue and Segment Information (Continued)

(ii) Segment information (Continued)

(c) Other segment information

	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
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:						
Taxation	-	(526)	-	(526)	-	(526)
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 of property, plant and equipment	150	38,373	47	38,570	165	38,735
Depreciation of right-of-use assets	41	25,128	-	25,169	-	25,169
Amortisation of intangible assets	-	229	1,959	2,188	-	2,188
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:						
Taxation	11,418	4,505	-	15,923	-	15,923

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

5. Revenue and Segment Information (Continued)

(ii) Segment information (Continued)

(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 HK\$'000	2024 HK\$'000
PRC	17,371	33,772
Hong Kong	111,105	82,778
Japan	238,483	247,478
	366,959	364,028

Non-current assets by geographical location

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

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 HK\$'000	2024 HK\$'000
Customer A ¹	90,319	82,772
Customer B ¹	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 of the Group for the year ended 31 March 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

6. Other Income

	2025 HK\$'000	2024 HK\$'000
Bank interest income	315	57
Government grants (Note)	319	312
Interest income from unlisted bond	286	–
Others	103	217
	1,023	586

Note: There are no unfulfilled conditions or contingencies relating to these grants.

7. Other Gains and Losses

	2025 HK\$'000	2024 HK\$'000
Net foreign exchange (loss)/gain	(9)	234
Gain on waiver of lease payable (Note 15)	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 (Note 15)	29,461	–
Loss on disposal of an associate (Note 19(a))	(2,926)	–
Other (loss)/gain	(118)	1,195
	45,893	(12,959)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

8. Finance Costs

	2025 HK\$'000	2024 HK\$'000
Interest expenses on bank borrowings	1,073	1,342
Interest expenses on other borrowings	15,947	9,017
Effective interest expenses on guaranteed note	8,910	7,203
Effective interest expenses on bonds	66,245	67,320
Interest on lease liabilities	4,923	9,108
Interest on bank overdraft	1	4
	97,099	93,994

9. (Reversal of)/Provision for Impairment Losses Under Expected Credit Loss Model, Net of Reversal

	2025 HK\$'000	2024 HK\$'000
(Reversal of)/provision for impairment losses recognised on:		
– Trade receivables	7,649	13,806
– Other receivables and deposits	(31,770)	(1,959)
– Financial asset at fair value through other comprehensive income	112	29
	(24,009)	11,876

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

10. Income Tax (Expense)/Credit

	Notes	2025 HK\$'000	2024 HK\$'000
The tax expense/(credit) comprises:			
Hong Kong Profits Tax:			
Overprovision in prior years	(i)	—	(13,459)
Underprovision in prior years	(ii)	—	1,188
PRC Enterprise Income Tax ("EIT")			
Overprovision in prior years		—	(3,957)
Corporate tax in Japan			
Current tax		526	305
		526	(15,923)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

10. Income Tax (Expense)/Credit (Continued)

(i) Overprovision in prior years

(a) Trading income and licensing income of a subsidiary

The Group only notified the Hong Kong Inland Revenue Department (“IRD”) of its assessable profits in respect of a wholly owned subsidiary of the Company for the years of assessment 2008/09 to 2012/13 in February 2014. After filing the respective tax returns, the Group received Notices of Assessment for the year of assessment 2008/09 in March 2014, the year of assessment 2009/10 in May 2014, and the years of assessment 2010/11 to 2012/13 in July 2014 from the IRD which stated that tax payable for the years of assessment 2008/09 to 2012/13 amounted to HK\$4,566,000 in aggregate, which was based on the amounts reported in tax returns filed by the Group for the relevant years. As at 31 March 2024, the directors believe that the risk of the IRD issuing an additional assessment for year of assessment 2017/18 in respect of its offshore income claim for the year of assessment is low. Accordingly, the tax provision of approximately HK\$11,418,000 for the year of assessment 2017/18 was reversed during the year ended 31 March 2024. As at 31 March 2025, as the Group did not make tax provision in respect of the offshore income for the year of assessment 2018/19 during the relevant financial year, no reversal of tax provision is made during the year ended 31 March 2025.

The Group has lodged the offshore profits claims in respect of the trading income (other than trading income derived from Hong Kong affiliates of Japanese customers) and licensing income which were derived outside Hong Kong. Hence, the Group estimated the total tax payable for the years of assessment of 2008/09 to 2012/13 (on the assumption that the aforesaid offshore profit claims will be accepted by the IRD) amounting to HK\$4,566,000 and has already paid such amount to the IRD based on the tax assessments received. As at 31 March 2025, the offshore profits claims are still under review by the IRD. The directors of the Company are of the opinion that in the event that the offshore profits claims in respect of the trading income are not accepted but the offshore profits claims in respect of the licensing income are accepted by the IRD, the estimated outstanding tax payable by the Group as at 31 March 2025 would be HK\$11,721,000 after considering the overprovision of year of assessment 2018/19 (2024: HK\$11,786,000 after considering the overprovision of year of assessment 2017/18). The directors believe that the Group has made appropriate provision in respect of the possible tax liability.

(b) Licensing and ticketing income of another subsidiary

Another wholly owned subsidiary of the Company has lodged the offshore profits claims in respect of the licensing income derived outside Hong Kong for the years of assessment 2015/16 to 2018/19. Due to the lapse of the time bar for HKIRD to issue additional tax assessment in respect of the year of assessment 2015/16, the directors believe that the risk of the IRD to issue an additional assessment for the year of assessment 2015/16 is low. Accordingly, the tax provision of approximately HK\$2,041,000 for the year of assessment 2015/16 was reversed during the year ended 31 March 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

10. Income Tax (Expense)/Credit (Continued)

(ii) Underprovision in prior years

In current and prior years, the Hong Kong Profits Tax amounting to approximately HK\$3,897,000 of a subsidiary of the Company in respect of the years of assessment 2016/17 to 2018/19 were under inquiries by the IRD and the IRD has issued tax assessment in respect of the years of assessment 2016/17 to 2018/19 amounting to approximately HK\$3,897,000. The Group lodged objections against the assessments and the IRD had held over the payment of the profit tax and an equal amount of tax reserve certificate were required. Total amount of approximately HK\$90,000 tax reserve certificates was purchased.

Sufficient tax provision has been made in respect of the years of assessment 2016/17 to 2017/18 and an additional tax provision of HK\$1,188,000 is made in respect of year of assessment 2018/19 during the year ended 31 March 2024.

Save as disclosed above, the directors of the Company are of the opinion that the Group is not subject to taxation in any other jurisdictions.

The tax credit for the year can be reconciled to the loss before taxation per consolidated statement of profit or loss and other comprehensive income as follows:

	2025 HK\$'000	2024 HK\$'000
Loss before taxation	(40,386)	(186,234)
Notional tax at the Hong Kong Profits Tax rate of 16.5%	(6,664)	(30,729)
Tax effect of share of result of associates	2	(22)
Tax effect of expenses not deductible for tax purpose	24,650	33,170
Tax effect of income not taxable for tax purpose	(5,273)	(1,877)
Underprovision of taxation in prior years	—	1,188
Effect of different tax rates of subsidiaries operating in other jurisdictions	48	834
Tax effect of additional tax deduction on research and development expenses	—	(121)
Tax effect of tax losses not recognised	2,279	4,614
Utilisation of tax losses previously not recognised	(14,516)	(5,564)
Overprovision of taxation in prior years	—	(17,416)
	526	(15,923)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

11. Loss for the Year

	2025 HK\$'000	2024 HK\$'000
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	15,362	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	9,804	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
	277,816	308,652

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

11. Loss for the Year (Continued)

	2025 HK\$'000	2024 HK\$'000
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
	27,509	37,983
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
	70,627	73,031
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 right-of-use assets	407	433
Depreciation of property, plant and equipment	74	—
Research cost for a theme park development project	—	4,400
Other research and development cost	224	3,603
— Multimedia animation entertainment		
Other research and development cost	—	734
	8,155	14,907

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

12. Directors', Chief Executive's and Employees' Emoluments

Directors' and chief executive's emoluments

The emoluments paid or payable to each of the five (2024: six) directors of the Company are as follows:

For the year ended 31 March 2025

	Fees HK\$'000	Salaries and other benefits HK\$'000	Retirement benefit scheme contributions HK\$'000	Incentive performance bonuses HK\$'000	Total HK\$'000
Executive directors:					
Mr. Chong Heung Chung Jason	1,056	744	18	150	1,968
Ms. Liu Moxiang	348	–	79	–	427
	1,404	744	97	150	2,395
Independent non-executive directors:					
Mr. Ni Zhenliang	250	–	–	–	250
Mr. Wang Guozhen	250	–	–	–	250
Mr. Hung Muk Ming	250	–	–	–	250
	750	–	–	–	750
	2,154	744	97	150	3,145

For the year ended 31 March 2024

	Fees HK\$'000	Salaries and other benefits HK\$'000	Retirement benefit scheme contributions HK\$'000	Incentive performance bonuses HK\$'000	Total HK\$'000
Executive directors:					
Mr. Chong Heung Chung Jason	1,056	744	18	150	1,968
Ms. Liu Moxiang	360	–	52	–	412
Mr. Xiong Hao (retired on 30 August 2023)	625	–	–	–	625
	2,041	744	70	150	3,005
Independent non-executive directors:					
Mr. Ni Zhenliang	250	–	–	–	250
Mr. Wang Guozhen	250	–	–	–	250
Mr. Hung Muk Ming	250	–	–	–	250
	750	–	–	–	750
	2,791	744	70	150	3,755

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

12. Directors', Chief Executive's and Employees' Emoluments (Continued)

Directors' and chief executive's emoluments (Continued)

Mr. Chong Heung Chung Jason is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Employees

Of the five individuals with the highest emoluments in the Group, one (2024: one) was director and the chief executive of the Company whose emolument are included above. The emoluments of the remaining four (2024: four) individuals were as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and other benefits	3,712	3,754
Retirement benefit scheme contributions	54	54
	3,766	3,808

Their emoluments were within the following bands:

	2025	2024
Nil to HK\$1,000,000	2	2
HK\$1,000,001 to HK\$1,500,000	2	2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

12. Directors', Chief Executive's and Employees' Emoluments (Continued)

Employees (Continued)

Incentive performance bonus was determined with reference to the Group's operating results, individual performance and comparable market statistics.

No emoluments have been paid by the Group to any of the directors or the chief executive of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2025 and 2024. None of the directors or the chief executive waived or agreed to waive any emoluments during the years ended 31 March 2025 and 2024.

13. Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 March 2025 (2024: Nil).

14. 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 year ended 31 March 2025, diluted loss per share were the same as the basic loss per share as there were no dilutive potential ordinary share in issue.

