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CHINA DIGITAL CULTURE (GROUP) LIMITED

中國數碼文化(集團)有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8175)

**(1) DELAY IN PUBLICATION OF AUDITED ANNUAL RESULTS
ANNOUNCEMENT AND
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021;
(2) PUBLICATION OF UNAUDITED MANAGEMENT ACCOUNTS FOR
THE YEAR ENDED 31 DECEMBER 2021;
AND
(3) CONTINUED SUSPENSION OF TRADING**

This announcement is made by China Digital Culture (Group) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities (the “**GEM Listing Rules**”) on GEM of 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).

**DELAY IN PUBLICATION OF AUDITED ANNUAL RESULTS ANNOUNCEMENT
AND ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

Under Rules 18.48A and 18.49 of the GEM Listing Rules, the Company is required to publish the announcement in relation to the preliminary audited annual results of the Group for the year ended 31 December 2021 (the “**2021 Audited Annual Results**”) and despatch its annual report for the year ended 31 December 2021 (the “**2021 Annual Report**”) to the shareholders of the Company (the “**Shareholders**”) on a date no later than three months after the end of the financial year of the Company, i.e. on or before 31 March 2022.

However, due to the implementation of COVID-19 pandemic prevention and control quarantine measures in different parts of Mainland China and Hong Kong including but not limited to travel, lockdown, mandatory work from home arrangements and quarantine restrictions, certain audit procedures of the Group could not be completed as scheduled, including on-site inspection or in-person engagement. And it also affected the ability to access and gather necessary documents and information required for audit on a timely basis. Additional time is required by the Company's auditor (the "**Auditor**") to perform and complete its audit work and therefore the company is not able to publish the 2021 Audited Annual Results and despatch the 2021 Annual Report on or before 31 March 2022 in compliance with Rules 18.48A and 18.49 of the GEM Listing Rules.

UNAUDITED MANAGEMENT ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021

In order to keep the shareholders and potential investors of the Company informed of the Group's business operation and financial position, the Board would like to provide the shareholders and potential investors of the Company with the preliminary unaudited financial information of the Group for the year ended 31 December 2021 which was extracted from the management accounts of the Group for the year ended 31 December 2021 together with the audited comparative figures for the year ended 31 December 2020.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 HKD'000	2020 HKD'000
Revenue	62,667	56,358
Cost of services rendered	<u>(35,432)</u>	<u>(32,082)</u>
Gross profit	27,235	24,276
Other income and other gains	492	12,075
Selling and distribution costs	(1,224)	(2,245)
Administrative and other expenses	(36,071)	(369,855)
Finance costs	(35,930)	(33,546)
Share of results of an associate	–	(547)
Share of results of a joint venture	<u>–</u>	<u>(573)</u>
Loss before taxation	(45,498)	(370,415)
Income tax	<u>(249)</u>	<u>8,481</u>
Loss for the year	(45,747)	(361,934)
Other comprehensive (expense)/income		
<i>Items that will not be reclassified to profit or loss</i>		
Fair value changes of financial assets at fair value through other comprehensive income (“FVTOCI”)	–	(54,664)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation differences	(16,679)	9,560
Foreign currency translation reserve realised on disposal of a subsidiary	–	548
Share of other comprehensive loss of a joint venture and disposal of a joint venture	<u>–</u>	<u>(108)</u>
	(16,679)	(44,664)
Total comprehensive expense for the year	<u>(62,426)</u>	<u>(406,598)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Non-current assets		
Property, plant and equipment	2,970	623
Right-of-use assets	1,603	1,877
Intangible assets	166,441	178,389
Goodwill	20,168	20,168
Interest in an associate	57	55
Financial assets at FVTOCI	20,363	7,484
Deposit for film production	109,319	105,773
Prepayments	52,356	52,357
	373,277	366,726
Current assets		
Inventories	35,018	24,509
Financial assets at fair value through profit or loss (“FVTPL”)	557	557
Accounts and other receivables	60,079	46,450
Bank balances and cash	4,618	26,023
Tax receivable	–	723
	100,272	98,262
Current liabilities		
Accounts and other payables	21,227	28,593
Interest-bearing borrowing	7,316	25,000
Lease liabilities	1,096	1,385
Tax payable	20,145	17,931
Convertible bonds	470,333	–
	520,117	72,909
Net current assets/(liabilities)	(419,845)	25,353
Total assets less current liabilities	(46,568)	392,079

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Non-current liabilities		
Convertible bonds	–	435,246
Lease liabilities	349	338
Deferred tax liabilities	22,511	22,512
	<u>22,860</u>	<u>458,096</u>
NET LIABILITIES	<u>(69,428)</u>	<u>(66,017)</u>
Capital and reserves		
Share capital	108,749	92,749
Reserves	(169,736)	(150,651)
	<u>(60,987)</u>	<u>(57,902)</u>
Deficit attributable to owners of the Company	(60,987)	(57,902)
Non-controlling interests	(8,441)	(8,115)
	<u>(69,428)</u>	<u>(66,017)</u>
TOTAL DEFICIT	<u>(69,428)</u>	<u>(66,017)</u>

Shareholders and potential investors of the Company are reminded that the information contained in this announcement is only based on the preliminary assessment by the Board and the Audit Committee on the unaudited management accounts of the Group for the year ended 31 December 2021, and is not based on any data or information that has been audited or reviewed by the Auditor. The relevant financial information is pending further review by the Company and the Auditor, and will be subject to changes resulting from, among others, further review by the Company and any adjustments that may be made by the Auditor subject to the completion of auditing process.

The Board cannot guarantee that the unaudited consolidated financial information set out above truly reflects the financial performance and position of the Group and such information might be misleading if any potential adjustments have not been taken into account. Shareholders and potential investors should note that the 2021 Audited Annual Results may be significantly different from the disclosure in this announcement.

The audit committee of the Company (the “**Audit Committee**”) has reviewed with the management of the Company the accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters including a review of the unaudited consolidated annual results of the Group for the year ended 31 December 2021. The Audit Committee has also conducted communication with the Auditor, to understand their audit work progress to date.

The Company will continue to work with the Auditor closely to publish the 2021 Audited Annual Results and despatch of 2021 Annual Report to the Shareholders as soon as practicable. The Company will make further announcements in this regard in accordance with the requirements of the Listing Rules in due course.

CONTINUED SUSPENSION OF TRADING

In light of the disclaimer of opinion issued by the Auditors in the FY2020 Annual Report, at the request of the Company, trading in the shares of the Company on the Hong Kong Stock Exchange has been suspended with effect from 1 April 2021 and will remain suspended until further notice.

Shareholders and potential investors of the Company are also cautioned not to unduly rely on the unaudited financial information disclosed above, and should exercise caution when dealing in the securities of the Company.

By order of the Board
China Digital Culture (Group) Limited
Hsu Tung Chi
Chairman

Hong Kong, 31 March 2022

As at the date of this announcement, the executive Directors are Mr. Hsu Tung Chi, Ms. Zhang Jing and Mr. Ng Fung Tai. The independent non-executive Directors are Mr. Gou Yanlin, Mr. Hong Hui Lung and Mr. Wang Ming Jiun.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement in this announcement misleading.

This announcement will remain on GEM website on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the Company at <http://www.cdcculture.com>.