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KYOSEI-BANK CO., LTD.
(Incorporated in Japan with limited liability)



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)

JOINT ANNOUNCEMENT
(1) ENTERING OF THE TERM SHEET;
(2) CAPITAL REORGANISATION
AND
CHANGE IN BOARD LOT SIZE;
(3) DEBT RESTRUCTURING;
(4) ISSUE OF NEW SHARES;
(5) ISSUE OF CONVERTIBLE BONDS;
(6) APPLICATION FOR WHITEWASH WAIVER; AND
(7) SPECIAL DEALS;
AND
RESUMPTION OF TRADING

Financial Adviser to the Company

VEDA | CAPITAL
智 略 資 本

THE TERM SHEET

On 12 December 2022 (after trading hours), the Company and the Investor have entered into the Term Sheet to set out the in-principle understanding of the Company and the Investor with regard to the Proposed Restructuring which involves the basis and proposal for the implementations of transactions to be contemplated thereunder which include, among other things, the Debt Restructuring by way of the Creditors' Scheme, the Subscriptions, the Capital Reorganisation and Change in Board Lot Size.

Pursuant to the Term Sheet, the Company shall proceed with the Debt Restructuring by way of the Creditors' Scheme, and the Subscriptions. The Subscriptions will ultimately result in a change in control of the Company, and the Investor will apply for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. Upon the Debt Restructuring, all the claims against, and liabilities of, the Company will be compromised and discharged in full.

To facilitate the above, the Company shall implement (i) the Capital Reorganisation which involves the Share Consolidation, the Capital Reduction and the Increase in Authorised Share Capital; and (ii) the Change in Board Lot Size.

The Term Sheet is legally-binding, the signing of which implies that the Company and the Investor have conditionally agreed, and are obligated, to complete all the transactions contemplated thereunder, subject to the fulfilment of their respective conditions precedent. Further details of these transactions and their respective terms and conditions will be set out in the relevant sections below in this joint announcement.

CAPITAL REORGANISATION

The Board proposes to implement the Capital Reorganisation which will comprise,

- (a) the Share Consolidation to consolidate every ten (10) issued Existing Shares of par value HK\$0.10 each in the share capital of the Company will be consolidated into one (1) issued Consolidated Share of par value HK\$1.00 each;
- (b) the Capital Reduction to reduce the share capital of the Company by cancelling the paid-up capital to the extent of HK\$0.99 on each of the then issued new Consolidated Shares such that the par value of each issued new Consolidated Share will be reduced from HK\$1.00 to HK\$0.01; and
- (c) the Increase in Authorised Share Capital from HK\$500,000,000 divided into 5,000,000,000 Existing Shares of par value HK\$0.1 each to HK\$10,000,000,000 divided into 1,000,000,000,000 New Shares of par value HK\$0.01 each.

CHANGE IN BOARD LOT SIZE

Conditional upon the Capital Reorganisation having become effective, the Board proposes to change the board lot size for trading on the Stock Exchange from 1,000 Existing Shares to 4,000 New Shares.

DEBT RESTRUCTURING

The Debt Restructuring shall be implemented by way of the Creditors' Scheme.

The Debt Restructuring shall be subject to the Capital Reorganisation having become effective but shall not be inter-conditional with the Capital Reorganisation.

Subject to the terms of the Creditors' Scheme, if the Creditors' Scheme is successfully implemented and becomes effective, all the claims against, and liabilities of, the Company will be compromised and discharged in full. Under the Creditors' Scheme and subject to the terms thereof, amongst others, a Cash Consideration of HK\$160,000,000 will be distributed by the Company to and an aggregated of 59,000,000 Scheme Shares (at the issue price of HK\$0.1772 per New Share) will be issued and allotted by the Company to the SchemeCo for the benefit of the Scheme Creditors. There will be no cash inflow for the Company in respect of the issue of the Scheme Shares.

The distribution of the Scheme Assets which comprises the Cash Consideration, the Scheme Shares and the Scheme Receivables, will be conducted in accordance with the terms of the Creditors' Scheme.

The Company will provide an update on the Creditors' Scheme by way of announcement(s) as and when appropriate.

THE SHARE SUBSCRIPTION

On 26 January 2023, the Company and the Investor entered into the Share Subscription Agreement and pursuant to which, inter alia, the Investor has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 530,800,000 Subscription Shares at the Consideration of approximately HK\$94.06 million, which represents a subscription price per Subscription Share of HK\$0.1772.

THE CB SUBSCRIPTION

On 26 January 2023, the Company and the Investor entered into the CB Subscription Agreement and pursuant to which, inter alia, the Investor has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, the Convertible Bonds in the principal amount of approximately HK\$160.94 million.

The Convertible Bonds shall be non-interest bearing and be freely transferable.

The Share Subscription Agreement and the CB Subscription Agreement are inter-conditional. The completions of the Share Subscription and the CB Subscription shall take place simultaneously and are subject to the Capital Reorganisation having become effective.

APPLICATION FOR WHITEWASH WAIVER

As at the date of this joint announcement, the Investor, its beneficial owners and parties acting in concert with any of them are not interested in any Shares. Immediately after the Capital Reorganisation becoming effective and immediately after the completion of the Share Subscription, the Investor will be interested in 530,800,000 New Shares, representing approximately 81.79% of the issued Share capital upon the Capital Reorganisation and as enlarged by the Subscription Shares (assuming that there will be no change in the issued Share capital from the date of this joint announcement and up to completion of the Share Subscription other than as a result of the Capital Reorganisation and the issue of the Subscription Shares). As such, the Investor would be required to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by the Investor and the parties acting in concert with it under Rule 26.1 of the Takeovers Code, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code is granted by the Executive.

An application will be made by the Investor to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code.

SPECIAL DEALS

It is proposed that the Creditors' Scheme will be implemented as detailed in this joint announcement. Based on the records currently available to the Company, the Company is indebted to Maxx Capital Finance Limited, China Sun Group Holding Limited, Ms. Chow Wai Man Grace, Mr. Wong Yu Man James and Ms. Wong Lau Chui Chui and Mr. Ho Chi Ping. Maxx Capital Finance Limited, China Sun Group Holding Limited, Ms. Chow Wai Man Grace, Mr. Wong Yu Man James and Ms. Wong Lau Chui Chui and Mr. Ho Chi Ping are the beneficial owners of in aggregate 220,888,000 Shares, representing approximately 18.69% of the issued share capital of the Company as at the date of this joint announcement.

As the proposed settlement of the indebtedness, through the Investor, due to the Creditors who are Shareholders under the Creditors' Scheme is not extended to all the other Shareholders, the implementation of the Creditors' Scheme constitutes the Special Deals under Rule 25 of the Takeovers Code and therefore requires (i) consent by the Executive; (ii) the Independent Financial Adviser to publicly state in its opinion that the terms of the Creditors' Scheme are fair and reasonable; and (iii) approval by the Independent Shareholders at the EGM, in which the Creditors and their associates and parties acting in concert with any of them who are Shareholders and those who are interested in or involved in the Special Deals will be required to abstain from voting on the relevant resolutions approving the Creditors' Scheme and the Special Deals.

An application will be made by the Company to the Executive for the consent to the Special Deals under Rule 25 of the Takeovers Code.

In the event that the consent to the Special Deals under Rule 25 of the Takeovers Code were not being obtained from the Executive or the Special Deals were not being duly approved by the Independent Shareholders at the EGM, the Subscriptions and the Creditors' Scheme shall not proceed and the Creditors' Scheme shall not become effective.

IMPLICATIONS UNDER THE LISTING RULES

As the Specific Mandate will have to be granted to the Company to allot and issue the Subscription Shares, the Scheme Shares and the CB Conversion Shares, the Proposed Restructuring will be subject to, among other things, the approval of the Independent Shareholders at the EGM.

GENERAL

The Circular including, among other things, further details of (i) the Capital Reorganisation; (ii) the Change in Board Lot Size; (iii) the transactions under the Proposed Restructuring and the Specific Mandate; (iv) application for the Whitewash Waiver; (v) the Special Deals; (vi) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Proposed Restructuring, the Whitewash Waiver and the Special Deals; (vii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Proposed Restructuring, the Whitewash Waiver and the Special Deals; and (viii) a notice convening the EGM will be despatched to the Shareholders as soon as practicable in compliance with Rule 8.2 of the Takeovers Code and the Listing Rules.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among others, the Capital Reorganisation, the Share Subscription, the CB Subscription, the Creditors' Scheme, the Whitewash Waiver, the Special Deals and the transactions contemplated thereunder.

FORMATION OF THE INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, comprising all the independent non-executive Directors in compliance with Rule 2.8 of the Takeovers Code, will be formed to advise the Independent Shareholders as to whether the terms of the transactions under the Proposed Restructuring, the Whitewash Waiver, and the Special Deals are fair and reasonable and in the interests of the Independent Shareholders and in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser, to be approved and appointed by the Independent Board Committee in accordance with the requirements under the Takeovers Code.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been halted with effect from 9:00 a.m. on 13 December 2022 pending the issue of this joint announcement. An application has been made for the resumption of trading in the Shares with effect from 9:00 a.m. on 16 March 2023 following the publication of this joint announcement.

