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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)

ISSUE OF NEW SHARES UNDER GENERAL MANDATE FOR DEBT CAPITALISATION AND PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



DEBT CAPITALISATION

On 29 December 2021 (after trading hours of the Stock Exchange), the Creditor and the Company entered into the Settlement Deed pursuant to which the Company has conditionally agreed to allot and issue, and the Creditor has conditionally agreed to subscribe 98,170,000 Settlement Shares at the Settlement Price of HK\$0.405 per Settlement 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 Settlement Completion, the number of Settlement Shares under the Settlement represent (i) approximately 9.96% of the existing issued share capital of the Company of 985,702,000 Shares as at the date of this announcement; and (ii) approximately 9.06% of the issued share capital of the Company as enlarged by the allotment and issue of the Settlement Shares.

The Settlement Price of HK\$0.405 per Settlement Share represents:

- (a) a discount of 19% to the closing price of HK\$0.500 as quoted on the Stock Exchange on 29 December 2021, being the Last Trading Day;
- (b) a discount of approximately 14.01% to the average closing price of HK\$0.471 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 10.79% to the average closing price of approximately HK\$0.454 as quoted on the Stock Exchange for the last ten consecutive trading days up to the date of the Last Trading Day.

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

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 29 December 2021 (after trading hours of the Stock Exchange), the Placing Agent and the Company entered into the conditional Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, a maximum of 98,170,000 Placing Shares at the Placing Price of HK\$0.405 per Placing 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 Placing Completion, the maximum number of Placing Shares under the Placing represent (i) approximately 9.96% of the existing issued share capital of the Company of 985,702,000 Shares as at the date of this announcement; and (ii) approximately 9.06% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Price of HK\$0.405 per Placing Share represents:

- (a) a discount of 19% to the closing price of HK\$0.500 as quoted on the Stock Exchange on 29 December 2021, being the Last Trading Day;
- (b) a discount of approximately 14.01% to the average closing price of HK\$0.471 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 10.79% to the average closing price of approximately HK\$0.454 as quoted on the Stock Exchange for the last ten consecutive trading days up to the date of the Last Trading Day.

Subject to the Placing Completion, it is expected that the maximum gross proceeds and net proceeds (after deducting placing commission and other relevant costs and expenses of the Placing) from the Placing will be approximately HK\$39.76 million and HK\$38.06 million respectively. On such basis, the net issue price will be approximately HK\$0.39 per Placing Share. Approximately HK\$30.00 million of the net proceeds from the Placing are intended to be applied for the repayment of loans, and the remaining balance of such net proceeds is intended to be utilised for the general working capital of the Group.

No Shareholders' approval is required for the Settlement, the Placing, and the allotment and issue of the Settlement Shares and the Placing Shares by the Company as the Settlement Shares and the Placing 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 2 September 2021, under which the Directors may allot and issue up to 196,340,400 Shares (representing 20% of the issued share capital of the Company as at the date of the passing of the resolution at the AGM).

The Settlement and the Placing are conditional upon, *inter alia*, the Stock Exchange granting the listing of, and permission to deal in, the Settlement Shares and the Placing Shares respectively. The Settlement and the Placing are not inter-conditional to one another.

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

THE SETTLEMENT DEED AND THE DEBT CAPITALISATION

The Board announces that on 29 December 2021 (after trading hours of the Stock Exchange), the Creditor and the Company entered into the Settlement Deed pursuant to which the Creditor has conditionally agreed to subscribe, and the Company has conditionally agreed to allot and issue 98,170,000 Settlement Shares at the Settlement Price of HK\$0.405 per Settlement Share to the Creditor, which and whose ultimate beneficial owner are Independent Third Parties.

The principal terms of the Settlement Deed are set out below:

Date

29 December 2021 (after trading hours of the Stock Exchange)

Parties to the Settlement Deed

Listed Company: The Company

The Creditor: Bloom Fort Limited

Subject Matter of the Settlement Deed

Pursuant to the terms and conditions of the Settlement Deed, the Settlement comprises of (i) the Debt Capitalisation, which involves the capitalisation of HK\$39,758,850.00 of the Indebtedness into 98,170,000 Settlement Shares of HK\$0.405 per Settlement Share, conditionally agreed to be allotted and issued by the Company to the Creditor; and (ii) the waiver to repay HK\$261,282.05 of the Indebtedness upon the Settlement Completion.

