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華夏文化科技集團
CA CULTURAL TECHNOLOGY GROUP

CA CULTURAL TECHNOLOGY GROUP LIMITED

華夏文化科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01566)

- 1. EXECUTION OF THE DEED OF SETTLEMENT;**
- 2. EXECUTION OF THE DEED OF MUTUAL RELEASE; AND**
- 3. SPECIAL DEAL IN RELATION TO THE DEED OF SETTLEMENT**

BACKGROUND

References are made to the Petition Announcements.

Previous legal proceedings and claims between the Company and Maxx Capital

As mentioned in the Announcements, the Company and Maxx Capital have executed the Relevant Documents, that mainly include, (i) the Deed of Guarantee and Indemnity for the purpose of settling the aggregated debt arising from the Guarantee Note from the Company to Maxx Capital; and (ii) the 2022 Settlement Deed where the Company would pay the sum amount of HK\$25 million to Maxx Capital according to the Settlement Terms in exchange for Maxx Capital to withdraw the Petition and discontinue the corresponding legal proceedings against the Company.

The Company and Maxx Capital have the following ongoing Legal Proceedings and claims against each other:

(i) *HCCW190/2022*

The Petition on 27 May 2022 Maxx Capital filed against the Company claiming for an amount of approximately HK\$22.89 million over the Guaranteed Note and the accrued interests thereunder (i.e. the principal amount of HK\$20 million and approximately HK\$2.89 million unpaid accrued interests).

References are also made to the Company's announcements dated 1 June 2022 and 13 June 2022, among other matters, Maxx Capital entered into the 2022 Settlement Deed where it agreed to accept the Settlement Terms for the withdrawal of the Petition and discontinue the corresponding legal proceedings against the Company. Thereafter, Maxx Capital committed the Breach in relation to the 2022 Settlement Deed that give rise to the High Court to order the Strike-out of the Petition and Maxx Capital to be responsible for the Cost Order. Following the Strike-out, Maxx Capital was replaced by two supporting creditors of the Company, namely Ms. Zou Sailan and Ms. Chen Tengfang, as joint petitioners under HCCW 190/2022. As set out in the Company's announcement dated 7 May 2024, the petitions under HCCW 190/2022 were ordered by the High Court to be dismissed; and

(ii) *HCA1810/2022*

In light of the Breach, the Company commenced an action on 21 December 2022 at the High Court against Maxx Capital claiming for an amount of approximately HK\$84.52 million as compensation for the damage to the Company arising from the Breach and the refusal to withdraw the Petition.

The ongoing proposed restructuring of the Company

Meanwhile, with reference to the R3.5 Announcement, the Company proposed to implement a series of transactions contemplated under the Proposed Restructuring of the Company comprising, inter alia, a subscription of Shares that will involve an application of the Whitewash Waiver and a debt restructuring implemented by way of the Creditors' Scheme.

Having advised by, and obtained a legal advice from the counsel, Mr. Tony Ko, and Patrick Mak and Tse Solicitors (acted for the Company in HCA1810/2022) suggested that the Company has a meritorious claim against Maxx Capital (but without mentioning a recovery amount as that will be determined by the High Court's decision) based on the opinions that (i) the Judge of the High Court considered that it was an abuse of process for Maxx Capital to pursue the Petition and ordered the Strike-out; and (ii) the Company has suffered losses, damage and reputation disruptions since 2022 (owing to the Petition), the Company had excluded Maxx Capital, who was a creditor of the Company at the material time owing to the Guarantee Note, from the Creditors' Scheme to avoid unnecessary delay of the execution of the Creditors' Scheme and to reduce the risk of the Company to be placed into insolvent liquidation. Maxx Capital could not and did not cast its vote in the creditors' meeting in relation to the Creditors' Scheme that was held on 27 June 2023 and the Creditors' Scheme was sanctioned without modification by the order of the High Court on 19 March 2024.