The Stock Exchange would not grant the listing of, and permission to deal in new Shares where the issue of such new Shares would cause or facilitate a breach of requirement(s) under the Listing Rules. The Subscriptions will result in the public float of the Shares being below the minimum public float requirement. The grant of the listing of, and permission to deal in the New Shares is subject to the Company to put in place adequate arrangements to meet the minimum public float requirement under Rule 8.08(1) of the Listing Rules at all times before and after the Completion.

Completion is subject to the fulfilment of the conditions precedent to the Subscriptions and the Creditors' Scheme as set out in this joint announcement, including but not limited to, the listing of, and permission to deal in the Subscription Shares, CB Conversion Shares and Scheme Shares having been granted by the Stock Exchange. In the event that the listing of, and permission to deal in the Subscription Shares, CB Conversion Shares and/or Scheme Shares is not granted, the Subscription Agreements and the Proposed Restructuring will not become unconditional and the Subscriptions and the Proposed Restructuring will not proceed.

The consent from the Stock Exchange under Rule 7.27B of the Listing Rules may or may not be obtained by the Company and if obtained, might be subject to other conditions or change in structure. In the event that the consent from the Stock Exchange under Rule 7.27B of the Listing Rules is not obtained or requires material changes to the current structure of the Proposed Restructuring, the Investor has indicated that it may not proceed with the Subscriptions, and therefore, the Proposed Restructuring may not proceed. In this circumstance, the Company may face immediate financial difficulties and may be required to be liquidated in the near future in the absence of alternative fundraising activities.

Accordingly, the Proposed Restructuring may or may not proceed. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.

1. ENTERING OF THE TERM SHEET

On 12 December 2022 (after trading hours), the Company and the Investor have entered into the Term Sheet to set out the in-principle understanding of the Company and the Investor with regard to the Proposed Restructuring which involves the basis and proposal for the implementations of transactions to be contemplated thereunder which include, among other things, the Debt Restructuring by way of the Creditors' Scheme, the Subscriptions, the Capital Reorganisation and Change in Board Lot Size.

Pursuant to the Term Sheet, the Company shall proceed with the Debt Restructuring by way of the Creditors' Scheme, and the Subscriptions. The Subscriptions will ultimately result in a change in control of the Company, and the Investor will apply for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. Upon completion of the Debt Restructuring, subject to the terms of the Creditors' Scheme, all the claims against, and liabilities of, the Company will be compromised and discharged in full.

To facilitate the above, the Company shall implement (i) the Capital Reorganisation which involves the Share Consolidation, the Capital Reduction and the Increase in Authorised Share Capital; and (ii) the Change in Board Lot Size.

The Term Sheet is legally-binding, the signing of which implies that the Company and the Investor have conditionally agreed, and are obligated, to complete all the transactions contemplated thereunder, subject to the fulfilment of their respective conditions precedent.

Due to the reasons disclosed in the below section headed “REASONS FOR AND BENEFITS OF THE DEBT RESTRUCTURING AND USE OF PROCEEDS” in this joint announcement, the Company and the Investor have agreed to enter into the Term Sheet before the execution of the Subscription Agreements. The Subscription Agreements have been entered into as at the date of this joint announcement and are principally the same as the Term Sheet in substance, and are considered as extensions of the Term Sheet reflecting the terms and conditions of the transactions proposed under the Debt Restructuring. Upon signing of the Term Sheet, trading in the Shares has been halted with effect from 9:00 a.m. on 13 December 2022 at the request of the Company.

Set out below is the sequence of the transactions of the Proposed Restructuring:

- (i) EGM to be convened to obtain approval from the Shareholders for the Capital Reorganisation, Change in Board Lot Size, the Debt Restructuring by way of the Creditors’ Scheme, the Subscriptions and the transactions contemplated thereunder;
- (ii) the Capital Reorganisation having become effective;
- (iii) the Change in Board Lot Size having become effective;
- (iv) the Creditors’ Scheme having been sanctioned by the High Court of Hong Kong;
- (v) simultaneous completions of the Share Subscription and the CB Subscription;
- (vi) completions of the transfer of the Cash Consideration and the Scheme Shares to the SchemeCo;
- (vii) the Creditors’ Scheme having become effective; and
- (viii) all the debts and liabilities of the Company to the Creditors will be discharged and released in full.

Further details of the Capital Reorganisation and the Change in Board Lot Size and their respective terms and conditions are set out in the section headed “THE CAPITAL REORGANISATION AND CHANGE IN BOARD LOT SIZE” in this joint announcement. Further details of the Debt Restructuring by way of the Creditors’ Scheme and its terms and conditions are set out in the section headed “THE DEBT RESTRUCTURING BY WAY OF THE CREDITORS’ SCHEME” in this joint announcement. Further details of the Share Subscription and the CB Subscription and their respective terms and conditions are set out in the section headed “THE SUBSCRIPTIONS” in this joint announcement.

2. THE CAPITAL REORGANISATION AND CHANGE IN BOARD LOT SIZE

A. The Capital Reorganisation

The Board has proposed the Capital Reorganisation which will involve the Share Consolidation, the Capital Reduction and the Increase in Authorised Share Capital.

The Share Consolidation

Every ten (10) issued Existing Shares of par value HK\$0.10 each in the share capital of the Company will be consolidated into one (1) issued Consolidated Share of par value HK\$1.00 each.

The Capital Reduction

The share capital of the Company will be reduced by cancelling the paid-up capital to the extent of HK\$0.99 on each of the then issued new Consolidated Shares such that the par value of each issued new Consolidated Share will be reduced from HK\$1.00 to HK\$0.01.

According to the audited consolidated financial statements of the Company for the year ended 31 March 2022, the consolidated accumulated loss of the Company was approximately HK\$721,990,000.

The credit arising from the Capital Reduction in the amount of approximately HK\$117,022,158 will be fully applied to set off part of the consolidated accumulated loss of the Company.

The Increase in Authorised Share Capital

The authorised share capital of the Company will be increased from HK\$500,000,000 divided into 5,000,000,000 Existing Shares of par value HK\$0.1 each to HK\$10,000,000,000 divided into 1,000,000,000,000 New Shares of par value HK\$0.01 each.

Other than the relevant expenses incurred and to be incurred, the implementation of the Capital Reorganisation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position (save for the credit arising from the Capital Reduction which will be fully applied to set off part of the consolidated accumulated loss of the Company) of the Company.

The Capital Reorganisation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company nor will it result in any change in the relative rights of the Shareholders.

Effects of the Capital Reorganisation

The following table sets out the effect of the Capital Reorganisation on the share capital of the Company, before and after the Capital Reorganisation becoming effective (assuming no Shares are issued or repurchased from the date of this joint announcement until the effective date of the Capital Reorganisation):

	As at the date of this joint announcement	Capital Reorganisation having become effective
Par value per Share	HK\$0.10 per Existing Share	HK\$0.01 per New Share
Amount of authorised share capital	HK\$500,000,000	HK\$10,000,000,000
Number of authorised Shares	5,000,000,000	1,000,000,000,000
Number of issued Shares	Existing Shares 1,182,042,000	New Shares 118,204,200
Paid up share capital	HK\$118,204,200	HK\$1,182,042

Conditions of the Capital Reorganisation

Completion of the Capital Reorganisation is conditional upon:

- (i) the special resolutions in relation to the Capital Reorganisation having been passed by the Shareholders in the EGM;
- (ii) the Cayman Court granting an order confirming the Capital Reduction;
- (iii) compliance with any conditions which the Cayman Court may impose in relation to the Capital Reduction;
- (iv) registration by the Registrar of Companies in the Cayman Islands of the order of the Cayman Court confirming the Capital Reduction and a minute approved by the Cayman Court containing the particulars required under the Companies Act (as revised) of the Cayman Islands with respect to the Capital Reduction;
- (v) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the New Shares resulting from the Capital Reorganisation; and
- (vi) compliance with the relevant legal procedures and requirements under the laws of the Cayman Islands and the Listing Rules, and the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

The Capital Reorganisation is a series of corporate actions which shall be completed prior to, and for the purpose of effectuating, the Debt Restructuring and the Subscriptions. The Capital Reorganisation will become effective when the conditions mentioned above are fulfilled. As at the date of this joint announcement, none of the above conditions have been fulfilled.

B. Change in Board Lot Size

As at the date of this joint announcement, the Shares are traded in board lots of 1,000 Existing Shares. Conditional upon the Capital Reorganisation having become effective, the Board also proposes to change the board lot size for trading on the Stock Exchange from 1,000 Existing Shares to 4,000 New Shares.

Based on the closing price of HK\$0.09 per Existing Share (equivalent to the theoretical closing price of HK\$0.90 per New Share) as quoted on the Stock Exchange on the Last Trading Day, the value of each existing board lot of 1,000 Existing Shares is HK\$90 and the theoretical value for each new board lot of 4,000 New Shares, assuming the Capital Reorganisation has become effective, would be HK\$3,600.

The Change in Board Lot Size will not result in change in the relative rights of the Shareholders.

