

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Digital Culture (Group) Limited (the "Company"), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.



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) PROPOSED GRANT OF GENERAL AND UNCONDITIONAL
MANDATES TO ISSUE AND REPURCHASE SHARES,
(2) PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT,
(3) PROPOSED RE-ELECTION OF RETIRING DIRECTORS,
AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of the Company to be held at Unit 17B, 17/F, United Centre, 95 Queensway, Hong Kong (the "AGM") on Wednesday, 30 June 2021 at 3:00 p.m. is set out on pages 18 to 23 of this circular. A form of proxy for use at the AGM is enclosed with this circular.

Whether or not you are able to attend the AGM, you are advised to read this circular and to complete the enclosed form of proxy, in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof (as the case may be) should you so wish, and in such event, the instrument appointing a proxy shall be deemed to be revoked.

PRECAUTIONARY MEASURES FOR THE AGM

Please see page 23 of this circular for measures being taken to try to prevent and control the spread of the Novel Coronavirus (COVID-19) at the AGM, including:

- compulsory body temperature checks and health declarations
- recommended wearing of a surgical face mask for each attendee
- no distribution of corporate gift or refreshment

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the meeting venue. The Company reminds Shareholders that they may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the meeting as an alternative to attending the meeting in person.

This circular will remain on the GEM website at www.hkgem.com on the Latest Listed Company Information page for at least 7 days from the date of its posting and on the website of the Company at www.cdculture.com.

28 May 2021

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
A. INTRODUCTION	4
B. PROPOSED GRANT OF GENERAL AND UNCONDITIONAL MANDATES TO ISSUE AND REPURCHASE SHARES	5
C. EXPLANATORY STATEMENT	6
D. PROPOSED RE-ELECTION OF RETIRING DIRECTORS	6
E. PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT	7
F. AGM AND PROXY ARRANGEMENT	9
G. VOTING AT THE AGM	10
H. CLOSURE OF REGISTER OF MEMBERS FOR AGM	10
I. SHAREHOLDERS ABSTAIN FROM VOTING	10
J. RESPONSIBILITY STATEMENT	10
K. RECOMMENDATION	11
L. GENERAL INFORMATION	11
Appendix I – Explanatory Statement	12
Appendix II – Details of Retiring Directors Proposed to be Re-elected	16
Notice of AGM	18

DEFINITIONS

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

“AGM”	the annual general meeting of the Shareholders of the Company to be held at Unit 17B, 17/F, United Centre, 95 Queensway, Hong Kong on Wednesday, 30 June 2021 at 3:00 p.m., a notice of which is set out on pages 18 to 23 of this circular
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“close associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Company”	China Digital Culture (Group) Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued Shares of which are listed on GEM (Stock Code: 8175)
“controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“core connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company from time to time
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or modified from time to time
“Group”	the Company and all of its subsidiaries
“HK\$” of “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Issue Mandate”	the general and unconditional mandate proposed to be granted to the Directors at the AGM to exercise all the power to allot, issue and otherwise deal with Shares not exceeding 20% of the total number of Shares in issue as at the date of the passing of the resolution granting such mandate (such mandate to be extended to Shares with the number of any Shares repurchased by the Company pursuant to the Repurchase Mandate)
“Latest Practicable Date”	24 May 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Participants”	(i) Any employees (including, without limitation, executive Directors) of the Company and/or any of its subsidiaries; (ii) any non-executive Directors (including, without limitation, independent non-executive Directors) of the Company and/or any of its subsidiaries; (iii) any consultants, suppliers or customers of the Company and/or any of its subsidiaries; (iv) any employee (whether full-time or part-time and including directors) of any entity in which the Group holds any equity interest; and/or (v) any person who, in the sole discretion of the Board, has contributed or may contribute to the Group eligible for options under the Share Option Scheme
“Repurchase Mandate”	the general and unconditional mandate proposed to be granted to the Directors at the AGM to repurchase Shares on the Stock Exchange with the total number of Shares up to 10% of the total number of Shares in issue as at the date of the passing of the resolution granting such mandate
“Scheme Mandate Limit”	the maximum number of Shares which may be allotted and issued upon the exercise of all options which initially shall not in aggregate exceed 10% of the Shares in issue as at the date of adoption of the Share Option Scheme and thereafter, if refreshed shall not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit by the Shareholders