The Company (as the borrower) and Skalacrest (Hong Kong) Limited (as the lender), a company incorporated in Hong Kong with limited liability, entered into Loan Agreement A dated 5 April 2021, pursuant to which, Skalacrest (Hong Kong) Limited would provide the Company a loan in the amount of up to HK\$35,000,000.00.

On 30 September 2021, the Company, the Creditor as the assignee and Skalacrest (Hong Kong) Limited as the assignor entered into the Deed of Assignment, pursuant to which Skalacrest (Hong Kong) Limited assigned absolutely all rights, interests, title and benefits under Loan Agreement A, which comprised of, amongst other things, a sum of HK\$35,547,921.07, being the principal amount of Loan A and the interest accrued thereunder as at 30 September 2021. As at 24 December 2021, Indebted Sum A, being the principal amount of Loan A and the interest accrued thereunder, was HK\$36,198,192.32.

The Company as the borrower and the Creditor as the lender entered into Loan Agreement B dated 15 November 2021, pursuant to which, the Creditor would provide the Company a loan in the amount of up to HK\$5,000,000.00. As at 24 December 2021, Indebted Sum B, being the principal amount of Loan B and the interest accrued thereunder, was HK\$3,821,939.73.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Creditor, Skalacrest (Hong Kong) Limited and their respective ultimate beneficial owners, Mr. Lee Pui Kin (a citizen in Hong Kong) and Ms. Gao Cui (an PRC individual), who legally and beneficially owns the entire issued share capital of the Creditor and Skalacrest (Hong Kong) Limited respectively, are Independent Third Parties. As at the date of this announcement, the Creditor, Skalacrest (Hong Kong) Limited and their respective ultimate beneficial owners were not interested in any Shares.

Number of Settlement 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 Settlement Completion, the number of Settlement Shares under the Settlement represent (i) approximately 9.96% of the existing issued share capital of the Company of 985,702,000 Shares as at the date of this announcement; and (ii) approximately 9.06% of the issued share capital of the Company as enlarged by the allotment and issue of the Settlement Shares. The aggregate nominal value of the number of Settlement Shares to be allotted and issued will be HK\$9,817,000.00.

Settlement Price

The Settlement Price of HK\$0.405 per Settlement Share represents:

- (a) a discount of 19% to the closing price of HK\$0.500 as quoted on the Stock Exchange on 29 December 2021, being the Last Trading Day;
- (b) a discount of approximately 14.01% to the average closing price of HK\$0.471 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 10.79% to the average closing price of approximately HK\$0.454 as quoted on the Stock Exchange for the last ten consecutive trading days up to the date of the Last Trading Day.

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

Pursuant to the Debt Capitalisation in the Settlement Deed, the Debt Capitalisation involves the capitalisation of HK\$39,758,850.00 of the Indebtedness into 98,170,000 Settlement Shares of HK\$0.405 per Settlement Share, and the Company will use its internal resources to settle the professional fees and all other related expenses which may be borne by the Company in connection with the Settlement. The net issue price per Settlement Share will be HK\$0.405.

Conditions precedent of the Settlement

The Settlement is conditional upon the following conditions being fulfilled:

- (a) the passing of respective resolutions by the Board and the board of the Creditor to approve the Settlement, the execution of the Settlement Deed and the transactions contemplated hereunder;
- (b) the Listing Committee granting the listing of, and permission to deal in, the Settlement Shares; and

- (c) the warranties given by the Creditor and the Company being true and accurate in all material respects, not misleading or in breach in any material respect, and remaining true and accurate in all material respects at all times up to the date of the Settlement Completion.

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 Settlement Deed shall be terminated, all rights, obligations and liabilities of the Company and the Settlement Deed shall cease and determine and all parties to the Settlement Deed shall be released from all their respective obligations pursuant to the Settlement Deed and neither party shall have any claim against the other for costs, damages, compensation or otherwise arising under the Settlement Deed, save for antecedent breaches.

Lock-up undertaking

Pursuant to the Settlement Deed, the Creditor undertakes that it will not at any time during the period of one year following the date of the Settlement Completion dispose of any of the Settlement Shares without the prior written consent of the Company.

