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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)

KEY FINDINGS OF THE INDEPENDENT INVESTIGATION AND CONTINUED SUSPENSION OF TRADING

This announcement is made by CA Cultural Technology Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to (a) the announcement of the Company dated 21 November 2024 in relation to the trading halt; (b) the inside information announcement of the Company dated 13 December 2024; (c) the inside information announcement of the Company dated 10 January 2025 in relation to the Company’s intention to conduct an independent forensic investigation (the “**Investigation**”) into the background and commercial rationale of various transactions entered into with various parties, including those which eventually led to the impairments made in the financial year of 2022 and 2023 (the “**Transactions**”); (d) resumption guidance and additional resumption guidance announcements of the Company dated 28 January 2025 and 7 July 2025; and (e) the quarterly update announcements of the Company on status of resumption dated 20 February 2025, 20 May 2025, 20 August 2025, 24 November 2025, 24 February 2026 and 17 June 2026 (collectively, the “**Announcements**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

BACKGROUND

As stated in the resumption guidance announcement of the Company dated 28 January 2025, the Company received the following Resumption Guidance, among others:

1. conduct an appropriate independent forensic investigation into the Transactions with a view to identifying whether there were any improper transactions, assess the impact on the Company's business operation and financial position, announce the findings and take appropriate remedial actions ("**Resumption Guidance (a)**");
2. demonstrate that there is no reasonable regulatory concern about the integrity, competence and/or character of the Group's management and/or any persons with substantial influence over the Group's management and operations, which may pose a risk to investors and damage market confidence ("**Resumption Guidance (b)**"); and
3. inform the market of all material information for the Company's shareholders and other investors to appraise the Company's position.

On 3 March 2025, the Board resolved to establish the Independent Committee, comprising all three independent non-executive Directors, to oversee the Investigation and the Internal Control Review.

On 6 March 2025, the Independent Committee and the Board resolved to appoint Prism Hong Kong Limited as the Independent Investigator to conduct the Investigation into the Transactions. The Investigation covered:-

- (i) the background information and commercial rationale for entering into a project management contract (the "**Project Management Contract**") with China Elite Consultants Limited (the "**Consultant**") ("**Matter 1**");
- (ii) the fund flows between the Group's management and the Group and the Group's financial status during the period corresponding to Matter 1, being matters associated with Matter 1 to confirm the integrity of the directors responsible for decision-making during a period of declining core business revenue and significant debt pressure ("**Matter 2**");
- (iii) the disputes involving external parties regarding the alleged short-selling of the Company's shares and their attempts to gain control of the Board, including the determination of whether Matter 1 was also part of a malicious scheme by such external parties against the Group ("**Matter 3**"); and

- (iv) the background and commercial rationale for entering into various transactions leading to impairments in the 2022 and 2023 financial years, and whether the Directors have carefully assessed the payment and settlement terms to protect the interests of the Company's shareholders (collectively "**Matters 4 to 20**").

The Independent Investigator has completed the Investigation and issued two reports (collectively, the "**Investigation Reports**"): the Phase 1 Report dated 2 March 2026, covering Matters 1 to 3; and the Phase 2 Report dated 27 July 2026, covering Matters 4 to 20.

On 7 August 2026, the Independent Committee reported the findings of the Investigation Reports to the Board. The Board reviewed and adopted the Investigation Reports on the same date.

The purpose of this announcement is to provide the Shareholders and potential investors of the Company with key findings of the Investigation Reports and the views of the Independent Committee and the Board on the Investigation Reports.

KEY FINDINGS OF THE INDEPENDENT INVESTIGATION

Major procedures executed by the Independent Investigator

The major investigation procedures executed by the Independent Investigator in relation to the Investigation include, but are not limited to, the following:

- (a) obtaining and analysing the Group's financial statements, accounting records, bank transaction records, and relevant supporting documents (including payment application forms, bank transfer receipts, invoices, and debt agreements);
- (b) obtaining and reviewing relevant internal control policies (such as the contract approval system, seal management system, and capital expenditure management measures), meeting minutes, and project contracts;
- (c) conducting background checks against relevant counterparties, companies, and individuals involved in the Transactions through public platforms (such as the National Enterprise Credit Information Publicity System and other third-party commercial data platforms), which included verifying industrial and commercial registration information, ownership structures, ultimate beneficial owners (UBOs), address and contact information, personnel relationships, and litigation records;

- (d) collecting and analysing electronic data from the computers and mobile phones of selected directors, management, and other officers of the Group (involving the extraction of 22.20 GB of effective data), and conducting targeted keyword searches and forensic reviews across emails, instant messaging applications (including WeChat and WhatsApp), and local storage files;
- (e) conducting fact-finding interviews with selected internal personnel of the Group, including current directors, management, finance personnel, and other relevant officers; and
- (f) conducting fact-finding interviews with external third parties, including the responsible persons or representatives of the relevant counterparties to the Transactions.