For the year ended 31 March 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 the year ended 31 March 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

15. Property, Plant and Equipment

	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Construction in progress HK\$'000	Total HK\$'000
COST					
At 1 April 2023	352,248	44,712	8,949	52,589	458,498
Additions	501	1,202	–	–	1,703
Disposals	(60,407)	(4,401)	(293)	–	(65,101)
Transfer from right-of-use assets	–	4,992	–	–	4,992
Exchange adjustments	(13,655)	(186)	(618)	(312)	(14,771)
At 31 March 2024	278,687	46,319	8,038	52,277	385,321
Additions	1,584	590	22	–	2,196
Disposals	(169,753)	(7,728)	(4,446)	(27)	(181,954)
Transfer	26,700	–	–	(26,700)	–
Transfer from right-of-use assets	–	4,761	–	–	4,761
Exchange adjustments	544	1,548	–	–	2,092
At 31 March 2025	137,762	45,490	3,614	25,550	212,416
DEPRECIATION					
At 1 April 2023	240,047	21,963	8,022	–	270,032
Provided for the year	36,059	2,521	155	–	38,735
Eliminated on disposals	(49,263)	(3,400)	(263)	–	(52,926)
Transfer from right-of-use assets	–	2,371	–	–	2,371
Exchange adjustments	(12,226)	2,429	(838)	–	(10,635)
At 31 March 2024	214,617	25,884	7,076	–	247,577
Provided for the year	17,661	2,804	206	–	20,671
Eliminated on disposals	(119,506)	(4,352)	(3,897)	–	(127,755)
Transfer from right-of-use assets	–	2,015	–	–	2,015
Exchange adjustments	509	1,400	9	–	1,918
At 31 March 2025	113,281	27,751	3,394	–	144,426
IMPAIRMENT					
At 1 April 2023	42,480	3,084	250	23,775	69,589
Impairment loss during the year	3,387	194	62	1,775	5,418
At 31 March 2024	45,867	3,278	312	25,550	75,007
Eliminated on disposals	(45,867)	(3,278)	(312)	–	(49,457)
At 31 March 2025	–	–	–	25,550	25,550
CARRYING VALUES					
At 31 March 2025	24,481	17,739	220	–	42,440
At 31 March 2024	18,203	17,157	650	26,727	62,737

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis, after taking into account of their residual values, over the following useful lives:

Leasehold improvements	Over the shorter of the lease terms or 5 years
Plant and machinery	5 years to 10 years
Furniture, fixtures and equipment	5 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

15. Property, Plant and Equipment (Continued)

Impairment test on property, plant and equipment and right-of-use assets in HuaJiatai (Shanghai) Indoor Amusement Co., Ltd. ("HuaJiatai")

Year ended 31 March 2025

In September 2024, HuaJiatai, which was principally engaged in the operation of one of the Group's indoor theme parks in the PRC ceased operation and all its property, plant and equipment has been fully disposed of. Upon cease of its operation, HuaJiatai has executed a lease termination agreement with its landlord (the "Landlord") and also an agreement with the Landlord and the new tenant (the "New Tenant") who took over the premise previously occupied by HuaJiatai, to (1) dispose of certain plant and machinery to the New Tenant at net consideration of RMB1,726,000 (equivalent to approximately HK\$1,856,000) (2) dispose of the 20% equity interest in Changzhou Southern Yangtze Global Harbor Chinese Animation Technology Co., Ltd (see Note 19(a)) to the Landlord at consideration of RMBNil (3) payment of a settlement amount of RMB10,000,000 (equivalent to approximately HK\$10,753,000) to offset the rent owed by HuaJiatai to the Landlord.

Upon completion of the transactions, the rent payable by HuaJiatai to the Landlord has been fully extinguished. These transactions have resulted in the recognition of loss on disposal of property, plant and equipment of approximately HK\$1,494,600 (included in other gain or loss), gain on waiver of lease payables of approximately HK\$18,451,000 (included in other gain or loss), gain on derecognition of right of use assets and lease liabilities of approximately HK\$29,461,000 (included in other gain or loss) and loss on disposal of an associate of approximately HK\$2,926,000 (see note 19(a)). The reconciliation is presented as below:

Disposal of property, plant and equipment

	2025 HK\$'000
Consideration	1,856
Less: carrying amount of property, plant and equipment disposed	(3,350)
Loss on disposal of property, plant and equipment	(1,494)

Derecognition of right-of-use assets and lease liabilities

	2025 HK\$'000
Consideration	–
Less: carrying amount of right-of-use assets derecognised	(54,323)
Add: carrying amount of lease liabilities derecognised	83,784
Gain on derecognition of right-of-use assets and lease liabilities	29,461

Waiver of lease payables

	2025 HK\$'000
Carrying amount of lease payable	29,204
Less: settlement amount	(10,753)
Gain on waiver of lease payables	18,451

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

15. Property, Plant and Equipment (Continued)

Impairment test on property, plant and equipment and right-of-use assets in HuaJiatai (Shanghai) Indoor Amusement Co., Ltd. ("HuaJiatai") (Continued)

Year ended 31 March 2024

In view of the operating loss of HuaJiatai during the year ended 31 March 2024, the directors of the Company have performed impairment assessment on the property, plant and equipment and right-of-use assets with carrying amount, before adjustments for the results of impairment assessment, as at 31 March 2024 of approximately HK\$16,951,000 and HK\$72,854,000 (note 16) respectively, with aggregate carrying amount of HK\$89,805,000, belonging to HuaJiatai. Management's assessment on the recoverable amounts of the property, plant and equipment and right-of-use assets was performed based on assessment of the recoverable amount of HuaJiatai as a single cash generating unit. The recoverable amount of this cash generating unit had been determined by an independent professional valuer, Vincorn Consulting and Appraisal Limited ("**Vincorn**"), based on value-in-use calculations. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period with a growth rate of 3% per annum being applied for estimated ticket price and number of visitors, direct costs and expenses during the 5-year projection. The pre-tax discount rate in measuring the amount of value in use is 22.3% per annum in relation to this cash generating unit. The cash-flows beyond the 5-year period are extrapolated using a steady 2%. The growth rate of 2% reflects the long-term growth rate for the country in which the cash generating unit operates. The key assumptions include budgeted sales and budgeted gross margins based on past performance and management expectations of market development.

During the year ended 31 March 2024, based on the valuation report prepared by Vincorn, impairment loss of HK\$3,382,000 and HK\$14,533,000 (note 16) was recognised for property, plant and equipment and right-of-use assets respectively. The impairment loss was mainly due to the significant decrease in the budgeted revenue for HuaJiatai as its pace of recovery from COVID-19 was slower than expected.

Impairment test on property, plant and equipment relating to Walita Toys (Cambodia) Company Limited ("Walita")

Walita was primarily engaged in trading of animation derivative products.

During the year ended 31 March 2025, in view of Walita's prolonged suspension of operation and termination of the original business plan of resumption of operation, the directors of the Company have performed impairment assessment on the property, plant and equipment ("**Walita PPE**") with carrying amounts before adjustments for the results of impairment assessment, of HK\$ Nil as at 31 March 2025 (2024: HK\$2,036,000). Management's assessment on the recoverable amounts of these assets as described below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

15. Property, Plant and Equipment (Continued)

Impairment test on property, plant and equipment relating to Walita Toys (Cambodia) Company Limited (“Walita”) (Continued)

Year ended 31 March 2025

Walita PPE has been fully written down during the year ended 31 March 2024.

In the opinion of the Directors, no reversal of impairment is recognised during the year ended 31 March 2025.

Year ended 31 March 2024

Due to the non-execution of some previously negotiated sales contracts with potential customers and the failure of the management to solicit alternative customers to purchase animation derivative products from Walita, the management considered that the recoverable amount of the Walita PPE to be minimal and full impairment loss on Walita PPE is recognised. During the year ended 31 March 2024, impairment loss of approximately HK\$2,036,000 has been recognised for Walita PPE.

Impairment test on property, plant and equipment relating to China Animation Group Limited

China Animation Group Limited is principally engaged in trading of animation derivative products.

During the year ended 31 March 2025, in view of the significant adverse change in the economic environment in which China Animation Group Limited operates, the directors of the Company have performed impairment assessment on the property, plant and equipment with carrying amounts of approximately HK\$22,288,000 as at 31 March 2025 (2024: HK\$29,194,000) which belong to China Animation Group Limited in the sales of animation derivative products segment. Management's assessment on the recoverable amount of these assets was performed based on assessment of the recoverable amount of China Animation Group Limited as a single cash generating unit. The recoverable amount of this cash generating unit has been determined by International Valuation Limited (2024: Vincorn), based on value-in-use calculations.

That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period with growth rate ranging from negative 14% to 2% per annum (2024: 2% per annum) being applied for estimated selling price, direct costs and expenses during the 5-year projection. The pre-tax discount rate in measuring the amount of value in use is 26.8% (2024: 16%) per annum in relation to this cash generating unit. The cash-flows beyond the 5-year period are extrapolated using a steady 2% (2024: 2%) growth rate. The growth rate reflects the long-term growth rate for the country in which the cash generating unit operates. The key assumptions also include budgeted sales and budgeted gross margins based on past performance and management expectations of market development.

During the year ended 31 March 2025, based on the result of the value-in-use calculation of the China Animation Group Limited, the management of the Group determines that there is no impairment of the cash generating unit comprising China Animation Group Limited containing property, plant and equipment (2024: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

16. Right-of-use Assets

	Leased properties HK\$'000 (note a)	Leasehold land HK\$'000 (note b)	Plant and machinery HK\$'000 (note a)	Total HK\$'000
Cost				
As at 1 April 2023	229,880	10,484	18,861	259,225
Effect of foreign currency exchange difference	(17,662)	–	(1,415)	(19,077)
Transfer to property, plant and equipment	–	–	(4,992)	(4,992)
As at 31 March 2024	212,218	10,484	12,454	235,156
Additions	683	–	–	683
Modification of lease terms	108,477	–	–	108,477
Effect of foreign currency exchange difference	168	–	101	269
Transfer to property, plant and equipment	–	–	(4,761)	(4,761)
Termination of lease	(150,629)	–	–	(150,629)
As at 31 March 2025	170,917	10,484	7,794	189,195
Accumulated depreciation and impairment				
As at 1 April 2023	118,587	9,964	4,830	133,381
Depreciation charge	23,549	41	1,579	25,169
Effect of foreign currency exchange difference	(11,868)	–	47	(11,821)
Transfer to property, plant and equipment	–	–	(2,371)	(2,371)
Impairment loss/(reversal of impairment loss)	14,533	(6,434)	–	8,099
As at 31 March 2024	144,801	3,571	4,085	152,457
Depreciation charge	14,786	587	983	16,356
Effect of foreign currency exchange difference	300	–	36	336
Transfer to property, plant and equipment	–	–	(2,015)	(2,015)
Termination of lease	(96,306)	–	–	(96,306)
As at 31 March 2025	63,581	4,158	3,089	70,828
Carrying Value				
As at 31 March 2025	107,336	6,326	4,705	118,367
As at 31 March 2024	67,417	6,913	8,369	82,699

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

16. Right-of-use Assets (Continued)

Impairment test on right-of-use assets belonging to Walita Toys (Cambodia) Limited (“Walita right-of-use assets”)

Walita right-of-use assets represent a leasehold land located in Cambodia.

