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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) COMPLETION OF SUBSCRIPTION OF NEW SHARES PURSUANT TO SUBSCRIPTION AGREEMENT III; AND (2) EXTENSION OF LONG STOP DATE IN RELATION TO SUBSCRIPTIONS OF NEW SHARES PURSUANT TO SUBSCRIPTION AGREEMENT I AND SUBSCRIPTION AGREEMENT II

Reference is made to the announcement of China Digital Culture (Group) Limited (the “**Company**”) dated 15 August 2019 (the “**Announcement**”) in relation to the Subscriptions. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

1. COMPLETION OF SUBSCRIPTION OF NEW SHARES PURSUANT TO SUBSCRIPTION AGREEMENT III

The Board is pleased to announce that the conditions precedent set out in the Subscription Agreement III have been fulfilled and the completion in respect of the Subscription Agreement III took place on 31 October 2019 (the “**Partial Completion**”). An aggregate of 80,000,000 Subscription Shares have been allotted and issued by the Company to the Subscriber III at the Subscription Price of HK\$0.128 per Subscription Share.

Following the Partial Completion, the net proceeds raised from the new Share subscription pursuant to the Subscription Agreement III are approximately HK\$10.2 million. Such proceeds (together with the proceeds to be raised under the Subscription Agreement I and Subscription Agreement II) are intended to be used for partial settlement of the amount as required for the LPL Bidding. In the event that the Company does not secure the LPL Bidding, the net proceeds will be used for developing, expanding and operating the Group’s existing E-sports business segment as described in the Announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The 80,000,000 Subscription Shares allotted and issued under the Subscription Agreement III represent (i) approximately 4.1% of the issued share capital of the Company immediately before the Partial Completion; and (ii) approximately 4.0% of the issued share capital of the Company as enlarged by the allotment and issue of the 80,000,000 Subscription Shares.

The following table sets out the shareholding structure of the Company as a result of the Partial Completion:

	Immediately before Partial Completion		Immediately after Partial Completion and as at the date of this announcement	
	Shares	%	Shares	%
Directors				
Mr. Hsu Tung Chi ¹	386,785,782	19.9	386,785,782	19.1
Ms. Zhang Jing ²	81,253,659	4.2	81,253,659	4.0
Mr. Lai Kwok Fai, Franki ³	23,629,778	1.2	23,629,778	1.2
	<hr/>	<hr/>	<hr/>	<hr/>
Sub-total	491,669,219	25.3	491,669,219	24.3
Subscribers				
Subscriber I	–	–	–	–
Subscriber II	–	–	–	–
Subscriber III	53,250,000	2.7	133,250,000	6.6
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Sub-total	53,250,000	2.7	133,250,000	6.6
Others				
Other public Shareholders	1,393,816,951	71.8	1,393,816,951	69.0
Shares repurchased, but not yet cancelled	1,440,000	0.1	1,440,000	0.1
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Sub-total	1,395,256,951	71.9	1,395,256,951	69.1
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Total	1,940,176,170	100.0	2,020,176,170	100.0

Notes:

1. Mr. Hsu Tung Chi (“**Mr. Hsu**”) beneficially owns 368,539,559 Shares. Daily Technology Company Limited, which in turn is wholly owned by Mr. Hsu, beneficially owns 18,246,223 Shares.
2. Ms. Zhang Jing (“**Ms. Zhang**”) beneficially owns 53,853,659 Shares. Crown Smart Investment Limited, which in turn is wholly owned by Ms. Zhang, beneficially owns 27,400,000 Shares.
3. Mr. Lai Kwok Fai, Franki (“**Mr. Lai**”) beneficially owns 960,000 Shares. Earn Wise Limited, which in turn is wholly owned by Mr. Lai, beneficially owns 22,669,778 Shares.

2. EXTENSION OF LONG STOP DATE IN RELATION TO SUBSCRIPTIONS OF NEW SHARES PURSUANT TO SUBSCRIPTION AGREEMENT I AND SUBSCRIPTION AGREEMENT II

As disclosed in the Announcement and pursuant to the terms of the Subscription Agreement I and the Subscription Agreement II, Completion shall take place at or before 5:00 p.m. on 31 October 2019 (i.e. the Long Stop Date).

As additional time is required to satisfy the conditions precedent set out in the Subscription Agreement I and Subscription Agreement II, on 31 October 2019 (after trading hours), the Company entered into supplemental agreements with the Subscriber I and Subscriber II (which, by a Certificate of Change of Name dated 15 August 2019 issued by the Companies Registry, had changed its name to Baosteel International Engineering Corporation Limited) respectively to extend the Long Stop Date from 31 October 2019 to 29 November 2019 (or such later date as the Company and the Subscribers may agree in writing).

Save for the aforesaid, all other terms and conditions of the Subscription Agreement I and Subscription Agreement II shall remain unchanged and continue in full force and effect.

By order of the Board
China Digital Culture (Group) Limited
Hsu Tung Chi
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 31 October 2019

As of the date of this announcement, the executive Directors are Mr. Hsu Tung Chi, Ms. Zhang Jing and Mr. Lai Kwok Fai, Franki. The independent non-executive Directors are Mr. Kwok Chi Sun, Vincent, Mr. Wong Tak Shing and Mr. Gou Yanlin.

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 regards 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 the 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.cdculture.com>.