Completion of the Settlement

Settlement Completion shall take place on the first Business Day after the fulfillment of the above conditions or on such other date as the Company and the Creditor may agree in writing. It is expected that the Creditor will not become a substantial shareholder of the Company immediately after the Settlement.

Upon the Settlement Completion, the Indebtedness would cease to exist between the Company and the Creditor.

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

PLACING OF NEW SHARES UNDER GENERAL MANDATE

The Board announces that on 29 December 2021 (after trading hours of the Stock Exchange), the Placing Agent and the Company entered into the conditional Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, a maximum of 98,170,000 Placing Shares at the Placing Price of HK\$0.405 per Placing Share to the Placees who and whose beneficial owners shall be Independent Third Parties.

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

THE PLACING AGREEMENT

Date

29 December 2021 (after trading hours of the Stock Exchange)

Parties to the Placing Agreement

Company: The Company

The Placing Agent: RIFA Securities Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties. As at the date of this announcement, the Placing Agent and its ultimate beneficial owner(s) were not interested in any Shares.

Placing Commission

Pursuant to the terms of the Placing Agreement, the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, a maximum of 98,170,000 Placing Shares to the Placees. In consideration of the Placing, the Placing Agent will receive a placing commission of 2.5% out of the gross proceeds of the Placing (i.e. Placing Price multiplied by the number of Placing Shares actually and successfully placed by the Placing Agent) upon the Placing Completion. The Directors are of the view that the placing commission accords with the prevailing market rate and is fair and reasonable.

Placees

The Placing Agent will place the Placing Shares, on a best effort basis, to not less than six Placees, which will be any professional, institutional or other investors, and who and whose ultimate beneficial owners, as far as the Placing Agent and the Directors are aware, are Independent Third Parties. It is expected that none of the Placees will become substantial Shareholder (as defined in the Listing Rules) immediately after the Placing Completion.

Number of Placing 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 Placing Completion, the maximum number of Placing Shares under the Placing represent (i) approximately 9.96% of the existing issued share capital of the Company of 985,702,000 Shares as at the date of this announcement; and (ii) approximately 9.06% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the number of Placing Shares to be allotted and issued will be HK\$9,817,000.00.

Placing Price

The Placing Price of HK\$0.405 per Placing Share represents:

- (a) a discount of 19% to the closing price of HK\$0.500 as quoted on the Stock Exchange on 29 December 2021, being the Last Trading Day;
- (b) a discount of approximately 14.01% to the average closing price of HK\$0.471 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 10.79% to the average closing price of approximately HK\$0.454 as quoted on the Stock Exchange for the last ten consecutive trading days up to the date of the Last Trading Day.

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

Conditions of the Placing

The Placing is conditional upon the following conditions being fulfilled:

- (a) the Listing Committee granting the listing of, and permission to deal in, the Placing Shares (and such listing and permission not subsequently being revoked prior to the Placing Completion); and
- (b) all necessary authorisations, consent and approvals as may be obtained by the Company and the Placing Agent having been obtained in respect of the Placing Agreement from relevant authorities (including but not limited to the Stock Exchange).

If any of the above conditions is not satisfied on or before 31 March 2022 (i.e. the long stop date contemplated under the Placing Agreement for the fulfillment of the above conditions for the Placing), or such other later date as the parties thereto may agree in writing, the Placing Agreement shall be terminated, all rights, obligations and liabilities of the Company and the Placing Agent in relation to the Placing shall cease and determine and that they shall both be released from all their respective obligations pursuant to the Placing Agreement and neither party shall have any claim against one another for costs, damages, compensation or otherwise arising under the Placing Agreement, save and except for any antecedent breaches of any obligation under the Placing Agreement.

Completion of the Placing

Completion of the Placing shall take place within two Business Days after the fulfillment of the above conditions or on such other date as the Company and the Placing Agent may agree in writing.