During the years ended 31 March 2025 and 2024, as Walita has suspended operation, the directors of the Company have performed impairment assessment on the leasehold land held by Walita. The recoverable amount of the leasehold land held by Walita has been determined by Vincorn based on fair value less costs of disposal (“FVLCD”). The FVLCD of the Land held by Walita is estimated by reference to the recent market transactions of comparable land.

Below is a summary of the valuation techniques used and the key inputs to the valuation of the Land.

Valuation techniques	Significant unobservable inputs	Range	Relationship of unobservable inputs to fair value
Sales comparison method	Estimated market price per square meter (US\$)	US\$96–161 (2024: US\$83–168) per square meter	the higher the market price, the higher the fair value

Apart from the considerations described above in determining the FVLCD of the Walita right-of-use assets, the Group’s management is not currently aware of any other probable changes that would necessitate changes in these key assumptions. However, the estimate of recoverable amount of the Walita right-of-use assets is particularly sensitive to the market price of market comparable.

The fair values less cost of disposal of the Walita right-of-use assets is classified as level 3 measurement.

Year ended 31 March 2025

Based on the valuation report prepared by International Valuation Limited, management of the Group determined that the recoverable amount of the Walita right-of-use assets amounted to approximately HK\$12,347,000 (US\$1,587,000), which is higher than the carrying amount of the Walita right-of-use assets that would have been determined had no impairment loss been recognised in prior years. Therefore, no impairment loss has been recognised in profit or loss regarding the carrying amount of the Walita right-of-use assets.

Year ended 31 March 2024

Based on the valuation report prepared by Vincorn, management of the Group determined that the recoverable amount of the right-of-use assets amounting to approximately HK\$12,442,000 (US\$1,590,000) was higher than the carrying amount of the right-of-use assets after prior year’s impairment, which amounted to approximately HK\$480,000. The reversal amount had been recognised such that the carrying amount of the Walita right-of-use assets does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the Walita right-of-use assets in prior years. Based on the FVLCD calculation, a reversal of approximately HK\$6,434,000 has been recognised in profit or loss regarding the carrying amount of the Walita right-of-use asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

16. Right-of-use Assets (Continued)

	2025 HK\$'000	2024 HK\$'000
Expenses relating to low value and short-term leases	6,636	5,523
Total cash outflow for leases	24,120	39,897

Notes:

- (a) The Group leases various offices, premises for operation of indoor theme parks and plant and machinery under leases expiring from 1 to 6 years. Some leases include option to renew the lease when all terms are negotiated. None of the leases includes variable lease payments. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.
- (b) It represents the Group's ownership interests on leasehold land held for own use in Cambodia, with remaining lease term of 45 years (2024: 46 years).

17. Goodwill

	HK\$'000
CARRYING VALUES	
At 1 April 2023, 31 March 2024 and 2025	2,425

Impairment Testing on Goodwill

For the purposes of impairment testing, goodwill with carrying amount of approximately HK\$2,425,000 (2024: HK\$2,425,000), property, plant and equipment with carrying amount of approximately HK\$19,523,000 (2024: HK\$19,257,000) and right-of-use assets with carrying amount of approximately HK\$112,040,000 (2024: HK\$17,464,000), with aggregate carrying amount of approximately HK\$133,988,000 (2024: HK\$39,146,000), have been allocated to an individual cash-generating unit comprising CA Sega Joypolis Limited ("CA Sega Group") which operates indoor theme parks in Japan, in the segment of establishment and operation of indoor theme parks.

The recoverable amount of the cash-generating unit has been determined based on a value-in-use calculation. Valuation prepared by International Valuation Limited (2024: Vincorn), was obtained in respect of the value-in-use calculations in order to support management's estimations. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period (2024: 5-year) with a growth rate of 2.5% (2024: 1.5%) per annum being applied to projected revenue and cost of sales. The pre-tax discount rate in measuring the amount of value-in-use is 27.6% (2024: 29.1%) per annum in relation to this cash-generating unit. Cash flows beyond the five-year period is extrapolated using a steady 2% (2024: 1.5%) growth rate. Cash flow projections during the forecast period for the cash-generating units are based on the expected revenue and gross margins during the forecast period. Forecasted revenue and gross margins were determined based on past performance and the management's expectations for the market development.

During the year ended 31 March 2025, the management of the Group determines that there is no impairment of the cash generating unit comprising CA Sega Group containing goodwill, property, plant and equipment and right-of-use assets (2024: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

18. Intangible Assets

	Film rights and applications HK\$'000 (note i)	Animation characters HK\$'000 (note ii)	Indoor theme park right HK\$'000 (note iii)	Trademark HK\$'000 (note iv)	Total HK\$'000
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-transferable 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

19. Interest in Associates

	2025 HK\$'000	2024 HK\$'000
Cost of unlisted investment	201,375	207,598
Share of post-acquisition profit and other comprehensive income	(198,644)	(201,932)
	2,731	5,666
Less: Impairment loss	(2,731)	–
Carrying amount of the Group's interest in associates	–	5,666

Details of the Group's material associates as at 31 March 2025 and 2024 are as follows:

Name of associate	Place of establishment	Paid up registered capital	Proportion of equity interest held by the Group		Proportion of voting rights held by the Group		Principal activity
			2025	2024	2025	2024	
常州江南環球港華夏動漫科技有限公司 (Changzhou Southern Yangtze Global Harbor Chinese Animation Technology Co., Ltd) ("Changzhou Joypolis")	PRC	RMB25,000,000	–	20%	–	20%	Operation of indoor theme park
Triple Blessing International Limited ("Triple Blessing")	BVI	HK\$138,121,000	48%	48%	48%	48%	Development and licensing of IP rights
Lion Run Holdings Limited ("Lion Run")	BVI	HK\$91,875,000	48%	48%	48%	48%	Development and licensing of IP rights
Access Profit Global Enterprises Group Limited ("Access Profit")	BVI	HK\$295,263,000	31%	31%	31%	31%	Development of logistic and storage business

Note:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

19. Interest in Associates (Continued)

(a) Changzhou Joypolis

	2024 HK\$'000
Non-current assets	835
Current assets	13,801
Current liabilities	(8)
Revenue for the year	7,858
Loss and total comprehensive expense for the year	(76)

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

	2024 HK\$'000
Net assets of Changzhou Joypolis	
Proportion of the Group's ownership interest in Changzhou Joypolis	14,628 20%
Carrying amount of the Group's interest in Changzhou Joypolis	2,926

As mentioned in Note 15 to the consolidated financial statements, the Company has disposed of its equity interest in Changzhou Joypolis to the Landlord of Huajiatai, a subsidiary of the Company, for offsetting certain rent payable by Huajiatai to the Landlord.

This transaction has resulted in the recognition of a loss in other gain or loss, calculated as follows:

	HK\$'000
Proceed of disposal	—
Less: carrying amount on the date of disposal	(2,926)
Loss on disposal of an associate	(2,926)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

19. Interest in Associates (Continued)

(b) Triple Blessing

	2025 HK\$'000	2024 HK\$'000
Current liabilities	(29)	(29)
Revenue for the year	–	–
Loss for the year	–	(14)
Other comprehensive income for the year	–	–
Total comprehensive loss for the year	–	(14)

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

	2025 HK\$'000	2024 HK\$'000
Net liabilities of Triple Blessing	(29)	(29)
Proportion of the Group's ownership interest in Triple Blessing	48%	48%
The Group's interest in Triple Blessing	(14)	(14)
Unrecognised share of loss	14	14
Carrying amount of the Group's interest in Triple Blessing	–	–

The Group has stopped recognising its share of loss of associate when applying the equity method. The unrecognised share of the associate, both for the year and cumulatively, are set out below:

	2025 HK\$'000	2024 HK\$'000
The unrecognised share of loss of an associate for the year	–	7

	2025 HK\$'000	2024 HK\$'000
Accumulated unrecognised share of loss of an associate	14	14

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

19. Interest in Associates (Continued)

(c) Access Profit

	2024 HK\$'000
Non-current assets	25,518
Current assets	1,176
Current liabilities	(17,886)
Profit/(loss) for the year	294
Other comprehensive income/(loss) for the year	202
Total comprehensive income/(loss) for the year	496

Impairment assessment

Year ended 31 March 2024

During the year ended 31 March 2024, as Access Profit had not commenced operation and incurred loss, the directors of the Company had performed impairment assessment on a leasehold land in the PRC (the "Land") held by Access Profit. The recoverable amount of the leasehold land held by Access Profit has been determined by Vincorn based on fair value less costs of disposal ("FVLCO").

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

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

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

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

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

Year ended 31 March 2025

During the year ended 31 March 2025, since the Directors were of opinion that Access Profit had minimal resell value and the FVLCO was considered as zero, the recoverable amount of Access Profit was considered to be zero.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

19. Interest in Associates (Continued)

(d) Lion Run

	2025 HK\$'000	2024 HK\$'000
Current liabilities	(46)	(46)
Revenue for the year	–	–
Loss for the year	–	(14)
Other comprehensive income for the year	–	–
Total comprehensive expense for the year	–	(14)

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

	2025 HK\$'000	2024 HK\$'000
Net liabilities of Lion Run	(46)	(46)
Proportion of the Group's ownership interest in Lion Run	48%	48%
The Group's interest in Lion Run	(22)	(22)
Unrecognised share of loss	22	22
Carrying amount of the Group's interest in Lion Run	–	–

The Group has stopped recognising its share of loss of associate when applying the equity method. The unrecognised share of the associate, both for the year and cumulatively, are set out below:

	2025 HK\$'000	2024 HK\$'000
The unrecognised share of loss of an associate for the year	–	7

	2025 HK\$'000	2024 HK\$'000
Accumulated unrecognised share of loss of an associate	22	22

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

20. Interest in a Joint Venture

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

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 HK\$'000	2024 HK\$'000
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	–	(31)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

20. Interest in a Joint Venture (Continued)

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 HK\$'000	2024 HK\$'000
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	–	–

The Group has stopped recognising its share of loss of joint venture when applying the equity method. The unrecognised share of the joint venture, both for the year and cumulatively, are set out below:

	2025 HK\$'000	2024 HK\$'000
The unrecognised share of loss of a joint venture for the year	–	16

	2025 HK\$'000	2024 HK\$'000
Accumulated unrecognised share of loss of a joint venture	69	69

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

21. Financial Assets at Fair Value through Other Comprehensive Income

Financial assets at FVTOCI include the following:

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

- (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.

During the year ended 31 March 2024, the Group disposed of certain equity securities listed in Hong Kong that no longer meet the investment objective of the Group at consideration of HK\$272,000, which was the fair value as at the date of disposal.

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. As at 31 March 2025, the bond has a coupon interest rate of 8.0% per annum and maturity date extended to 2026 (2024: maturity date in 2025).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

22. Restricted Bank Balances and Cash

The restricted bank balance and cash as at 31 March 2025 mainly represented the cash account in a financial institution which was temporarily suspended.