The Assignment by Maxx Capital

On 9 February 2024, the Company was informed by Mr. Chau a business acquaintance to each of the Company and Maxx Capital, that Maxx Capital (as the assignor) and Mr. Lam (as the assignee) had entered into the Transfer Agreement on 9 February 2024 for the Assignment.

Information of Mr. Chau and the details leading up to the Transfer Agreement

Mr. Chau is a business acquaintance of the Company and he is the major creditor of Starlux Mortgage Limited and his sister is the sole beneficial owner of Starlux Mortgage Limited. Starlux Mortgage Limited is one of the Creditors, having provided a loan of HK\$20 million to the Company on 3 December 2022. The Company used such loan to settle its indebtedness arising from maturity of bonds it issued since September 2017. Since Mr. Chau is the mutual business acquaintance of the parties, he often assisted in passing messages and/or settlement proposals between the parties and resolving their differences.

As at the date of this announcement, Mr. Chau is not a Shareholder. Save for the benefits that Mr. Chau may derive from providing the said assistance in the form of dividends receivable as a Creditor under the Creditors' Scheme (that is the same as other Creditors under the Creditors' Scheme), the Company is not aware of other benefits from the Company to Mr. Chau in him resolving the disagreements between the Company and Maxx Capital.

The Company was given to understand from Mr. Chau of the followings,

- (i) Maxx Capital had the intention to sell its assets and offered the Assigned Shares and the Assigned Debt to Mr. Chau in June 2023 and November 2023 respectively. However, Mr. Chau was uninterested and so he did not take up the offer but he was willing to ask within his personal network to identify whether there will be potential buyers for Maxx Capital.
- (ii) At the end of November 2023, Mr. Chau learned, from his business acquaintance of around 20 years which had previously supplied environmental materials to Mr. Lam's company(ies) for toys manufacturing, of Mr. Lam and Mr. Lam is a supplier of the Company for a long period of time, with good understanding of the Group, may have interest in acquiring the Assigned Shares and Assigned Debt from Maxx Capital.

The Company was also given to understand from Mr. Chau and/or Mr. Lam that in early December 2023, Mr. Chau and Mr. Lam were introduced to each other and they had a discussion on the Assignment. In their discussion, Mr. Lam was told that Maxx Capital had the intention to sell its assets, thus trying to dispose the Assigned Shares and the Assigned Debt at a consideration of HK\$8 million having considered that the Proposed Restructuring has not been completed and that it is uncertain whether the Company could improve its business and financial position. Also in their discussion, Mr. Lam had shared his positive views on the Proposed Restructuring, the synergy effects and potential effects that can be brought by the Investor to the Company, the potential benefits and developments of the Company in the long term and also that he is looking forward to continue and expand his business transactions with the Company.

According to Mr. Lam, he, with his legal adviser, and the representatives of Maxx Capital have had several discussions and negotiations during late January 2024 to early February 2024 to determine the terms and conditions of the Transfer Agreement. The Transfer Agreement was finally entered into on 9 February 2024 with Mr. Chau being a witness and the consideration of HK\$8 million was settled by Mr. Lam's own fund.

The Transfer Agreement

Pursuant to the Transfer Agreement, Maxx Capital had assigned to Mr. Lam (i) the Assigned Shares, being all the Shares owned by Maxx Capital as at the material time; and (ii) the Assigned Debt for a total consideration of HK\$8 million. Following the completion of the Transfer Agreement, Mr. Lam became the legal beneficial owner of the Assigned Shares and the Assigned Debt whereas Maxx Capital is no longer a Shareholder.

1. EXECUTION OF THE DEED OF SETTLEMENT

After the Assignment, on 9 September 2024, the Company and Mr. Lam entered into the Deed of Settlement, for the purposes of, among other matters, settle the Assigned Debt.

Date 9 September 2024

Parties (i) The Company; and
(ii) Mr. Lam, a third party independent of and not connected with the Company and the parties in concert with it, confirmed to the Company that he (after replacing Maxx Capital after the Assignment) is now both a Shareholder and a creditor of the Company as at the date of this announcement.

