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CNCG

CHINA NATIONAL CULTURE GROUP LIMITED

中國國家文化產業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 745)

**(1) PROPOSED SHARE CONSOLIDATION; AND
(2) PROPOSED CAPITAL REDUCTION OF
ISSUED SHARES AND SUB-DIVISION OF UNISSUED SHARES**

The Company proposes to implement the following capital reorganisation involving the Share Consolidation, the Capital Reduction and the Share Sub-division as follows:

(1) Share Consolidation

The Board proposes that (i) every twenty (20) issued and unissued Existing Shares of par value HK\$0.02 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value HK\$0.4 each in the share capital of the Company; and (ii) every twenty (20) issued and unissued Preference Shares of par value HK\$0.07 each in the share capital of the Company will be consolidated into one (1) Consolidated Preference Share of par value HK\$1.40 each in the share capital of the Company.

(2) Capital Reduction and Share Sub-division

The Board proposes that immediately following the Share Consolidation becoming effective, the Capital Reduction and the Share Sub-division be implemented, pursuant to which:

- (i) the issued share capital of the Company will be reduced by cancelling the paid up capital to the extent of HK\$0.36 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$0.4 to HK\$0.04; and
- (ii) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of par value HK\$0.4 each and the authorised but unissued Consolidated Preference Shares of par value HK\$1.40 each be sub-divided into ten (10) New Shares of par value HK\$0.04 each and ten (10) New Preference Shares of par value HK\$0.14 each respectively.

Upon the Capital Reduction and the Share Sub-division becoming effective, the size of each board lot of the New Shares will remain the same as that of the Consolidated Shares, being 10,000 New Shares per board lot and the New Shares will rank pari passu in all respects with each other in accordance with the Memorandum and the Articles.

GENERAL

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the necessary resolution(s) in respect of the Share Consolidation, the Capital Reduction and the Share Sub-division. The Circular containing, among other matters, information regarding the Share Consolidation, the Capital Reduction and the Share Sub-division together with a notice of the EGM will be despatched to the Shareholders on or before Friday, 27 March 2020.

As the Share Consolidation, the Capital Reduction and the Share Sub-division are subject to the satisfaction of conditions, they may or may not become effective. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

PROPOSED SHARE CONSOLIDATION

The Board proposes that (i) every twenty (20) issued and unissued Existing Shares of par value HK\$0.02 each in the share capital of the Company be consolidated into one (1) Consolidated Share of par value HK\$0.4 each in the share capital of the Company; and (ii) every twenty (20) issued and unissued Preference Shares of par value HK\$0.07 each in the share capital of the Company will be consolidated into one (1) Consolidated Preference Share of par value HK\$1.40 each in the share capital of the Company.

Effect of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$1,490,000,000 divided into 50,000,000,000 Existing Shares of par value HK\$0.02 each and 7,000,000,000 Preference Shares of par value HK\$0.07 each, of which 9,814,410,000 Existing Shares have been issued and are fully paid or credited as fully paid and no Preference Shares have been issued.

Immediately upon the Share Consolidation becoming effective but prior to the Capital Reduction and the Share Sub-division becoming effective, and assuming no further Existing Shares and no Preference Shares will be issued or repurchased from the date of this announcement up to and including the effective date of the Share Consolidation, the authorised share capital of the Company shall be HK\$1,490,000,000 divided into 2,500,000,000 Consolidated Shares of par value HK\$0.4 each and 350,000,000 Consolidated Preference Shares of par value HK\$1.40 each, of which 490,720,500 Consolidated Shares will have been issued and will be fully paid or credited as fully paid and no Consolidated Preference Shares will have been issued.

Upon the Share Consolidation becoming effective, all the Consolidated Shares will rank pari passu in all respects with each other and all the Consolidated Preference Shares will rank pari passu in all respects with each other each in accordance with the Memorandum and the Articles.