The restricted bank deposit as at 31 March 2024 mainly represented the bank accounts frozen by a bank in Hong Kong as a result of winding up petition instituted against the Company.

23. Inventories

	2025 HK\$'000	2024 HK\$'000
Finished goods	6,657	5,521

24. Trade Receivables

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

As at 1 April 2023, the trade receivables from contracts with customers (net of accumulated impairment losses) 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 HK\$'000	2024 HK\$'000
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
	57,681	41,609

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

24. Trade Receivables (Continued)

Trade receivables aged over 365 days

Balance A

Balance A represents a gross receivable balance of approximately HK\$156,000,000 (2024: HK\$156,000,000), which arose from the revenue generated from provision of integrated theme park design services and the licensing fee for use of the Group's intangible assets to two customers of the Group who were business partners with renowned property developers in the PRC. For provision of integrated theme park design services, billings were made after the delivery of reporting package. Regarding the licensing fee income, billings were made periodically during the license period.

Balance B

Balance B represents a gross receivable balance of approximately HK\$58,905,000 (2024: HK\$58,905,000), which arose from the revenue generated from licensing fee for use of the Group's intangible assets to a customer of the Group who is a media entertainment service provider in the PRC. Billing were made periodically during the license period.

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

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

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

The gross balance of 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 HK\$'000	2024 HK\$'000
United States Dollars ("US\$")	31,713	22,704

Details of impairment assessment are set out in note 42(b).

As at 31 March 2025, included in the Group's trade receivables are debtors with aggregate gross amount of approximately HK\$233,672,000 (before provision for impairment) (2024: HK\$225,709,000) which were past due for more than 365 days and/or with history of default. The directors consider credit risk have increased significantly on these trade receivables and considered the receivables as credit-impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

25. Deposit for Acquisition of Property, Plant and Equipment/Deposits for Theme Park Development Projects/Other Receivables, Deposits and Prepayments

Non-current assets:

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

Notes:

- (i) The deposit for acquisition of property, plant and equipment is advance payment made to a construction vendor who is an 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:

	Notes	2025 HK\$'000	2024 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
		49,489	56,540

Notes:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

26. Financial Assets at Fair Value Through Profit or Loss

	2025 HK\$'000	2024 HK\$'000
Structured deposits (Note i)	–	733
	2025 HK\$'000	2024 HK\$'000
Analysed for reporting purposes as:		
Current assets	–	733

Note:

- (i) The structured deposits were wealth management products issued by a bank in Mainland China and are classified as financial assets at fair value through profit or loss at 31 March 2024 as their contractual cash flows were not solely payments of principal and interest. The Group used structured deposits primarily to enhance the return on investment.

27. Bank Balances and Cash

Bank balances carry interest at market rates ranging from 0.001% to 0.3% (2024: from 0.001% to 0.3%) per annum.

Bank balances and cash that are denominated in currencies other than the functional currencies of the respective group entities are set out below:

	2025 HK\$'000	2024 HK\$'000
RMB	14	398
US\$	142	130
JPY	–	39

For the years ended 31 March 2025 and 2024, the Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

28. Trade Payables

	2025 HK\$'000	2024 HK\$'000
Trade payables	4,026	6,255
	4,026	6,255

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

29. Other Payables and Accruals

	2025 HK\$'000	2024 HK\$'000
Current portion		
Other payables and accruals	43,193	70,833
Payable for acquisition of plant and equipment	312	1,793
Interest payables	277,554	188,718
Salaries payables	9,722	10,568
Other tax payables	7,394	7,426
	338,175	279,338

30. Amount Due to a Director

	2025 HK\$'000	2024 HK\$'000
Chong Heung Chung Jason	82	–

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

31. Contract liabilities

	Note	2025 HK\$'000	2024 HK\$'000
Current portion			
Sales of animation derivative products		1,348	1,348
Sales of admission tickets		4,244	3,649
Sales of theme park machineries		2,090	4,723
Provision of licence for indoor theme parks		11,633	10,176
Others		181	185
		19,496	20,081
Non-current portion			
Provision of licence for indoor theme parks	(i)	24,578	28,086
Total contract liabilities		44,074	48,167

Note:

- (i) It represents the upfront license fee received from the franchisees for the franchisees using the Group's brand to operate indoor theme parks, which will be recognised as revenue more than one year after the end of the reporting period when the indoor theme parks commence operation.

Movements in contract liabilities

	2025 HK\$'000	2024 HK\$'000
Balance at 1 April	48,167	58,214
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	(2,863)	(2,532)
Consideration refunded to customers	(3,269)	(6,133)
Increase in contract liabilities as a result of billings in advance from customers	2,037	1,660
Exchange differences	2	(3,042)
	44,074	48,167

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

32. Provision for Reinstatement Costs for Rented Premises

	2025 HK\$'000	2024 HK\$'000
At 1 April	23,754	27,936
Additional provision charged to plant and equipment	977	–
Additional provision charged to right-of-use assets	683	–
Charged to profit or loss:		
Provision recognised	192	126
Exchange adjustment	248	(3,768)
At 31 March	25,854	23,754
	2025 HK\$'000	2024 HK\$'000
Provision for reinstatement costs for rented premises		
Analysed for reporting purpose as:		
Current liabilities	–	–
Non-current liabilities	25,854	23,754
	25,854	23,754

Under the terms of the rental agreements signed with landlords, the Group should remove and re-instate the rented premises at the Group's cost upon expiry of the relevant rental agreements. Provision is therefore made for the best estimate of the expected reinstatement costs to be incurred.

33. Guaranteed Note

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

During the year ended 31 March 2022, the Company had breached certain default clause stipulated in the note purchase agreement (the "Agreement") of the Note, which triggered the holder of the Note (the "Note Holder") to demand for immediate payment of the principal and accrued interest from the Company. On 27 May 2022, the Note Holder filed a winding-up petition against the Company in the High Court of Hong Kong, see Note 50(a). The Company applied for striking out the winding-up petition and pursuant to the decision made by the High Court of Hong Kong dated 20 December 2022, the winding-up petition was liable to be struck out and a supporting creditor Ms. Sun Ying has filed a summon for leave to be substituted as the petitioning creditor (the "Substitution Summon"). In the hearing for the Substitution Summon on 16 January 2023, the Substitution Summon filed by Ms. Sun Ying was struck out and dismissed, and two supporting creditors namely Ms. Zou Sailan and Ms. Chen Tengfang were granted leave to substitute as joint petitioners in the winding-up petition in the hearing for the second substitution summon on 31 January 2023.

As at 31 March 2025, the Note with principal amount of HK\$25,000,000 (2024: HK\$25,000,000) was overdue for repayment and together with the overdue interests thereon was not repaid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

34. Lease liabilities

	2025 HK\$'000	2024 HK\$'000
Lease liabilities payable:		
Within one year	10,942	21,208
Within a period of more than one year but not more than two years	9,305	15,027
Within a period of more than two years but not more than five years	26,361	44,455
More than five years	62,799	23,072
	109,407	103,762
Less: Amount due for settlement within 12 months shown under current liabilities	(10,942)	(21,208)
Amount due for settlement after 12 months shown under non-current liabilities	98,465	82,554

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

35. Bank and Other Borrowings

	2025 HK\$'000	2024 HK\$'000
Bank borrowings and overdraft	59,279	80,490
Other borrowings	152,201	124,841
	211,480	205,331
(i) Bank borrowings		
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	3,112	13,441
	59,279	80,490
Less: Amount due within 1 year shown under current liabilities	(10,922)	(26,883)
Amount of bank borrowing shown under non-current liabilities	48,357	53,607
(ii) Other Borrowings		
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	–	552
	152,201	124,841
Less: Amount due within 1 year shown under current liabilities	(151,643)	(123,462)
Amount of other borrowings shown under non-current liabilities	558	1,379
Bank and other borrowings shown under non-current liabilities	48,915	54,986
Bank and other borrowings shown under current liabilities	162,565	150,345

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

35. Bank and Other Borrowings (Continued)

The ranges of effective interest rates on the Group's bank borrowings are as follows:

	2025	2024
Fixed-rate bank borrowings	0.2% to 3.25%	0.2% to 5.15%

Included in the bank borrowings balance as at 31 March 2025 are secured bank borrowings of approximately HK\$8,900,000 (2024: HK\$26,690,000) which were secured by a property jointly owned by Mr. CHONG Heung Chung Jason (the chairman and executive director of the Company) and/or his spouse.

Included in the other borrowings balance as at 31 March 2025 of approximately HK\$65,250,000 (2024: HK\$60,000,000) was secured by the Company's shares held by Bright Rise Enterprises Limited (wholly-owned by Mr. CHONG Heung Chung Jason), approximately HK\$30,831,000 was secured by the Company's equity interest in 2 subsidiaries, and approximately HK\$Nil (2024: HK\$10,335,000) was secured by the long-term rental deposits.

The Group defaulted on other borrowings with aggregate principal amounts of approximately HK\$78,977,000 (2024: HK\$66,411,000) as at 31 March 2025.

36. Bonds

During the year ended 31 March 2025 and 2024, the Company did not issue any bonds. The bonds outstanding as at 31 March 2025 and 2024 are denominated in HK\$ and are unlisted. The bonds are unsecured and carry interest at nominal rates ranging from 0% to 24% (2024: 0% to 24%) per annum, payable annual/semi-annual/monthly in arrears and will be matured within 1 year (2024: 0 to 2.2 years).

The Group's bonds payable with aggregate principal amounts of approximately HK\$721,500,000 (2024: HK\$712,400,000) were overdue for repayment as at 31 March 2025 and together with the overdue interests thereon of approximately HK\$221,362,000 (2024: HK\$154,674,000) were not repaid as at 31 March 2025.

37. Deferred Tax Liabilities

The Group had unused tax losses of approximately HK\$651,803,000 at 31 March 2025 (2024: HK\$762,498,000), which is available for offset against future profits. No deferred tax asset has been recognised due to unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK\$45,146,000 (2024: HK\$133,651,000) under PRC Corporate tax that will expire between 2025 and 2030 (2024: between 2024 and 2029) and unrecognised tax losses under Japan Corporate tax of approximately HK\$188,502,000 (2024: HK\$223,111,000) that will expire between 2026 and 2035 (2024: between 2025 and 2034). Other losses may be carried forward indefinitely.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

38. Retirement Benefit Obligations

Defined benefit plans

The Group sponsors a funded defined benefit plan for all qualifying employees of its subsidiary in Japan.

The plan in the Japan exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and real estates. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.
Interest rate risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out on 13 June 2025 by Willis Towers Watson, Fellow of the Institute of Actuaries in Japan. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2025	2024
Discount rate	2.4%	1.9%
Rate for salary increase	Salary index	Salary index
Pension increases for deferred benefits	5.5%	5.5%

The actuarial valuation showed that the market value of plan assets was HK\$35,026,000 (2024: HK\$33,416,000).