Terms under the Deed of Settlement

In respect of the Assigned Shares and the Assigned Debt

Due to the Assignment, Mr. Lam had replaced Maxx Capital as the ultimate beneficial owner of the Assigned Shares and the creditor of the Company as the beneficial owner of the Assigned Debt which was arise from the HK\$25 million settlement amount due by the Company to Maxx Capital under the 2022 Settlement Deed.

The Assigned Shares being held by Mr. Lam (i) represent approximately 1.69% of the issued share capital of the Company as at the date of this announcement; (ii) will represent approximately 0.308% of the issued share capital of the Company after the completion of the subscriptions under the Proposed Restructuring (assuming there will be no other changes in the number of issued Shares except only 530,800,000 Shares were to be issued under the share subscription of the Proposed Restructuring); and (iii) will represent approximately 0.124% of the issued share capital of the Company after the completion of the Proposed Restructuring (assuming there will be no other changes in the number of issued Shares except for the (a) 530,800,000 Shares relating to the share subscription and 908,251,918 Shares relating to the exercising of the convertible bonds issued under the subscriptions of the Proposed Restructuring; and (b) 59,000,000 Shares issued under the Creditors' Scheme).

The Assigned Debt, based on the Company's calculation, including interests, is amounted to be approximately HK\$39.17 million as at 30 June 2024. The Company is in the process of executing the debt restructuring under the Proposed Restructuring and is considered to be impracticable for it to settle the full outstanding amount of the Assigned Debt to Mr. Lam.

In respect of Mr. Lam's Settlement Sum

In light of the situation, the Company has agreed to pay Mr. Lam the Mr. Lam's Settlement Sum, being an amount equivalent to the Assigned Debt multiplied by the rate of recovery to the Creditors, on a date within a reasonable period after the administrator of the Creditors' Scheme completing the distribution of the assets of the Creditors' Scheme after it taking effect. For illustrative purpose, having taken into account of the interests accrued in the debts to the Creditors as at 30 June 2024, the latest rate of recovery to the Creditors is estimated to be around 33.00% and thus, the recovery amount of the Assigned Debt will be in the amount of HK\$12.83 million as at 30 June 2024. The rate of recovery to the Creditors will be finalized by the administrator of the Creditors' Scheme upon completion of the distribution of the assets of the Creditors' Scheme.

Having understood that a full recovery of the Assigned Debt from the Company will be unlikely and with the aim for more returns in the long run, Mr. Lam was willing to accept a discount given that he had also enjoyed a discount in his consideration to Maxx Capital under the Transfer Agreement. Mr. Lam explained to the Company that he is willing to accept the amount of Mr. Lam's Settlement Sum and he considers the Deed of Assignment as a worthy investment because of the following reasons,

- (i) he sees upsides in helping the Company to avoid winding-up and delisting from the Stock Exchange as the Company is undergoing the Proposed Restructuring;
- (ii) upon the successful completion of the Proposed Restructuring, the Company's ongoing plans to develop its business in the theme park and animation derivative segments will gain traction in the recovering economy of the PRC and the Company's business will improve significantly which will in turn increase the value of the Assigned Shares;
- (iii) the value of the Assigned Shares and the Company's means to repay the Assigned Debt depreciates and diminishes if the Company would be wound up and/or delisted from the Stock Exchange and the haircut to the Assigned Debt will improve the Company's liquidity;
- (iv) he wishes to avoid engaging the Company in litigation for the recovery of the Assigned Debt as it will be costly and time-consuming; and
- (v) he anticipates the amount of Mr. Lam's Settlement Sum, upon determined, will be higher than the consideration of HK\$8.0 million that he paid for the Assignment.

Pursuant to the Deed of Settlement, the Company will settle Mr. Lam's Settlement Sum to Mr. Lam in exchange for Mr. Lam to fully discharge the Assigned Debt and to not take any legal action against the Company or other relevant persons and companies arising out of or in connection with the Assigned Debt.

In the event of any non-compliance by the Company to settle Mr. Lam's Settlement Sum, Mr. Lam shall be entitled to seek immediate recovery of Mr. Lam's Settlement Sum from the Company.