Phase 1 Findings

Based on the Phase 1 Investigation Report, the key findings of the Independent Investigator in relation to Matters 1 to 3 are as follows:

Matter 1: The Project Management Contract with the Consultant

On 21 September 2021, a subsidiary of the Company entered into the Project Management Contract with the Consultant, pursuant to which the Consultant was appointed to facilitate the Group's expansion of theme parks in Southeast Asia (the "**Thailand Project**"), particularly with a multinational conglomerate in Southeast Asia (the "**Target Partner**"). A prepayment of HK\$50 million was paid to the Consultant.

The key findings of the Investigation in relation to the Project Management Contract and the Thailand Project are summarised as follows:-

1. Background and commercial rationale

Between 2018 and 2021, the Group's business revenue was severely impacted by the pandemic, creating an urgent need to introduce new investors and expand new businesses. The cooperation with the Target Partner was viewed as a strategic move to acquire high-quality commercial venue resources with a high-quality potential business partner in Southeast Asia.

On 9 March 2021, a memorandum of understanding was signed between the Group, a subsidiary of the Target Partner, and ACCP Global Limited ("**ACCP Global**") regarding the joint development and promotion of e-commerce platforms and theme park brands. The Consultant acted as the key intermediary in introducing the Target Partner to the Group for cooperation on the Thailand Project.

2. *Contract details and prepayment*

Under the Project Management Contract, the Consultant was engaged to supervise, manage, and accelerate the completion of one of three planned flagship stores.

Based on comparable past projects, the Group estimated the total investment for the Thailand Project at HK\$156 million. The Group was required to make a prepayment of HK\$50 million. The Project Management Contract specified that the prepayment was to be used for future project expenses and project management service fees.

3. *Fund raising and flow*

Understanding the Group's funding needs, the Consultant coordinated and arranged for an individual to assist the Group in raising funds through a bond issuance.

On 17 September 2021, five individual bond subscribers entered into agreements to subscribe to a total of HK\$50 million in fixed-income notes. The Company understood that the bond investors proposed that the funds be exclusively used for the theme park construction project.

The HK\$50 million bond proceeds were deposited into the Group's bank account on 29 September 2021 and were subsequently transferred to the Consultant as a prepayment on 30 September 2021.

4. *Internal controls and background checks*

The Independent Investigator conducted background checks and compared shareholding structures, and did not find any connected relationship between the Group and the Consultant or its ultimate beneficial owner.

The payment approval process followed the Group's internal control procedures. The payment application was properly reviewed and approved by the relevant management in accordance with the applicable internal control policies of the Company.

The investigation found no evidence of misappropriation, embezzlement, or financial falsification by the Group's management in relation to this contract.

5. *Project status and remedial actions*

On 6 October 2021, the Company suffered a targeted short-selling and negative public opinion attack, which negatively affected the Target Partner's confidence in cooperating with the Group. Following the delay, the representative of the five bond subscribers (who subscribed the HK\$50 million fixed income notes issued by the Company in September 2021) introduced new theme park development projects in PRC to the Company, which can be developed by utilising the HK\$50 million deposits previously made by the Company.

As the Consultant did not make substantive contributions to the agreed matters, the Group established a receivables collection committee (應收款催收委員會) (the **"Receivables Collection Committee"**) in December 2022 to monitor recovery. Legal advisers have been engaged by the Group to seek to, amongst other things, recover payment and the Group reserved the right to take legal action.

Matter 2: Financial Support from Director

From 2018 to 2021, the Group faced a liquidity crisis resulting from a long-term accumulation of business decline and a structural debt imbalance. Mr. Chong Heung Chung Jason (**"Mr. Chong"**), an executive Director, provided financial support to the Group during this period.

The key findings of the Investigation in relation to the financial support and guarantees provided by Mr. Chong are summarised as follows:-

1. *Background of the liquidity crisis*

Between 2018 and 2021, the Group's operating revenue experienced a continuous decline of approximately 54.42%, with revenue from the core indoor theme park segment completely disappearing after 2019.

In addition to the operational downturn, the Group faced short-term repayment pressure from a HK\$200 million 7.5% secured guaranteed note issued by a subsidiary of the Group in September 2017. As of September 2021, HK\$80 million of this note remained outstanding, and its creditor repeatedly issued demands for immediate repayment.

