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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)**

### SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 1 September 2021 (after trading hours), the Subscriber and the Company entered into the conditional Subscription Agreement pursuant to which the Company has conditionally agreed to allot and issue 86,000,000 Subscription Shares at the Subscription Price of HK\$2.50 per Subscription Share.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the date of the Completion, the number of Subscription Shares under the Subscription represent (i) approximately 8.76% of the existing issued share capital of the Company of 981,702,000 Shares as at the date of this announcement; and (ii) approximately 8.05% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Price of HK\$2.50 per Subscription Share represents:

- (a) a discount of approximately 9.42% to the closing price of HK\$2.76 as quoted on the Stock Exchange on 1 September 2021, being the Last Trading Day;
- (b) a discount of approximately 7.75% to the average closing price of approximately HK\$2.71 as quoted on the Stock Exchange for the last five consecutive trading days up to the date of the Last Trading Day; and
- (c) a discount of approximately 5.66% to the average closing price of approximately HK\$2.65 as quoted on the Stock Exchange for the last ten consecutive trading days up to the date of the Last Trading Day.

Subject to completion of the Subscription, it is expected that the gross proceeds and net proceeds (after deducting all relevant costs and expenses) from the Subscription will be HK\$215 million and approximately HK\$212.8 million respectively. On such basis, the net issue price will be approximately HK\$2.47 per Subscription Share. Approximately HK\$55 million of the net proceeds from the Subscription are intended to be applied for the repayment of loans and for general working capital, and the remaining balance of such net proceeds is intended to be utilised towards the potential business development opportunities of the Group's current and existing businesses, with focus on the establishment and operation of indoor theme parks, as and when such suitable opportunity arises.

The Subscription is conditional upon, inter alia, the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

**As completion of the Subscription is subject to the satisfaction of a number of conditions under the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.**

## **SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**

The Board announces that on 1 September 2021 (after trading hours), the Subscriber and the Company entered into the conditional Subscription Agreement pursuant to which the Company has conditionally agreed to allot and issue 86,000,000 Subscription Shares at the Subscription Price of HK\$2.50 per Subscription Share to the Subscriber who and whose ultimate beneficial owner are Independent Third Parties.

The principal terms of the Subscription Agreement are set out below:

### **THE SUBSCRIPTION AGREEMENT**

#### **Date**

1 September 2021 (after trading hours)

#### **Parties to the Subscription Agreement**

Issuer: The Company

The Subscriber: ACCP Global Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner, Mr. Lau Wang Chi Barry, who legally and beneficially owns the entire issued share capital of the Subscriber, are Independent Third Parties. As at the date of this announcement, the Subscriber and its ultimate beneficial owner(s) were not interested in any Shares.

Pursuant to the terms of the Subscription Agreement, the Company has conditionally agreed to allot and issue 86,000,000 Subscription Shares at the Subscription Price of HK\$2.50 per Subscription Share.

## **Number of Subscription Shares**

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the date of the Completion, the number of Subscription Shares under the Subscription represent (i) approximately 8.76% of the existing issued share capital of the Company of 981,702,000 Shares as at the date of this announcement; and (ii) approximately 8.05% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The aggregate nominal value of the number of Subscription Shares to be allotted and issued will be HK\$8,600,000.

## **Subscription Price**

The Subscription Price of HK\$2.50 per Subscription Share represents:

- (a) a discount of approximately 9.42% to the closing price of HK\$2.76 as quoted on the Stock Exchange on 1 September 2021, being the Last Trading Day;
- (b) a discount of approximately 7.75% to the average closing price of approximately HK\$2.71 as quoted on the Stock Exchange for the last five consecutive trading days up to the date of the Last Trading Day; and
- (c) a discount of approximately 5.66% to the average closing price of approximately HK\$2.65 as quoted on the Stock Exchange for the last ten consecutive trading days up to the date of the Last Trading Day.

The Subscription Price was determined and negotiated on an arm's length basis between the Company and the Subscriber and with reference to the market conditions and the prevailing market price of the Shares. The Directors consider that the Subscription Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

## **Ranking of Subscription Shares**

The Subscription Shares under the Subscription will rank, upon allotment and issue, *pari passu* in all respects among themselves with the other Shares in issue on the date of allotment and issue of the Subscription Shares.

## **General Mandate to allot and issue of the Subscription Shares**

No Shareholders' approval is required for the Subscription and the Subscription Shares to be issued and allotted by the Company as the Subscription Shares will be issued and allotted pursuant to the General Mandate granted to the Directors by resolution of the Shareholders passed at the AGM held on 30 September 2020, under 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 passing of the resolution at the AGM).

