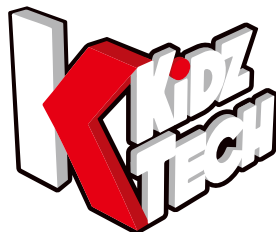


*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance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



## **Kidztech Holdings Limited**

**奇士達控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6918)**

### **VOLUNTARY ANNOUNCEMENT FORMATION OF JOINT VENTURE**

This announcement is made on a voluntary basis by the Company to keep the shareholders and potential investors of the Company informed of the latest business development of the Group.

#### **THE FORMATION OF JOINT VENTURE**

The Board is pleased to announce that on 19 August 2022 (after trading hours), Kidztech Investment (a wholly-owned subsidiary of the Company) and True Colour Development entered into the JV Agreement, pursuant to which the parties agreed to form the Joint Venture to engage in the establishment and operation of digital parent-child children's theme parks (involving Metaverse elements) in the PRC.

A summary of the principal terms of the JV Agreement are set out below:

**Date:** 19 August 2022

**Parties:** (i) Kidztech Investment; and  
(ii) True Colour Development.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, True Colour Development and its ultimate beneficial owners are Independent Third Parties.

<b>Subject matter:</b>	<p>The Joint Venture shall be a limited liability company to be incorporated in accordance with the laws of Hong Kong and the provisions of the JV Agreement.</p> <p>The proposed name of the Joint Venture is Kidztech CA Wonderland Limited (奇士達華夏樂園有限公司).</p>
<b>Business scope:</b>	<p>The Joint Venture shall be principally engaged in the establishment and operation of digital parent-child children's theme parks (involving Metaverse elements) in the PRC.</p>
<b>Shareholding, capital and technical contribution:</b>	<p>Kidztech Investment shall contribute HK\$3 million in cash to the capital of the Joint Venture, and shall own 51% shareholding in the Joint Venture. The Joint Venture will be accounted for as a subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Company.</p> <p>True Colour Development shall contribute to the Joint Venture by way of providing (i) the licence to use the relevant IPs and related operation solutions in respect of digital children's theme parks (involving Metaverse elements) owned by CA Cultural, (ii) animation-related IPs, (iii) VR/AR technology and (iv) game assets, and shall own 49% shareholding in the Joint Venture.</p> <p>True Colour Development undertakes to introduce the existing IPs owned by CA Cultural to be used by the Joint Venture, and to provide technical support for the construction and continuous operation of theme parks to be established by the Joint Venture.</p> <p>The above capital and technical contribution was determined by the parties after arm's length negotiations on normal commercial terms with reference to the initial capital and technical requirement for business development of the Joint Venture.</p>
<b>Composition of the board of directors:</b>	<p>The board of directors of the Joint Venture shall consist of two directors, one of whom shall be appointed by Kidztech Investment whereas one of whom shall be appointed by True Colour Development.</p>
<b>Distribution of profits:</b>	<p>Kidztech Investment and True Colour Development shall share the profit of the Joint Venture in proportion to their respective shareholding in the Joint Venture.</p>

## **INFORMATION OF THE PARTIES**

### **Kidztech Investment**

Kidztech Investment is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company. As at the date of this announcement, Kidztech Investment is a wholly-owned subsidiary of the Company.

### **True Colour Development**

True Colour Development is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company. As at the date of this announcement, True Colour Development is an indirect wholly-owned subsidiary of the CA Cultural. CA Cultural is an investment holding company and is a multimedia entertainment group in China which engages in three main business segments: (i) through asset-light licensing model to expand the indoor theme park CA SEGA JOYPOLIS brand; (ii) animation-derived products trading business; and (iii) multimedia animation entertainment business focusing on animation IP and VR (including eSports).

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in the design, development, manufacture and sale of high-quality smart toy vehicles, smart interactive toys and traditional toys and the sale of smart hardware products. The Group has a vision of becoming a smart interactive entertainment product provider.

While the Company will continue its existing business, it is the strategy of the Group to consolidate and strengthen its investments and business development by continually seeking new opportunities across the interactive entertainment sector to broaden its source of revenue and strengthen its business portfolio. The Company believes that the formation of the Joint Venture with CA Cultural will provide an excellent opportunity for the Company to expand its business portfolio into the parent-child multimedia educational and entertainment sector in the PRC, and would provide a gateway for the Company to explore various new educational and entertainment-related sectors.

The Group has been actively seeking to diversify its business portfolio in order to generate long term stable income and to maximize the return for the Company and its shareholders as a whole. The Board considers that the formation of the Joint Venture presents an opportunity for the Company to expand its business footprint across various educational and entertainment-related sectors, which is favorable to the Company's long term business perspective. Accordingly, the Directors consider that the terms of the JV Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## LISTING RULES IMPLICATIONS

As all of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of JV Agreement are below 5%, the transactions contemplated under the JV Agreement do not constitute notifiable transactions of the Company under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, True Colour Development and its ultimate beneficial owners are Independent Third Parties. Accordingly, the transactions contemplated under the JV Agreement do not constitute connected transactions under Chapter 14A of the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“AR”	augmented reality
“Board”	the board of Directors of the Company
“CA Cultural”	CA Cultural CA Cultural Technology Group Limited (華夏文化科技集團有限公司), 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)
“Company”	Kidztech Holdings Limited (奇士達控股有限公司), 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: 6918)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a party and, if applicable, the ultimate beneficial owner(s) of the party who is not or are not the Group's connected person(s) within the meaning ascribed under the Listing Rules
“IP(s)”	refers to the design of a single or a series of characters and the underlying intellectual property rights

“Joint Venture”	a joint venture to be incorporated in Hong Kong pursuant to the terms and conditions of the JV Agreement
“JV Agreement”	the joint venture agreement dated 19 August 2022 entered into between the Kidztech Investment and True Colour Development in relation to, among other things, the formation of the Joint Venture
“Kidztech Investment”	Kidztech Investments (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability, which is a wholly-owned subsidiary of the Company as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Metaverse”	refers to a virtual universe with a sustainable existence based on the real world through AR/VR and other technologies
“PRC”	the People’s Republic of China and for the purpose of this announcement excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	any entity within the meaning of the term “subsidiary” as defined in the Listing Rules and the term “subsidiaries” shall be construed accordingly
“True Colour Development”	True Colour Development Limited, a company incorporated in the British Virgin Islands with limited liability, which is an indirect wholly-owned subsidiary of CA Cultural as at the date of this announcement
“VR”	virtual reality
“%”	per cent

By order of the board  
**Kidztech Holdings Limited**  
**Yu Huang**  
*Chairman*

Hong Kong, 19 August 2022

*As at the date of this announcement, the Board comprises Mr. Yu Huang and Mr. Zhu Qiang as executive Directors, Ms. Zheng Jingyun as the non-executive Director, and Mr. He Weidong, Ms. Wang Shiling and Mr. Gong Lan as independent non-executive Directors*