Exchange of Share Certificates

Subject to the Share Consolidation becoming effective, Shareholders may during the specified period submit share certificates in colour of purple for Existing Shares to the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, in exchange, at the expense of the Company, for new share certificates for the Consolidated Shares in colour of yellow. After 4:10 p.m. on Thursday, 3 August 2023, certificates for Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each share certificate for Existing Shares cancelled or each new share certificate issued for New Shares, whichever number of certificates cancelled/issued is higher. Nevertheless, certificates for Existing Shares will continue to be good evidence of legal title and may be exchanged for certificates for New Shares at any time.

Shareholders should note that after the prescribed time for free exchange of new share certificates, a fee of HK\$2.50 each (or such other amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the Company's Hong Kong branch share registrar for exchange of new share certificates.

Fractional shares

Fractional Consolidated Shares arising from the Share Consolidation will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold and retained for the benefits of the Company.

Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder. Shareholders concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the possibility of buying or selling Shares in a number sufficient to make up an entitlement to receive a whole number of New Shares.

Listing and dealings

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation.

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The New Shares will be identical in all respects and rank pari passu in all respects with each other. All necessary arrangements will be made for the New Shares to be admitted into CCASS.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the New Shares arising from the Capital Reorganisation, a designated broker will be appointed to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the New Shares to make up a full board lot, or to dispose of their holding of odd lots of the New Shares. Details of the odd lot arrangement will be set out in the Circular.

Expected timetable of the Capital Reorganisation and the Change in Board Lot Size

Set out below is the expected timetable for the implementation of the Capital Reorganisation and the Change in Board Lot Size. The expected timetable is subject to the results of the EGM and satisfaction of the conditions to the Capital Reorganisation and is therefore for indicative purpose only. Any change to the expected timetable will be announced by the Company as and when appropriate. All times and dates in this announcement refer to the Hong Kong local times and dates.

Event	Time and Date 2023
Despatch date of circular with notice of the EGM with form of proxy	Wednesday, 5 April
Latest time for lodging share transfer in order to qualify for attending and voting at the EGM	4:30 p.m. on Monday, 24 April
Closure of register of members for determining the entitlement to attend and vote at the EGM (both dates inclusive)	Tuesday, 25 April to Friday, 28 April
Latest time for lodging forms of proxy for the EGM (not less than 48 hours prior to time of the EGM)	11:00 a.m. on Wednesday, 26 April
Record date for attendance and voting at the EGM	Friday, 28 April
Date and time of the EGM	11:00 a.m. on Friday, 28 April
Announcement of voting results of the EGM	Friday, 28 April
 The following events are conditional on the results of the EGM and the approval from the Cayman Court and therefore the dates are tentative:	
Effective date of the Capital Reorganisation	Friday, 30 June 2023
Commencement of dealings in the New Shares	9:00 a.m. on Friday, 30 June 2023
First day of free exchange of existing share certificates for new share certificates for the New Shares	Friday, 30 June 2023
Original counter for trading in the Existing Shares in board lots of 1,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Friday, 30 June 2023
Temporary counter for trading in the New Shares in board lots of 100 New Shares (in the form of existing share certificates) opens	9:00 a.m. on Friday, 30 June 2023
Original counter for trading in the New Shares in board lots of 4,000 New Shares (in the form of new share certificates for the New Shares) re-opens	9:00 a.m. on Friday, 14 July 2023

Event	Time and Date 2023
Parallel trading in the New Shares (in the form of new share certificates for the New Shares and existing share certificates) commences	9:00 a.m. on Friday, 14 July 2023
Designated broker starts to stand in the market to provide matching services for odd lots of the New Shares	9:00 a.m. on Friday, 14 July 2023
Designated broker ceases to stand in the market to provide matching services for odd lots of the New Shares	4:00 p.m. on Thursday, 3 August 2023
Temporary counter for trading in the New Shares in board lots of 100 New Shares (in the form of existing share certificates) closes	4:10 p.m. on Thursday, 3 August 2023
Parallel trading in the New Shares (in the form of new share certificates for the New Shares and existing share certificates) ends	4:10 p.m. on Thursday, 3 August 2023
Last day for free exchange of existing certificates of the Shares for new certificates for the New Shares	Monday, 7 August 2023

Reasons for the Capital Reorganisation and the Change in Board Lot Size

The Directors are of the opinion that the proposed Capital Reorganisation will reduce the consolidated accumulated losses of the Company and give greater flexibility to the Company to declare dividends and/or to undertake any corporate exercise which requires the use of distributable reserves in the future, subject to the Company's performance and when the Board considers that it is appropriate to do so in the future. The Increase in Authorised Share Capital will accommodate future expansion and growth of the Group and to provide the Company with greater flexibility to raise funds by allotting and issuing new Shares in the future as and when necessary. The Capital Reduction will reduce the par value of the issued Consolidated Shares from HK\$1.00 per Consolidated Share to HK\$0.01 per New Share. Under the laws of the Cayman Islands, a company may not issue shares at a discount to the par value of such shares. Accordingly, the Capital Reduction will allow greater flexibility in the pricing for any issue of new Shares in the future.

Under Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. Further, pursuant to the requirements set out in “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by Hong Kong Exchanges and Clearing Limited, the expected board lot value per board lot should be greater than HK\$2,000 taking into account the minimum transaction costs for a securities trade. In view of the fact that the Shares had been traded below HK\$0.10 on average and the Shares were trading at under HK\$2,000 per board lot over the past six months (based on the closing price per Share as quoted on the Stock Exchange), the Board proposes to implement the Share Consolidation and the Change in Board Lot Size in order to comply with the trading requirements of the Listing Rules. The Share Consolidation will reduce the total number of Shares currently in issue. As such, it is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price of the Shares and the trading price of the Shares per board lot.

Based on the above, the Directors are of the view that the Capital Reorganisation and the Change in Board Lot Size are in the interests of the Company and the Shareholders as a whole.

3. THE DEBT RESTRUCTURING BY WAY OF THE CREDITORS’ SCHEME

The Debt Restructuring shall be implemented by way of the Creditors’ Scheme.

As at 30 November 2022, based on the available books and records of the Company, the estimated total amount of Claims against the Company is approximately HK\$1,106.9 million. This figure is indicative only and will be subject to the final determination made by the administrators of the Creditors’ Scheme and adjudication under the Creditors’ Scheme, if applicable.

Under the Creditors’ Scheme and subject to the terms thereof, a Cash Consideration of HK\$160,000,000 will be distributed by the Company to and an aggregated of 59,000,000 Scheme Shares (at the issue price of HK\$0.1772 per New Share) will be issued and allotted under the Specific Mandate by the Company to the SchemeCo under the Creditors’ Scheme for holding for the benefits of the Creditors prior to distributing to the Creditors with Admitted Claims. There will be no cash inflow for the Company in respect of the issue of the Scheme Shares. In addition, the Company undertakes to, at its own cost, initiate recovery actions (including but not limited to legal proceedings) to recover the sums of the Scheme Receivables within 2 months from the effective date of the Creditors’ Scheme, and the Company undertakes that all sums recovered from such recovery actions, after deducting any costs, expenses, and taxes that may be incurred in connection with the recovery actions, shall be assigned and/or transferred to the SchemeCo for the benefits of the Creditors.

The distribution of the Scheme Assets which comprises the Cash Consideration, the Scheme Shares and the Scheme Receivables, will be conducted in accordance with the terms of the Creditors’ Scheme.

Upon the Scheme becomes effective, the Scheme Administrators will call proof and perform adjudication on the claims received. As soon as practicable after the adjudication of claims, the Scheme Administrators will:

- (a) declare and pay the first interim cash dividend to all Scheme Creditors with Admitted Claims on a pro rata basis in respect of the amount of their Admitted Claims to distribute the Cash Consideration, subject to the reservation of any unadmitted claims and Scheme Costs;
- (b) send the form of election to the Scheme Creditors with Admitted Claims to elect either (i) the cash option; or (ii) the equity option (but not both) in respect of their entitlement of the Scheme Shares for the portion of the Admitted Claims that are not satisfied by the Cash Consideration.

Scheme Creditors with Admitted Claims will be entitled to be allotted and issued with a number of New Shares which is the equivalents of the fixed number of 59,000,000 divided by the total amount of the remaining portion of the Admitted Claims (i.e.: after the deduction of the amount of first interim dividend received) in proportion to their respective remaining portion of the Admitted Claims.

Scheme Creditors who opt for equity option will be entitled to receive their portion of Scheme Shares from the SchemeCo, and Scheme Creditors who opt for (or being default be regarded as opting for) cash option will receive cash dividend as soon as practicable after the Scheme Administrators sold or realized their portion of the Scheme Shares.

Subject to the terms of the Scheme, regardless of the selection of equity option or cash option, it is deemed that Scheme Shares were allotted and issued at HK\$0.1772 per share for partial settlement of their respective Admitted Claims.

Within one month after the allotment to the Scheme Creditors who opt for equity option, the Scheme Administrators, shall take steps to realize and/or sell the remaining number of the Scheme Shares and the Scheme Administrators will endeavour to sell such Scheme Shares on such terms as to price, manner and timing of sale or realisation as the Scheme Administrators, in their absolute discretion, determine is in the best interest of the Scheme Creditors who opt for cash option as a whole. After the realization and/or disposal of the Scheme Shares, the Scheme Administrators shall take steps to distribute the net realization proceeds to the Scheme Creditors who opt for cash option on a pro rata basis.