Termination of the Placing Agreement

Notwithstanding anything contained in the Placing Agreement, the Placing Agent may terminate the Placing Agreement without any liability to the Company, by notice in writing given to the Company at any time prior to 8:00 a.m. on the date of the Placing Completion upon the occurrence of the following events which, in the reasonable opinion of the Placing Agent, has or may have a material adverse effect on the business or financial conditions, affairs or prospects of the Company or the Group taken as a whole or the success of the Placing or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:

- (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's reasonable opinion would adversely affect the success of the Placing in material respects; or
- (ii) the imposition of any moratorium, suspension (for more than ten (10) trading days) or restriction on trading in the securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's reasonable opinion, would adversely affect the success of the Placing in material respects; or
- (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's reasonable opinion any such new law or change may adversely affect the business or financial prospects of the Group and/or the success of the Placing in material respects; or
- (iv) any litigation or claim being instigated against any member of the Group, which has or may have an adverse effect on the business or financial position of the Group and which in the Placing Agent's reasonable opinion would adversely affect the success of the Placing in material respects; or
- (v) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or

- (vi) any breach of any of the Company's representations and warranties contemplated under the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the date of the Placing Completion which if had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect or there has been a breach by the Company of any other provision of the Placing Agreement in material respects; or
- (vii) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

Upon the giving of such written notice by the Placing Agent to the Company pursuant to the Placing Agreement in view of the aforementioned termination events, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against the other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement, and outstanding liabilities under the terms of the Placing Agreement.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

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

RANKING OF THE SETTLEMENT SHARES AND THE PLACING SHARES

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

GENERAL MANDATE TO ALLOT AND ISSUE OF THE SETTLEMENT SHARES AND THE PLACING SHARES

No Shareholders' approval is required for the Settlement, the Placing, and the allotment and issue of the Settlement Shares and the Placing Shares by the Company as the Settlement Shares and the Placing 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 2 September 2021, under which the Directors may allot and issue up to 196,340,400 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 Settlement Deed and the Placing Agreement, the General Mandate has not been utilized.

APPLICATION FOR LISTING OF SETTLEMENT SHARES AND THE PLACING 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 Settlement Shares and the Placing Shares.

The Settlement and the Placing are conditional upon, *inter alia*, the Stock Exchange granting the listing of, and permission to deal in, the Settlement Shares and the Placing Shares respectively. The Settlement and the Placing are not inter-conditional to one another.

REASONS FOR AND BENEFITS OF THE DEBT CAPITALISATION

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.

The Directors have considered other alternative financing methods to settle the Indebtedness, however, those other financing methods taken into consideration have the following disadvantages:

- (i) Debt financing such as bank borrowings, will inevitably increase the interest expenses and gearing ratio of the Group, it may require pledge of assets and/or other kind of securities which may reduce the Group's flexibility in managing its portfolio. Moreover, debt financing may be subject to lengthy and time-consuming due diligence and negotiations for more favourable terms for such borrowings; and
- (ii) Equity financing methods such as rights issue and open offer will require substantial time for extra administrative work for preparation and issue of related documents such as prospectus and application forms for acceptance of the rights issue or open offer and appointment of reporting accountants to report on unaudited pro forma financial information to be included in the prospectus; and incurring certain amount of fixed costs such as expenses in relation to engagement of professional advisers, printing charges in connection with documents such as prospectus and application forms, cost associated with registration and despatch of new Shares to a large number of Shareholders. As a result, rights issues or open offers may involve substantial time and costs to complete.

Even though the allotment and issue of the Settlement Shares will have a dilution effect to the existing Shareholders, having considered that (i) the capitalisation of the Indebtedness can alleviate the repayment and settlement pressure of the Company; and (ii) the Settlement Shares, when allotted and issued, will be recognised entirely as equity of the Company which in turn will reduce the gearing ratio, enlarge the capital base, and accordingly, strengthen the financial position of the Group, the Board of the Directors is of the view that the Debt Capitalisation is a more desirable and cost-effective solution for the Company to settle the Indebtedness. The Board of the Directors is also of the view that the advantages of the Debt Capitalisation and the Settlement outweigh the disadvantage of the dilution effect arising from the allotment and issue of the Settlement Shares.

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

REASONS FOR THE PLACING AND USE OF PROCEEDS

Subject to the Placing Completion, it is expected that the maximum gross proceeds and net proceeds (after deducting placing commission and other relevant costs and expenses of the Placing) from the Placing will be approximately HK\$39.76 million and HK\$38.06 million respectively. On such basis, the net issue price will be approximately HK\$0.39 per Placing Share. Approximately HK\$30.00 million of the net proceeds from the Placing are intended to be applied for the repayment of loans, and the remaining balance of such proceeds is intended to be utilised for the general working capital of the Group.