The implementation of the Share Consolidation will not alter the underlying assets, business operation, management or financial position of the Company and the interests and rights of the Shareholders.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following conditions:

1. the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM;
2. the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
3. the compliance with the relevant procedures and requirements under the Listing Rules to effect the Share Consolidation.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on Wednesday, 22 April 2020, being one clear Business Day immediately after the date of the EGM.

As at the date of this announcement, none of the above conditions have been fulfilled.

Reasons for the Share Consolidation

Pursuant to Rule 13.64 of Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or proceed with a consolidation or splitting of securities.

The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 30 August 2019 has stated that market price of the Shares at a level less than HK\$0.1 will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules.

Taking into account of the closing price of HK\$0.012 per Share on 4 March 2020 (being the date of this announcement), the Share Consolidation would enable the Company to comply with the trading requirements under the Listing Rules.

The Share Consolidation will increase the nominal value of the Shares and will reduce the total number of Shares currently in issue. As such, it is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price of the Shares.

As at the date of this announcement, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation, and the Company does not have any concrete plan to conduct any fund raising activities in the next 12 months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund raising opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

The Board considers that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

Application for the listing of the Consolidated Shares

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealing in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares and Preference Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated Shares and Consolidated Preference Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Exchange of share certificates for the Consolidated Shares

Subject to the Share Consolidation becoming effective, which is currently expected to be on Wednesday, 22 April 2020, being one clear Business Day immediately after the date of the EGM, Shareholders may between 9:00 a.m. and 4:30 p.m. on any Business Day during the period from Wednesday, 22 April 2020 to Monday, 1 June 2020 (both days inclusive), submit share certificates for the Existing Shares (in red colour) to the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong to exchange for new share certificates for the Consolidated Shares (in purple colour) at the expense of the Company.

Shareholders should note that after the prescribed time for free exchange of share certificates, a fee of HK\$2.50 each (or such higher amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the Registrar for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever the number of share certificates involved is higher.

After 4:10 p.m. on Thursday, 28 May 2020, trading will only be in Consolidated Shares which share certificates will be issued in purple colour. Existing share certificates in red colour for the Existing Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title.

Arrangement on odd lot trading

In order to alleviate the difficulties arising from the existence of odd lots of the Consolidated Shares arising from the Share Consolidation, the Company will appoint an agent to provide matching services, on a best efforts basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers. Further details of the odd lot arrangement will be set out in the Circular to be despatched to the Shareholders.

PROPOSED CAPITAL REDUCTION AND SHARE SUB-DIVISION

The Board further proposes that immediately following the Share Consolidation becoming effective, the Capital Reduction and the Share Sub-division be implemented in the following manner:

- (i) the issued share capital of the Company be reduced by cancelling the paid up capital to the extent of HK\$0.36 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$0.4 to HK\$0.04;
- (ii) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares with par value of HK\$0.4 each and unissued Consolidated Preference Shares of par value HK\$1.40 each be sub-divided into ten (10) New Shares of par value HK\$0.04 each and ten (10) New Preference Shares of par value HK\$0.14 each respectively; and
- (iii) each of the New Shares and New Preference Shares arising from the Capital Reduction and the Share Sub-division shall rank pari passu in all respects with each other each in accordance with the Memorandum and Articles and have rights and privileges and be subject to the restrictions as contained in the Memorandum and the Articles.

Effect of the Capital Reduction and the Share Sub-division

As at the date of this announcement, the authorised share capital of the Company is HK\$1,490,000,000 divided into 50,000,000,000 Existing Shares of par value HK\$0.02 each and 7,000,000,000 Preference Shares of par value HK\$0.07 each, of which 9,814,410,000 Existing Shares have been issued and are fully paid or credited as fully paid and no Preference Shares have been issued.