However, as the Group is not entitled to unconditional right of refund on the defined benefit plan, the Group does not recognise retirement benefit assets from the defined benefit plan based on the excess of market value of plan assets measured by Willis Towers Watson over the defined benefit obligation and the effect of the asset ceiling is accounted for as remeasurement of the defined benefit obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

38. Retirement Benefit Obligations (Continued)

Defined benefit plans (Continued)

Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows.

	2025 HK\$'000	2024 HK\$'000
Service cost:		
Current service cost	1,168	1,334
Net interest expense	(211)	(139)
Components of defined benefits costs recognised in profit or loss	957	1,195
Remeasurement on the net defined benefit liabilities:		
(Gain)/loss on plan assets (excluding amounts included in net interest expense and including the effect of asset ceiling)	(240)	3,314
Actuarial loss arising from experience adjustments	1,096	(2,227)
Components of deferred benefit cost recognised in other comprehensive income	856	1,087
Total	1,813	2,282

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit plans is as follows:

	2025 HK\$'000	2024 HK\$'000
Present value of funded defined benefit obligations	35,026	33,416
Fair value of plan assets	(35,026)	(33,416)
Defined benefit obligation	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

38. Retirement Benefit Obligations (Continued)

Defined benefit plans (Continued)

Movements in the present value of the defined benefit obligations in the current year were as follows:

	2025 HK\$'000	2024 HK\$'000
Defined benefit obligation at 1 April	33,416	34,870
Current service cost	1,168	1,487
Interest cost	442	443
Remeasurement gains:		
Actuarial (gains)/loss arising from change in financial assumptions	(809)	113
Effect of asset ceiling (Note 1)	569	3,581
Benefits paid	(100)	(2,201)
Exchange differences on foreign plan	340	(4,877)
Defined benefit obligation at 31 March	35,026	33,416

Note:

- As the Group is not entitled to an unconditional refund of surplus or reduction of future contribution, the defined benefit obligations are remeasured to account for the effect of asset ceiling and charged immediately to the other comprehensive income.

Movements in the present value of the plan assets in the current year were as follows:

	2025 HK\$'000	2024 HK\$'000
Fair value of plan assets at 1 April	33,416	34,870
Interest income	653	598
Remeasurement gains		
(Loss)/gain on plan assets (excluding amounts included in net interest expense)	(1,096)	2,483
Contributions from the employers	1,813	2,543
Exchange differences on foreign plans	340	(4,877)
Benefits paid	(100)	(2,201)
Fair value of plan assets at 31 March	35,026	33,416

Defined contribution plans

The Group operates a Mandatory Provident Fund Scheme (the "Scheme") for all qualifying employees in Hong Kong. The assets of the Scheme are held separately from those of the Group, in funds under control of a trustee. The Group contributes the lower of 5% of relevant payroll costs or HK\$1,500 per person to the Scheme, which is matched by employees.

The employees of the Group in the PRC are members of state-managed retirement benefit scheme operated by the PRC government. The Company's subsidiaries are required to contribute a certain percentage of payroll to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the scheme is to make the required contributions under the scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

38. Retirement Benefit Obligations (Continued)

Defined contribution plans (Continued)

Contributions to the schemes for the year ended 31 March 2025 made by the Group amounted to HK\$7,824,000 (2024: HK\$11,655,000).

39. Obligation Arising from a Put Option to a Non-Controlling Interest and Put Option Derivatives

On 31 December 2016, China Theme Park Limited (“CTP”), a wholly-owned subsidiary of the Company, entered into a shareholders agreement (the “**Shareholders Agreement**”) with the non-controlling interest of CA Sega Joypolis Limited (“**CA Sega**”), namely Sega Sammy Holdings Inc. (“**Sega Sammy**”), pursuant to which CTP granted a put option to Sega Sammy for the rights to oblige the Group, to purchase the remaining 14.9% equity interest of CA Sega.

The put option is exercisable by Sega Sammy from the third anniversary of the completion date of the acquisition of subsidiaries, being 1 January 2017 (“**Completion Date**”), until the date immediately before the fifth anniversary of the Completion Date at a put price of Japanese yen (“**JPY**”) 105,052,748 (equivalent to approximately HK\$7.44 million) (the “**First Tranche**”) or the put option is exercisable from the fifth anniversary of the Completion Date until the date immediately before the sixth anniversary of the Completion Date at a put price of JPY210,105,496 (equivalent to approximately HK\$14.88 million) (the “**Second Tranche**”). On 1 January 2022, the Company, Sega Sammy and CA Sega entered into an amendment to the Shareholders Agreement, such that all the terms and conditions set forth in the original Shareholders Agreement will be transferred to the amended Shareholders Agreement and remain in full force and effect, except that the Second Tranche of the put option will be exercisable by Sega Sammy on or after the fifth anniversary of 1 January 2022 (i.e. 31 December 2026).

At initial recognition, the gross obligation arising from a put option to a non-controlling interest is measured at present value of the estimated repurchase price at an applicable discount rate. This amount had been recognised in the consolidated statement of financial position with a corresponding debit to the non-controlling interest at 31 March 2017.

In addition, the put option which will be settled other than by exchange of fixed amount of cash for a fixed number of shares of a subsidiary is treated as derivative financial instruments and is recognised at fair value.

The fair value of the put option derivatives of CA Sega Group as at 31 March 2025 has been determined by using a Binominal Option Pricing Model performed by International Valuation Limited (2024: Vincorn), which used the exercise price, risk free rate, exercise period, unaudited consolidated net asset value and cash flow forecast of CA Sega Group, adjustment to future stock price and volatility as key inputs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

39. Obligation Arising from a Put Option to a Non-Controlling Interest and Put Option Derivatives (Continued)

The movements of the obligation arising from a put option to non-controlling interests and put option derivative are set as below:

	Obligation arising from a put option HK\$'000	Put option derivative HK\$'000	Total HK\$'000
At 1 April 2023	12,407	–	12,407
Fair value change	–	4,149	4,149
Exchange adjustment	(1,536)	(269)	(1,805)
At 31 March 2024	10,871	3,880	14,751
Fair value change	–	(3,894)	(3,894)
Exchange adjustment	29	14	43
At 31 March 2025	10,900	–	10,900

Net gain of approximately HK\$3,894,000 (2024: net loss of HK\$4,149,000) was recognised in other gains and losses of the consolidated profit or loss for the year ended 31 March 2025.

Key inputs used in the model	2025	2024
Risk-free rate (note i)	0.78%	0.21%
Time to expiration (note ii)	1.8 years	2.8 years
Volatility (note iii)	40%	40%
Fair value of underlying shares	JPYNil	JPY162,674,000

Notes:

- (i) The risk-free rate is with reference to the yields of Japan Sovereign Curve as at the valuation date.
- (ii) Time to expiration represents the duration to maturity date which is the date immediately before 31 December 2026.
- (iii) Volatility is based on the average of the implied volatility of the daily return of comparable stock for 1.8 years (2024: 2.8 years).

40. Share Capital

	Number of shares of HK\$0.1 each	Share capital HK\$'000
Authorised:		
At 1 April 2023, 31 March 2024 and 31 March 2025	5,000,000,000	500,000
Issued and fully paid:		
At 1 April 2023, 31 March 2024 and 31 March 2025	1,182,042,000	118,204

Notes:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

41. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which include the bank and other borrowings, guaranteed note, bonds and equity attributable to owners of the Company, comprising issued share capital and reserves.

The management of the Group reviews the capital structure on a regular basis. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. The management of the Group will balance its overall capital structure through the payment of dividends and the issue of new shares as well as the issue of new debts or the redemption of existing debts.

The Group is not subject to any externally imposed capital requirements.

42. Financial Instruments

a. Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000
Financial assets		
Financial assets at amortised costs	73,269	60,446
Financial assets at FVTPL	–	733
Financial assets at FVTOCI	3,304	3,542
	76,573	64,721
Financial liabilities		
Financial liabilities at amortised cost	1,403,709	1,333,607
Financial liabilities at FVTPL	–	3,880
	1,403,709	1,337,487

b. Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, financial assets at FVTOCI, trade receivables, other receivables and deposits, restricted bank balances and cash, bank balances and cash, trade payables, other payables and accruals, amount due to a director, guaranteed note, bonds, bank and other borrowings, lease liabilities, obligation arising from a put option to a non-controlling interest and put option derivatives. Details of these financial instruments are set out in respective notes. The risks associated with these financial instruments include market risks (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effectively manner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

42. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk

(i) Currency risk

The carrying amounts of the foreign currency denominated monetary assets and liabilities of the group entities are mainly bank balances and cash, trade payables, bank and other borrowings, obligation arising from a put option to a non-controlling interest and put option derivatives at the reporting date. The directors of the Company consider the Group's exposure to US\$ currency risk is minimal since HK\$ is pegged to US\$. The directors of the Company consider that the Group's exposure on other foreign currency risk is insignificant, accordingly no sensitivity analysis has been presented. The management of the Group continuously monitors the foreign exchange exposure and will consider hedging foreign currency risk should the need arise.

(ii) Interest rate risk

The Group's cash flow interest rate risk and fair value interest rate risk relate primarily to its floating-rate bank balances, fixed-rate bank and other borrowings, guaranteed note, obligation arising from a put option to a non-controlling interest, lease liabilities and bonds respectively. The Group has not used any interest rate swaps to mitigate its exposure associated with transactions relating to cash flows interest rate risk. However, the management of the Group will consider hedging significant interest rate exposure should the need arise. In the opinion of management of the Group, the effects of expected changes in interest rates on bank balances will not be significant in the near future, hence, sensitivity analysis is not presented.

(iii) Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on equity instruments operating in two industry sectors quoted in the Stock Exchange.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks on quoted equity investments at the reporting date:

If the prices of the respective quoted equity instruments had been 10% (2024: 10%) higher/lower:

- investments revaluation reserve would increase/decrease by approximately HK\$3,000 (2024: HK\$2,000) as a result of the changes in the fair value of financial assets at FVTOCI.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, other receivables, deposits, amount due from a joint venture, debt instruments at FVTOCI, restricted bank balances and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

42. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables

The Group had certain credit risk as 40% (2024: 43%) and 86% (2024: 88%) of the total trade receivables as at 31 March 2025 were due from the Group's largest customer and the five largest customers respectively, which arose in the establishment and operation of indoor theme parks segment and sales of animation derivative products business segment. Management considered the credit risk is limited since the Group trades only with customers with an appropriate credit history and good reputation. The management monitored the financial background and credibility of these debtors on ongoing basis.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. 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 which obtained licensing services from the Group, the Group allows a credit period ranging from 90 to 365 days. The Group allows a credit period of 365 days to its customer with strategic business relationship who obtained these park design and consultancy services from the Group. 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.

The Group also performs impairment assessment under ECL model on trade receivables individually or on portfolio basis. Except for items that are subject to individual evaluation, which are assessed for impairment individually, the remaining trade receivables are grouped based on shared credit risk characteristics by reference to current past due exposure. Impairment loss of approximately HK\$7,649,000 (2024: impairment loss of approximately HK\$13,806,000) is recognised in profit or loss during the year. Details of the quantitative disclosures are set out below in this note.