The Scheme Assets will be dealt with by the Scheme Administrators in the following order of priority:

- (i) firstly, to pay preferential claims;
- (ii) secondly, to pay the scheme costs; and
- (iii) thirdly, to pay dividend in respect of the Scheme Creditors with Admitted Claims.

The proportion of the dividend payable will be of an amount to be determined and distributed from time to time by the Scheme Administrators under the Creditors' Scheme, having regard to:

- (i) the amount of Scheme Assets available;
- (ii) the current aggregate amount of Admitted Claims and unadmitted claims; and
- (iii) any sum to be retained out of the Scheme Assets for the scheme costs as may be determined by the Scheme Administrators under the Creditors' Scheme.

According to the terms of the Creditors' Scheme, the Scheme Administrators will be empowered to declare interim dividend(s) from time to time.

The Company will provide an update on the Creditors' Scheme by way of announcement(s) as and when appropriate and will comply with the relevant requirements of Chapter 14A of the Listing Rules if any Scheme Shares will be allotted to any of the Scheme Creditors that are connected persons of the Company.

Conditions of the Creditors' Scheme

Completion of the Creditors' Scheme is conditional upon:

- (a) the Hong Kong Court sanctions the Creditors' Scheme and a copy of the order of the High Court of Hong Kong sanctioning of the Creditors' Scheme is delivered to the Registrar of Companies in Hong Kong for registration;
- (b) the Capital Reorganisation having become effective;
- (c) the completion of the Subscriptions having taken place;
- (d) all consents and approvals required for the transfer of the Scheme Shares to the SchemeCo have been obtained; and
- (e) resolutions in relation to the issue of the Scheme Shares under the Specific Mandate having been duly passed by the Independent Shareholders in the general meeting, and the Board having been granted the Specific Mandate in accordance with the Listing Rules.

The Creditors' Scheme shall become effective on the date, being the latest of (a) the date of delivery of an office copy of the order of the High Court of Hong Kong sanctioning the Creditors' Scheme to the Registrar of Companies in Hong Kong for registration; (b) the date of the completion of the transfer of the Cash Consideration to the SchemeCo; and (c) the date of the completion of the transfer of the Scheme Shares to the SchemeCo. Upon the Creditors' Scheme having become effective, the Company shall be able to utilize the proceeds from the Subscriptions as set out in the section headed "PROCEEDS FROM THE SUBSCRIPTIONS" in this joint announcement for the purpose of, among other things, settlement of Cash Consideration for the Creditors' Scheme.

Upon the Creditors' Scheme having become effective, all the debts and liabilities of the Company to the Creditors will be discharged and released in full.

Ranking of the Scheme Shares

The Scheme Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the New Shares in issue on the date of allotment and issue of the Scheme Shares.

Application for Listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Scheme Shares.

4. THE SUBSCRIPTIONS

A. The Share Subscription

On 26 January 2023, the Company and the Investor entered into the Share Subscription Agreement and pursuant to which, *inter alia*, the Investor has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 530,800,000 Subscription Shares at the Subscription Consideration of approximately HK\$94.06 million, which represents a subscription price per Subscription Share of HK\$0.1772.

The Investor is expected to settle the Subscription Consideration with its internal resources. As at the date of this joint announcement, the Investor has deposited the Escrowed Consideration in the amount of JPY3,520,000,000 in a bank account which is currently being held in escrow for the purpose of settling the Subscription Consideration. The said deposit will be converted into Hong Kong dollars upon completion of the Share Subscription and the Investor shall be entitled to refund of any surplus or be liable to pay the shortfall amount to make up the Subscription Consideration as a result of the currency conversion.

Summary of the principal terms of the Share Subscription:

Subscriber	:	the Investor
Issuer	:	the Company
Subscription Consideration	:	HK\$94,057,760
Price per Subscription Share	:	HK\$0.1772
Number of Shares to be issued under the Share Subscription	:	530,800,000 Subscription Shares

The issued Share capital of the Company upon completion of the Capital Reorganisation and the Share Subscription : 649,004,200 New Shares

Subscription Shares

After adjusting for the effects of the Capital Reorganisation, the 530,800,000 Subscription Shares will represent approximately 81.79% of the issued Share capital upon completions of the Capital Reorganisation and the Share Subscription (assuming that there will be no other changes in the issued share capital of the Company from the date of this joint announcement and up to the Completion). The Subscription Shares will be issued by the Company under the Specific Mandate to be granted upon the approval of the Independent Shareholders at the EGM.

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the New Shares in issue on the date of allotment and issue of the Subscription Shares.

Share Subscription Price

The price per Subscription Share of approximately HK\$0.1772 represents:

- (i) a discount of approximately 78.39% to the closing price of HK\$0.820 per New Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (ii) a discount of approximately 77.63% to the average closing price of HK\$0.792 per New Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (iii) a discount of approximately 78.02% to the average closing price of HK\$0.806 per New Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (iv) a discount of approximately 85.98% to the audited consolidated net assets value attributable to Shareholders per Share as at 31 March 2022 of approximately HK\$1.264 per New Share and adjusted for the effect of the Capital Reorganisation; and
- (v) a premium of approximately HK\$1.097 per New Share over the unaudited consolidated net liabilities value attributable to Shareholders per Share as at 30 September 2022 of approximately HK\$0.920 per New Share and adjusted for the effect of the Capital Reorganisation.

The Share Subscription Price was arrived at after arm's length negotiations between the Company and the Investor with reference to the net liabilities position of the Group, the amount of funds required to be raised by the Company for the Debt Restructuring and the acceptability of the Creditors towards the terms of the Creditors' Scheme. Taking into account the above and the reasons for the Proposed Restructuring as discussed in the section below in this joint announcement, the Directors (excluding the independent non-executive Directors who will express their views after considering the advice from the Independent Financial Adviser to be appointed) consider that the Share Subscription Price is fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions of the Share Subscription

Completion of the Share Subscription is conditional upon:

- (a) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions reasonable acceptable to both the Company and the Investor) the listing of, and permission to deal in, the Subscription Shares, and such approval not having been revoked before completion of the Share Subscription;
- (b) the Whitewash Waiver having been granted by the SFC and the satisfaction of conditions attached thereto, if any;
- (c) the Special Deals having been approved by the SFC and the satisfaction of any conditions attached thereto, if any;
- (d) resolutions in relation to the Share Subscription Agreement and the transactions contemplated thereunder (including the Share Subscription, the Whitewash Waiver, the Specific Mandate and the Special Deal) having been duly passed by the Independent Shareholders in general meeting, and the Board having been granted the Specific Mandate in accordance with the Listing Rules;
- (e) resolutions in relation to Share Subscription Agreement and the transactions contemplated thereunder (including the Share Subscription, the Whitewash Waiver, the Specific Mandate and the Special Deals) having been duly passed by the Board;
- (f) the Capital Reorganisation having become effective;
- (g) the Creditors' Scheme having been sanctioned by the High Court of Hong Kong; and
- (h) the completion of the CB Subscription taking place no later than the completion of the Share Subscription.

None of the conditions set out above can be waived. In the event that the conditions precedent are not satisfied by the Long Stop Date, the Share Subscription Agreement shall be terminated forthwith.

For the avoidance of doubt, completion of the Share Subscription is subject to the Capital Reorganisation having become effective. The Share Subscription Agreement and the CB Subscription Agreement are inter-conditional and the completions of the Share Subscription and the CB Subscription shall take place simultaneously.

Application for Listing

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

B. The CB Subscription

On 26 January 2023, the Company and the Investor entered into the CB Subscription Agreement and pursuant to which, inter alia, the Investor has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, the Convertible Bonds in the principal amount of approximately HK\$160.94 million.

The Convertible Bonds shall be non-interest bearing and be freely transferable.

CB Conversion Shares

Based on the initial CB Conversion Price of HK\$0.1772 per CB Conversion Share, a total of 908,251,918 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, representing approximately 56.19% of sum of the enlarged Share capital upon completion of the Capital Reorganisation and the issue of the Subscription Shares, the Scheme Shares and the CB Conversion Shares upon full conversion of the Convertible Bonds.

The CB Conversion Shares, when allotted and issued, will be issued by the Company under the Specific Mandate to be granted upon the approval of the Independent Shareholders at the EGM.

Restrictions on conversion of the Convertible Bonds

The Bondholder(s) (which will be the Investor immediately upon completion of the CB Subscription, or any person(s) subject to the transfer of the Convertible Bonds, if any) shall not have the right to convert the whole or part of the outstanding principal amount of the Convertible Bonds into ordinary New Shares if the issue of CB Conversion Shares following the exercise by the Bondholder(s) of the conversion rights attached to the Convertible Bonds would result in (i) the Company not meeting the requirement under the Listing Rules that not less than 25% (or such other percentage as may from time to time be specified in the Listing

Rules) of the Shares shall be held by the public immediately after the conversion; or (ii) a mandatory general offer obligation will be triggered under the Takeovers Code.

Ranking of the CB Conversion Shares

The CB Conversion Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the New Shares in issue on the date of allotment and issue of the CB Conversion Shares.