Immediately upon the Share Consolidation, the Capital Reduction and the Share Sub-division becoming effective and assuming no further Existing Shares and no Preference Shares or (as the case may be) Consolidated Shares and Consolidated Preference Shares will be issued or repurchased from the date of this announcement up to and including the Effective Date, the authorised share capital of the Company shall be HK\$1,490,000,000 divided into 25,000,000,000 New Shares of par value HK\$0.04 each and 3,500,000,000 New Preference Shares of par value HK\$0.14 each, of which 490,720,500 New Shares have been issued as fully paid or credited as fully paid and no New Preference Shares have been issued.

Based on the 9,814,410,000 Existing Shares in issue as at the date of this announcement or (as the case may be) 490,720,500 Consolidated Shares in issue as at the date on which the Share Consolidation becomes effective, and assuming no further Existing Shares and no Preference Shares or (as the case may be) Consolidated Shares and Consolidated Preference Shares will be issued or repurchased prior to the Effective Date, a credit amounting to approximately HK\$176,659,380 will arise as a result of the Capital Reduction. It is proposed that the credit arising from the Capital Reduction will be credited to the distributable reserve account of the Company, which will be utilised by the Company in such manner as the Board may deem fit and permitted under all applicable laws, the Memorandum and the Articles.

Assuming that there is no change in the number of issued Shares from the date of this announcement up to and including the date on which the Share Consolidation, the Capital Reduction and the Share Sub-division become effective, the share capital structure of the Company will be as follows:

	As of the date of this announcement	Immediately upon the Share Consolidation becoming effective but prior to the Capital Reduction and the Share Sub-division becoming effective	Immediately upon the Capital Reduction and the Share Sub-division becoming effective
Par value	HK\$0.02 per Existing Share and HK\$0.07 per Preference Share	HK\$0.4 per Consolidated Share and HK\$1.40 per Consolidated Preference Share	HK\$0.04 per New Share and HK\$0.14 per New Preference Share
Amount of authorised share capital	HK\$1,490,000,000	HK\$1,490,000,000	HK\$1,490,000,000
Number of authorised shares	50,000,000,000	2,500,000,000	25,000,000,000
	Existing Shares and 7,000,000,000 Preference Shares	Consolidated Shares and 350,000,000 Consolidated Preference Shares	New Shares and 3,500,000,000 New Preference Shares
Number of issued shares	9,814,410,000	490,720,500	490,720,500
	Existing Shares	Consolidated Shares	New Shares
Amount of the issued share capital	HK\$196,288,200	HK\$196,288,200	HK\$19,628,820

Upon the Capital Reduction and the Share Sub-division becoming effective, the size of each board lot of the New Shares will remain the same as that of the Consolidated Shares, being 10,000 New Shares per board lot and the New Shares will rank pari passu in all respects with each other and the New Preference Shares will rank pari passu in all respects with each other each in accordance with the Memorandum and the Articles.

Other than the expenses to be incurred in relation to the Share Consolidation, the Capital Reduction and the Share Sub-division which are expected to be insignificant in the context of the net asset value of the Company, the implementation of the Share Consolidation, the Capital Reduction and the Share Sub-division will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders. The Directors are of the view that the Share Consolidation, the Capital Reduction and the Share Sub-division will not have any material adverse effect on the financial position of the Group and are in the interest of the Company and the Shareholders as a whole.

Conditions of the Capital Reduction and the Share Sub-division

The Capital Reduction and the Share Sub-division are conditional upon the following conditions:

1. the Share Consolidation has become effective;
2. the passing of a special resolution by the Shareholders to approve the Capital Reduction and the Share Sub-division at the EGM;
3. the Court granting an order confirming the Capital Reduction;
4. compliance with any conditions which the Court may impose in relation to the Capital Reduction;
5. registration by the Registrar of Companies in the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction and the minute approved by the Court containing the particulars required under the Companies Law with respect to the Capital Reduction; and
6. the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares arising from the Capital Reduction and the Share Sub-division.

