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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)

FOURTH SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



Reference is made to (i) the announcements of CA Cultural Technology Group Limited (the “**Company**”) dated 29 December 2021, 30 December 2021 and 12 January 2022 (the “**Announcements**”) in relation to, amongst other things, the Settlement and the Placing; and (ii) the announcement of the Company dated 24 January 2022 in relation to, amongst other things, the Placing and its third supplemental placing agreement. Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

FOURTH SUPPLEMENTAL PLACING AGREEMENT

On 25 January 2022 (before trading hours of the Stock Exchange), the Company and the Placing Agent have entered into a fourth supplemental placing agreement (the “**Fourth Supplemental Placing Agreement**”), pursuant to which, the following changes have been made:

1. Change of the Placing Price

The definition of the “Placing Price” in the Placing Agreement has been revised to HK\$0.283 under the Fourth Supplemental Placing Agreement. Accordingly, the Placing Price for the Placing would be revised to HK\$0.283 (the “**New Placing Price**”).

New Placing Price

The New Placing Price of HK\$0.283 per Placing Share represents:

- (a) a discount of 5.67% to the closing price of HK\$0.300 as quoted on the Stock Exchange on 24 January 2022, being the last trading day in respect of the Shares immediately prior to the date of the Fourth Supplemental Placing Agreement; and
- (b) a discount of approximately 19.83% to the average closing price of HK\$0.353 as quoted on the Stock Exchange for the last five consecutive trading days up to 24 January 2022.

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

2. Change of the Long Stop Date for the Placing Agreement

The long stop date contemplated under the Placing Agreement for the fulfillment of the conditions for the Placing has been further extended to 31 January 2022 under the Fourth Supplemental Placing Agreement.

REASONS FOR THE PLACING AND THE REVISED 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.

The Board of Directors (including the independent non-executive Directors) is 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 by lowering its gearing ratio 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.

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\$27.78 million and HK\$26.38 million respectively. On such basis, the net issue price will be approximately HK\$0.27 per Placing Share. Approximately HK\$20.00 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.

In view of the above, the Board of Directors (including the independent non-executive Directors) considers that the terms of the Fourth Supplemental Placing Agreement, the change of the Placing Price and the change of the long stop date under the Placing Agreement stipulated under the Fourth Supplemental Placing Agreement were arrived at on an arm's length basis between the Company and the Placing Agent and under normal commercial terms. The Directors are of the view that the terms of the Fourth Supplemental Placing Agreement are fair, reasonable and based on prevailing market conditions. The Placing and the entry into the Fourth Supplemental Placing Agreement are in the interest of the Company and the Shareholders as a whole.

EFFECTS OF THE AMENDMENTS UNDER THE FOURTH SUPPLEMENTAL PLACING AGREEMENT

The Third Supplemental Placing Agreement is terminated and ceases to take effect upon the Fourth Supplemental Placing Agreement becomes effective.

Save and except for the aforesaid changes of the Placing Price and the long stop date under the Placing Agreement, all other terms of the Placing Agreement shall remain unchanged and the Placing Agreement (as revised and supplemented by the Fourth Supplemental Placing Agreement) shall remain in full force and effect. Accordingly, save and except for the changes made to the arrangement in connection with the Placing stipulated in this announcement, there are no further changes to the Placing.

GENERAL

The Company will make further announcement regarding any information in connection with the Placing as and when appropriate and in accordance with the Listing Rules.

As completion of the Placing is subject to the satisfaction of a number of conditions under the Placing Agreement (as revised and supplemented by the Fourth Supplemental 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.

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

Hong Kong, 25 January 2022

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