CB Conversion Price

The CB Conversion Price of HK\$0.1772 per Conversion Share, being the same as the Share Subscription Price.

The CB Conversion Price shall from time to time be subject to adjustment upon occurrence of consolidation or sub-division of Shares in accordance with the provisions of the Convertible Bonds.

CB Maturity Date

The Convertible Bonds should mature on the date falling on the 3rd anniversary of the date of issue of the Convertible Bonds; and if that is not a Business Day, the Business Day immediately after such date.

Unless previously converted, the Convertible Bonds will be redeemed by the Company on the Maturity Date at its principal amount outstanding.

Conditions of the CB Subscription

Completion of the CB Subscription is conditional upon:

- (a) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions reasonable acceptable to both the Company and the Investor) the listing of, and permission to deal in, the Conversion Shares, and such approval not having been revoked before the completion of the CB Subscription (including the issuance of the Convertible Bonds);
- (b) the Special Deals having been approved by the SFC and the satisfaction of any conditions attached thereto, if any;
- (c) resolutions in relation to the CB Subscription Agreement and the transactions contemplated thereunder (including the CB Subscription, the Specific Mandate and the Special Deals) having been duly passed by the Independent Shareholders in general meeting, and the Company having been granted the Specific Mandate in accordance with the Listing Rules;

- (d) resolutions in relation to the CB Subscription Agreement and the transactions contemplated thereunder (including the CB Subscription and the Special Deals) having been duly passed by the Board;
- (e) the Capital Reorganisation having become effective;
- (f) the Creditors' Scheme having been sanctioned by the High Court of Hong Kong; and
- (g) the completion of the Share Subscription taking place no later than the completion of the CB Subscription.

None of the conditions set out above can be waived. In the event that the conditions precedent are not satisfied by the Long Stop Date, the CB Subscription Agreement shall be terminated forthwith.

For the avoidance of doubt, completion of the CB Subscription is subject to the Capital Reorganisation having become effective. The Share Subscription Agreement and the CB Subscription Agreement are inter-conditional and the completions of the Share Subscription and the CB Subscription shall take place simultaneously.

Application for Listing

No application will be made for a listing of the Convertible Bonds. Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the CB Conversion Shares.

PROCEEDS FROM THE SUBSCRIPTIONS

The gross proceeds from the Share Subscription and the CB Subscription are estimated to be approximately HK\$94.06 million and approximately HK\$160.94 million respectively. The aggregate net proceeds from the Subscriptions (after deducting related expenses) are estimated to be approximately HK\$230 million. The Company intends to use such net proceeds for settlement of Cash Consideration for the Creditors' Scheme, settlement of professional fees and expenses in connection with the Proposed Restructuring and any remaining proceeds for the working capital requirement of the Group.

The net subscription price, after deduction of relevant expenses, is estimated to be approximately HK\$0.173 per Subscription Share.

REASONS FOR AND BENEFITS OF THE DEBT RESTRUCTURING AND USE OF PROCEEDS

The Company is an investment holding company and the Group is principally engaged in the trading of animation derivative products, establishment and operation of indoor theme parks and multimedia animation entertainment in the PRC, Hong Kong and Japan.

The Group's operations and income generated from the theme parks and animation derivatives products businesses have been severely affected by the outspreading of the Covid-19 pandemic. Since early 2020, the outbreak of Covid-19 pandemic suppressed regular business activities such as offline anime-showcase and exhibitions of the Company and its clients and affected the international logistic operation. The Group's self-operated theme parks located in Tokyo, Qingdao and Shanghai and licensed theme park in Guangzhou were also affected by Covid-19 pandemic due to travel restrictions implemented by governments. The multimedia animation entertainment was affected by Covid-19 pandemic as less promotion activities were made by the Group and its customers, and hence, other industry players and animation sellers' business had been impacted.

The operation environment of the Company has been further affected after the closing prices of the Shares had fallen significantly from HK\$2.60 to HK\$0.61, representing a single trading day drop of approximately 76.5%, in the beginning of October 2021, which was possibly due to the failure of payment of subscription consideration by a former subscriber of the Company as set out in the Company's announcement on 8 December 2021 which had affected the public perception on the Company and unnecessarily affected the Company's value and financial position. As a result, the Company had experienced more difficulties and consumed more time and costs in seeking for external financial resources to sustain the Group's operation environment and expenses since (i) banks and investors are less interested to provide loans to the Company such that more time are required to negotiate and the terms (including the interest) of such loans are less favorable; (ii) low participation rates by the public when the Company was conducting equity debt financing activities; and (iii) the Company would then have to issue more Shares (resulted from a lower issue price due to the drop in the Share price and the Company's condition) to raise money should potential investors are successfully identified.

In addition to the above, the Company has received statutory demands from the certain Creditors against the Company's outstanding debts from time to time and that winding-up petitions have also been filed by some of these Creditors against the Company, including but not limited to, that on 30 January 2023, two Creditors with indebtedness owed by the Company in the respective amount of HK\$11,692,523.95 and HK\$5,896,794.52 as joint petitioners filed a winding-up petition against the Company. Should the Company fail to repay the outstanding debts within the time given by the High Court of Hong Kong, there will be a great chance that the Company will be placed into insolvent liquidation. Thereafter, the Shares are expected to be suspended from trading and the listing status of the Company is expected to be removed from the Stock Exchange.

As at 30 September 2022, based on unaudited condensed consolidated statement of financial position, the Group recorded a total liability of approximately HK\$1,173.0 million. As at 30 September 2022, the Group recorded net current liabilities and net liabilities in the amount of approximately HK\$533.5 million and approximately HK\$119.0 million, respectively. The Group and the Company has faced severe liquidity challenges and required urgent financial assistance to support its operation and turnaround its financial position. In order to restructure the financial position of the Group and the Company, the Company has been attempting to raise capital through debts, but has been experiencing extreme difficulties to seek for fund sources with the Group's high level of loans and borrowings and the high gearing ratio of approximately 78.4% as at 30 September 2022. Given the circumstances, should the Company fail to seek new funds to enhance its financial position, the Company would likely be placed into insolvent liquidation.

In light of the abovementioned liquidity challenges faced by the Group and the Company and the failure of the Company in obtaining new funding through debts, the Group and the Company consider that a holistic restructuring was essential to turn around the its business and financial position. Hence, the Company has been actively seeking to restructure its business and improve its financial position. The Group has been able to identify the Investor and after various discussions, come into mutual agreement on the terms and conditions as set out in the Term Sheet. As the Group and the Company are in need of financial resources to support its current operations and potentially in risk of winding up, it has been agreed by the Investor to provide initial fundings to the Group in facilitating the transactions set out under the Term Sheet and hence, the Parties have agreed to enter into the Term Sheet prior to the execution of the Subscription Agreements.

The Directors are of the view that investment of new funding under the Subscriptions will provide the Group with the necessary funding to conduct a holistic restructuring by way of a Creditors' Scheme. It is expected that with the residual amount of the proceeds from the Subscriptions which will be used as additional working capital of the Company, the Group's businesses will be improved and stabilised.

Given the financial condition of the Group, the Investor has provided an interest-free loan in the amount of HK\$20 million to the Group serving as rescue funding to support and operate its existing businesses. In addition to the above, the Investor has indicated to the Company that the Company may, with prior consent of the Investor, withdraw from the Escrowed Consideration prior to the Completion to support the Group's business when necessary. The abovementioned financial assistance provided by the Investor, including, the loan, the CB Deposit and any amount to be drawn from the Escrowed Consideration by the Group will be counted towards to set-off the consideration of the Subscriptions for the Investor upon Completion.

The aggregate gross proceeds from the Subscriptions will be HK\$255 million, being a sum equal to the consideration of the Subscriptions. The aggregate net proceeds from the Subscriptions (after deducting related expenses) are estimated to be approximately HK\$230 million and will be utilised in the following manner:

- (i) approximately HK\$160 million will be distributed to the SchemeCo as Cash Consideration for the benefits of the Scheme Creditors;
- (ii) not more than HK\$35 million will be utilised to settle the professional fees and expenses in connection with the Proposed Restructuring; and
- (iii) the residual of approximately HK\$35 million will be utilised as working capital of the Company.

The Company is of the view that (i) the Subscriptions will be able to provide additional working capital for the Group and facilitate the Creditors' Scheme; and (ii) upon the Creditors' Scheme taking effect, all the debts and liabilities of the Company to the Creditors will be discharged and released in full, hence the financial position of the Group will be improved and stabilised upon Completion. In view of the above, the Directors (excluding the independent non-executive Directors who will express their views after considering the

advice from the Independent Financial Adviser to be appointed) consider that the Term Sheet and the Subscription Agreements were entered into upon normal commercial terms following arm's length negotiations between the Company and the Investor and that the terms of the Term Sheet (including the Share Subscription Price and the CB Conversion Price) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE INVESTOR

The Investor is a company incorporated under the laws of Japan and is principally engaged in (i) real estate related businesses including but not limited to, urban development, properties construction, brokering, real estate valuation and properties management; and (ii) financial related services including but not limited to, trading of securities, asset management and selling of financial products. The Investor is a diversified conglomerate established for over 25 years with over 20 subsidiaries covering a wide range of business activities in Japan, including but not limited to, real estate development, urban development and hotels and theme parks management. The Investor shown interests and is optimistic about the Company's existing theme parks operations in Japan. The Company is given to understand by the Investor that the Investor is intended to, by utilising its experience and business networks, enrich the operations of the theme parks and expand the operations to other parts of Asia and the world. The Investor is beneficially wholly-owned by Mr. Kenichi, who is also the president and representative director of the Investor. To the best knowledge of the Company, the Investor and the parties acting in concert with it are Independent Third Parties.