2. *Details and source of the funding support*

The investigation confirmed that Mr. Chong provided cumulative financial support amounting to HK\$81,954,820.82 to the Company during the relevant period. These funds were channelled through two corporate entities controlled by him (**"Controlled Entity A"** and **"Controlled Entity B"**).

The Independent Investigator traced the source of these funds to Mr. Chong's personal disposal of real estate assets (specifically, industrial parks in Huizhou and Shenzhen), which generated proceeds of RMB435,125,558.75.

3. *Nature and use of funds*

The financial support was provided without any formal loan agreements, interest charges, collateral requirements, or fixed repayment schedules. In the Company's financial statements for the relevant years, these funds were disclosed as an "amount due to a director".

The Investigation confirmed that the HK\$81,954,820.82 was utilized as follows:

- a. HK\$64,242,079.00 for the repayment of debts and interest;
- b. HK\$8,662,300.56 for the Company's operational expenses and liquidity adjustment; and
- c. HK\$9,050,441.26 for fees charged by legal advisers and professional consultants.

The Independent Investigator found no evidence that the funds were misappropriated or used for other purposes.

4. *Provision of personal guarantees*

To resolve the immediate HK\$80 million debt crisis triggered by the 2017 noteholder in September 2021, Mr. Chong coordinated external funding and facilitated short-term bridge financing totaling HK\$80 million from four third-party lenders (comprising two corporate lenders and two individual lenders, collectively the "**Lenders**").

To secure these loans for the Company, Mr. Chong provided personal guarantees and pledged shares of the Company held by Controlled Entity B.

5. *Investigation conclusion*

The Independent Investigator found no evidence indicating that Mr. Chong obtained any consideration or personal benefit for providing the funds and guarantees mentioned above.

Matter 3: Alleged Short-selling and Disputes

From 2021 to 2022, the Company was involved in disputes with:

- ACCP Global and its ultimate beneficial owner, Mr. Lau Wang Chi Barry; and
- Maxx Capital Finance Limited (“**Maxx Capital**”) and its sole natural person director (“**Individual B**”).

The key findings of the Investigation in relation to these disputes are summarised as follows:-

1. Share subscription default and alleged short-selling (Mr. Lau Wang Chi Barry and ACCP Global)

On 1 September 2021, the Company entered into a share subscription agreement with ACCP Global to subscribe to 86,000,000 new shares at HK\$2.50 per share, totalling HK\$215 million.

On 29 September 2021, the Company transferred a first batch of 40,000,000 shares to ACCP Global’s designated broker account. However, ACCP Global failed to pay the corresponding HK\$100 million consideration in accordance with the agreement.

On 4 October 2021, the Group’s management demanded payment and intended to cancel the placement due to breach of the agreement. Mr. Lau Wang Chi Barry subsequently signed transfer instructions purportedly to remit HK\$50 million to the Group.

On 6 October 2021, 20,000,000 shares were transferred out of ACCP Global’s broker account following Mr. Lau Wang Chi Barry’s instructions. On the same day, the Company’s share price experienced a severe drop of 76.54%.

On 7 October 2021, Mr. Lau Wang Chi Barry allegedly admitted via a WeChat message that he had recalled the HK\$50 million payment instruction, meaning no subscription funds were ever actually remitted to the Company.

The Company has since initiated legal proceedings against Mr. Lau Wang Chi Barry, ACCP Global, and the relevant broker, and applied to freeze ACCP Global’s assets.

2. *Winding-up petition and legal proceedings (Individual B and Maxx Capital)*

In September 2021, Maxx Capital provided a HK\$20 million secured guaranteed note to the Group.

Following the share price crash in October 2021, the Company encountered liquidity issues, and in May 2022, while the Company was preparing to implement a rights issue (which was fully underwritten) and introduce state-owned enterprise investors for debt restructuring, Individual B (through Maxx Capital) filed a winding-up petition against the Company. This petition resulted in the freezing of the Company's bank accounts and the termination of the rights issue.

On 31 May 2022, a settlement deed was signed between the Company and Maxx Capital. However, Individual B refused to withdraw the winding-up petition and this directly led to the Company running out of funds and the rights issue failing.

On 20 December 2022, the High Court struck out the winding-up petition, ruling that the settlement deed had effectively discharged the original debt.

