

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.



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)

DISCLOSEABLE TRANSACTION SHARE SWAP BETWEEN THE COMPANY AND FUTURE WORLD HOLDINGS LIMITED

On 24 August 2021 (after trading hours), the Company and Future World entered into the Share Swap Agreement pursuant to which, subject to fulfillment of the conditions set out in the Share Swap Agreement, the parties thereto have agreed that:

- (i) the Company shall subscribe for and Future World shall allot and issue 95,000,000 FW Subscription Shares under the FW General Mandate, representing approximately 9.510% of the existing issued share capital of Future World as at the date of this announcement and approximately 8.684% of the issued share capital of Future World as enlarged by the allotment and issue of the FW Subscription Shares pursuant to the Share Swap Agreement, credited as fully paid to the Company (or its nominee) at the FW Subscription Price of HK\$0.10 per FW Subscription Share for a total consideration of HK\$9,500,000; and
- (ii) Future World shall subscribe for and the Company shall allot and issue 4,000,000 CA Cultural Subscription Shares under the General Mandate, representing approximately 0.407% of the existing issued share capital of the Company as at the date of this announcement and approximately 0.406% of the issued share capital of the Company as enlarged by the allotment and issue of the CA Cultural Subscription Shares pursuant to the Share Swap Agreement, credited as fully paid to Future World (or its nominee) at the Subscription Price of HK\$2.38 per CA Cultural Subscription Share for a total consideration of HK\$9,520,000.

Completion of the allotment and issue of the FW Subscription Shares and the CA Cultural Subscription Shares shall take place simultaneously.

Application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the CA Cultural Subscription Shares.

As the relevant percentages exceed 5% but are less than 25%, the Share Swap and the transactions contemplated thereunder constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

Since completion of the Share Swap is subject to the fulfillment of the conditions as set out in the Share Swap Agreement, the Share Swap may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

The Board announces that on 24 August 2021 (after trading hours), the Company and Future World entered into the Share Swap Agreement pursuant to which, subject to fulfillment of the conditions set out in the Share Swap Agreement, the parties thereto have agreed that:

- (i) the Company shall subscribe for and Future World shall allot and issue 95,000,000 FW Subscription Shares under the FW General Mandate, representing approximately 9.510% of the existing issued share capital of Future World as at the date of this announcement and approximately 8.684% of the issued share capital of Future World as enlarged by the allotment and issue of the FW Subscription Shares pursuant to the Share Swap Agreement, credited as fully paid to the Company (or its nominee) at the FW Subscription Price of HK\$0.10 per FW Subscription Share for a total consideration of HK\$9,500,000; and
- (ii) Future World shall subscribe for and the Company shall allot and issue 4,000,000 CA Cultural Subscription Shares under the General Mandate, representing approximately 0.407% of the existing issued share capital of the Company as at the date of this announcement and approximately 0.406% of the issued share capital of the Company as enlarged by the allotment and issue of the CA Cultural Subscription Shares pursuant to the Share Swap Agreement, credited as fully paid to Future World (or its nominee) at the Subscription Price of HK\$2.38 per CA Cultural Subscription Share for a total consideration of HK\$9,520,000.

The principal terms of the Share Swap Agreement are set out below.

THE SHARE SWAP AGREEMENT

Date

24 August 2021 (after trading hours)

Parties

The Company

Future World

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Future World and its associates are Independent Third Parties.

Assets to be acquired

Pursuant to the Share Swap Agreement, the Company shall subscribe for and Future World shall allot and issue 95,000,000 FW Subscription Shares under the FW General Mandate, representing approximately 9.510% of the existing issued share capital of Future World as at the date of this announcement and approximately 8.684% of the issued share capital of Future World as enlarged by the allotment and issue of the FW Subscription Shares pursuant to the Share Swap Agreement, credited as fully paid to the Company (or its nominee) at the FW Subscription Price of HK\$0.10 per FW Subscription Share for a total consideration of HK\$9,500,000, which shall be settled by the Company by way of the issue and allotment of the CA Cultural Subscription Shares under the CA Cultural Subscription.