Debt instruments at FVTOCI

The Group only invests in debt securities with low credit risk. During the year ended 31 March 2025, ECL on debt instruments at FVTOCI amounting to approximately HK\$112,000 (2024: HK\$29,000) is recognised in the profit or loss.

Restricted bank balances and bank balances

The credit risk of the Group on liquid funds is limited because the majority of the counterparties are international banks and state-owned banks with good reputation.

Deposits and other receivables

The credit risk on deposits and other receivables is also limited because of the historical settlement record, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

42. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Deposits and other receivables (Continued)

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March 2025 and 2024. The amounts presented are the gross carrying amounts for financial assets.

2025	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount HK\$'000
Financial assets at amortised costs				
Bank balances and cash	27	N/A	12-month ECL	11,384
Restricted bank balances and cash	22	N/A	12-month ECL	2,240
Trade receivables	24	(note i)	Lifetime ECL	292,585
Other receivables and deposits	25	Normal (note ii)	12-month ECL	1,334
	25	Doubtful	Lifetime ECL	5
	25	Credit Impaired	Lifetime ECL	581,660
Debt investments at FVTOCI				
Investments in unlisted bonds	21	Normal (note ii)	12-month ECL	3,272
2024	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount HK\$'000
Financial assets at amortised costs				
Bank balances and cash	27	N/A	12-month ECL	11,685
Restricted bank balances and cash	22	N/A	12-month ECL	781
Trade receivables	24	(note i)	Lifetime ECL	269,739
Other receivables and deposits	25	Normal (note ii)	12-month ECL	6,544
	25	Credit Impaired	Lifetime ECL	613,454
Debt investments at FVTOCI				
Investments in unlisted bonds	21	Normal (note ii)	12-month ECL	3,517

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

42. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Deposits and other receivables (Continued)

Notes:

- (i) For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for items that are subject to individual evaluation, which are assessed for impairment individually, the Group determines the ECL on these items by past due status.
- (ii) The credit quality of the financial assets included in deposits and other receivables and debt investments at FVTOCI are considered to be “normal” when they are not past due or past due within 30 days and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered as “doubtful”. Financial assets are “Credit Impaired” when one or more events of default that have a detrimental impact on the estimated future cash flow of that financial asset have occurred.

For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

	Average loss rate %	Not past due or past due below 30 days HK\$'000	Average loss rate %	More than 30 days past due HK\$'000	Average loss rate %	Credit Impaired HK\$'000	Total HK\$'000
At 31 March 2025							
Other receivables and deposits	1.7	1,334	20	5	100	581,660	582,999
At 31 March 2024							
Other receivables and deposits	2.7	6,544	N/A	–	100	613,454	619,998

Trade receivables

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

42. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables (Continued)

Analysis of trade receivables by categories based on method of provision for credit loss allowance.

Category	2025					2024				
	Gross carrying amount		Credit loss allowance			Gross carrying amount		Credit loss allowance		
	Amount	Proportion	Amount	Average	Carrying	Amount	Proportion	Amount	Average	Carrying
	(HK\$'000)	(%)	(HK\$'000)	loss rate	amount	(HK\$'000)	(%)	(HK\$'000)	loss rate	amount
Provision on individual basis										
– Trade receivables	214,905	73	(214,905)	100	-	214,905	80	(214,905)	100	-
Provision on portfolio basis										
– Trade receivables	77,680	27	(19,999)	25.7	57,681	54,834	20	(13,225)	24.1	41,609
Total	292,585	100	(234,904)	80.3	57,681	269,739	100	(228,130)	84.6	41,609

(i) Analysis of trade receivables for which credit loss allowance is provided on an individual basis:

Item	2025 Closing Balance			
	Gross carrying amount	Credit loss allowance	Proportion	Reason for provision
	HK\$'000	HK\$'000	(%)	
Trade receivables 1	39,400	(39,400)	100	Note (i)
Trade receivables 2*	47,600	(47,600)	100	Note (i)
Trade receivables 3*	40,000	(40,000)	100	Note (i)
Trade receivables 4*	29,000	(29,000)	100	Note (i)
Trade receivables 5	58,905	(58,905)	100	Note (i)
	214,905	(214,905)		

* The following pairs represent each of the same party.

Trade receivables 2, 3 and 4.

Description of trade receivables for which credit loss allowance is provided on an individual basis:

Notes:

The Group considered the reasonable and supportable evidence and information (including forward-looking information) available in relation to the counterparty, to assess the expected credit losses and recognised the loss allowance accordingly.

(i) The management believes a higher expected credit rate is necessary in respect of this trade receivable as the trade receivable has been past due for over two years. Although the management has taken legal action against the debtor, the management considered that the chance to recover the amount is minimal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

42. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables (Continued)

- (i) Analysis of trade receivables for which credit loss allowance is provided on an individual basis:
(Continued)

Item	2024 Closing Balance			
	Gross carrying amount HK\$'000	Credit loss allowance HK\$'000	Proportion (%)	Reason for provision
Trade receivables 1	39,400	(39,400)	100	Note (i)
Trade receivables 2*	47,600	(47,600)	100	Note (i)
Trade receivables 3*	40,000	(40,000)	100	Note (i)
Trade receivables 4*	29,000	(29,000)	100	Note (i)
Trade receivables 5	58,905	(58,905)	100	Note (i)
	214,905	(214,905)		

* The following pairs represent each of the same party.

Trade receivables 2, 3 and 4.

Description of trade receivables for which credit loss allowance is provided on an individual basis:

Notes:

The Group considered the reasonable and supportable evidence and information (including forward-looking information) available in relation to the counterparty, to assess the expected credit losses and recognised the loss allowance accordingly.

- (i) The management believes a higher default rate is necessary in respect of this trade receivable as there were internal changes of debtor in respect of this trade receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

42. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables (Continued)

(ii) Analysis of trade receivables for which credit loss allowance is provided on collective basis:

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers because these customers have common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix within lifetime ECL (not credit-impaired).

Gross carrying amount	2025		2024	
	Average loss rate	Trade receivables HK\$'000	Average loss rate	Trade receivables HK\$'000
Current (not past due)	1.32%	13,725	2.86%	4,722
Within 90 days past due	2.13%	44,290	3.87%	30,672
91 days to 180 days past due	2.22%	360	4.02%	6,768
181 days to 365 days past due	18.4%	538	44.33%	1,868
Over 365 days past due	100%	18,767	100%	10,804
		77,680		54,834

As at 31 March 2025, the Group provided approximately HK\$19,999,000 (2024: HK\$13,225,000) impairment allowance for trade receivables on collective basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

42. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL HK\$'000
As at 1 April 2023	214,324
Impairment losses	13,806
As at 31 March 2024	228,130
Impairment losses	7,649
Write-off	(875)
As at 31 March 2025	234,904

The following significant changes in gross carrying amounts of trade receivables contributed to the increase in the loss allowance:

- increase in days past due over 365 days resulted in an increase in loss allowance of approximately HK\$7,963,000 (2024: increase in loss allowance of approximately HK\$17,542,000).

The following tables show reconciliation of loss allowances that has been recognised for other receivables.

	12-month ECL (normal) HK\$'000	Lifetime ECL (doubtful) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
As at 1 April 2023	–	298,431	323,863	622,294
Transfer	–	(298,431)	298,431	–
Provision for/(reversal of) impairment losses recognised	173	–	(2,132)	(1,959)
Exchange adjustment	–	–	(6,708)	(6,708)
As at 31 March 2024	173	–	613,454	613,627
Provision for/(reversal of) impairment losses recognised	20	1	(31,791)	(31,770)
Exchange adjustment	–	–	(173)	(173)
As at 31 March 2025	193	1	581,490	581,684

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

42. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank and other borrowings and guaranteed note and ensures compliance with covenants of loan and guaranteed note.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The table includes both interest, if applicable, and principal cash flows.

	Weighted average effective interest rate %	On demand or within one year HK\$'000	One to five years HK\$'000	Over five years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At 31 March 2025						
Non-derivative instruments						
Trade payable	-	4,026	-	-	4,026	4,026
Other payables and accruals	-	321,059	-	-	321,059	321,059
Bonds	5.85	763,212	-	-	763,212	721,755
Guaranteed notes	8	25,500	-	-	25,500	25,000
Bank borrowings	1.81	11,840	43,230	6,407	61,477	59,279
Other Borrowings	7.07	162,474	560	-	163,034	152,201
Amount due to a director	-	82	-	-	82	82
Lease liabilities	2.95	14,139	45,373	69,016	128,528	109,407
Obligation arising from a put option to a non-controlling interest (note)	-	-	10,900	-	10,900	10,900
		1,302,332	100,063	75,423	1,477,818	1,403,709
At 31 March 2024						
Non-derivative instruments						
Trade payable	-	6,255	-	-	6,255	6,255
Other payables and accruals	-	261,344	-	-	261,344	261,344
Bonds	5.85	723,309	9,316	-	732,625	721,044
Guaranteed notes	8	25,500	-	-	25,500	25,000
Bank borrowings	2.48	27,874	42,134	13,538	83,546	80,490
Other Borrowings	5.09	125,185	1,395	-	126,580	124,841
Lease liabilities	7.62	28,642	77,330	24,461	130,433	103,762
Obligation arising from a put option to a non-controlling interest (note)	-	-	10,871	-	10,871	10,871
		1,198,109	141,046	37,999	1,377,154	1,333,607

Note: The amount represents the maximum exposure on the put price if the put option had been exercised on or after the fifth anniversary of the Completion Date and until the day immediately before the sixth anniversary of Completion Date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

42. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Fair value measurements of financial instruments that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31.3.2025 HK\$'000	31.3.2024 HK\$'000				
Financial assets at FVTOCI – listed equity	Asset – HK\$32	Asset – HK\$25	Level 1	Quoted bid price in an active market	N/A	N/A
Financial assets at FVTOCI – unlisted bond	Asset – HK\$3,272	Asset – HK\$3,517	Level 3	Discounted cash flows	Discount rate of 16% (2024: 10%), which is based on credit spread of comparable companies.	An increase in the discount rate would result in a decrease in the fair value, and vice versa.
Financial assets at FVTPL – structured deposits	-	Asset – HK\$733	Level 3	Discounted cash flows	Expected yields and discounts rate that reflects the credit risk of the bank.	An increase in the expected yield would result in an increase in fair value, and vice versa. An increase in the discount rate would result in a decrease in the fair value, and vice versa.
Put option derivatives	-	Liability – HK\$3,880	Level 3	Binomial Option Pricing Model The key inputs are the exercise price, risk-free rate, exercise period, and volatility of the daily return of comparative stock.	Equity value of CA Seg Group is derived by income approach. The key inputs are unaudited consolidated net asset value and cash flow forecast of CA Seg Group and expected return from the investors of 27.6% (2024: 21.1%) per annum developed using Capital Asset Pricing Model. Volatility is based on the average of the implied volatility of the comparable stocks of 40.0% (2024: 40.0%).	An increase in the forecasted profit would result in a decrease in the fair value, and vice versa. An increase in the expected return from the investors would result in an increase in the fair value, and vice versa. An increase in the volatility would result in an increase in the fair value, and vice versa.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

42. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Fair value measurements of financial instruments that are measured at fair value on a recurring basis (Continued)

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Reconciliation of Level 3 fair value measurements

	Financial assets at FVTPL HK\$'000	Total HK\$'000
At 1 April 2023	777	777
Total gains/(loss):		
– in profit or loss	–	–
Exchange difference	(44)	(44)
At 31 March 2024	733	733
Total gains/(loss):		
– in profit or loss	75	75
Disposal	(808)	(808)
At 31 March 2025	–	–

The only financial liability subsequently measured at fair value on Level 3 fair value measurement represents the put option derivative relating to the purchase of the remaining 14.9% equity interest of CA Sega (see Note 39 to the consolidated financial statements). A gain of approximately HK\$3,880,000 (2024: loss of HK\$4,149,000) has been recognized in the other gains and losses of the consolidated financial statements for the year ended 31 March 2025 in respect of the put option derivative.