Phase 2 Findings

Based on the Phase 2 Investigation Report, the key findings of the Independent Investigator in relation to Matters 4 to 20 are as follows:

Matters 4–9: Prepayments for Theme Park Construction

In 2018, the Group entered into contracts (the “**Theme Park Contracts**”) with six independent third-party contractors, namely Arto Design Construction Limited (“**Arto Design**”), Green Metro Holdings Limited* (翠都控股有限公司) (“**Green Metro**”), Huizhou Jinfeng Construction Engineering Co., Ltd.* (惠州金豐建築工程有限公司) (“**Jinfeng**”), Shenzhen Meijiating Decoration Co., Ltd.* (深圳市美佳庭裝飾有限公司) (“**Meijiating**”), Hong Kong Toyo Alumi Company Limited (“**Toyo**”) and Wealth Gather Enterprise Limited* (集豐企業有限公司) (“**Wealth Gather**”) (collectively, the “**Contractors**”) for the construction of Wonder Forest and Joypolis theme parks across China. Prepayments totalling approximately HK\$315 million were made.

Details of the aforementioned prepayments are as follows:

Contractor	Total contract sum	Prepayment amount paid	Total accumulated impairment (financial years 2021/22 and 2022/23)
Arto Design (Matter 4)	HK\$43,200,000	HK\$43,200,000	HK\$40,859,500
Green Metro (Matter 5)	HK\$89,824,900	HK\$52,866,000	HK\$50,326,000
Jinfeng (Matter 6)	HK\$128,950,000	HK\$42,800,000	HK\$42,050,000
Meijiating (Matter 7)	HK\$47,550,000	HK\$47,550,000	HK\$45,060,500
Toyo (Matter 8)	HK\$72,911,000	HK\$72,911,560*	HK\$67,000,560
Wealth Gather (Matter 9)	HK\$149,350,000	HK\$55,460,000	HK\$52,830,030

* Note for Matter 8: The contract sum was HK\$72,911,000, but the actual amount paid by the Group was HK\$72,911,560 due to a HK\$560 bank fee difference.

The key findings of the Investigation in relation to the Theme Park Contracts and the prepayments are summarised as follows:-

1. Background and commercial rationale

Following the acquisition of the Sega Live Creation business (subsequently renamed CA Sega Joypolis Limited) from Sega Sammy Holdings in the first quarter of 2017, the Group planned to rapidly expand its theme park footprint in China using the “CA Sega Joypolis” and “CA Sega Wonder Forest” brands.

The Group prepared detailed commercial business plans for various regions, outlining the strategic background, implementation models, investment budgets, and initial financial projections.

The prepayments made by the Group were found to be in line with industry practice and the Group’s historical experience with similar projects. These prepayments were primarily intended for the procurement of construction materials and equipment, which accounted for approximately 80% to 90% of the prepayment amounts, with the specific sum to be determined based on the actual bill of materials and budget breakdown.

2. *Internal controls and background checks*

Prior to engagement, the Group's business development and investment development departments conducted due diligence procedures on the Contractors, which included, but are not limited to, conducting a risk assessment; conducting on-site inspections of the supplier's ongoing construction projects; reviewing relevant qualification documents; consulting with the third party that introduced the supplier regarding their past cooperation; and consulting with upstream and downstream enterprises in the industry regarding their market reputation and performance capability.

The risk assessments on the Contractors were conducted across ten categories: engineering experience and track record, technical qualifications, safety management, project management, resources and equipment, client feedback, industry reputation, organisational structure, collaboration and coordination, and quality management and inspection.

The Independent Investigator conducted background checks on the corporate and shareholding structures of each of the six Contractors and found no connected relationships between the Group's management or Directors and the ultimate beneficial owners of the Contractors.

The approval processes for the Theme Park Contracts and the corresponding prepayments generally followed the Group's internal control procedures applicable at the time, and no evidence of fraud, misappropriation of funds, or financial falsification by the Group's management was identified.

3. *Project delays and impairments*

Initial works were carried out and construction materials were procured. However, starting in 2020, the projects faced severe delays and suspensions.

The Independent Investigator found that the failure to fulfil construction obligations on time was primarily driven by the unprecedented impact of the COVID-19 pandemic and changes in government policies affecting the cultural tourism and property sectors.

Because the counterparties faced severe financial pressure and were unable to refund the prepayments upon the Group's demands, the Group recognized impairments on the prepayments in the 2021/22 and 2022/23 financial years. These impairments were based appropriately on management's judgment and consistent with independent expected credit loss valuation reports.

4. Remedial actions and project restarts

The Group engaged external legal counsel, who advised that initiating immediate litigation could lead to the liquidation of the Contractors, thereby limiting actual recovery and increasing legal costs.