Conditions

The respective obligations of the Company and Future World to effect the Share Swap completion shall be conditional upon the following conditions precedent (the "**Conditions Precedent**"):

- (i) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which neither the Company nor Future World shall reasonably object) the listing of, and permission to deal in, both the FW Subscription Shares and CA Cultural Subscription Shares; and
- (ii) any other approval as may be required by applicable laws, rules or regulations for the FW Subscription and the CA Cultural Subscription.

If the Conditions Precedent have not been fulfilled on or before 31 October 2021 or such later date as may be agreed between the Company and Future World, the Share Swap Agreement shall lapse and become null and void and the parties thereto shall be released from all obligations thereunder, save for the liabilities for any antecedent breaches thereof.

Completion

Subject to the fulfilment of the Conditions Precedent, the completion of the FW Subscription and the CA Cultural Subscription shall take place simultaneously on the Completion Date, at such place and at such time as the Company and Future World may agree, and the parties to the Share Swap Agreement shall perform its respective obligations set out in the Share Swap Agreement. No partial Completion shall be permitted.

Upon Completion, the price of the FW Subscription payable by the Company to Future World shall be set off against the price of the CA Cultural Subscription payable by Future World to the Company whereupon the payment obligation for the price of the FW Subscription by the Company and the payment obligation for the price of CA Cultural Subscription by Future World shall be deemed to be fully released and discharged.

CA CULTURAL SUBSCRIPTION AND FW SUBSCRIPTION

CA Cultural Subscription

Pursuant to the Share Swap Agreement, Future World has agreed to subscribe for and the Company has agreed to allot and issue to Future World (or its nominee) 4,000,000 CA Cultural Subscription Shares at the Subscription Price of HK\$2.38 per CA Cultural Subscription Share, which will be settled by Future World by allotment and issue of the 95,000,000 FW Subscription Shares at the FW Subscription Price of HK\$0.10 per FW Subscription Share to the Company (or its nominee).

The 4,000,000 CA Cultural Subscription Shares represent approximately 0.407% of the existing issued share capital of the Company as at the date of this announcement and approximately 0.406% of the enlarged issued share capital of the Company as a result of the CA Cultural Subscription on the assumption that there will be no other changes in the share capital of the Company save and except for the CA Cultural Subscription.

As at the date of this announcement, Future World and its subsidiaries do not hold any Shares in the issued share capital of the Company. Immediately after Completion, Future World and its subsidiaries will hold an aggregate of 4,000,000 Shares in the enlarged issued share capital of the Company, representing approximately 0.406% of the enlarged issued share capital of the Company as a result of the CA Cultural Subscription.

The aggregate nominal value of the 4,000,000 CA Cultural Subscription Shares is HK\$400,000. The CA Cultural Subscription Shares, when allotted and issued, shall rank pari passu in all respect among themselves and with other Shares in issue as at the date of Completion.

FW Subscription

Pursuant to the Share Swap Agreement, the Company has agreed to subscribe for and Future World has agreed to allot and issue to the Company (or its nominee) 95,000,000 FW Subscription Shares at the FW Subscription Price of HK\$0.10 per FW Subscription Share, which will be settled by the Company by allotment and issue of the 4,000,000 CA Cultural Subscription Shares at the Subscription Price of HK\$2.38 per CA Cultural Subscription Share to Future World (or its nominee).

The 95,000,000 FW Subscription Shares represent approximately 0.407% of the existing issued share capital of Future World as at the date of this announcement and approximately 0.406% of the enlarged issued share capital of Future World as a result of the FW Subscription on the assumption that there will be no other changes in the share capital of Future World save and except for the FW Subscription.

As at the date of this announcement, the Company and its subsidiaries do not hold any FW Shares in the issued share capital of Future World. Immediately after Completion, the Company and its subsidiaries will hold an aggregate of 95,000,000 FW Shares in the enlarged issued share capital of Future World, representing approximately 8.684% of the enlarged issued share capital of Future World as a result of the FW Subscription.