Further to the above reasons and benefits for the Debt Capitalisation, the Board of Directors (including the independent non-executive Directors) is also of the view that the Placing can provide a higher liquidity to increase its operational flexibility and to sustain its capability for financing any of its potential business development opportunities upon the Group's existing businesses, being its multimedia animation entertainment and indoor theme park businesses, as and when suitable opportunity arises, and for the use of general working capital of the Group. Therefore, the Placing will strengthen the financial position of the Group and provide working capital to the Group to meet any future development opportunities and financial obligations of the Group. The Placing also represents good opportunities to broaden the Shareholders' base. Last but not least, the Group is able to increase its working capital through the Placing 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.

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

EFFECTS OF SETTLEMENT AND PLACING ON SHAREHOLDINGS STRUCTURE OF THE COMPANY

Assuming that the Placing and the Settlement completes on the same date, and 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 new Shares allotted and issued under the General Mandate as a result of the Settlement and the Placing represent (i) approximately 19.92% of the existing issued share capital of the Company of 985,702,000 Shares as at the date of this announcement; and (ii) approximately 16.61% of the issued share capital of the Company as enlarged by the allotment and issue of the new Shares allotted and issued under the General Mandate as a result of the Settlement and the Placing. The aggregate nominal value of the number of new Shares to be allotted and issued under the General Mandate as a result of the Settlement and the Placing will be HK\$19,634,000.00.

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 completion of the Settlement and the Placing (assuming the completion for the Placing and the Settlement take place on the same date and there is no change in the issued share capital of the Company from the date of this announcement up to the completion of the Settlement and the Placing) are set out as follows:

Shareholders	Immediately before the Completion		Immediately after the Completion	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Newgate (PTC) Limited as trustee of The Fortune Trust created by Mr. CHONG Heung Chung Jason (<i>Note 2</i>)	139,196,000	14.12	139,196,000	11.78
Mr. CHONG, Ms. LEE Sui Fong Fiona and their family members, being the beneficiaries of The Fortune Trust (<i>Note 2</i>)	139,196,000	14.12	139,196,000	11.78
Bright Rise Enterprises Limited (<i>Note 2</i>)	139,196,000	14.12	139,196,000	11.78
Mr. CHONG Heung Chung Jason (<i>Notes 2, 4</i>) ("Mr. CHONG")	139,196,000	14.12	139,196,000	11.78
Fortress Strength Limited	1,647,000	0.17	1,647,000	0.14
Ms. LEE Sui Fong Fiona (<i>Notes 1, 2, 3, 4</i>)	1,647,000	0.17	1,647,000	0.14
Dragon Year Group Limited	50,280,000	5.10	50,280,000	4.25
Mr. Shinichiro IKEDA (<i>Notes 1, 5, 6</i>)	12,000,000	1.22	12,000,000	1.02
Bonville Glory Limited	12,900,000	1.31	12,900,000	1.09
Mr. TING Ka Fai Jeffrey (<i>Notes 1, 7</i>)	12,900,000	1.31	12,900,000	1.09
East Jumbo Development Limited	12,329,000	1.25	12,329,000	1.04
Ms. OR Den Fung Bonnie (<i>Notes 1, 8</i>)	12,329,000	1.25	12,329,000	1.04
Atlantis Capital Group Holdings Limited	88,464,000	8.97	88,464,000	7.48
HT Riverwood Multi-Growth Fund (<i>Note 9</i>)	88,464,000	8.97	88,464,000	7.48
LIU Yang (<i>Note 10</i>)	88,464,000	8.97	88,464,000	7.48
Public Shareholders (other than the Creditor and the Placees)	668,886,000	67.86	668,886,000	56.59
The Creditor	0	0	98,170,000	8.30
Placees	0	0	98,170,000	8.30

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 139,196,000 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 1,647,000 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 1.22% 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.
- (9) Pursuant to the relevant forms of Disclosure of Interest, HT Riverwood Multi-Growth Fund is indirectly owned by LIU Yang as of 50%.
- (10) Pursuant to the relevant forms of Disclosure of Interest, Liu Yang is interested in totally 88,464,000 Shares through her controlled corporations.