Consequently, the Group pursued a commercial resolution and entered into "Project Restart Agreements" with the Contractors between October 2023 and April 2024. Under these arrangements, the Contractors agreed to resume construction (with adjustments to scope, sequence and location of construction) and to offset the outstanding prepayments against the new construction costs.

The Independent Investigator conducted site visits and verified that several projects, including Joypolis and Wonder Forest theme parks in Shanghai and Hong Kong, have already been completed, delivered and put into normal operation under these new arrangements.

Matters 10–14: Disposal of Intangible Assets and Equipment

Between 2019 and 2020, the Group entered into agreements to sell certain intangible assets (such as VR game copyrights and animation character IPs) and production equipment to five independent third-party purchasers, namely Arto Design, Red Perfect International Ltd (**"Red Perfect"**)* (彤富國際有限公司), State Shine (Hong Kong) Ltd (**"State Shine"**), Hui Zhou Hua Teng Chang Toy Co., Ltd.* (惠州市華騰昌玩具有限公司) (**"Hua Teng Chang"**), and Wealth Gather (collectively, the **"Purchasers"**) (the **"Disposals"**).

Details of the amounts received and impairments recognized by the Group are as follows:

Purchaser	Total contract sum (disposal price)	Upfront consideration received	Total accumulated impairment (as of 31 March 2023)
Arto Design (Matter 10)	HK\$30,623,000	HK\$1,531,150	HK\$29,091,850
Red Perfect (Matter 11)	HK\$73,800,000	HK\$3,690,000	HK\$70,110,000
State Shine (Matter 12)	HK\$81,404,000	HK\$4,070,200	HK\$77,333,800
Hua Teng Chang (Matter 13)	RMB68,000,000 (approx. HK\$83,861,000)	HK\$0	HK\$77,720,600
Wealth Gather (Matter 14)	HK\$60,397,305	HK\$8,542,629	HK\$44,128,728

The key findings of the Investigation in relation to the Disposals are summarised as follows:-

1. Background and commercial rationale

The Disposals were part of the Group's strategy to transition to an asset-light business model.

By monetizing non-core assets, the Group intended to reduce its reliance on heavy production, recover research and development funds, accelerate cash flow, and refocus its resources on IP licensing, trade orders, and theme park operations.

Furthermore, the payment terms generally allowed the Purchasers a specific timeframe (e.g., one year or a defined period after meeting sales conditions) to develop the IPs or utilize the equipment, which was consistent with historical industry practices aimed at facilitating the commercialization of IP assets.

2. Due diligence and internal controls

Prior to executing the Disposals, the Group's business development department conducted background checks and risk assessments on the Purchasers, evaluating their creditworthiness and reputation, capability and expertise, financial strength, legal compliance, market expansion and marketing capabilities, and shared vision and compatibility.

The Independent Investigator confirmed that there were no connected relationships between the Group's directors or senior management and the ultimate beneficial owners of the Purchasers.

The approval processes for the disposal contracts, including board discussions and the application of company chops, complied with the Group's internal control procedures applicable at the time.

3. *Pandemic impact and default*

Following the execution of the agreements, the unprecedented outbreak of the COVID-19 pandemic severely disrupted global supply chains, offline VR gaming operations, and the manufacturing sectors. As a result, the Purchasers experienced significant operational and financial distress and failed to pay the agreed consideration to the Group within the agreed timelines.

4. *Impairments*

Due to the prolonged defaults and the uncertainty surrounding the recoverability of the receivables, the Group, acting prudently and based on management's assessment and independent expected credit loss valuation reports, recognized impairments on these receivables in the 2021/22 and 2022/23 financial years.

5. *Remedial actions and debt offsetting*

The Group established the Receivables Collection Committee and engaged external legal counsel to issue formal demand letters to the Purchasers. Concluding that protracted litigation could force the Purchasers into liquidation and result in substantial legal costs without guaranteeing recovery, the Group pursued commercial resolutions. Between late 2023 and 2024, the Group signed payment and cooperation agreements with the Purchasers to restructure the debts:

- For the intangible asset disposals, the new agreements stipulated that the developed IPs would be deployed in the Group's Joypolis theme parks, and the revenue generated would be shared. The Purchasers' share of this revenue is now being used to directly offset their outstanding debts to the Group.
- For the production equipment disposals, the equipment was pledged back to the Group as collateral. The Purchasers were engaged to manufacture products for the Group's trade orders, with a portion of the processing fees systematically deducted to offset the outstanding purchase consideration.

The Independent Investigator noted that repayments and offsets have already commenced under these revised arrangements. The Investigator concluded that the transactions were commercially justified, the defaults were driven by external pandemic factors beyond the Group's control, and the management's remedial actions were appropriate and in the best interests of the Company.