The aggregate nominal value of the 95,000,000 FW Subscription Shares is HK\$1,900,000. The FW Subscription Shares, when allotted and issued, shall rank *pari passu* in all respect among themselves and with other FW Shares in issue as at the date of Completion.

Subscription Price

The Subscription Price of HK\$2.38 per CA Cultural Subscription Share represents:

- (a) a discount of approximately 4.8% to the closing price of HK\$2.5 per Share as quoted on the Stock Exchange on 24 August 2021; and
- (b) a discount of approximately 10.93% to the average closing price of approximately HK\$2.672 per Share as quoted on the Stock Exchange for the five consecutive trading days from 17 August 2021 to 23 August 2021 (both dates inclusive).

The Subscription Price was determined after arm's length negotiations between the Company and Future World by reference to the recent trading performance of the Shares and the market circumstances. The Board considers that the terms and conditions of the CA Cultural Subscription and the Share Swap Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

General Mandate

The CA Cultural Subscription Shares will be allotted and issued under the General Mandate pursuant to which the Directors may allot and issue up to 192,812,400 Shares (representing 20% of the issued share capital of the Company as at the date of the AGM). The Company had allotted and issued a total of 17,640,000 Shares as consideration for acquiring 51% of the entire issued share capital of a target company on 9 March 2021. For details, please refer to the Company's announcements dated 28 December 2020 and 9 March 2021. The 17,640,000 Shares allotted and issued and the 4,000,000 CA Cultural Subscription Shares to be allotted and issued will utilise approximately 11.22% of the General Mandate.

Application for listing

An application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the CA Cultural Subscription Shares to be allotted and issued under the Share Swap Agreement.

An application will be made by Future World to the Stock Exchange for the listing of and permission to deal in the FW Subscription Shares to be allotted and issued under the Share Swap Agreement.

FW Subscription Price

The FW Subscription Price of HK\$0.10 per FW Subscription Share represents:

- (a) a discount of approximately 6.54% to the closing price of HK\$0.107 per FW Share as quoted on the Stock Exchange on 24 August 2021; and
- (b) a discount of approximately 6.54% to the average closing price of approximately HK\$0.107 per FW Share as quoted on the Stock Exchange for the five consecutive trading days from 17 August 2021 to 23 August 2021 (both dates inclusive).

The FW Subscription Price was determined after arm's length negotiations between the Company and Future World by reference to the recent trading performance of the FW Shares and the market circumstances. The Board considers that the terms and conditions of the FW Subscription and the Share Swap Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, on the assumption that there will be no change in share capital of the Company from the date of this announcement until completion of the CA Cultural Subscription, the changes of the shareholding structure of the Company as a result of the CA Cultural Subscription as follows:

		As at the date of this announcement and immediately before completion of the Subscription		Immediately after completion of the Subscription	
		No. of Shares	Approximate%	No. of Shares	Approximate%
Future World and its subsidiaries	(1)	–	–	4,000,000	0.406
Concert parties	(2)	401,202,000	40.86	401,202,000	40.70
– Bright Rise Enterprises Limited	(3)	297,693,000	30.32	297,693,000	30.20
– Fortress Strength Limited	(4)	16,000,000	1.63	16,000,000	1.62
– Dragon Year Group Limited	(5)	50,280,000	5.12	50,280,000	5.10
– Mr. Shinichiro Ikeda		12,000,000	1.22	12,000,000	1.22
– Bonville Glory Limited	(6)	12,900,000	1.31	12,900,000	1.31
– East Jumbo Development Limited	(7)	12,329,000	1.26	12,329,000	1.25
Other public Shareholders		580,500,000	59.14	580,500,000	59.30
Total		981,702,000	100.00	985,702,000	100.00

Notes:

1. As at the date of this announcement, Future World and its subsidiaries do not hold any Shares.
2. Pursuant to a concert party agreement, 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 have agreed with certain arrangements pertaining to their shareholding.
3. Newgate (PTC) Limited is the sole shareholder of Bright Rise Enterprises Limited and it holds all the shares of Bright Rise Enterprises Limited in its capacity as the trustee of The Fortune Trust created by Mr. Chong Heung Chung Jason, the chairman of the Board and an executive Director, in the Cayman Islands. The beneficiaries of The Fortune Trust currently include Mr. Chong Heung Chung Jason and his family members. Bright Rise Enterprises Limited is the registered and beneficial owner of 297,693,000 Shares.
4. Ms. Lee Sui Fong Fiona is the spouse of Mr. Chong Heung Chung Jason and the sole beneficial owner of all issued shares of Fortress Strength Limited which is the registered and beneficial owner of 16,000,000 Shares.
5. Mr. Shinichiro Ikeda is the sole beneficial owner of all issued shares of Dragon Year Group Limited which is the registered and beneficial owner of 50,280,000 Shares.
6. Mr. Ting Ka Fai Jeffrey, an executive Director, is the sole beneficial owner of all issued shares of Bonville Glory Limited which is the registered and beneficial owner of 12,900,000 Shares.
7. Ms. Or Den Fung Bonnie is the sole beneficial owner of all issued shares of East Jumbo Development Limited which is the registered and beneficial owner of 12,329,000 Shares.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company had allotted and issued a total of 17,640,000 Shares as consideration for acquiring 51% of the entire issued share capital of a target company on 9 March 2021. For details, please refer to the Company's announcements dated 28 December 2020 and 9 March 2021. Save for the allotment and issue of such 17,640,000 Shares, the Company had not conducted any equity fund raising activity in the past 12 months immediately preceding the date of this announcement.

INFORMATION OF THE GROUP

The Company is an investment holding company. The Group is a multimedia animation entertainment group in China, engaged in the business of sales of animation-derived products featuring a wide range of popular third-party owned animation characters, including general plastic toys and food-grade toys. The Group also offers relevant value-added services, including quality control and advice on product design to customers in accordance with their requests.

INFORMATION OF FUTURE WORLD

Future World is an investment holding company. The FW Group is principally engaged in (i) high technology business; (ii) property investment; (iii) provision of financing services; (iv) securities trading and investment; (v) investment in film industry; (vi) trading business and related services; and (vii) licensing of e-commerce platform.

Set out below is the financial information of Future World:

	For the year ended 31 December 2019 <i>HK\$'000</i> (Audited)	For the year ended 31 December 2020 <i>HK\$'000</i> (Audited)
(Loss) before taxation	(52,389)	(26,557)
(Loss) after taxation	(53,991)	(31,150)
Net asset value	934,195	953,233

The audited net asset value of Future World as at 31 December 2020 amounts to approximately HK\$953,233,000.

REASONS FOR THE SHARE SWAP

The entering into of the Share Swap Agreement will allow the Company and FW Holdings to become strategic alliance with a more significant shareholding stake in each other and will allow the Group and FW Holdings to share its experience and expertise in their respective industry. The Group believes that it will speed up the expansion of the Group's indoor theme park and relevant businesses, thus enhance the Group's brand power and profitability.

As the consideration for the FW Subscription Shares will be settled by the CA Cultural Subscription Shares, there will be no cash outflow on the part of the Company.

There will be no net proceeds from the CA Cultural Subscription as the consideration shall be settled by the issue of the FW Subscription Shares.

The Board considers that the terms and conditions of the Share Swap Agreement are reasonable and fair and in the interests of the Company and the Shareholders as a whole.

It is expected that the Share Swap will not have any significant impact on the revenue and profits of the Group. While the total assets and the net assets of the Group will increase as a result of the Share Swap and the existing Shareholders' shareholdings will be diluted as a result of the Share Swap, it is expected that the Share Swap will not have a material adverse impact on the business operations of the Group. The Board is of the view that the future prospects of the Group will not be affected by the Share Swap.