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented modified from time to time
“Share(s)”	ordinary share(s) of par value HK\$0.04 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Share Option Scheme”	the share option scheme conditionally approved and adopted by the Company on 27 March 2013 and as amended on 29 September 2014
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ries)”	has the meaning ascribed to it under the GEM listing Rules
“substantial Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers as approved by the Securities and Futures Commission in Hong Kong, as amended, supplemented or modified from time to time
“%”	per cent.



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)

Executive Directors:

Mr. Hsu Tung Chi (*Chairman*)

Ms. Zhang Jing

Mr. Ng Fung Tai

Registered office:

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM 10

Bermuda

Independent non-executive Directors:

Mr. Kwok Chi Sun, Vincent

Mr. Wong Tak Shing

Mr. Gou Yanlin

*Head office and principal place
of business in Hong Kong:*

Unit 17B, 17/F

United Centre

95 Queensway

Hong Kong

28 May 2021

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED GRANT OF GENERAL AND UNCONDITIONAL
MANDATES TO ISSUE AND REPURCHASE SHARES,
(2) PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT,
(3) PROPOSED RE-ELECTION OF RETIRING DIRECTORS,
AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

A. INTRODUCTION

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the AGM of the Company involving (i) the grant to the Directors of general and unconditional mandates to allot, issue and deal with additional Shares and to repurchase Shares, and the extension of the general and unconditional mandate to allot, issue and deal with new Shares by the addition thereto of any Shares repurchased by the Company; (ii) the refreshment of the Scheme Mandate Limit on grant of options under the Share Option Scheme; and (iii) the re-election of the retiring Directors.

LETTER FROM THE BOARD

B. PROPOSED GRANT OF GENERAL AND UNCONDITIONAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the AGM, an ordinary resolution will be proposed that the Directors be granted a general and unconditional mandate to allot, issue and deal with Shares up to a limit equal to 20% of the total number of Shares in issue as at the date of passing of such resolution.

As at the Latest Practicable Date, the number of issued Shares of the Company was 2,718,736,170. Subject to the passing of the relevant ordinary resolution to grant the Issue Mandate at the AGM and on the basis that no further Shares are allotted, issued and/or repurchased prior to the date of the AGM, the Company will be allowed under the Issue Mandate to allot, issue and deal with up to 543,747,234 new Shares, representing 20% of the total number of Shares in issue as at the date of the AGM.

At the AGM, another ordinary resolution will be proposed to grant the Directors the Repurchase Mandate to exercise all powers of the Company to repurchase Shares on GEM up to a maximum of 10% of the total number of Shares in issue as at the date of passing the relevant resolution.

Subject to the passing of the relevant ordinary resolution to grant the Repurchase Mandate at the AGM and on the basis that no further Shares are allotted, issued and/or repurchased prior to the date of the AGM, the Company will be allowed under the Repurchase Mandate to repurchase up to 271,873,617 Shares, representing 10% of the total number of Shares in issue as at the date of the AGM.

If the Issue Mandate and the Repurchase Mandate to be granted are approved at the AGM, an ordinary resolution will be proposed at the AGM to authorize that any Shares repurchased under the Repurchase Mandate will be added to the total number of new Shares which may be allotted, issued and dealt with under the Issue Mandate.