As at the date of this announcement and immediately prior to the entering into of the Subscription Agreement, the following events have taken place which involve the utilisation of the General Mandate:

- (i) 17,640,000 Shares have been allotted and issued under the General Mandate as a result of an acquisition constituting a discloseable transaction, and the consideration contemplated thereunder were settled by allotment and issue of the Shares (details of which can be referred from the announcements of the Company respectively dated 28 December 2020, 26 February 2021 and 9 March 2021); and
- (ii) 4,000,000 Shares are going to be allotted and issued under the General Mandate as a result of a share swap conducted between the Company and Future World Holdings Limited, under which a conditional share swap agreement was entered into between the Company and Future World on 24 August 2021. Such share swap constitutes a discloseable transaction, and the completion of which is subject to the fulfillment of the conditions as set out in the aforementioned share swap agreement (details of which can be referred from the announcement of the Company dated 24 August 2021), and has not been completed.

As at the date of this announcement and in view of the above, the General Mandate has not been fully utilised.

### **Application for listing of Subscription Shares**

Application will be made by the Company to the Listing Committee for the granting of the approval for the listing of, and permission to deal in, the Subscription Shares.

### **Conditions of the Subscription**

The Subscription is conditional upon the following conditions being fulfilled:

- (a) the Listing Committee granting the listing of, and permission to deal in, the Subscription Shares;
- (b) the passing by the Board of resolution(s) to approve the Subscription, the Subscription Agreement and the transactions contemplated hereunder; and
- (c) all necessary authorisations, consent and approvals have been obtained by the Company and the Subscriber having been obtained in respect of the Subscription Agreement from relevant authorities (including but not limited to the Stock Exchange).

If any of the above conditions is not satisfied on or before the Long Stop Date, or such other later date as the parties thereto may agree in writing, the Subscription Agreement shall be terminated, all rights, obligations and liabilities of the Company and the Subscriber in relation to the Subscription shall cease and determine and that they shall both be released from all their respective obligations pursuant to the Subscription Agreement and neither party shall have any claim against the other for costs, damages, compensation or otherwise arising under the Subscription Agreement, save for antecedent breaches.

## **Lock-up undertaking**

Pursuant to the Subscription Agreement, the Subscriber undertakes that it will not at any time during the period of two years following the date of the Completion dispose of any of the Subscription Shares without the prior written consent of the Company.

## **Completion of the Subscription**

Completion of the Subscription shall take place within four Business Day (the “**Completion Date**”) after the fulfillment of the above condition or on such other date as the Company and the Subscriber may agree in writing.

**As completion of the Subscription is subject to the satisfaction of a number of conditions under the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.**

## **REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS**

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.

Subject to completion of the Subscription, it is expected that the gross proceeds and net proceeds (after deducting all relevant costs and expenses) from the Subscription will be HK\$215 million and approximately HK\$212.8 million respectively. On such basis, the net issue price will be approximately HK\$2.47 per Subscription Share. Approximately HK\$55 million of the net proceeds from the Subscription are intended to be applied for the repayment of loans and for general working capital, and the remaining balance of such net proceeds is intended to be utilised towards the potential business development opportunities of the Group’s current and existing businesses, with focus on the establishment and operation of indoor theme parks, as and when such suitable opportunity arises. As at the date of this announcement, the Company has not identified any such business development opportunity, and no specific allocation plan has been correspondingly formulated. The Company will closely monitor the businesses of the Group and the prevailing market conditions and will make announcement(s) in respect of any such business development opportunities in compliance with the requirements of the Listing Rules where appropriate.

Through the Subscription, the Group is able to increase its working capital without (i) increasing the interest burden on the Group; and (ii) affecting the financial position and the liquidity risk of the Group by means of equity fundraising.

The Directors are of the view that the Subscription can strengthen the financial position of the Company and provide funding to the Company to meet any future development and investment opportunities. The Subscription also represents good opportunities to broaden the capital base of the Company.

In view of the above, the Board of Directors (including the independent non-executive Directors) considers that the terms of the Subscription and the Subscription Agreement were arrived at after arm's length negotiations between the Company and the Subscriber under normal commercial terms and with reference to the prevailing market conditions. The Directors are of the view that the terms of the Subscription Agreement are fair and reasonable based on current market conditions. The Subscription and the entry into the Subscription Agreement are in the interest of the Company and the Shareholders as a whole.