The Board considers that the terms and conditions of the Share Swap Agreement are fair and reasonable and are on normal commercial terms and the Share Swap Agreement and the transactions contemplated thereunder are in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the relevant percentages exceed 5% but are less than 25%, the Share Swap and the transactions contemplated thereunder constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

Since completion of the Share Swap is subject to the fulfillment of the conditions as set out in the Share Swap Agreement, the Share Swap may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

MEMORANDUM OF UNDERSTANDING FOR STRATEGIC BUSINESS COOPERATION

The Board is pleased to announce that on 24 August 2021 (after trading hours), China Theme Park Limited, a wholly owned subsidiary of the Company, entered into a non-legally binding memorandum of understanding (the “**Cooperation MOU**”) for strategic business cooperation (the “**Cooperation**”) with Castle King International Limited, a wholly owned subsidiary of Future World.

With a view to further promote the Group and the FW Group’s businesses, the parties to the Cooperation MOU (the “**Parties**”) agreed to utilise their respective resources, expertise and experience to explore various possible in-depth cooperation with each other, and it is intended that the Cooperation, subject to the terms and conditions of formal agreement(s) (the “**Cooperation Agreement**”) to be entered into, to consist of the following:

- (1) the Parties shall carry out a joint cooperation project (the “**Cooperation Project**”), where the respective interests of the Parties in the Cooperation Agreement to be agreed by the Parties, pursuant to which the Cooperation Project is expected to run indoor amusements and trendy market in the PRC under the brand of CA Sega Joypolis;
- (2) the Group shall introduce and license relevant intellectual property rights and provide relevant management training, business plans and location recommendations for the Cooperation Project; and
- (3) the FW Group shall assist for funding of the Cooperation Project and shall in light of the needs of the Cooperation Project introduce relevant resources such as e-commerce channels and multimedia resources for the operations of the Cooperation Project.

Save for the provisions of confidentiality and exclusivity, the Cooperation MOU shall create no legal and binding obligations on the Parties.

As at the date of this announcement, no definite terms on the actual scope of the Cooperation have been concluded among the Parties. In the event that the Parties fix the terms and scope for the Cooperation, formal agreement(s) will be entered into. Further announcement(s) will be made by the company as and when appropriate in compliance with the Listing Rules.

The Board considers that the Cooperation under the Cooperation MOU will allow the Group and FW Group to utilise their respective edges to develop the business and will maximize returns for the respective shareholders of the Company and Future World.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“AGM”	the annual general meeting of the Company held and convened on 30 September 2020
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“CA Cultural Subscription”	the subscription of the CA Cultural Subscription Shares by Future World or its nominee pursuant to the terms and conditions of the Share Swap Agreement
“CA Cultural Subscription Shares”	the 4,000,000 Shares to be allotted and issued by the Company to Future World or its nominee pursuant to CA Cultural Subscription
“Company”	CA Cultural Technology Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on Main Board of the Stock Exchange
“Completion”	completion of the Share Swap
“connected person”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	Director(s) of the Company
“Future World”	Future World Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“FW General Mandate”	the general mandate granted to the directors of Future World at the annual general meeting of Future World held and convened on 30 June 2021 to allot, issue or deal with up to 20% of the then issued share capital of Future World as at the date of such annual general meeting
“FW Group”	Future World and its subsidiaries

“FW Share(s)”	ordinary share(s) of Future World of HK\$0.02 each
“FW Subscription”	the subscription of the FW Subscription Shares by the Company or its nominee pursuant to the terms and conditions of the Share Swap Agreement
“FW Subscription Price”	the subscription price of HK\$0.10 per FW Subscription Share
“FW Subscription Shares”	the 95,000,000 Shares to be allotted and issued by Future World to the Company or its nominee pursuant to FW Subscription
“General Mandate”	the general mandate granted to the Directors at the AGM to allot, issue or deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons and is not acting in concert (as defined in the Codes on Takeovers and Mergers and Share Buy-backs) with any of the connected persons of the Company or any of their respective associates (as defined under the Listing Rules)
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Swap”	together the CA Cultural Subscription and the FW Subscription
“Share Swap Agreement”	the conditional agreement dated 24 August 2021 and entered into between the Company and Future World in respect of the Share Swap
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$2.38 per CA Cultural Subscription Share

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

By order of the Board
CA Cultural Technology Group Limited
CHONG Heung Chung Jason
Chairman and Executive Director

Hong Kong, 24 August 2021

As at 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.