Of the total gains or losses for the period included in profit or loss, HK\$75,000 (2024: HK\$Nil) relates to financial assets designated as at FVTPL and gain of HK\$3,894,000 (2024: loss of HK\$4,149,000) relates to financial liability measured at fair value held at the end of the current reporting period. Fair value gains or losses on financial assets designated as at FVTPL and financial liability at FVTPL are included in 'other gains and losses'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

43. Notes to the Consolidated Statement of Cash Flows

(a) Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank and other borrowings HK\$'000	Amount due to a director HK\$'000	Bonds HK\$'000	Guaranteed note HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 April 2023	213,364	25	718,395	25,000	143,527	1,100,311
Financing cash flows	(6,375)	(25)	(64,671)	(7,203)	(39,897)	(118,171)
<i>Non-cash transactions</i>						
Foreign exchange translation	(12,021)	–	–	–	(8,976)	(20,997)
Finance costs	10,363	–	67,320	7,203	9,108	93,994
At 1 April 2024	205,331	–	721,044	25,000	103,762	1,055,137
Financing cash flows	(11,292)	82	(65,534)	(8,910)	(24,475)	(110,129)
<i>Non-cash transactions</i>						
Lease modification	–	–	–	–	24,840	24,840
Foreign exchange translation	420	–	–	–	357	777
Finance costs	17,021	–	66,245	8,910	4,923	97,099
At 31 March 2025	211,480	82	721,755	25,000	109,407	1,067,724

(b) Major non-cash transactions

No material non-cash transaction during the years ended 31 March 2025 and 2024.

44. Capital Commitments

The Group does not have material capital commitment as at 31 March 2025 and 2024.

45. Related Party Disclosures

(a) Related party transactions

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

Name of party	Relationship	Nature of transaction	2025 HK\$'000	2024 HK\$'000
Sega Holdings Co., Ltd.	Subsidiary of a non-controlling Shareholder	Licensing fee	2,322	2,344
Chong Heung Chung Jason	Substantial shareholder	Rental expense for premises	209	216

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

45. Related Party Disclosures (Continued)

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

Details of personal guarantees provided by related parties and details of pledges over assets of related parties in connection with the guaranteed note and bank borrowings are set out in Notes 33 and 35.

(c) Details of the outstanding balances with other related parties are set out in the consolidated statement of financial position.

(d) Compensation of key management personnel

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

	2025 HK\$'000	2024 HK\$'000
Salaries and other benefits	4,990	4,974
Retirement benefit schemes contribution	115	88
Incentive performance bonuses	240	240
	5,345	5,302

The remuneration of the key executives is determined having regard to the performance of individuals and market trends.

46. Share-Based Payments

Equity-settled share option scheme of the Company

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

46. Share-Based Payments (Continued)

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

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

Details of specific categories of options are as follows:

Category of grantees	Date of grant of share options	Outstanding as at 1 April 2023	Number of share options				Outstanding as at 31 March 2024	Vesting period of shares options	Exercisable period of shares options	Exercise price per share HK\$	Closing price per share immediately before the date of grant HK\$
			During the period								
			Granted	Exercised	Cancelled	Lapsed					
Directors	28 February 2022	6,434,000	-	-	-	(6,434,000)	-	Vested immediately	28 February 2022 to 28 February 2024	0.171	0.163
Consultants	28 February 2022	3,223,000	-	-	-	(3,223,000)	-	Vested immediately	28 February 2022 to 28 February 2024	0.171	0.163
Employees	28 February 2022	33,253,000	-	-	-	(33,253,000)	-	Vested immediately	28 February 2022 to 28 February 2024	0.171	0.163
		42,910,000	-	-	-	(42,910,000)	-				
Exercisable at the end of the year							-				
Weighted average exercise price (HK\$)							0.171				

During the year ended 31 March 2024, all the share options granted by the Company were lapsed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

47. Particulars of Principal Subsidiaries of the Company

Particulars of the Company's principal subsidiaries as at 31 March 2025 and 2024 are as follows:

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Group		Principal activities
			As of 31 March		
			2025 %	2024 %	
Directly held					
China Animation Holding (BVI) Limited 華夏動漫集團(英屬處女島) 有限公司	BVI	US\$1	100	100	Investment holding
Indirectly held					
China Animation Group Limited 華夏動漫集團有限公司	BVI	HK\$1,000,000	100	100	Investment holding and sales of animation derivative products
China Animation Group (HK) Limited 華夏動漫集團(香港)有限公司	Hong Kong	HK\$1	100	100	Investment holding
Network China Technology Limited 華夏網路科技有限公司	BVI	US\$1	100	100	Investment holding
Network China Technology Limited 華夏網路科技有限公司	Hong Kong	HK\$1	100	100	Investment holding and operation of multimedia animation entertainment
深圳華爾德動漫科技有限公司 Shenzhen Wald Animation Technology Company Ltd*#	PRC	RMB30,000,000	100	100	Animation derivative product design, sales of animation derivative products and multimedia animation entertainment
China Theme Park Limited 中國主題樂園有限公司	BVI	US\$1	100	100	Investment holding and promotion and development of indoor theme park business

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

47. Particulars of Principal Subsidiaries of the Company (Continued)

Particulars of the Company's principal subsidiaries as at 31 March 2025 and 2024 are as follows: (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Group As of 31 March		Principal activities
			2025 %	2024 %	
China Theme Park Incorporation Limited 華夏樂園有限公司	Hong Kong	HK\$1	100	100	Investment holding and promotion and development of indoor theme park business
Animate China Technology Limited 華夏動漫科技有限公司	BVI	US\$1	100	100	Operation of multimedia animation entertainment
Animate China Technology (HK) Limited 華夏動漫科技(香港)有限公司	Hong Kong	HK\$1	100	100	Operation of multimedia animation entertainment
China Animation IP Limited 中國動漫知識產權有限公司	BVI	US\$1	100	100	Inactive
華嘉泰(上海)室內遊樂有限公司 HuaJiatai (Shanghai) Indoor Amusement Co., Ltd.*v	PRC	RMB60,000,000	93.8	93.8	Operation of indoor theme park in the PRC
CA Sega*	Japan	JPY50,000,000	85.1	85.1	Operation of indoor theme park in Japan
華夏世嘉(青島)娛樂遊藝有限公司 CA SEGA (Qingdao) Entertainment Park Co., Ltd.*#	PRC	US\$18,500,000	85.1	85.1	Operation of indoor theme park in the PRC
Walita Toys (Cambodia) Co., Ltd.	Cambodia	US\$485,000	100	100	Manufacturing and trading of animation derivative products
華嘉益文化傳播(深圳)有限公司 Huajiyi Cultural Communication (Shenzhen) Company Limited*v	PRC	RMB4,000,000	51	51 ^{Note (iii)}	Operation of indoor children playground in the PRC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

47. Particulars of Principal Subsidiaries of the Company (Continued)

Particulars of the Company's principal subsidiaries as at 31 March 2025 and 2024 are as follows: (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Group		Principal activities
			As of 31 March 2025 %	2024 %	
深圳市華誠檢品有限公司 Shenzhen Huacheng Product Inspection Company Limited	PRC	RMB100,000	100	100	Inspection of animation derivative products in PRC
Grand Peaceful Global Limited	BVI	US\$21,000,000	100	100	Operation of multimedia animation entertainment
Flourishing Emerald Limited	BVI	HK\$105,600,000	100	100	Operation of multimedia animation entertainment
深圳市華利達玩具禮品有限公司 (「深圳華利達」) (Note (i))	PRC	— [^]	N/A	N/A ^{Note (i)}	Investment holding

* The English name is for identification purpose only.

Established in the PRC in the form of wholly foreign-owned enterprise.

√ Established in the PRC in the form of sino-foreign equity joint investment.

[^] The registered capital of 深圳華利達 is RMB2.5 million but was not paid up to the date of these consolidated financial statements.

Notes:

(i) The Group does not have any equity interest in 深圳華利達. However, the Group has entered into the contractual arrangements with 深圳華利達 and its equity holders, which enable the Group to (1) exercise effective financial and operational control over 深圳華利達; (2) exercise equity holders' voting rights of 深圳華利達; (3) receive substantially all of the economic interest returns generated by 深圳華利達 in consideration for the management services provided by the Group; (4) obtain an irrevocable and exclusive right with an initial period of 10 years to purchase the entire equity interest in 深圳華利達 from the respective equity holders. The right automatically renews upon expiry until the Group specifies a renewal term; and (5) obtain a pledge over the entire equity interest of 深圳華利達 from its respective equity holders as collateral security for all the payments due to the Group and to secure performance of 深圳華利達's obligations under the above contractual arrangements. Accordingly, the Group has rights to variable returns from its involvement with 深圳華利達 and has the ability to affect those returns through its power over 深圳華利達 and is considered to control 深圳華利達. Consequently, the Group regards 深圳華利達 as an indirect subsidiary under HKFRSs.

(ii) None of the subsidiaries had issued any debt securities at the end of the reporting period or at any time during the year.