## **EFFECTS OF SUBSCRIPTION ON SHAREHOLDINGS STRUCTURE OF THE COMPANY**

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon the Completion (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Completion) are set out as follows:

<b>Shareholders</b>	<b>Shareholding as at the date of this announcement</b>		<b>Shareholding immediately upon the Completion</b>	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Newgate (PTC) Limited as trustee of The Fortune Trust created by Mr. CHONG Heung Chung Jason (Note 2)	399,402,000	40.68	399,402,000	37.41
Mr. CHONG, Ms. LEE Sui Fong Fiona and their family members, being the beneficiaries of The Fortune Trust (Note 2)	399,402,000	40.68	399,402,000	37.41
Bright Rise Enterprises Limited (Note 2)	295,893,000	30.14	295,893,000	27.71
Mr. CHONG Heung Chung Jason (Notes 2, 3) ("Mr. CHONG")	399,402,000	40.68	399,402,000	37.41
Fortress Strength Limited	16,000,000	1.63	16,000,000	1.50
Ms. LEE Sui Fong Fiona (Notes 1, 2, 3, 4)	399,402,000	40.68	399,402,000	37.41
Dragon Year Group Limited	50,280,000	5.12	50,280,000	4.71
Mr. Shinichiro IKEDA (Notes 1, 2, 5, 6)	399,402,000	40.68	399,402,000	37.41
Bonville Glory Limited	12,900,000	1.31	12,900,000	1.21

Shareholders	Shareholding as at the date of this announcement		Shareholding immediately upon the Completion	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Mr. TING Ka Fai Jeffrey ( <i>Notes 1, 2, 7</i> )	399,402,000	40.68	399,402,000	37.41
East Jumbo Development Limited	12,329,000	1.26	12,329,000	1.15
Ms. OR Den Fung Bonnie ( <i>Notes 1, 2, 8</i> )	399,402,000	40.68	399,402,000	37.41
Public Shareholders (other than the Subscriber)	582,300,000	59.32	582,300,000	54.54
The Subscriber	–	–	86,000,000	8.05

*Notes:*

- (1) Pursuant to the concert party agreement, the concert parties have agreed with certain arrangements pertaining to their shareholdings. Further information on the terms and conditions of the concert party agreement is set forth in the section headed “Controlling Shareholders and Substantial Shareholders – Summary of Concert Party Agreement” in the prospectus of the Company.
- (2) 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 in the Cayman Islands. The beneficiaries of the Fortune Trust currently include Mr. CHONG Heung Chung Jason, Ms. LEE Sui Fong Fiona and their family members. For the Fortune Trust, in terms of disclosure of interest, 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, it holds in total 399,402,000 Shares in the Company. Mr. CHONG Heung Chung Jason is the founder of the Fortune Trust, a discretionary trust who can influence how the trustee exercises his discretion.
- (3) Ms. LEE Sui Fong Fiona is the sole beneficial owner of all issued shares of Fortress Strength Limited which is the registered and beneficial owner of 16,000,000 Shares.
- (4) Ms. LEE Sui Fong Fiona is the spouse of Mr. CHONG and she is deemed to be interested in our Shares interested by Mr. CHONG under the SFO.
- (5) Mr. Shinichiro Ikeda is the sole beneficial owner of all issued shares of Dragon Year Group Limited which is the beneficial owner of 50,280,000 Shares.
- (6) Mr. Shinichiro Ikeda personally holds 12,000,000 Shares in the Company, representing approximately 1.24% of the shareholding percentage of Shares in issue.
- (7) Mr. TING Ka Fai Jeffrey 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.
- (8) 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 not conducted any equity fund raising activity in the past 12 months immediately preceding the date of this announcement.

### **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 thereto in the Listing Rules
“Board”	the board of Directors
“Business Day”	means a day (other than Saturday and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong for general banking business
“Company”	CA Cultural Technology Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 1566)
“Completion”	completion of the Subscription of the Subscription Shares in accordance with the terms and conditions as set out in the Subscription Agreement
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Future World”	Future World Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 572)
“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



“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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)
“Last Trading Day”	1 September 2021, being the last full trading day for the Shares prior to the date of this announcement, also being the date of the Subscription Agreement
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 October 2021, or such later date as may be agreed by the Company and the Subscriber
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“SFO”	Securities and Future Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary shares in the issued share capital of the Company, in the par value of HK\$0.10
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscriber”	ACCP Global Limited, the subscriber whose entire issued share capital is legally and beneficially owned by Mr. Lau Wang Chi Barry
“Subscription”	the private subscription of the Subscription Shares (i.e. 86,000,000 new Shares) by the Subscriber on the terms and subject to the condition set out in the Subscription Agreement

“Subscription Agreement”	the conditional subscription agreement entered into between the Company and the Subscriber dated 1 September 2021 in relation to the Subscription under the General Mandate
“Subscription Price”	HK\$2.50 per Subscription Share
“Subscription Shares”	86,000,000 new Shares to be subscribed under the Subscription Agreement
“substantial shareholder”	has the meaning ascribed thereto in the Listing Rules
“trading day”	means a day on which the Exchange is open for the trading of securities
“%”	per cent

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

Hong Kong, 1 September 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.*