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華夏文化科技集團
CA CULTURAL TECHNOLOGY GROUP

CA CULTURAL TECHNOLOGY GROUP LIMITED

華夏文化科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01566)

VOLUNTARY ANNOUNCEMENT MEMORANDUM FOR COOPERATION WITH GUANGYOU E-SPORTS

This announcement is made by CA Cultural Technology Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis, to update the shareholders and potential investors of the Company of the latest business development of the Group.

The board (the “**Board**”) of directors of the Company (the “**Directors**”) is pleased to announce that on 26 July 2021, the Company entered into a non-legally binding memorandum (the “**Cooperation Memorandum**”) with Hainan Guangyou E-sports Co., LTD (海南光馳電子競技有限公司) (“**Guangyou E-sports**”) for the possible cooperation in relation to developing nationwide internet entertainment and its related product promotion, such as the research and development of eSports games, online games and online game tokens, as well as organizing of sports games and entertainment events including tournaments of ball games and car racing, together with ticket sales, distribution and services.

THE COOPERATION MEMORANDUM

SUBJECT MATTER

Pursuant to the Cooperation Memorandum, the parties thereto (the “**Parties**”) have agreed upon, among others, the following intentions in relation to their cooperation:

- (1) The Company shall be given priority to participate in the possible cooperation between Guangyou E-sports and third parties, including but not limited to investing in and acquiring eSports games and the development, distribution and services of games in the PRC and overseas, sports promotion such as sports games and tournaments, sports venues management and ticket sales, and the research, development and sales of its related products. The aforesaid cooperation shall be exclusive, that is, when the

Company participates in possible cooperation projects, Guangyou E-sports shall ensure that the Company is an exclusive participant, and that the relevant information is not disclosed to third parties (unless with the approval of the Company).

- (2) Guangyou E-sports shall convey the data of its more than 600-800 thousand members to the online Pop Toy Collectibles platform of the Company (including indoor theme park, VR eSports and Pop Toy platform), while the Company shall convey its IP to Guangyou E-sports for the development of games and internet entertainment products, so as to achieve synergy in business cooperation.
- (3) The Company shall merge with and become the controlling shareholder of Guangyou E-sports (the “**Possible Acquisition**”).
- (4) Guangyou E-sports shall provide the Company with its valuation report, which covers the valuation of licences and permits including the Internet Culture Business Permit (網絡文化經營許可證) and the Permit for Operation of Value-added Telecommunication Business (增值電信業務經營許可證) held by Guangyou E-sports and applicable nationwide, and a mechanism for guaranteeing operating results and for managing risks during the course of cooperation, on which the Company shall conduct due diligence.

EXCLUSIVITY

Pursuant to the Cooperation Memorandum, within the 6-month period from the date of the Cooperation Memorandum, the Parties shall refrain from, whether directly or indirectly, exploring, collaborating on or negotiating for any business opportunities relating to similar subject matters as that contemplated under the Cooperation Memorandum with any third parties or entering into any agreement or understanding in relation thereto, and the Parties shall discuss on the issue. Depending on the progress of the possible cooperation, the Parties may, upon the expiry of a 6-month period from the date of the Cooperation Memorandum, evaluate the need to adjust the exclusivity clauses.

The entering into of the Cooperation Memorandum does not impose any legal obligation on any party and is valid for 6 months. If the Parties are unable to enter into a formal agreement within such exclusivity period, the Cooperation Memorandum shall lapse automatically and neither the Company nor Guangyou E-sports will bear any responsibility for the other party.

INFORMATION OF GUANGYOU E-SPORTS

Focusing on the eSports industry, Guangyou E-sports is an integrated new entertainment games platform engaged in the development and application of technology on e-commerce platforms, research, development, investment and technology service of and in innovative internet technology projects, issue of online game tokens, investment in eSports industry, investment in eSports venues, organizing games and tournaments and so forth.

Guangyou E-sports and its ultimate beneficial owners are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, third parties independent of the Company and its connected person(s) (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”)).

REASONS FOR ENTERING INTO THE COOPERATION MEMORANDUM

In view of the solid background of Guangyou E-sports in the development, distribution and services of eSports games and online games, sports games and tournaments, sports venues management and ticket sales, the Board considers that the relevant business segment is of high growth potential and the possible cooperation with Guangyou E-sports will enable the Group to further explore and expand its business scope, and thereby uplifting the overall profitability of the business of the Group.

In view of the above, the Directors are of the view that entering into the Cooperation Memorandum is in the interests of the Company and its shareholders as a whole.

As at the date of this announcement, the Company has not commenced any substantial due diligence review and no term of any formal agreement has been finalized. If any formal agreement is entered into, it may constitute a notifiable transaction under Chapter 14 of the Listing Rules. Further announcement will be made in compliance of the Listing Rules.

The Board would like to remind that, as at the date of this announcement, no legally binding agreement on the Possible Acquisition has been entered into. Accordingly, the Possible Acquisition may or may not materialise. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 26 July 2021

As of the date of this announcement, the executive Directors are Mr. Chong Heung Chung Jason, Mr. Ting Ka Fai Jeffrey and Ms. Liu Moxiang, and the independent non-executive Directors are Mr. Ni Zhenliang, Mr. Tsang Wah Kwong and Mr. Hung Muk Ming.