The Company's businesses have been improving gradually and will have more cashflow resources as a result of (i) the commencement of operations of a theme park in Hong Kong that is estimated to take place by the end of 2024 and the Company is in the process of finalizing the details of establishing more theme parks in the PRC; and (ii) the relevant construction costs of the theme parks as mentioned in (i) can be carried forward from those previously prepaid by the Company that had been written off due to suspension of construction works from 2020 to 2023. Accordingly, the Company is intended to settle Mr. Lam's Settlement Sum with its internal resources generated from its operations.

Conditions precedent to the Deed of Settlement

The Deed of Settlement and the transactions contemplated thereunder have to be made in compliance with the Takeovers Code and to obtain the consent from the Executive and the approvals from the Independent Shareholders as set out in the section headed "Implications of the Takeovers Code" of this announcement by the Company in respect of Mr. Lam's Special Deal.

Other terms under the Deed of Settlement

The settlement arrangement under the Deed of Settlement shall neither constitute nor be deemed or construed as an admission by any party thereto of any breach of any obligation of any kind or nature, but shall be construed solely for the purpose of settlement and compromise of disputed claims under the Legal Proceedings.

The Deed of Settlement and any non-contractual rights or obligations arising out of or in connection with it shall be governed by and construed in accordance with the laws of Hong Kong, the parties to the Deed of Settlement shall irrevocably submit to the non-exclusive jurisdiction of the courts of Hong Kong.

Reasons for and the benefits of the Deed of Settlement

The Company is in the process of executing the debt restructuring under the Proposed Restructuring and is considered to be impracticable for it to settle the full outstanding amount of the Assigned Debt to Mr. Lam. Also, the Creditors' Scheme has been sanctioned by the High Court and it may not be in the interests of the Company to amend the terms therein and include Mr. Lam into the Creditors' Scheme. The arrangement under the Deed of Settlement is not more favorable than the settlement proposed under the Creditors' Scheme and can significantly reduce the amount payable by the Company to Mr. Lam and is therefore considered to be in the interests of the Company and the Shareholders as a whole.

For the avoidance of doubt, should the Deed of Settlement is not approved in the Shareholders' meeting, the Company will continue to be indebted to Mr. Lam at the amount of the Assigned Debt and with interest accruing, which the Company will not be able to settle in the foreseeable future given its current financial condition. The Company will proceed with the Proposed Restructuring and continue to seek to settle its debts to Mr. Lam as soon as practicable.

2. EXECUTION OF THE DEED OF MUTUAL RELEASE

On 9 September 2024, the Company and Maxx Capital entered into the Deed of Mutual Release, pursuant to which,

Maxx Capital confirms that,

- (i) Maxx Capital fully, unconditionally and permanently released and discharged the Company of and from all claims, demands and disputes in connection with the Legal Proceedings and/or arising from the Relevant Documents;
- (ii) Maxx Capital will not take any further step to pursue any claim against the Company and all other relevant persons and companies arising out of or in connection with the same or substantially the same facts in the Relevant Documents and/or the Legal Proceedings; and
- (iii) Maxx Capital will not enforce and/or take out any new action against the Company in respect of the Legal Proceedings.

The Company confirms that

- (i) the Company fully, unconditionally and permanently released and discharged Maxx Capital of and from all claims, demands and disputes in connection with the Legal Proceedings and/or arising from the Relevant Documents;
- (ii) the Company will not take any further steps to pursue any claim against Maxx Capital arising out of or in connection with the same or substantially the same facts as set out in the Relevant Documents and/or the Legal Proceedings;

- (iii) the Company will not enforce and/or take out any new action against Maxx Capital in respect of the Relevant Documents and/or the Legal Proceedings; and
- (iv) the Company will not take any further step to execute or enforce the Cost Order dated 10 January 2023 and take all necessary steps to release, set aside and/or discharge the Garnishee Order Nisi dated 27 February 2023.