Matters 15 to 20: Other Transactions and Residual Impairments

The Independent Investigation also covered other transactions between 2015 and 2020, including:

- Consulting services provided to Big Vantage Limited (Matter 15) and Merit Energy Limited (Matter 16) (collectively, the “**Customers**”);
- IP licensing to an independent third-party licensee (“**Licensee A**”) (Matter 17);
- VR game development cooperation with Guangzhou Bideli New Energy Co., Ltd* (廣州彼德力新能源科技有限公司) (formerly known as Guangzhou Chuan'an Electrical and Mechanical Co., Ltd* (廣州市傳安電氣機械有限責任公司) (“**GZCA**”)/ Guangzhou Lechuang Electronic Technology Co., Ltd.* (廣州市樂創電子科技有限公司) (“**GZLC**”) and Lechuang Holdings (Hong Kong) Limited (“**LCHK**”) (collectively, the “**Lechuang Group**”) (Matters 18 & 19); and
- Residual impairments of long-term assets (Matter 20).

Details of the amounts received and impairments recognized by the Group are as follows:

A. Consulting and IP licensing services

Counterparty	Total contract sum	Upfront consideration received	Total accumulated impairment
Big Vantage Limited (Matter 15)	HK\$125,000,000*	HK\$8,400,000	HK\$116,600,000
Merit Energy Limited (Matter 16)	HK\$44,000,000	HK\$4,600,000	HK\$39,400,000
Licensee A (Matter 17)	HK\$52,500,000 base + ongoing annual fees of HK\$36,750,000 from April 2021	HK\$13,387,500	HK\$58,905,000

* Note: Comprises a service agreement (HK\$40,000,000), a brand licensing agreement (HK\$56,000,000) and a conceptual planning and design contract (HK\$29,000,000).

B. VR game development investments

Developer	Total contract sum	Prepayment/ investment paid	Total accumulated impairment
GZCA/GZLC (Matter 18)	RMB4,500,000 (paid as HK\$5,358,600)	HK\$5,358,600	HK\$5,090,670
LCHK (Matter 19)	HK\$32,850,000*	HK\$32,850,000**	HK\$20,022,500

* Note for LCHK: Comprises initial VR game design and production contract of HK\$20,000,000 and HK\$12,850,000 in top-up R&D fees based on the aforesaid contract.

** Note for LCHK prepayment: Of the HK\$32,850,000 paid, the Group received HK\$377,500 in refunds.

C. Residual impairments of long-term assets (Matter 20)

Based on management's assessment of future cash flows and independent valuation reports, the Company made impairments of the Group's own long-term assets and joint ventures as to HK\$188,361,149 in FY2022 and HK\$58,800,372 in FY2023.

The key findings of the Investigation in relation to these transactions and the Group's residual impairments are summarised as follows:-

1. Background and commercial rationale

The consulting and IP licensing agreements were aligned with the Group's strategic transition towards an asset-light business model, aiming to monetize the Group's brand value and technical expertise without heavy capital expenditure.

The VR game development cooperation was intended to leverage the technical expertise of the Lechuang Group to enhance the Group's VR eSports and VR theme park offerings, satisfying an urgent need for innovative content following the opening of several direct-operated indoor parks.

2. Due diligence and internal controls

The Independent Investigator noted that the Group performed background checks and risk assessments on these counterparties prior to entering into the agreements. The Investigator found that the approval processes for these agreements, as well as the application of company chops, generally complied with the Group's internal policies at the material times. Furthermore, no connected relationships were found between the Group's management or Directors and the ultimate beneficial owners of these counterparties.

3. *Pandemic impact and default*

The Investigation found that the counterparties failed to fulfill their payment or delivery obligations in a timely manner.

For the Customers, the defaults were primarily attributed to the severe liquidity issues and project suspensions faced by real estate developers following the introduction of the “Three Red Lines” policy by the PRC government in 2020, compounded by the macroeconomic shocks of the COVID-19 pandemic.

For Licensee A and the Lechuang Group, the offline entertainment and VR markets were heavily disrupted by the pandemic, leading to business contraction, delayed game production, and an inability to fulfill payment obligations.

4. *Impairments and residual impairments*

Due to these prolonged defaults, the Group recognized impairments on the respective trade and other receivables in the 2021/22 and 2022/23 financial years based on independent valuation reports.