The Issue Mandate and the Repurchase Mandate would expire at the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws of the Bermuda or the Bye-laws to be held; or
- (c) the date on which any such mandate is revoked or varied by an ordinary resolution of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

LETTER FROM THE BOARD

C. EXPLANATORY STATEMENT

An explanatory statement, as required by Rules 13.07 and 13.08 of the GEM Listing Rules, containing all relevant information relating to the Repurchase Mandate is set out in Appendix I to this circular. The information in the explanatory statement is to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution relating to the Repurchase Mandate.

D. PROPOSED RE-ELECTION OF RETIRING DIRECTORS

The Board currently consists of six Directors, namely Mr. Hsu Tung Chi, Ms. Zhang Jing and Mr. Ng Fung Tai as executive Directors, Mr. Kwok Chi Sun, Vincent, Mr. Wong Tak Shing and Mr. Gou Yanlin as independent non-executive Directors.

In accordance with the Bye-law 99 of the Bye-laws, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third but not less than one-third, shall retire from office by rotation. A retiring Director shall be eligible for re-election. Accordingly, Mr. Ng Fung Tai and Mr. Wong Tak Shing will retire from office and, being eligible, will offer themselves for re-election at the AGM.

Pursuant to code provision A.4.3 of Appendix 15 of the GEM Listing Rules, any further appointment of an independent non-executive director serving more than nine years should be subject to a separate resolution to be approved by the shareholders. Mr. Wong Tak Shing is an independent non-executive Director serving the Company for more than nine years. The Board considers that Mr. Wong Tak Shing continues to be independent as he has satisfied all the criteria for independence set out in Rule 5.09 of the GEM Listing Rules. During his office as an independent non-executive Director, he has made positive and valuable contributions to the Company's strategies and policies with independent judgment from his area of expertise. The Board considers that his continued tenure with the Company will continue to bring wide range of valuable insights and expertise to the Board. A separate resolution will be proposed for his re-election at the AGM.

Pursuant to Rule 17.46A of the GEM Listing Rules, particulars of each of the aforesaid Directors who are proposed to be re-elected at the AGM are set out in Appendix II to this circular.

LETTER FROM THE BOARD

E. PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT

The Company adopted the Share Option Scheme on 27 March 2013 and as amended on 29 September 2014. Under the rules of the Share Option Scheme:

- (i) the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 10% of the Shares in issue as at the date of approval of the Share Option Scheme unless Shareholders' approval has been obtained pursuant to (iii) and (iv) below;
- (ii) the overall limit on the number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other option schemes of the Company must not in aggregate exceed 30% of the total number of Shares in issue from time to time;
- (iii) the Company may seek Shareholders' approval to refresh the Scheme Mandate Limit on the grant of options under the Share Option Scheme as and when required. However, the Scheme Mandate Limit as refreshed shall not exceed 10% of the Shares in issue as at the date of the aforesaid Shareholders' approval. Options previously granted under the Share Option Scheme and any other share option schemes (including those outstanding, cancelled, lapsed in accordance with such scheme or exercised options) will not be counted for the purpose of calculating the Scheme Mandate Limit as renewed. A circular must be sent to Shareholders in connection with the meeting at which their approval will be sought; and
- (iv) the Company may seek separate approval from the Shareholders in general meeting to grant options beyond the Scheme Mandate Limit to Participants specifically identified by the Company before the aforesaid Shareholders' meeting where such approval is sought.

At the special general meeting of the Company held on 30 May 2016, the Scheme Mandate Limit was refreshed, which allows the Company to grant options of up to 164,158,833 Shares which represents approximately 10% of the Shares in issue as at the date of the special general meeting.