The directors of the Investor are Mr. Kenichi, Mr. Hiroshi Kaneko, Ms. Ruriko Yanase, Mr. Takahiro Haga and Mr. Kuniaki Yanase.

As at the date of this joint announcement, save for the fund-raising activities mentioned in this joint announcement, the Company has no intention to conduct further fund-raising activities in the up-coming 12 months.

Management of the Group upon Completion

It has been acknowledged that there shall be no change in the directors and members of the management of the following subsidiaries of the Company from the date of the Term Sheet, unless otherwise agreed:

- (a) China Animation Group Limited;
- (b) China Theme Park Limited;
- (c) Network China Technology Limited; and
- (d) Animate China Technology Limited.

As at the date of this joint announcement, the Investor is still formulating the plan as to whether any change will be made to the directors and members of the management of other subsidiaries of the Company.

EFFECT ON THE SHAREHOLDING STRUCTURES OF THE COMPANY

The table below illustrates the shareholding structures of the Company (i) as at the date of this joint announcement; (ii) immediately after the Capital Reorganisation having become effective; (iii) after the completion of the Share Subscription; (iv) after the completion of the Share Subscription and the issue of the Scheme Shares; and (v) after the Completion and assuming all Convertible Bonds are converted (for illustrative purposes only):

Shareholders	As at the date of this joint announcement		Immediately after the Capital Reorganisation having become effective		After the completion of the Share Subscription		After the completion of the Share Subscription and the issue of the Scheme Shares		After the Completion and assuming all Convertible Bonds are converted	
	Existing Shares	%	New Shares	%	New Shares	%	New Shares	%	New Shares	%
The Investor and its concert parties (Note 1)										
The Investor	-	-	-	-	530,800,000	81.79	530,800,000	74.97	1,439,051,918	89.04
Other Shareholder										
Bright Rise Enterprises Limited (Note 2)	134,538,000	11.38	13,453,800	11.38	13,453,800	2.07	13,453,800	1.90	13,453,800	0.83
Public Shareholders										
The SchemeCo	-	-	-	-	-	-	59,000,000	8.33	59,000,000	3.65
Other public Shareholders	1,047,504,000	88.62	104,750,400	88.62	104,750,400	16.14	104,750,400	14.80	104,750,400	6.48
Public float (Note 3)	1,047,504,000	88.62	104,750,400	88.62	104,750,400	16.14	163,750,400	23.13	163,750,400	10.13
Total	1,182,042,000	100	118,204,200	100	649,004,200	100	708,004,200	100	1,616,256,118	100

Notes:

- The figures are provided for illustrative purposes only. The terms of the Convertible Bonds will not permit conversion if immediately after such conversion, the public float of the Shares will fall below the minimum requirements of the Listing Rules from time to time.
- Bright Rise Enterprises Limited is a company incorporated in the British Virgin Islands directly wholly-owned by Mr. Chong Heung Chung Jason, the chairman of the Company and an executive Director as at the date of this joint announcement. The Investor and the Directors will ensure the continuous compliance by the Company with the 25% minimum public float requirement under Rule 8.08(1) of the Listing Rules before and after the Completion. Appropriate actions will be taken, including but not limited to, placing down of the Shares by the Investor and/or Bright Rise Enterprises Limited to placee(s) who are Independent Third Parties not connected to the Company.
- The aggregate public float for each of the scenarios as illustrated in the table above.

FUNDRAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

The Company has not conducted any fund-raising activities in the 12 months prior to the date of this joint announcement.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08(1) of the Listing Rules, at least 25% of the Company's total issued share capital must at all times be held by the public.

Immediately after the Capital Reorganisation becoming effective and immediately after Completion, assuming that the Convertible Bonds are not converted into any CB Conversion Shares, the Investor will be interested in 530,800,000 New Shares, representing approximately 74.97% of the issued Share capital upon the Capital Reorganisation and as enlarged by the Subscription Shares and the Scheme Shares (assuming that there will be no change in the issued share capital of the Company from the date of this joint announcement and up to Completion other than as a result of the Capital Reorganisation, the Share Subscription and the issue of the Scheme Shares). Accordingly, following the Completion, the public float for the Shares will be approximately 25.03% and the Company will be able to satisfy the minimum public float requirement of 25% as set out in Rule 8.08(1)(a) of the Listing Rules.

The directors of the Investor will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares prior to and after Completion under Rule 8.08(1) of the Listing Rules.

IMPLICATIONS UNDER THE TAKEOVERS CODE

The Whitewash Waiver

As at the date of this joint announcement, the Investor, its beneficial owner and parties acting in concert with any of them are not interested in any Shares. Immediately after the Capital Reorganisation becoming effective and immediately after the completion of the Share Subscription, the Investor will be interested in 530,800,000 New Shares, representing approximately 81.79% of the issued Share capital upon the Capital Reorganisation and as enlarged by the Subscription Shares (assuming that there will be no change in the issued Share capital from the date of this joint announcement and up to completion of the Share Subscription other than as a result of the Capital Reorganisation and the issue of the Subscription Shares). As such, the Investor would be required to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by the Investor and the parties acting in concert with it under Rule 26.1 of the Takeovers Code, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code is granted by the Executive.

An application will be made by the Investor to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll. Under the Takeovers Code, the resolution(s) in relation to the Whitewash Waiver shall be approved by at least 75% of the independent votes (excluding those Shareholders who are interested in or involved in the Special Deals) that are cast either in person or by proxy by the Independent Shareholders at the EGM by way of poll, and each of the Share Subscription, the CB Subscription, the Creditors' Scheme and the transactions contemplated thereunder would be subject to the approval by more than 50% of the Independent Shareholders in separate resolutions at the EGM by way of poll. The Executive may or may not grant the Whitewash Waiver. As it is a condition precedent to Completion that the Whitewash Waiver is granted by the Executive, the Debt Restructuring, the Share Subscription, the CB Subscription and the transactions contemplated thereunder will not proceed if the Whitewash Waiver is not granted by the Executive (or is granted but subsequently invalidated by the Executive) or approved by the Independent Shareholders at the EGM.

As at the date of this joint announcement, save for the consent to be obtained from the Stock Exchange under Rule 7.27B of the Listing Rules before the despatch of the Circular, the Company does not believe that the Proposed Restructuring would give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). Should a concern arise after the release of this joint announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the Circular. The Company notes that the Executive may not grant the Whitewash Waiver if the Proposed Restructuring do not comply with other applicable rules and regulations.

The Special Deals

It is proposed that the Creditors' Scheme will be implemented as detailed in this joint announcement. Based on the records currently available to the Company, the Company is indebted to Maxx Capital Finance Limited, China Sun Group Holding Limited, Ms. Chow Wai Man Grace, Mr. Wong Yu Man James and Ms. Wong Lau Chui Chui and Mr. Ho Chi Ping. Maxx Capital Finance Limited, China Sun Group Holding Limited, Ms. Chow Wai Man Grace, Mr. Wong Yu Man James and Ms. Wong Lau Chui Chui and Mr. Ho Chi Ping are the beneficial owners of in aggregate 220,888,000 Shares, representing approximately 18.69% of the issued share capital of the Company as at the date of this joint announcement.

As the proposed settlement of the indebtedness due to the Creditors who are Shareholders under the Creditors' Scheme is not extended to all the other Shareholders, the implementation of the Creditors' Scheme constitutes the Special Deals under Rule 25 of the Takeovers Code and therefore requires (i) consent by the Executive; (ii) the Independent Financial Adviser to publicly state in its opinion that the terms of the Creditors' Scheme are fair and reasonable; and (iii) approval by the Independent Shareholders at the EGM, in which the Creditors and their associates and parties acting in concert with any of them who are Shareholders and those who are interested in or involved in the Special Deals will be required to abstain from voting on the relevant resolutions approving the Creditors' Scheme and the Special Deals.

An application will be made by the Company to the Executive for the consent to the Special Deals under Rule 25 of the Takeovers Code.

In the event that the consent to the Special Deals under Rule 25 of the Takeovers Code were not being obtained from the Executive or the Special Deals were not being duly approved by the Independent Shareholders at the EGM, the Subscriptions and the Creditors' Scheme shall not proceed and the Creditors' Scheme shall not become effective.

INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

The Investor and its ultimate beneficial owners have confirmed that none of the Investor, its ultimate beneficial owners nor any person acting in concert with any of them:

- (i) save for the Shares as set out in the section headed "Effect on the shareholding structures of the Company", owns, controls or has direction over any Shares and right over Shares, outstanding share options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (ii) will make any acquisitions or disposals of voting rights in the Company in the period between the date of this joint announcement and Completion;
- (iii) owns or has control or direction over any voting rights or rights over the Shares or any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of Shares nor has entered into any outstanding derivative in respect of securities in the Company;
- (iv) has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) with any other persons in relation to the relevant securities of the Company or of the Investor which might be material to the Subscriptions, the Creditors' Scheme, the Specific Mandate, the Whitewash Waiver or the Special Deals;
- (v) other than the consideration payable under the Subscriptions, has paid or will pay any other consideration, compensations or benefits in whatever form to the Company or any parties acting in concert with it in relation to the Subscription Shares and the CB Conversion Shares;
- (vi) has received any irrevocable commitment from any Independent Shareholders as to whether they will vote for or against the resolution approving the Subscriptions, the Creditors' Scheme, the Specific Mandate, the Whitewash Waiver and/or the Special Deals;
- (vii) save for the Term Sheet, has any agreements or arrangements to which it is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Subscriptions, the Creditors' Scheme, the Specific Mandate, the Whitewash Waiver or the Special Deals; and
- (viii) has borrowed or lent any relevant securities in the Company.

As at the date of this joint announcement:

- (i) there is no understanding, agreement or arrangement in the nature of a special deal (as defined under Rule 25 of the Takeovers Code) between the Investor, its ultimate beneficial owners and parties acting in concert with any of them on the one hand and the Company and any party acting in concert with it on the other hand;
- (ii) save for the Special Deals, there is no understanding, agreement or arrangement in the nature of a special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder, and (ii) the Investor, its ultimate beneficial owners and parties acting in concert with any of them; or the Company, its subsidiaries or associated companies; and
- (iii) the Company believes that the Subscriptions, the Creditors' Scheme, the Whitewash Waiver, the Special Deals and the transactions contemplated thereunder would not give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this joint announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the whitewash circular. The Company notes that the Executive may not grant the Whitewash Waiver if the Subscriptions, the Creditors' Scheme, the Special Deals and the transactions contemplated thereunder do not comply with other applicable rules and regulations.

IMPLICATIONS UNDER THE LISTING RULES

As the Specific Mandate will have to be granted to the Company to allot and issue the Scheme Shares, the Subscription Shares and the CB Conversion Shares, the Proposed Restructuring will be subject to, among other things, the approval of the Independent Shareholders at the EGM.

Pursuant to Rule 7.27B of the Listing Rules, a listed issuer may not undertake a rights issue, open offer or specific mandate placing that would result in a theoretical dilution effect of 25% or more (on its own or when aggregated within a 12-month period), unless the Stock Exchange is satisfied that there are exceptional circumstances. The Subscriptions and the issue of the Scheme Shares will result in a theoretical dilution effect of approximately 72.66%, which is over the 25% threshold as specified under Rule 7.27B of the Listing Rules.

The Company, however, considers there are exceptional circumstances for the Company, details of which will be contained in the Circular. Pursuant to Note 2 to Rule 7.27B of the Listing Rules, the Company has consulted the Stock Exchange regarding the Subscriptions. As at the date of this joint announcement, the Stock Exchange has yet to conclude that the Company has demonstrated that there are exceptional circumstances for the purpose of Rule 7.27B of the Listing Rules.

The consent from the Stock Exchange under Rule 7.27B of the Listing Rules may or may not be obtained by the Company and if obtained, might be subject to other conditions or change in structure. In the event that the consent from the Stock Exchange under Rule 7.27B of the Listing Rules is not obtained or requires material changes to the current structure of the Proposed Restructuring, the Investor has indicated that it may

not proceed with the Subscriptions, and therefore, the Proposed Restructuring may not proceed. In this circumstance, the Company may face immediate financial difficulties and may be required to be liquidated in the near future in the absence of alternative fundraising activities.

GENERAL

The Circular including, among other things, further details of (i) the Capital Reorganisation; (ii) the Change in Board Lot Size; (iii) the transactions under the Proposed Restructuring and the Specific Mandate; (iv) application for the Whitewash Waiver; (v) the Special Deals; (vi) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Proposed Restructuring, the Whitewash Waiver and the Special Deals; (vii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Proposed Restructuring, the Whitewash Waiver and the Special Deals; and (viii) a notice convening the EGM will be despatched to the Shareholders as soon as practicable in compliance with Rule 8.2 of the Takeovers Code and the Listing Rules.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among others, the Capital Reorganisation, the Share Subscription, the CB Subscription, the Creditors' Scheme, the Whitewash Waiver, the Special Deals and the transactions contemplated thereunder.

No Shareholders are required to be abstained from voting on the resolutions to approve the Capital Reorganisation. However, the following persons shall abstain from voting on the resolutions to approve the Proposed Restructuring, the Whitewash Waiver, the Special Deals and the transactions contemplated thereunder:

- (i) the Investor and its ultimate beneficial owners and associates;
- (ii) any parties acting in concert with the Investor and its ultimate beneficial owners; and
- (iii) the Shareholders who are involved in or interested in the Proposed Restructuring, the Whitewash Waiver and the Special Deals.

Accordingly, Maxx Capital Finance Limited, China Sun Group Holding Limited, Bright Rise Enterprises Limited, Ms. Chow Wai Man Grace, Mr. Wong Yu Man James and Ms. Wong Lau Chui Chui and Mr. Ho Chi Ping will abstain from voting on the resolutions to approve the Proposed Restructuring, the Whitewash Waiver, the Special Deals and the transactions contemplated thereunder at the EGM.

FORMATION OF THE INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, comprising all the independent non-executive Directors in compliance with Rule 2.8 of the Takeovers Code, will be formed to advise the Independent Shareholders as to whether the terms of the Proposed Restructuring, the Whitewash Waiver, and the Special Deals are fair and reasonable and in the interests of the Independent Shareholders and in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser.

The Company will appoint the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee in accordance with the requirements under the Takeovers Code on such matters. Further announcement will be made by the Company upon the appointment of the Independent Financial Adviser.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been halted with effect from 9:00 a.m. on 13 December 2022 pending the issue of this joint announcement. An application has been made for the resumption of trading in the Shares with effect from 9:00 a.m. on 16 March 2023 following the publication of this joint announcement.

The Stock Exchange would not grant the listing of, and permission to deal in new Shares where the issue of such new Shares would cause or facilitate a breach of requirement(s) under the Listing Rules. The Subscriptions will result in the public float of the Shares being below the minimum public float requirement. The grant of the listing of, and permission to deal in the New Shares is subject to the Company to put in place adequate arrangements to meet the minimum public float requirement under Rule 8.08(1) of the Listing Rules at all times before and after the Completion.

Completion is subject to the fulfilment of the conditions precedent to the Subscriptions and the Creditors' Scheme as set out in this joint announcement, including but not limited to, including but not limited to, the listing of, and permission to deal in the Subscription Shares, CB Conversion Shares and Scheme Shares having been granted by the Stock Exchange. In the event that the listing of, and permission to deal in the Subscription Shares, CB Conversion Shares and/or Scheme Shares is not granted, the Subscription Agreements and the Proposed Restructuring will not become unconditional and the Subscriptions and the Proposed Restructuring will not proceed. Accordingly, the Proposed Restructuring may or may not proceed. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.

DEFINITIONS

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

“Admitted Claims”	all Claims of the Creditors against the Company which would be admissible to prove in a winding up of the Company if an order for the winding up of the Company were made on the Effective Date and which have been admitted by the Scheme Administrators in accordance with the terms of the Creditors' Scheme
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors

“Bondholder(s)”	holder(s) of the Convertible Bonds
“Business Day(s)”	a day on which commercial banks are open for business in Hong Kong (excluding Saturdays, Sundays, public holidays and any weekday on which Typhoon Signal No. 8 or higher is hoisted or a black rain storm warning is given in Hong Kong at any time during 9:00 a.m. to 5:00 p.m.)
“Capital Reduction”	the proposed reduction of the par value of the Consolidated Shares from HK\$1.00 each to HK\$0.01 each by the reduction of HK\$0.99, giving rise to a credit balance of approximately HK\$117,022,158 to set off part of the consolidated accumulated loss of the Company
“Capital Reorganisation”	the capital reorganisation of the Company which comprises the Share Consolidation, the Increase in Authorised Share Capital and the Capital Reduction
“Cash Consideration”	an amount allocated from the net proceeds from the Subscriptions (after deducting costs and expenses in connection with or incidental to the Proposed Restructuring) of not less than HK\$160,000,000
“Cayman Court”	the Grand Court of the Cayman Islands
“CB Conversion Price”	the initial conversion price of the Convertible Bonds, being HK\$0.1772 per Conversion Share (subject to adjustments pursuant to the terms of the instrument of the Convertible Bonds)
“CB Conversion Share(s)”	New Share(s) to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds
“CB Deposit”	the deposit in the amount of HK\$5 million paid by the Investor to the Company in relation to the CB Subscription
“CB Maturity Date”	the date falling on the 3rd anniversary of the date of issue of the Convertible Bonds; and if that is not a Business Day, the Business Day immediately after such date
“CB Subscription”	the subscription of the Convertible Bonds by the Investor pursuant to the terms of the Term Sheet and the CB Subscription Agreement
“CB Subscription Agreement”	the subscription agreement dated 26 January 2023 entered into between the Company and the Investor in relation to the CB Subscription
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

