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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)

CLARIFICATION ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT 2021

References are made to the section headed “Future plans and use of net proceeds from the Global Offering” of the prospectus of CA Cultural Technology Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 28 February 2015 (the “**Prospectus**”) and the section headed “Use of Proceeds From the Global Offering” in the annual report of the Company for the year ended 31 March 2021 (the “**2021 Annual Report**”) in relation to, among others, the use of proceeds (the “**Use of Proceeds**”) raised from the listing of shares of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 12 March 2015 (the “**Listing**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Prospectus and the 2021 Annual Report, respectively.

This announcement is made to provide clarification information to the 2021 Annual Report and an update to the Use of Proceeds.

USE OF PROCEEDS

The net proceeds of the Listing (after deducting underwriting fee and the relevant expenses payable by the Group in connection to the Listing) (the “**Net Proceeds**”) amounted to approximately HK\$298.6 million. As at 31 March 2021, a total amount of approximately HK\$252.7 million out of the Net Proceeds had been utilised by the Group and the remaining balance of the Net Proceeds is approximately HK\$45.9 million.

In addition to the information disclosed in the section headed “Use of Proceeds From the Global Offering” in the 2021 Annual Report, the Board would like to provide additional information pursuant to paragraphs 11(8) of Appendix 16 to the Listing Rules in relation to the use of Net Proceeds as follows:

Purposes	Planned use of the Net Proceeds		Reallocation		Planned use of the Net Proceeds after reallocation		Actual utilised amount brought forward	Actual utilised amount for the year ended 31 March 2021	Actual utilised amount carried forward	Unutilised balance as at 31 March 2021	Actual utilised amount up to 31 December 2021	Unutilised balance as at 31 December 2021	Expected timeline for unutilized Net Proceeds
	%	HK\$ million	HK\$ million	%	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	
For contribution for the capital expenditure and the working capital for Shanghai JOYPOLIS and for use in planning the next JOYPOLIS	40.0	119.4	-	40.0	119.4	119.4	-	119.4	-	119.4	-	-	
For possible investment in, acquisition of, and/or formation of strategic cooperation with, domestic or international companies which operate animation-related businesses, including without limitation, animation-related event organisers, mobile and internet applications developers and animation-related multi-media platforms, subject to the approval of the investment committee of the Board (the “Possible Investment and Acquisition”)	30.0	89.6	(25.3)	21.5	64.3	42.0	0.2	42.2	22.1	45.7	18.6		Before 30 September 2023
For the development, production and technical enhancement of music animation concerts and the related promotional and marketing activities and the development of consignment sales business	20.0	59.7	-	20.0	59.7	59.7	-	59.7	-	59.7	-	-	
For working capital and general corporate purposes	10.0	29.9	19.6	16.6	49.5	29.9	-	29.9	19.6	49.5	-	-	
Repayment of bonds, interests and related expenses	-	-	5.7	1.9	5.7	-	1.5	1.5	4.2	5.7	-	-	
	<u>100.0</u>	<u>298.6</u>	<u>-</u>	<u>100.0</u>	<u>298.6</u>	<u>251.0</u>	<u>1.7</u>	<u>252.7</u>	<u>45.9</u>	<u>280.0</u>	<u>18.6</u>		

The Board has changed the planned use of Net Proceeds as stated in the Prospectus and the 2021 Annual Report. 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 considers that less Net Proceeds than expected are required to be utilised upon the Possible Acquisitions and Investments in future. Furthermore, it would be more beneficial for the Group to improve its financial position by reallocating part of the Net Proceeds for the use of repayment of bonds, interests and related expenses, which would lower the Group's gearing ratio. Certain portion of Net Proceeds has been reallocated for working capital and general corporate purposes owing the expansion of the Group by employing more staff and increased costs of operations of the Group since 2015. 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.

The Board confirmed that the supplemental information provided in this announcement does not affect any other information contained in the 2021 Annual Report and, save as disclosed above, the contents of the 2021 Annual Report remain unchanged.

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

Hong Kong, 1 March 2022

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