LETTER FROM THE BOARD

Set out below are the particulars regarding the share options since the approval of the existing Scheme Mandate Limit as at the Latest Practicable Date:

	Number of Shares regarding the options
Granted:	140,000,000
Exercised:	0
Cancelled:	0
Lapsed:	26,000,000
Outstanding:	114,000,000
Unused existing Scheme Mandate Limit:	24,158,833

As at the Latest Practicable Date, 114,000,000 share options were granted under the Share Option Scheme were outstanding, details of which are as follows:

Categories of grantees	Outstanding number of share options as at the Latest Practicable Date	Exercise price <i>HK\$</i>	Date of grant	Exercisable period
Directors				
Mr. Hsu Tung Chi	16,000,000	0.23	16/11/2018	16/11/2018 – 15/11/2021
Employees	98,000,000	0.23	16/11/2018	16/11/2018 – 15/11/2021
	114,000,000			

The Directors consider that the Company should renew the Scheme Mandate Limit so that the Company could have more flexibility to provide incentive to Participants by way of granting options to them. The Company has no current plan or intention to grant new share options under the Share Option Scheme before the date of the AGM. If the refreshment of the existing Scheme Mandate Limit is approved at the AGM based on the 2,718,736,170 Shares in issue as at the Latest Practicable Date, and no Shares are repurchased or issued after the Latest Practicable Date and up to the date of the AGM, the Directors will be able to grant share options up to a total of 271,873,617 Shares, representing 10% of the issued share capital of the Company as at the date of the AGM.

LETTER FROM THE BOARD

The proposed renewal of the Scheme Mandate Limit will be conditional upon the passing of ordinary resolution of the AGM and the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, such number of Shares, representing 10% of the Shares in issue as at the date of AGM, which may fall to be allotted and issued pursuant to the exercise of share options granted under the renewed Scheme Mandate Limit. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the share options to be granted under the refreshed Scheme Mandate Limit.

Other than the existing Share Option Scheme, the Company has no other share option scheme in force. The Directors consider that the renewal of the Scheme Mandate Limit is in the interests of the Group and the Shareholders as a whole because it enables the Company to reward and motivate its employees and other selected Participants under the Share Option Scheme. The refreshment of the Scheme Mandate Limit is in line with the purpose of the Share Option Scheme and is in compliance with Rule 23.03 and 23.04 of the GEM Listing Rules. After the refreshment of the existing Scheme Mandate Limit, the overall limit on the number of Shares which may be issued upon the exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other option schemes of the Company must not in aggregate exceed 30% of the total number of Shares in issue from time to time. No share options will be granted under any schemes of the Company if this will result in the 30% limit being exceeded.

F. AGM AND PROXY ARRANGEMENT

The following are the details of the AGM:

Date: 30 June 2021

Time: 3:00 p.m.

Venue: Unit 17B, 17/F, United Centre, 95 Queensway, Hong Kong

A notice of the AGM is set out on pages 18 to 23 of this circular.

A form of proxy for the AGM is enclosed with this circular. Whether or not you intend to attend the AGM, you are requested to complete and return the enclosed form of proxy to the branch share registrar of the Company in Hong Kong, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible, but in any event not less than 48 hours before the time fixed for the AGM. The completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjournment thereof (as the case may be) should you so wish, and in such event, the instrument appointing a proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

G. VOTING AT THE AGM

Pursuant to Rule 17.47(4) of the GEM Listing Rules, all the resolutions proposed to be approved at a general meeting must be taken by poll except where the chairman of the meeting, in good faith and in compliance with the GEM Listing Rules, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolutions to be considered, and, if thought fit, approved at the AGM will be voted by way of a poll by the Shareholders. An announcement on the poll result of the AGM will be published after the AGM, in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.

H. CLOSURE OF REGISTER OF MEMBERS FOR AGM

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 25 June 2021 to Wednesday, 30 June 2021, both days inclusive. During this period, no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer forms of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 24 June 2021.

I. SHAREHOLDERS ABSTAIN FROM VOTING

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, there is no Shareholder who is materially interested in the general and unconditional mandates to issue and repurchase Shares of the Company and the refreshment of Scheme Mandate Limit, and therefore none of the Shareholders shall abstain from voting in respect of the proposed resolutions at the AGM.