“Change in Board Lot Size”	the change in board lot size for trading in the Shares from 1,000 Existing Shares to 4,000 New Shares after and conditional upon the Capital Reorganisation having become effective
“Circular”	a circular in relation to, among others, (i) the Capital Reorganisation; (ii) the Change in Board Lot Size; (iii) the Debt Restructuring by way of the Creditors’ Scheme; (iv) the Subscriptions; (v) application for the Whitewash Waiver; and (vi) the Special Deals to be despatched by the Company
“Claim”	any debt, liability or obligation of the Company as at the Effective Date, whether known or unknown, whether present or future, whether certain or contingent, whether liquidated or unliquidated and which includes without limitation a debt or liability to pay money or money’s worth, any liability under any statute or enactment, any liability for breach of trust, any liability in contract, tort or bailment and any liability arising out of an obligation to make restitution which would be admissible to proof in a compulsory winding-up of the Company under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) or, if required, the Companies Act, and any liability arising out of any legal claims, whether certain or contingent, against various third parties who have been identified
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time
“Company”	CA Cultural Technology Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1566)
“Completion”	completion of the Proposed Restructuring
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Consolidated Share(s)”	consolidated Share(s) of a par value of HK\$1.00 each of the Company upon the Share Consolidation having become effective
“controlling shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“Convertible Bonds”	the unsecured convertible bonds in the principal amount of HK\$25,000,000 to be issued by the Company to the Investor pursuant to the Term Sheet and the CB Subscription Agreement

“Creditor(s)”	any person having a Claim which is not a preferential claim (and where the Claim is only in part a preferential claim, then the Person is a Creditor only to the extent of the non-preferential portion of the Claim
“Creditors’ Scheme”	the scheme of arrangement to be entered into between the Company and the Creditor(s) pursuant to Sections 670, 671, 673 and 674 of the Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong) together with or subject to, any modification, addition or conditions approved or imposed by the High Court of Hong Kong
“Debt Restructuring”	debt restructuring of the Company by way of the Creditors’ Scheme
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the Creditors’ Scheme become effective being the latest of (i) the date of delivery of an office copy of the order of the High Court of Hong Kong sanctioning the Creditors’ Scheme to the Registrar of Companies in Hong Kong for registration; (ii) the date of the completion of the transfer of the Cash Consideration to the SchemeCo; and (iii) the date of the completion of the transfer of the Scheme Shares to the SchemeCo
“EGM”	an extraordinary general meeting of the Company to be convened and held for the purposes of, among other things, considering and, if thought fit, approving, among others, the Capital Reorganisation, the Creditors’ Scheme, the Subscriptions, the Whitewash Waiver and the Special Deals
“Escrowed Consideration”	the funds in the amount of JPY3,520,000,000 deposited by the Investor in a bank account which is currently being held in escrow for the purpose of settling the consideration of the Subscriptions
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Existing Share(s)”	Share(s) of a par value of HK\$0.10 each in the share capital of the Company before the Capital Reorganisation becoming effective
“Group”	collectively, the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Increase in Authorised Share Capital”	the proposed increase in authorised share capital of the Company from HK\$500,000,000 divided into 5,000,000,000 Existing Shares of par value HK\$0.1 each to HK\$10,000,000,000 divided into 1,000,000,000,000 New Shares of par value HK\$0.01 each
“Independent Board Committee”	the independent board committee of the Company to be formed in compliance with Rule 2.8 of the Takeovers Code to advise the Independent Shareholders in relation to the Proposed Restructuring, the Subscriptions, the Whitewash Waiver and the Special Deals
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders
“Independent Shareholder(s)”	Shareholder(s) other than: (i) the Investor, its ultimate beneficial owner and associates; (ii) any parties acting in concert with the Investor and its ultimate beneficial owner; (iii) the Shareholders who are involved in or interested in the Proposed Restructuring, the Whitewash Waiver and the Special Deals; and (iv) those who are required to abstain from voting at the EGM to consider and approve, among others, the Proposed Restructuring, the Whitewash Waiver, the Special Deals and the transactions contemplated thereunder
“Independent Third Party(ies)”	a third party independent of and not connected with the Company and/or its subsidiaries and their respective connected persons
“Investor”	Kyosei-Bank Co., Ltd., a company incorporated under the laws of Japan
“Last Trading Day”	12 December 2022, being the last day on which the Shares were traded on the Stock Exchange prior to the release of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2023 or such later date as the Parties may from time to time agree in writing
“Mr. Kenichi Yanase”	Mr. Kenichi Yanase, the sole shareholder and the ultimate beneficial owner of the Investor
“New Share(s)”	Share(s) of a par value of HK\$0.01 each in the share capital of the Company immediately after the Capital Reorganisation having become effective

“Parties”	the parties to the Term Sheet, being the Company and the Investor
“PRC”	the People’s Republic of China which, for the purposes of this joint announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Proposed Restructuring”	the proposed restructuring transactions referred under the Term Sheet and the Subscription Agreements, comprising of the Capital Reorganisation, the Change in Board Lot Size, the Debt Restructuring by way of the Creditors’ Scheme and the Subscriptions
“Scheme Administrators”	the administrators of the Creditors’ Scheme
“Scheme Assets”	the assets (comprising the Cash Consideration, the Scheme Shares and the Scheme Receivables) to be transferred to the SchemeCo from time to time for the benefits of the Scheme Creditors
“Scheme Costs”	costs, charges, expenses and disbursements properly incurred after the Effective Date in connection with the administration and implementation of the Creditors’ Scheme including the fees and remuneration of the Scheme Administrators and the adjudicator
“Scheme Creditors”	all Creditors with Admitted Claims
“Scheme Receivables”	the account receivables due and owing from such debtors to the Company and/or to the related parties
“Scheme Share(s)”	the 59,000,000 New Shares to be allotted and issued to the SchemeCo upon completion of the Proposed Restructuring as part of the Scheme Assets and for the benefits of the Scheme Creditors having considered the net liabilities position of the Company
“SchemeCo”	a special purpose vehicle to be established in Hong Kong and entirely held and controlled by the scheme administrators to hold the Scheme Assets
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of the Company from time to time
“Shareholder(s)”	holder(s) of the issued Share(s)

“Share Consolidation”	the proposed consolidation of every 10 issued Existing Shares of par value of HK\$0.10 each into one (1) issued Consolidated Share of par value of HK\$1.00
“Share Subscription”	the subscription of the Subscription Shares by the Investor pursuant to the terms of the Term Sheet and the Share Subscription Agreement
“Share Subscription Agreement”	the subscription agreement dated 26 January 2023 entered into between the Company and the Investor in relation to the Share Subscription
“Share Subscription Price”	the price of HK\$0.1772 per Subscription Share
“Special Deals”	the proposed settlement of the indebtedness due to each of the Creditors who are also Shareholders under the Creditors’ Scheme, namely, Maxx Capital Finance Limited, China Sun Group Holding Limited, Ms. Chow Wai Man Grace, Mr. Wong Yu Man James and Ms. Wong Lau Chui Chui and Mr. Ho Chi Ping, which will constitute special deals under Note 5 to Rule 25 of the Takeovers Code
“Specific Mandate”	the specific mandate to the Directors to be obtained from the Independent Shareholders at the EGM for the allotment and issue of the Scheme Shares, the Subscription Shares and the CB Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreements”	formal agreements which have been entered into by the Parties as extensions of the Term Sheet, including, the Share Subscription Agreement and the CB Subscription Agreement
“Subscription Consideration”	the consideration payable by the Investor to the Company for the Share Subscription in the sum of approximately HK\$94.06 million
“Subscription Share(s)”	the 530,800,000 New Shares to be subscribed by the Investor under the Share Subscription
“Subscriptions”	collectively, the Share Subscription and the CB Subscription
“Takeover Code”	the Hong Kong Code on Takeovers and Mergers
“Term Sheet”	the legally binding term sheet dated 12 December 2022 entered into between the Parties in relation to the Proposed Restructuring

“Whitewash Waiver” a waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Investor to make a mandatory general offer for all of the Shares not already owned or agreed to be acquired by the Investor and any parties acting in concert with it which would otherwise arise as a result of the completion of the Share Subscription

“%” per cent

For and on behalf of
Kyosei-Bank Co., Ltd.
Kenichi Yanase
Director

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

The English transliteration of the Chinese/Japanese name(s) in this joint announcement, where indicated with “”, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese/Japanese names.*

Hong Kong, 15 March 2023

As of the date of this joint announcement, the executive Directors are Mr. Chong Heung Chung Jason, Ms. Liu Moxiang and Mr. Xiong Hao, and the independent non-executive Directors are Mr. Ni Zhenliang, Mr. Wang Guozhen and Mr. Hung Muk Ming.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Investor and the parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of the Investor) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the directors of the Investor are Mr. Kenichi Yanase, Mr. Hiroshi Kaneko, Ms. Ruriko Yanase, Mr. Takahiro Haga and Mr. Kuniaki Yanase.

The directors of the Investor jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Group), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.