Under Matter 20, the Group also recognized residual impairments on its long-term assets, including joint ventures, property, plant and equipment, right-of-use assets, and intangible assets, which amounted to HK\$188,361,149 for FY2022 and HK\$58,800,372 for FY2023. The Investigation noted that these impairments did not involve complex fund flows or external transactions and were appropriately recognised based on management’s assessment of future cash flows and independent valuation reports, accurately reflecting the long-term adverse impact of the pandemic on expected operational performance.

5. *Remedial actions*

The Group established a Receivables Collection Committee to actively monitor recovery efforts and engaged external legal counsel to issue formal legal demand letters to the counterparties.

For the Lechuang Group, the Group has formally initiated civil litigation to recover the prepayments, which is currently in the settlement negotiation stage.

For the Customers and Licensee A, the Group maintains active communication and is pursuing debt recovery or exploring alternative settlements once their respective financial conditions improve, having determined that immediate forced liquidation would not maximize the Group’s recovery interests.

LIMITATIONS OF THE INDEPENDENT INVESTIGATION

A summary of the major limitations encountered by the Independent Investigator in its independent investigation is set out below.

- (a) The Independent Investigator was unable to conduct interviews with certain former directors of the Company and certain external parties, as they did not respond to the interview invitations.
- (b) The Independent Investigator was unable to obtain access to the email account of a former executive director to extract relevant email data because he could not be contacted. In addition, his previously assigned company computer had been handed over to another employee for continued use after his resignation, and certain other directors did not use company-issued computers for business matters.
- (c) During the interviews with the contractors regarding the use of prepayments, the Independent Investigator requested but was unable to obtain their complete internal financial statements or cash flow forecast data to quantitatively verify their specific repayment capabilities. As a result, the Independent Investigator had to rely on alternative procedures such as public judicial and credit information searches and historical performance evaluations.
- (d) In respect of the IP licensing to Licensee A (Matter 17), the Company was unable to provide the actual delivered file records as of the date of the report, and therefore the Independent Investigator was unable to verify the delivery outcome documents.

VIEWS OF THE INDEPENDENT INVESTIGATOR

Based on the Investigation Reports, the Independent Investigator has drawn the following overall conclusions regarding the Transactions:

- The Transactions were driven by genuine business demands and aligned with the Group's strategic transition towards an "asset-light" business model and its expansion of the theme park footprint. The disposal of non-core assets allowed the Group to monetize assets quickly and reduce operational costs, while the prepayments made for theme park constructions and project management were consistent with industry norms and the Group's historical practices.

- The Group conducted adequate due diligence and background checks on the counterparties, involving site visits, reviews of corporate registrations, and assessments of financial strength and industry reputation, prior to entering into the agreements. The approval of these transactions, including board resolutions and the application of company chops, generally complied with the Group's internal control procedures applicable at the material times.
- The counterparties and their ultimate beneficial owners were independent third parties and had no connected relationships with the Group or its management. All directors declared no personal interests during the approval processes, and the Investigation found no evidence of fraud, misappropriation of assets, or any director deriving personal benefits from the transactions.
- The failure of the counterparties to fulfil their payment or construction obligations was primarily driven by major external factors beyond the Group's control. For the theme park and asset disposal transactions, this was predominantly the severe disruptions caused by the COVID-19 pandemic on global supply chains, logistics, and offline operations. For the Thailand Project, the delay was primarily caused by the targeted short-selling attack on the Company's shares, which damaged the Target Partner's confidence. Furthermore, the disputes involving ACCP Global and Maxx Capital were not ordinary commercial defaults but involved malicious short-selling and hostile attempts by external parties to seize control of the Company.
- The impairments made by the Group regarding the relevant receivables and prepayments were carefully considered and based on the professional opinions of independent valuers.
- The management actively monitored the outstanding debts and took appropriate remedial actions, including establishing a Receivables Collection Committee and engaging lawyers to issue formal demand letters. The Group's decision to pursue commercial resolutions, such as project restart agreements and debt offsets, over immediate litigation was a reasonable strategy to maximize recovery and protect the Group's best interests, given the counterparties' financial distress and the high costs and risks associated with litigation.

VIEWS OF THE INDEPENDENT COMMITTEE

As at the date of this announcement, the Independent Committee has reviewed the contents of the Investigation Reports. The Independent Committee considered that the Independent Investigator has adequately investigated the Matters to address Resumption Guidance (a) and (b), subject to the limitations set out in the "Limitations of the Independent Investigation" section above. The Independent Committee has also considered the procedures executed by the Independent Investigator and is of the view that the Independent Investigator has exploited all reasonably practicable means to conduct the independent investigations.