J. RESPONSIBILITY STATEMENT

This circular, 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 the information contained in this circular is accurate and complete in all material respects and not misleading and deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

LETTER FROM THE BOARD

K. RECOMMENDATION

The Directors consider that (i) the grant to the Directors of general and unconditional mandates to allot, issue and deal with additional Shares and to repurchase Shares, and the extension of the general and unconditional mandate to allot, issue and deal with new Shares by the addition thereto of any Shares repurchased by the Company; (ii) the refreshment of the Scheme Mandate Limit on grant of options under the Share Option Scheme; and (iii) the re-election of the retiring Directors are in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the resolutions to be proposed at the AGM.

L. GENERAL INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

The English text of this circular shall prevail over the Chinese text in the event of any inconsistency.

Yours faithfully,
For and on behalf of the Board
China Digital Culture (Group) Limited
Hsu Tung Chi
Chairman

This is an explanatory statement given to all Shareholders relating to the resolution to be proposed at the AGM authorizing the Repurchase Mandate. It contains all the relevant information required pursuant to Rule 13.07 and 13.08 of the GEM Listing Rules which is set out as follows:

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,718,736,170 Shares of HK\$0.04 each.

Subject to the passing of the resolution in relation to the Repurchase Mandate and on the basis that no Shares are issued or repurchased by the Company prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 271,873,617 Shares equivalent to 10% of the total number of Shares in issue.

2. REASONS FOR REPURCHASES

The Directors have no present intention to repurchase any Shares but consider that the Repurchase Mandate will provide the Company the flexibility to make such repurchases when appropriate and beneficial to the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the relevant time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole. The number of Shares to be repurchased on any occasion and the price and other terms on which the same are repurchased will be decided by the Directors at the relevant time, having regard to the circumstance then pertaining.

3. FUNDING OF REPURCHASES

Repurchase of Shares will be funded out of funds legally available for such purpose in accordance with the Bye-laws, the applicable laws and regulations of Bermuda and the GEM Listing Rules.

Any repurchases by the Company may only be made out of profits of the Company or out of the proceeds of a fresh issue of Shares made for the purpose or, if authorised in accordance with the Bye-laws, the applicable laws and regulations of Bermuda and the GEM Listing Rules, out of capital. The premium, if any, payable on repurchase must be provided for out of the profits of the Company or out of the Company's share premium account before or at the time the Shares are repurchased or, if authorised in accordance with the Bye-laws, the applicable laws and regulations of Bermuda and the GEM Listing Rules, out of capital. The Shares so repurchased will be cancelled and the Company's issued share capital will be reduced accordingly by the nominal value of the Shares repurchased.

The Company may not repurchase its own Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

4. GEM LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The GEM Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their securities on the Stock Exchange and any other stock exchange on which securities of the company are listed and such exchange is recognised by the Securities and Futures Commission of Hong Kong subject to certain restrictions. Among such restrictions, the GEM Listing Rules provide that the shares of such company must be fully paid up and all repurchases of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general mandate or by specific approval of a particular transaction.

5. IMPACT ON WORKING CAPITAL OR GEARING RATIO

There might be a material adverse impact on the working capital or the gearing position of the Group as compared with the position disclosed in the audited financial statements for the year ended 31 December 2020, being the date to which the latest published audited financial statements of the Company were made up, in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital or on the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

6. SHARE PRICES

The highest and lowest prices at which Shares have been traded on GEM in each of the past twelve months preceding the Latest Practicable Date were as follows:

	Share Price	
	Highest HK\$	Lowest HK\$
2020		
May	0.055	0.039
June	0.055	0.036
July	0.049	0.038
August	0.060	0.039
September	0.058	0.040
October	0.055	0.047
November	0.075	0.042
December	0.060	0.043
2021		
January	0.075	0.043
February	0.138	0.055
March	0.082	0.047
April ¹	0.058	0.058
May (up to the Latest Practicable Date)	0.058	0.058

Note:

- Trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 1 April 2021 and will remain suspended until further notice.

7. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the GEM Listing Rules, the Bye-laws and any applicable laws of Bermuda.