Upon execution of the Deed of Mutual Release, the Company and Maxx Capital shall take the necessary steps to dismiss or discontinue each other of and from all court action and to withdraw the relevant absolute application with no order as to costs (or the order for each party to bear its own costs) in respect of the Legal Proceedings.

Reasons for and the benefits of the Deed of Mutual Release

The High Court had ordered to freeze the bank accounts of Maxx Capital for being responsible for the Cost Order relating to the Strike-Out. The Company noted from one of the exhibits of the affirmation made by Ms. Lo Yuk Yee to the High Court the information of the bank accounts of Maxx Capital and considered that Maxx Capital may not be able to settle the compensation amount requested by the Company under HCA 1810/2022 and is possibly in financial distress. With the intention to protect the interests of the Company and the Shareholders, the Company believes the entering into of the Deed of Mutual Release will help resolve its disagreements with Maxx Capital.

Pursuant to the Deed of Mutual Release, Maxx Capital will immediately discontinue all the Legal Proceedings that it commenced against the Company. The Directors are of the view that the entering into of the Deed of Mutual Release (i) will save time and legal costs for the Company; and (ii) will allow the Board to better allocate its resources to implement the Proposed Restructuring as it is essential to its future development and therefore is beneficial to the Company and in the interests of the Company and the Shareholders as a whole.

3. INFORMATION OF MR. LAM AND THE SPECIAL DEAL IN RELATION TO THE DEED OF SETTLEMENT

Following the Assignment, and as confirmed by Mr. Lam that, he has replaced Maxx Capital to become a Shareholder and the Assigned Debt has been assigned to him.

Mr. Lam is a Hong Kong resident and he has been conducting businesses with the Group through Sino Action Industrial Limited, a company wholly-owned by Mr. Lam and is one of the major suppliers of the Group in the animation derivative products segment for over 16 years.

Based on the discussions between the Company and Mr. Lam, the Company was given to understand that based on his understanding of the operations of and satisfactory business records with the Group over the years, he considers that the Company was able to maintain its competitive advantages as a theme park and animation derivative player in the PRC despite of the difficult operation environment in the last few years. He believes that the increase in number of tourists and improved demand for animation derived merchandizes in the PRC will also support the recovery of the Company's operations. Therefore, he is optimistic in the outlook of the Group should it be able to complete the Proposed Restructuring successfully along with the recovery of the theme park and animation related entertainment industry in the PRC. The Assignment may therefore be a worthy investment in the long term should the Company's financial situation improve and may further result in an increase of business activities in terms of production orders of merchandizes and goods transactions from its suppliers. The Company understood from Mr. Lam that, save for the entering of the Transfer Agreement and was introduced to Maxx Capital through Mr. Chau as described in the section headed "The Assignment by Maxx Capital" in this announcement, he does not have any other relationship with Maxx Capital prior to the entering of the Transfer Agreement and up to the date of this announcement.

Save as disclosed in herein, Mr. Lam confirmed to the Company that he is a third party independent of and not connected with (i) the Investor and the parties acting in concert with it; (ii) Mr. Chong Heung Chung Jason, an executive Director and chairman of the Company as at the date of this announcement, and the parties acting in concert with him; and (iii) Bloom Fort Limited and the parties acting in concert with it.

Implications of the Takeovers Code

Since Mr. Lam is the ultimate beneficial owner of the Assigned Shares, representing approximately 1.69% of the issued share capital of the Company as at the date of this announcement, and the proposed settlement under the Deed of Settlement to Mr. Lam is not extended to all the other Shareholders, the execution of the Deed of Settlement, i.e. Mr. Lam's Special Deal, constitutes a special deal under Note 5 to Rule 25 of the Takeovers Code and requires (i) consent by the Executive; (ii) an independent financial adviser to public state in its opinion that the terms of the Deed of Settlement are fair and reasonable; and (iii) approval by the Independent Shareholders (and their respective associates and parties acting in concert with them) who are not interested in or involved in Mr. Lam's Special Deal and the respective transactions contemplated thereunder.

Mr. Lam and parties acting in concert with him will abstain from voting on the relevant resolutions approving the Whitewash Waiver, Other Special Deals, Mr. Lam's Special Deal and the respective transactions contemplated thereunder.