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

Save and except the below equity fund raising activities, the Company had not conducted any equity fund raising activity in the past 12 months immediately preceding the date of this announcement:

- (i) 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, 26 February 2021 and 9 March 2021; and

- (ii) The Company had allotted and issued a total of 4,000,000 Shares as consideration to subscribe for 95,000,000 shares of 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) on 8 September 2021. For details, please refer to the Company’s announcements dated 24 August 2021 and 8 September 2021.

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 2 September 2021
“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”	collectively, the Settlement Completion and the Placing Completion
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Creditor”	Bloom Fort Limited, a company incorporated in Hong Kong with limited liability, whose entire issued share capital is legally and beneficially owned by Mr. Lee Pui Kin, a Hong Kong citizen, and both the Creditor and Mr. Lee Pui Kin are Independent Third Parties
“Debt Capitalisation”	the capitalisation of HK\$39,758,850.00 of the Indebtedness into 98,170,000 Settlement Shares of HK\$0.405 per Settlement Share pursuant to the Settlement Deed

“Deed of Assignment”	the deed of assignment dated 30 September 2021, entered into among the Company, Skalacrest (Hong Kong) Limited and the Creditor, and pursuant to which, all rights, interests, title and benefits under Loan Agreement A was assigned by Skalacrest (Hong Kong) Limited to the Creditor
“Director(s)”	the director(s) of the Company
“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
“Indebtedness”	the total sum of HK\$40,020,132.05, the aggregate amount of Indebted Sum A and Indebted Sum B
“Indebted Sum A”	a sum of HK\$36,198,192.32 owed by the Company to the Creditor under Loan A and the interests accrued thereunder as at 24 December 2021 pursuant to Loan Agreement A and the Deed of Assignment
“Indebted Sum B”	a sum of HK\$3,821,939.73 owed by the Company to the Creditor under Loan B and the interests accrued thereunder as at 24 December 2021 pursuant to Loan Agreement B
“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”	29 December 2021, being the last full trading day for the Shares prior to the date of this announcement, also being the date of the Settlement Deed and the Placing Agreement
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan A”	the loan provided by Skalacrest (Hong Kong) Limited to the Company in the principal amount of HK\$35,000,000.00 pursuant to Loan Agreement A

“Loan B”	the loan provided by the Creditor to the Company in the principal amount of HK\$3,800,000.00 pursuant to Loan Agreement B
“Loan Agreement A”	the loan agreement dated 5 April 2021, entered into between the Company and Skalacrest (Hong Kong) Limited, pursuant to which, a loan in the amount of up to HK\$35,000,000.00 would be provided to the Company
“Loan Agreement B”	the loan agreement dated 15 November 2021, entered into between the Company and the Creditor, pursuant to which, a loan in the amount of up to HK\$5,000,000.00 would be provided to the Company
“Long Stop Date”	31 March 2022 (or such later date as may be agreed by the Company and the Creditor), being the long stop date for the fulfillment of the conditions precedent contemplated under the Settlement Deed
“Placees”	any professional, institutional or other investors who are Independent Third Parties, with whom the Placing Agent or its sub-agent(s) procure(s) to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares (i.e. a maximum of 98,170,000 new Shares), on a best effort basis, procured by the Placing Agent to the Placees on the terms and subject to the condition set out in the Placing Agreement
“Placing Agent”	RIFA Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the SFO
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 29 December 2021 in relation to the Placing under the General Mandate
“Placing Completion”	completion of the Placing of the Placing Shares in accordance with the terms and conditions as set out in the Placing Agreement
“Placing Price”	HK\$0.405 per Placing Share
“Placing Share(s)”	a maximum of 98,170,000 new Shares to be placed under the Placing Agreement
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan

“Settlement”	the settlement of the Indebtedness pursuant to the Settlement Deed, which comprises of (i) the Debt Capitalisation over HK\$39,758,850.00 of the Indebtedness into 98,170,000 Settlement Shares of HK\$0.405 per Settlement Share; and (ii) the waiver to repay HK\$261,282.05 of the Indebtedness
“Settlement Completion”	completion of the Settlement in accordance with the terms and conditions as set out in the Settlement Deed
“Settlement Deed”	the deed of settlement dated 29 December 2021, entered into between the Company and the Creditor in connection with the Settlement of the Indebtedness
“Settlement Price”	HK\$0.405 per Settlement Share
“Settlement Share(s)”	98,170,000 new Shares to be allotted and issued under the Settlement Deed
“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
“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, 29 December 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.