(iii) The directors of the Company consider the non-wholly owned subsidiaries of the Group have no material non-controlling interest, and accordingly, no summarised financial information in respect of respective subsidiary has been presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

47. Particulars of Principal Subsidiaries of the Company (Continued)

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

48. Details of Non-wholly-owned Subsidiary that has Material Non-controlling Interests

The table below shows details of the non-wholly-owned subsidiary of the Group that has material non-controlling interests:

Name of subsidiary	Place of establishment/ registration and principal place of business	Proportion of ownership interests held by the non- controlling interests		(Loss)/profit allocated to non-controlling interests		Accumulated non- controlling interests	
		2025	2024	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
CA Sega Joypolis Limited and its subsidiary ("CA Sega Group") Individually immaterial subsidiaries with non-controlling interests	PRC and Japan	14.9%	14.9%	(10,410)	1,890	(19,262)	(8,762)
				2,541	(1,522)	3,654	1,459
				(7,869)	368	(15,608)	(7,303)

Summarised consolidated financial information in respect of CA Sega Group that has material non-controlling interests is set out below. The summarised consolidated financial information below, prepared in accordance with the significant accounting policies of the Group, represents amounts before intragroup eliminations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

48. Details of Non-wholly-owned Subsidiary that has Material Non-controlling Interests (Continued) CA Sega Group

	2025 HK\$'000	2024 HK\$'000
Current assets	75,918	22,437
Non-current assets	117,448	58,696
Current liabilities	(153,860)	(56,841)
Non-current liabilities	(168,786)	(83,101)
Net liabilities	(129,280)	(58,809)
Accumulated deficit attributable to owners of the Company	(110,018)	(50,047)
Non-controlling interests	(19,262)	(8,762)
Total accumulated deficit	(129,280)	(58,809)
Revenue	205,461	188,254
Other income and gains	3,789	337
Expenses and taxation	(279,116)	(175,909)
(Loss)/profit for the year	(69,866)	12,682
(Loss)/profit attributable to owners of the Company	(59,456)	10,792
(Loss)/profit attributable to the non-controlling interests	(10,410)	1,890
(Loss)/profit for the year	(69,866)	12,682
Other comprehensive (expense)/income attributable to owners of the Company	(1,154)	6,446
Other comprehensive income attributable to non-controlling interests	(202)	1,129
Other comprehensive income for the year	(1,356)	7,575
Total comprehensive (expense)/income attributable to owners of the Company	(60,610)	17,238
Total comprehensive (expense)/income attributable to non-controlling interests	(10,612)	3,019
Total comprehensive income for the year	(71,222)	20,257
Net cash from operating activities	35,800	27,095
Net cash used in investing activities	(654)	(1,702)
Net cash used in financing activities	(33,728)	(28,596)
Net increase/(decrease) in cash and cash equivalents	1,418	(3,203)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

49. Statement of Financial Position of the Company

	Note	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Financial assets at fair value through other comprehensive income		3,304	3,542
Interest in subsidiaries	1	–	–
		3,304	3,542
Current assets			
Inventories		4,580	4,982
Other receivables, deposits and prepayments		1,842	1,555
Amounts due from subsidiaries		–	653,222
Restricted bank balances and cash		2,240	775
Bank balances and cash		99	2,310
		8,761	662,844
Current liabilities			
Other payables and accruals		287,262	205,046
Amount due to a director		–	7,559
Amount due to subsidiaries		269,181	269,857
Guaranteed note		25,000	25,000
Bonds		721,755	712,400
Bank and other borrowings		65,250	65,250
		1,368,448	1,285,112
Net current liabilities		(1,359,687)	(622,268)
Total assets less current liabilities		(1,356,383)	(618,726)
Non-current liability			
Bonds		–	8,644
Net liabilities		(1,356,383)	(627,370)
Capital and reserves			
Share capital		118,204	118,204
Reserves		(1,474,587)	(745,574)
Total capital deficiency		(1,356,383)	(627,370)
Chong Heung Chung Jason		Liu Moxiang	
DIRECTOR		DIRECTOR	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

49. Statement of Financial Position of the Company (Continued)

The movements in the reserves of the Company were as follows:

	Share premium HK\$'000	Investment revaluation reserve HK\$'000	Share-based compensation reserve HK\$'000	Accumulated losses HK\$'000	Total reserves HK\$'000
At 1 April 2023	768,937	(34,553)	2,562	(1,368,596)	(631,650)
Loss for the year	–	–	–	(113,033)	(113,033)
Fair value loss on financial assets at fair value through other comprehensive income	–	(891)	–	–	(891)
Total comprehensive expense for the year	–	(891)	–	(113,033)	(113,924)
Transfer upon expiry of share option scheme	–	–	(2,562)	2,562	–
At 31 March 2024	768,937	(35,444)	–	(1,479,067)	(745,574)
Loss for the year	–	–	–	(728,888)	(728,888)
Fair value loss on financial assets at fair value through other comprehensive income	–	(125)	–	–	(125)
At 31 March 2025	768,937	(35,569)	–	(2,207,955)	(1,474,587)

Note:

- The balance represents an amount of less than HK\$1,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

50. Litigation

(a) ACCP Global Limited (HCA1618/2021)

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

In response, the Company denied the alleged misrepresentations and on 18 August 2022, filed a Defence to Counterclaim against ACCP Global, Lau Wang Chi Barry being the ultimate beneficial owner of ACCP Global and Well Link Securities Limited, the referral agent whom introduced ACCP Global to the Company and, as suspected by the Company, helped ACCP Global to breach the terms of the ACCP Subscription Agreement (being the other 2 concert parties of ACCP Global) for damages to be assessed, an account of profits and payment of sums found due, cost, interest and further or/and other relief.

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

On 24 April 2023, the High Court of Hong Kong has made a winding-up order against the Subscriber under HCCW 466/2022.

A hearing of the case took place on 15th July 2024 and the proceedings against ACCP Global will continue pending the leave to be granted by the High Court.

As at the last hearing, no decision has been made and the next hearing scheduled to be held on 27 August 2026. The Company will continue its action against the Subscriber, Lau Wang Chi Barry, being the ultimate beneficial owner of the Subscriber and Well Link Securities Limited, the referral agent whom introduced the Subscriber to the Company.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

50. Litigation (Continued)

(b) Claims from bond holders

Several demand letters and statutory demands were served on the Company by bond holders of the Company (the “**Bond Holders**”), demanding the Company to repay outstanding bond payables and accrued interest.

As of the date of this report, no further legal action has been taken by the Bond Holders and all of the above-mentioned payables have been included under the Creditors’ scheme.

(c) Claim from a service provider

In March 2025, a service provider (the “**Service Provider**”) of the Company commenced civil proceeding against the Company in the District Court. The Service Provider has made a claim against the Company for the sum of approximately HK\$1,860,000 for professional services rendered by the Service Provider. The Company has filed a defence in September 2025 and the Company has received a writ of summon from the District Court in October 2025 in relation to the legal proceeding. As at 31 March 2025, the legal proceeding is still ongoing.

The Group has already made a full provision for such claim, which is recorded in “Other payables and accruals” as at 31 March 2025 and 2024.

(d) Claim from a supplier

In prior years, Shenzhen Wald Animation Technology Company Ltd (“**Wald**”), a subsidiary of the Company, has purchased certain theme park machineries from a supplier (the “**Supplier**”) but did not settle the purchase consideration. In October 2024, the Supplier initiated a legal proceeding against Wald for a total sum of approximately RMB2.7 million (approximately HK\$2.9 million), being an alleged outstanding payment owed to the Supplier.

In March 2025, through the mediation by the Longgang District People’s Court of Shenzhen Municipality (the “**Court**”), the above case was settled and pursuant to a mediation order from the Court, Wald has paid RMB527,000 (approximately HK\$566,000) to the Supplier as final settlement of the above case and thereafter the Supplier would not claim against Wald further in relation to the above case.

The amount claimed by the Supplier is recorded in the “Trade payables” as at 31 March 2025 and 2024.

FIVE YEARS FINANCIAL SUMMARY



	Year ended 31 March				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	366,959	364,028	360,302	453,136	478,309
Cost of sales and services	(277,816)	(308,652)	(340,362)	(390,410)	(310,609)
Gross Profit	89,143	55,376	19,940	62,726	167,700
Other income	1,023	586	16,429	10,559	8,370
Other gains and losses	45,893	(12,959)	2,957	(8,154)	52,558
Selling and distribution expenses	(21,832)	(22,050)	(69,198)	(14,954)	(12,895)
Administrative expenses	(70,627)	(73,031)	(155,748)	(180,067)	(87,020)
Research and development expenses	(8,155)	(14,907)	(262,570)	(11,678)	(10,807)
Share of (loss)/profit of a joint venture	–	–	(87,743)	(18,930)	8,709
Share of result of associates	(10)	138	(97,943)	(112,351)	8,773
Finance costs	(97,099)	(93,994)	(80,663)	(80,638)	(88,659)
Impairment loss on investment in joint venture	–	–	–	(2,156)	–
Impairment loss on property, plant and equipment	–	(5,418)	–	(69,589)	–
Impairment loss on right-of-use assets	–	(8,099)	–	(20,566)	–
Impairment loss on intangible assets	–	–	(58,801)	(96,051)	–
Impairment loss on investment in an associate	(2,731)	–	–	–	–
Reversal of/(Provision of impairment loss) on trade and other receivables	24,009	(11,876)	(283,743)	(537,296)	5,227
(Loss)/profit before taxation	(40,386)	(186,234)	(1,057,083)	(1,079,145)	51,956
Taxation Income tax (expense)/credit	(526)	15,923	23,937	18,679	19,026
(Loss)/profit for the year	(40,912)	(170,311)	(1,033,146)	(1,060,466)	70,982
Other comprehensive income (expense):					
Item that may be reclassified to profit or loss:					
Remeasurement of defined benefit plans Fair value gain/ (loss) on financial assets at fair value through other comprehensive income	(856)	(1,087)	(581)	(1,368)	(1,124)
– investment in equity instrument at fair value through other comprehensive income	6	(87)	1,021	(45,442)	75,536
– hedging instrument for fair value hedge	–	–	–	–	(65,202)
Items that may be reclassified subsequently					
Fair value gain/(loss) on financial assets at fair value through other comprehensive income					
– investment in debt instrument at fair value through other comprehensive income	(132)	(801)	594	–	–
Exchange differences arising on translation of:					
– subsidiaries	(1,391)	11,803	(123)	5,172	(2,452)
Other comprehensive income (expense) for the year	(2,373)	9,828	911	(41,638)	6,758
Total comprehensive income (expense) for the year	(43,285)	(160,483)	(1,032,235)	(1,102,104)	77,740

FIVE YEARS FINANCIAL SUMMARY

	Year ended 31 March				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
(Loss)/profit for the year attributable to:					
Owners of the Company	(33,043)	(170,679)	(1,033,575)	(1,050,184)	83,086
Non-controlling interests	(7,869)	368	429	(10,282)	(12,104)
	(40,912)	(170,311)	(1,033,146)	(1,060,466)	70,982
ASSETS AND LIABILITIES					
Total assets	427,775	407,934	562,497	1,181,108	2,208,950
Total liabilities	(1,516,405)	(1,453,279)	(1,447,359)	(1,043,599)	(1,038,609)
Net (liabilities)/assets	(1,088,630)	(1,045,345)	(884,862)	137,509	1,170,341
Total equity attributable to owners of the Company	(1,073,021)	(1,038,042)	(876,844)	149,356	1,172,543
Non-controlling interests	(15,608)	(7,303)	(8,018)	(11,847)	(2,202)
Total (capital deficiency)/equity	(1,088,630)	(1,045,345)	(884,862)	137,509	1,170,341