The Company confirms that apart from being a major supplier of the Group, Mr. Lam does not have other relationship (finance, personal, business or otherwise) with the Company or any of the Directors or their respective spouses.

An application will be made by the Company to the Executive for the consent to Mr. Lam's Special Deal.

In the event that the Mr. Lam’s Special Deal is not consented or approved by the Executive or it is not being duly approved by the Independent Shareholders at the general meeting of the Company, the Deed of Settlement and the transactions contemplated thereunder shall not proceed and will not affect the Proposed Restructuring.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings ascribed to them below:

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| “2022 Settlement Deed” | a deed of settlement dated 31 May 2022 entered into between the Company and Maxx Capital and pursuant to which, the Company would repay Maxx Capital under the Settlement Terms and Maxx Capital would withdraw the Petition it filed against the Company |
| “Assigned Debt” | the debt/settlement due from the Company to Maxx Capital arising from the Legal Proceedings and/or the Relevant Documents in the amount of approximately HK\$39.17 million as at 30 June 2024 |
| “Assigned Shares” | the 20,000,000 Shares assigned from Maxx Capital to Mr. Lam as a result of the Assignment |
| “Assignment” | the assignment under the Transfer Agreement, pursuant to which, Maxx Capital as the assignor had assigned the Assigned Shares and the Assigned Debt to Mr. Lam as the assignee |
| “Breach” | Maxx Capital’s breaching of the obligations set out under the 2022 Settlement Deed, (i.e. refusing to accept the payments from the Company and withdraw the Petition) |
| “Bright Rise” | Bright Rise Enterprise Limited, a company ultimately beneficial owned by Mr. Chong Heung Chung Jason, an executive Director and the chairman of the Company |
| “Circular” | a circular that will be despatched by the Company to the Shareholders including the information in relation to, among others, (i) the Proposed Restructuring, the Whitewash Waiver, the Other Special Deals and the respective transactions contemplated thereunder; (ii) Mr. Lam’s Special Deal and the respective transactions contemplated thereunder; (iii) a letter from the Independent Board Committee and a letter of advice from the Independent Financial Adviser in relation to the Proposed Restructuring, the Whitewash Waiver, the Other Special Deals and Mr. Lam’s Special Deal; and (iv) a notice convening the EGM |

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| “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) |
| “Cost Order” | the cost order made by the High Court on 10 January 2023 in relation to the Company’s application for the Strike-out |
| “Creditor(s)” | the creditors of the Company, who has been deemed eligible by the Company and/or the scheme administrator of the Creditors’ Scheme, under the Creditors’ Scheme |
| “Creditors’ Scheme” | the scheme of arrangement to be entered into between the Company and the Creditor(s) in relation to the debt restructuring of the Company and it has been sanctioned on 19 March 2024 by the High Court as at the date of this announcement |
| “Deed of Guarantee and Indemnity” | a deed of guarantee and indemnity dated 29 October 2021 entered into between the Company and Maxx Capital in favor of Maxx Capital to guarantee the Guarantee Note |
| “Deed of Mutual Release” | a deed of mutual release dated 9 September 2024 entered into between the Company and Maxx Capital, for the Company and Maxx Capital to, among other matters, release and discharge each other of and from all claims, demands and disputes in connection with the Legal Proceedings or arising from the Relevant Documents |
| “Deed of Settlement” | a deed of settlement dated 9 September 2024 entered into between the Company and Mr. Lam in relation to the settlement of the Assigned Debt |
| “Director(s)” | the director(s) of the Company |
| “Executive” | the Executive Director of the Corporate Finance Division of the SFC or any of his delegates |
| “Garnishee Order Nisi” | the garnishee order nisi dated 27 February 2023 in relation to the Cost Order owed by Maxx Capital to the Company under the order of High Court |
| “Group” | the Company and its subsidiaries |
| “Guarantee Note” | the secured guarantee note issued by Bright Rise and purchased by Maxx Capital on 24 September 2021 and the principal amount of HK\$20 million provided by Maxx Capital was then fully utilized by the Company to settle its outstanding debts resulted from the maturity of certain bonds it issued in September 2017 |
| “High Court” | High Court of Hong Kong |