8. DISCLOSURE OF INTEREST

None of the Directors nor, to the best of their knowledge and belief, having made all reasonable enquires, any of their close associates, has any present intention, in the event that the proposed Repurchase Mandate is approved by the Shareholders, to sell any Shares to the Company or its subsidiaries pursuant to the Repurchase Mandate.

As at the Latest Practicable Date, no core connected person of the Company has notified the Company that he/she/it has a present intention to sell any Shares to the Company nor has he/she/it undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the Company is authorized to make repurchases of Shares.

9. TAKEOVERS CODE

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Takeovers Code. Accordingly, a Shareholder or group of Shareholders acting in concert, could obtain or consolidate control of the Company, and depending on the level of increase of the Shareholders' interests, may become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, the Directors were not aware of any consequence which the exercise in full of the Repurchase Mandate would have under the Takeovers Code. The Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the GEM Listing Rules).

10. SHARE REPURCHASE MADE BY THE COMPANY

No repurchase of Shares has been made by the Company in the six months preceding the Latest Practicable Date (whether on the Stock Exchange or otherwise).

Set out below are details of the Directors who are proposed to be re-elected at the AGM:

MR. NG FUNG TAI

Mr. Ng Fung Tai (“**Mr. Ng**”), aged 53, was appointed as an executive Director on 9 February 2021. Mr. Ng has more than 20 years of experience in finance, investment, communications, corporate management and capital operation. In particular, he has an extensive connection network and resources among the financial and security fields of Hong Kong and China. Mr. Ng is currently the executive director and vice President of Asia Special Security Group Limited and an executive director of Norcomm (Hong Kong) Limited. He is also an executive director of Zhi He Li Industrial Company Limited.

Mr. Ng has entered into a service contract with the Company for a term of three years with effect from 9 February 2021, which will continue thereafter until terminated by either party giving not less than one month’s notice in writing. Mr. Ng is entitled to a director’s fee of HK\$20,000 per month which was mutually agreed upon between the Board and Mr. Ng with reference to the prevailing market conditions and his experience, his duties and responsibilities in the Group.

Save as disclosed above, Mr. Ng (i) did not hold any directorship in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years before the Latest Practicable Date; (ii) does not hold any other position with the Company and other members of the Group or possess any other major appointments or professional qualifications; and (iii) does not have any relationship with any director, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Ng is beneficially interested in 20% issued share capital of Asia Special Security Group Limited which is interested in 194,231,692 ordinary shares of the Company. He is deemed to be interested in 2,220,000 ordinary shares of the Company held by his spouse. Save as disclosed herein, Mr. Ng does not have, and is not deemed to have, any other interests or short positions in any shares, underlying shares or debentures of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, there is no further information to be disclosed pursuant to the requirements of Rule 17.50(2) of the GEM Listing Rules and there are no other matters that needs to be brought to the attention of the Shareholders.

MR. WONG TAK SHING

Mr. Wong Tak Shing (“**Mr. Wong**”), aged 58, was appointed as an independent non-executive Director on 15 December 2009. Mr. Wong is also a member of the Audit Committee and Nomination Committee of the Company. Mr. Wong graduated from the University of New England, Australia with a Postgraduate Diploma in Financial Management and from the University of Southampton, U.K. with a Bachelor of Social Science in Business Economics and Accounting degree. Mr. Wong is currently an associate member of the CPA Australia and an associate member of the Hong Kong Institute of Certified Public Accountants. He has over 30 years of experience in corporate finance, accounting, personnel and administration. Mr. Wong is currently an independent non-executive director of Beijing Chunlizhengda Medical Instruments Co., Ltd. (Stock Code: 1858), a company listed on the Stock Exchange. Mr. Wong was previously an executive director of China Ocean Fishing Holdings Limited (Stock Code: 8047), an independent non-executive director of Pa Shun International Holdings Limited (Stock Code: 574) and Digital Domain Holdings Limited (Stock Code: 547), and these companies are listed on the Stock Exchange.