Therefore, having reviewed the contents of the Investigation Reports and after due and detailed discussion, the Independent Committee is of the view that the contents and findings in the Investigation Reports are reasonable and acceptable, and that the Phase 1 Report and Phase 2 Report have adequately investigated each of the respective Matters. Accordingly, the Independent Committee recommended the Board to adopt the findings in the Investigation Reports.

Specifically, the Independent Committee is of the view that:-

1. No improprieties were identified in the Transactions investigated under the Phase 1 and Phase 2 Reports. They were conducted with clear commercial rationale and were entered into with the intent of benefiting the Group's business expansion (such as the Southeast Asia expansion with the Target Partner) and facilitating the strategic transformation towards an asset-light model. The Independent Investigator found no evidence of fraud, embezzlement, misappropriation of assets, or personal enrichment by the Directors or management. Notably, during the Group's liquidity crisis, Mr. Chong provided substantial financial support and personal guarantees without any compensation, demonstrating his commitment to maintaining the Company's sustainable operations. Furthermore, the prepayments and transactions generally followed the Group's internal approval procedures and chop management systems applicable at the time.
2. The significant financial impairments and the failure of counterparties (including the Consultant, the Contractors, the Purchasers, the Customers, Licensee A, and the Lechuang Group) to fulfil their payment or delivery obligations were primarily the result of unprecedented external macroeconomic factors beyond the management's control, specifically the severe impact of the COVID-19 pandemic and subsequent changes in government policies affecting the cultural tourism and property sectors. Similarly, the disputes and share price fluctuations investigated in the Phase 1 Report were driven by external hostile actions aimed at manipulating the Company's shares and control, rather than any management misconduct.
3. There is no reasonable regulatory concern about the integrity, competence and/or character of the Group's management and/or any persons with substantial influence over the Group's management and operations. The management has taken appropriate and proactive remedial actions to recover losses and protect the Company's interests. These include the establishment of the Receivables Collection Committee to monitor debt recovery, the issuance of demand letters to defaulting counterparties, the initiation of civil litigation where necessary, and the successful negotiation of restart agreements and debt offset arrangements to systematically recover funds through resumed project construction or revenue sharing.

4. Having considered the internal control observations identified during the investigations (such as the time lag in adopting systematic debt recovery measures during the pandemic), the Independent Committee recommended the Board to implement all rectification recommendations provided by the internal control advisor. This includes the enhancement of early warning mechanisms for potential defaults and stricter monitoring of prepayments. The Independent Committee emphasised that the management of the Group should ensure ongoing compliance with the applicable Listing Rules and internal control policies in its future operations.

VIEWS OF THE BOARD

The Board considered the procedures executed by the Independent Investigator (including document review, forensic data analysis, background checks, and interviews) and the limitations encountered by the Independent Investigator in its independent investigations. The Board has reviewed the contents of the Investigation Reports and concurred with the Independent Committee that the contents and findings in the Investigation Reports are reasonable and acceptable. The Board is of the view that the Phase 1 Report and Phase 2 Report have adequately addressed the concerns raised regarding Resumption Guidance (a) and (b).

The Board has resolved to accept and adopt the findings of the Independent Investigation. The Group's business operations continue as usual in all material respects despite the suspension of trading of shares of the Company since 21 November 2024.

REMEDIAL MEASURES

The Company emphasises that the management has taken appropriate and proactive remedial actions to recover losses and protect the Company's interests. These measures include:-

1. Establishing the Receivables Collection Committee to monitor and enforce the recovery of outstanding debts.
2. Issuing legal demand letters to counterparties who have defaulted on payments.
3. Entering into restart agreements with major contractors and repayment agreements with debtors to recover funds through resumed project construction or instalment payments.
4. Engaging the Independent Investigator to conduct a comprehensive review of the Group's internal control system to prevent future risks.

The Board will continue to oversee the implementation of these remedial measures to recover outstanding receivables, advance the Group's business recovery, and ensure ongoing compliance with the applicable Listing Rules and internal control policies.

UPDATE ON THE ANNOUNCEMENT ISSUED BY THE COMPANY DATED 13 DECEMBER 2024

The Company announces that, based on the understanding of the Board of Directors of the Company, the ICAC has concluded and closed its investigation into the Group's affairs, and no Director or employee of any member of the Group has been arrested or prosecuted by the ICAC.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been halted with effect from 9:00 a.m. on 21 November 2024 and will continue to be suspended until further notice. The Company will publish further announcement(s) to keep the Company's shareholders and potential investors informed of the development of the Company as and when appropriate, as well as publish quarterly updates on its development pursuant to Rule 13.24A of the Listing Rules.

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

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

Hong Kong, 7 August 2026

As at 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.

* *For identification purpose only*