

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



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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORTS FOR THE YEARS ENDED 31 MARCH 2022 AND 31 MARCH 2023 AND CHANGE IN USE OF PROCEED FROM INITIAL PUBLIC OFFERING

References are made to (i) the annual reports of CA Cultural Technology Group Limited (the “**Company**”) for the years ended 31 March 2022 (the “**2022 Annual Report**”) and 31 March 2023 (the “**2023 Annual Report**”) respectively; (ii) the supplemental announcement of the Company dated 11 November 2022 (the “**Supplemental Announcement**”) in relation to the additional information provided by the Company in relation to the 2022 Annual Report; (iii) the prospectus of the Company dated 28 February 2015 (the “**Prospectus**”) in relation to the initial public offering of the Company on the Stock Exchange; and (iv) the clarification announcement of the Company dated 1 March 2022 (the “**Clarification Announcement**”) in relation to further information on the use of proceed from the initial public offering of the Company. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the 2022 Annual Report and the Supplemental Announcement.

THE OUTSTANDING SHARE OPTIONS

On 28 February 2022, the Company further granted 42,910,000 Share Options to two directors, a consultant and ten employees of the Company (the “**2022 Grant**”).

Due to miscomprehension of the requirements under Rules 17.03B(1) and 17.03(14) of the Listing Rules by the Company at the relevant time, the Company failed to regard the share options cancelled during the year ended 31 March 2018 as utilised for the purpose of calculating the scheme mandate limit. Immediately after the 12,873,240 share options were expired unexercised and forfeited on 28 February 2021, the scheme mandate limit shall be reduced to 34,328,640 shares of the Company (the “**Shares**”). Consequently, the further grant of 42,910,000 Share Options in total to two Directors, a consultant and ten employees of the Company on 28 February 2022 resulted in insufficient scheme mandate limit at the material time to satisfy the 2022 Grant, which constituted a breach of Rule 17.03(14) of the Listing Rules.

On 15 June 2022, Mr. Ting Ka Fai Jeffrey, who was one of the grantees in the Second Grant, left the position of executive Director. According to the rules of the Share Option Scheme, the 3,217,000 share options granted to him but unexercised were automatically lapsed due to the cessation of his relationship with the Group.

On 30 August 2022 and 21 April 2023, two employees who were grantees in the Second Grant, left the Group. According to the rules of the Share Option Scheme, the 6,434,000 share options in total granted to them but unexercised were automatically lapsed due to the cessation of their relationship with the Group.

Following the lapse of an aggregate of 9,651,000 share options resulting from the cessation of relationship of Mr. Ting Ka Fai Jeffrey and the two employees with the Group and up to the date of this announcement, (i) the number of outstanding Share Options has been reduced to 33,259,000, entitling the grantees thereof to subscribe for up to an aggregate of 33,259,000 Shares under the Share Option Scheme; and (ii) the Company has available scheme mandate limit to satisfy the Second Grant.

CHANGE IN USE OF PROCEED FROM INITIAL PUBLIC OFFERING

As disclosed in the Clarification Announcement, a reallocation of the planned use of Net Proceeds was made in March 2021 by reallocating HK\$25.3 million of the Net Proceeds for the Possible Investment and Acquisition to working capital and general corporate purposes in the amount of HK\$19.6 million; and repayment of bonds, interests and related expense in the amount of HK\$5.7 million. As certain acquisitions and investments of the Group made in previous years were settled by the issue of settlement shares, the Board considered that less Net Proceeds than expected were required to be utilised upon the Possible Acquisitions and Investments and decided to reallocate part of the Net Proceeds for the use of repayment of bonds, interests and related expenses to improve the financial position of the Group.

With reference to the Clarification Announcement, the unutilised Net Proceeds (the “**Unutilised Net Proceeds**”) were in the amount of approximately HK\$18.6 million and were expected to be utilised in the Possible Investment and Acquisition before 30 September 2023. As at the date of this announcement, the Unutilised Net Proceeds of approximately HK\$18.6 million remained unutilised as the Group has yet to be presented with attractive investment opportunities that allowed it to utilise the Unutilised Net Proceeds.

The Board wishes to announce that it has changed the planned use of Net Proceeds as stated in the Clarification Announcement and the 2023 Annual Report. As the Company is not likely to make the Possible Investment and Acquisition given that it is implementing a restructuring plan, the Company decides to reallocate all remaining Unutilised Net Proceeds in the amount of approximately HK\$18.6 million for general working capital and corporate purposes (the “**Change in Use of Unutilised Net Proceeds**”).

Purposes	Planned use of the Net Proceeds as stated in the Clarification Announcement <i>HK\$ million</i>	Unutilised balance brought forward as at 1 April 2022 <i>HK\$ million</i>	Reallocation during financial year ended 31 March 2023 <i>HK\$ million</i>	Planned use of the Net Proceeds after reallocation <i>HK\$ million</i>	Unutilised balance as at 31 March 2023 <i>HK\$ million</i>	Expected timeline for Unutilised Net Proceeds
For capital expenditure and working capital for JOYPOLIS in Shanghai and for use in planning the next JOYPOLIS	119.4	-	-	119.4	-	
For Possible Investment and Acquisition	64.3	18.6	(18.6)	45.7	-	
For development, production and technical enhancement of music animation concerts and the related promotional and marketing activities and the development of consignment sales business	59.7	-	-	59.7	-	
For working capital and general corporate purposes	49.5	-	18.6	68.1	18.6	1st to 3rd quarters of 2024
Repayment of bonds, interests and related expenses	5.7	-	-	5.7	-	
	<u>298.6</u>	<u>18.6</u>	<u>-</u>	<u>298.6</u>	<u>18.6</u>	

The Company expects that the Unutilised Net Proceeds will be fully utilised throughout first to third quarters of 2024. The expected timeline for using the Unutilised Net Proceeds is based on the best estimation of the commercial market situations made by the Board. It might be subject to changes based on the market conditions. Further announcement(s) in respect of change in timeline, if any, will be made by the Company in accordance with the requirements of the Listing Rules as and when appropriate to update its Shareholders and potential investors.

Shareholders and potential investors of the Company should exercise caution when they deal or contemplate to deal in the Shares.

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

Hong Kong, 30 November 2023

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