Mr. Wong has entered into a letter of appointment with the Company for an initial term of one year commencing on 15 December 2009, which will continue thereafter until being terminated by either party by giving not less than one month’s notice. His emolument under contract in connection with his position as an independent non-executive Director is HK\$5,000 per month, which is determined by arm’s length negotiation between Mr. Wong and the Company.

Save as disclosed, Mr. Wong did not hold any positions with the Company and other members of the Group or any directorship and other major appointments in any other listed public companies in the last three years before the Latest Practicable Date. Mr. Wong does not have any relationships with any directors, senior management, substantial shareholders or controlling shareholders of the Company (within the meaning of the GEM Listing Rules). As at the Latest Practicable Date, Mr. Wong does not have any interests in the Shares within the meaning of Part XV of the SFO. Other than disclosed above, there is no matter that need to be brought to the attention of the holders of securities of the Company and there is no information to be disclosed pursuant to any of the requirements of Rule 17.50(2) of the GEM Listing Rules.

NOTICE OF AGM



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)

NOTICE IS HEREBY GIVEN that the annual general meeting (the “**AGM**”) of China Digital Culture (Group) Limited (the “**Company**”) will be held on Wednesday, 30 June 2021 at 3:00 p.m. at Unit 17B, 17/F, United Centre, 95 Queensway, Hong Kong for the following purposes:

1. To consider, receive and adopt the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors (the “**Directors**”) and independent auditors for the year ended 31 December 2020.
2. (A) To re-elect Mr. Ng Fung Tai as an executive Director.

(B) To re-elect Mr. Wong Tak Shing as an independent non-executive Director.

(C) To authorize the board of Directors (the “**Board**”) to fix the respective Directors’ remuneration.
3. To re-appoint Elite Partners CPA Limited as the independent auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company and to authorize the Board to fix its remuneration;

and as special business, to consider and, if though fit, pass the following proposed resolutions numbered 4 to 7 as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

4. “**THAT:**
 - (a) subject to paragraph (c) of this resolution, and pursuant to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional ordinary shares of the Company (“**Shares**”) and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;

NOTICE OF AGM

- (b) the approval in paragraph (a) of this resolution shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the grant or exercise of any option under the share option scheme of the Company or any other option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares in accordance with the bye-laws of the Company in force from time to time; or (iv) any issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any existing warrants of the Company or any existing securities of the Company which carry rights to subscribe for are convertible into shares of the Company, shall not exceed the aggregate of:
 - (i) 20% of the aggregate number of Shares in issue as at the date of passing of this resolution; and
 - (ii) (if the Directors are so authorized by a separate ordinary resolution of the shareholders of the Company) the number of Shares repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10% of the aggregate number of Shares in issue as at the date of passing of this resolution),and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (d) for the purpose of this resolution:
 - (aa) “**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;

NOTICE OF AGM

- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company, or any other applicable laws of Bermuda to be held; or
 - (iii) revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company in general meeting.
- (bb) “**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register of members of the Company on a fixed record date in proportion to their holdings of such Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, or any recognized regulatory body or any stock exchange applicable to the Company).”
5. “**THAT:**
- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as defined in resolution 4(d)(aa)) of all the powers of the Company to repurchase its own Shares on the Stock Exchange or any other stock exchange on which the securities of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong (“**SFC**”) and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and requirements of the SFC, the Stock Exchange or of any other stock exchange as amended from time to time and all applicable laws in this regard, be and is hereby generally and unconditionally approved;
 - (b) the aggregate number of Shares to be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10% of the aggregate number of Shares in issue as at the date of passing of this resolution and the said approval shall be limited accordingly; and
 - (c) the expression, “**Relevant Period**” shall for the purposes of this resolution have the same meaning as ascribed to it in ordinary resolution 4(d)(aa) set out in the notice convening this annual general meeting.”