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| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People Republic of China |
| “Independent Shareholder(s)” | the Shareholder(s) other than Mr. Lam and the parties acting in concert with him who are required to abstain from voting on the resolution(s) approving the Deed of Settlement, Mr. Lam’s Special Deal and the transactions contemplated thereunder |
| “Investor” | Kyosei-Bank Co., Ltd., a company incorporated under the laws of Japan, the subscriber of the proposed subscriptions as stated in an announcement jointly issued by itself and the Company on 15 March 2023 in respect of the Proposed Restructuring |
| “Legal Proceedings” | the ongoing claims and legal proceedings between the Company and Maxx Capital, referring to the Petition (HCCW190/2022) and the action (HCA1810/2022) and their details are disclosed under the section headed “Background” in this announcement |
| “Maxx Capital” | Maxx Capital Finance Limited, beneficially owned by Ms. Lo Yuk Yee, is a company incorporated under the laws of Hong Kong and is the assignor of the Transfer Agreement |
| “Mr. Chau” | Mr. Chau Ngai Fung, a business acquaintance to Maxx Capital and the Company, who is also a major creditor of Starlux Mortgage Limited (a Creditor with a claim amount of approximately HK\$25.49 million as at the date of this announcement) for providing a borrowing to the Company on 3 December 2022 for the purpose to settle the Company’s indebtedness |
| “Mr. Lam” | Mr. Lam Siu Leung, the assignee of the Transfer Agreement and is the beneficial owner of Sino Action Industrial Limited, a major supplier of the Company |
| “Mr. Lam’s Settlement Sum” | the amount equivalent to the Assigned Debt multiplied by the rate of recovery to the Creditors |
| “Mr. Lam’s Special Deal” | the proposed settlement under the Deed of Settlement of the indebtedness due to Mr. Lam who became a Shareholder as a result of the Assignment, which will constitute a special deal under Note 5 to Rule 25 of the Takeovers Code |
| “Other Special Deals” | the other special deals under Note 5 to Rule 25 of the Takeovers Code constituted by the Company in relation to the proposed settlement of the indebtedness due to each of the Creditors who are also Shareholders under the Creditors’ Scheme, the details of which are set out in the R3.5 Announcement |

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| “Petition” | the winding-up petition filed to the High Court by Maxx Capital against the Company on 27 May 2022 |
| “Petition Announcements” | the announcements issued by the Company on 1 June 2022, 8 June 2022, 13 June 2022, 23 June 2022, 18 July 2022, 21 July 2022, 26 July 2022, 25 October 2022, 30 November 2022 and 23 December 2022 in relation to, among other things, the winding-up petitions filed against the Company |
| “Proposed Restructuring” | the ongoing proposed restructuring transactions of the Company as at the date of this announcement as set out in the R3.5 Announcement, comprising of, inter alia, a subscription of Shares that involves an application of the whitewash waiver from the Executive of SFC and a debt restructuring implemented by way of the Creditors’ Scheme |
| “R3.5 Announcement” | the announcement jointly issued by the Company and the Investor on 15 March 2023 in relation to the Proposed Restructuring |
| “Relevant Documents” | the Deed of Guarantee and Indemnity and the 2022 Settlement Deed |
| “Settlement Terms” | the terms agreed by the Company under the 2022 Settlement Agreement which was to pay Maxx Capital the sum amount of HK\$25 million over eight installments throughout May 2022 to December 2022 |
| “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) |
| “Strike-out” | the striking out of the Petition by the order of the High Court on 16 January 2023 |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers |
| “Transfer Agreement” | a transfer agreement dated 9 February 2024 entered into between Maxx Capital and Mr. Lam in respect of the Assignment |
| “Whitewash Waiver” | a waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code |
| “%” | per cent |

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

Hong Kong, 9 September 2024

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.

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