NOTICE OF AGM

6. “**THAT** conditional upon ordinary resolutions set out in resolutions 4 and 5 of the notice convening this annual general meeting being passed, the general and unconditional mandate granted to the Directors to allot, issue and deal with additional Shares pursuant to resolution no. 4 be and is hereby extended by the addition thereto of an amount representing the aggregate nominal value of Shares which are repurchased by the Company under the authority granted to the Directors pursuant to the above ordinary resolution no. 5, provided that the amount of Shares repurchased by the Company shall not exceed 10% of the total number of Shares in issue as at the date of the passing of this resolution.”
7. “**THAT** subject to and conditional upon the granting by the Listing Committee of the Stock Exchange of, the listing of and permission to deal in, the shares to be issued pursuant to the exercise of options granted under the refreshed scheme mandate limit (the “**Scheme Mandate Limit**”) under the share option scheme adopted by written resolution of the Company on 27 March 2013 and as amended on 29 September 2014 in the manner set out in paragraph (a) of this resolution below,
- (a) the refreshment of the Scheme Mandate Limit of up to 10 percent of the Shares in issue as at the date of passing of this resolution be and is hereby approved; and
- (b) the Directors be and are hereby authorized do all such acts and thing and execute all such documents, including under seal where applicable, as they consider necessary or expedient to give effect to the foregoing arrangement.”

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

Hong Kong, 28 May 2021

Registered office:
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10, Bermuda

*Head office and principal place
of business in Hong Kong:*
Unit 17B, 17/F
United Centre
95 Queensway
Hong Kong

NOTICE OF AGM

Notes:

1. Any shareholder of the Company entitled to attend and vote at the AGM is entitled to appoint another person as his/her/its proxy to attend and to vote on his/her/its behalf. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him/her/it and vote on his/her/its behalf at the general meeting of the Company. A proxy need not be a shareholder of the Company. In addition, a proxy or proxies representing either a shareholder who is an individual or a shareholder which is a corporation shall be entitled to exercise the same powers on behalf of the shareholder which he/she/it or they represent as such shareholder could exercise.
2. Where there are joint registered holders of any share, any one of such persons may vote at the AGM, either personally or by proxy, in respect of such share as if he/she/it were solely entitled thereto; but if more than one of such joint holders be present at the AGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon must be deposited with the Company's branch share registrar in Hong Kong, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong together with the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof.
4. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof (as the case may be) should you so wish, and in such event, the instrument appointing the proxy shall be deemed to be revoked.
5. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 25 June 2021 to Wednesday, 30 June 2021, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 24 June 2021.
6. Any voting at the AGM should be taken by poll (except where the chairman decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands) pursuant to the GEM Listing Rules.

NOTICE OF AGM

The health of our shareholders, staff and stakeholders is of paramount importance to us. In view of the ongoing Novel Coronavirus (COVID-19) pandemic, the Company will implement the following precautionary measures at the AGM to protect attending shareholders, staff and stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted for every shareholder, proxy or other attendee at each entrance of the meeting venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the meeting venue or be required to leave the meeting venue.
- (ii) The Company encourages each attendee to wear a surgical face mask throughout the meeting and inside the meeting venue, and to maintain a safe distance between seats.
- (iii) No refreshment will be served, and there will be no corporate gift.
- (iv) Each attendee may be asked whether (a) he/she travels outside of Hong Kong within the 14-day period immediately before the AGM; and (b) he/she is subject to any Hong Kong Government prescribed quarantine. Anyone who responds positively to any of these questions may be denied entry into the meeting venue or be required to leave the meeting venue.

In addition, the Company reminds all shareholders that physical attendance in person at the meeting is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the meeting instead of attending the meeting in person, by completing and return the proxy form attached to this document.

If any shareholder chooses not to attend the meeting in person but has any question about any resolution or about the Company, or has any matter for communication with the board of directors of the Company, he/she is welcome to send such question or matter in writing to our principal place of business in Hong Kong.