The Capital Reduction and the Share Sub-division will become effective when the conditions mentioned above are fulfilled. Upon the approval by the Shareholders of the Share Consolidation, the Capital Reduction and the Share Sub-division at the EGM, the legal advisors to the Company (as to Cayman Islands law) will apply to the Court for hearing date(s) to confirm the Capital Reduction and further announcement(s) will be made by the Company on the preliminary timetable as soon as the Court hearing dates are confirmed.

As at the date of this announcement, none of the above conditions have been fulfilled.

Reasons for the Capital Reduction and Share Sub-division

Under the Companies Law, a company may not issue shares at a discount to the nominal value of such shares. Immediately after completion of the Share Consolidation but before implementation of the Capital Reduction and the Share Sub-division, the nominal value of the Consolidated Shares will be HK\$0.4 per Consolidated Share. The Capital Reduction and the Share Sub-division will keep the nominal value of the New Shares at a lower level of HK\$0.04 per New Share, which allows greater flexibility in the pricing for any issue of new Shares in the future. The credit in the distributable reserve account arising from the Capital Reduction will enable the Company to set off its accumulated loss and may be applied in future for distribution to the Shareholders or in any manner permitted by applicable laws, the Memorandum and the Articles. The Board considers that the Capital Reduction and the Share Sub-division is beneficial to and in the interests of the Company and the Shareholders as a whole.

Application for the listing of the New Shares

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the New Shares.

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealing in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the New Shares to be admitted into CCASS established and operated by HKSCC.

Exchange of share certificates for the New Shares

As the Court hearing dates have yet to be fixed, the effective date of the Capital Reduction and the Share Sub-division is not ascertainable at present. Should the Capital Reduction and the Share Sub-division becoming effective, Shareholders may submit share certificates for the Consolidated Shares (in purple colour) to the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong to exchange for new share certificates for the New Shares (in orange colour) at the expense of the Company within the relevant free exchange period from the Effective Date. Details of such free exchange of share certificates will be announced as soon as the Effective Date is ascertained.

The Company will publish announcement(s) to update the Shareholders when the Court hearing dates, the effective date of the Capital Reduction and the Share Sub-division, and the period when the Shareholders can submit share certificates for the Consolidated Shares to exchange for new share certificates for the New Shares is/are ascertained and/or updated.

All existing certificates of the Consolidated Shares or (as the case may be) the Existing Shares will continue to be evidence of title to such Shares but all existing certificate of Existing Shares will cease to be valid for trading and settlement purpose.

ADJUSTMENTS TO OUTSTANDING SHARE OPTIONS

According to the rules of the Share Option Scheme, if there is any alteration in the capital structure of the Company whether by way of, among others, consolidation, subdivision or reduction of the share capital of the Company, while any options remains exercisable, corresponding alteration shall be made to the subscription price of the options. The aforementioned alteration is conditional on the confirmation in writing by the auditors of the Company or the independent financial adviser appointed by the Company that the alteration is made on the basis that the proportion of the issued share capital of the Company to which a participant of the Share Option Scheme is entitled after such alteration shall remain the same as that to which he or she was entitled before such alteration. No such alteration shall be made to the effect of which would be to enable any Share to be issued at less than its nominal value or which would result in the aggregate amount payable on the exercise of any option in full being increased.

As at the date of this announcement, there were outstanding options granted under the Share Option Scheme to subscribe for 1,962,840,000 Existing Shares. The Directors will determine, according to the rules of the Share Option Scheme, the adjustments (if any) required to be made in respect of the outstanding options as a result of the Share Consolidation, the Capital Reduction and the Share Sub-division. As the adjustments to the outstanding options are subject to the Share Consolidation, the Capital Reduction and the Share Sub-division taking effect and the written confirmation by the auditors of the Company or the independent financial advisers appointed by the Company, the Company cannot determine the adjustments to be made as at the date of this announcement. The Company will make further announcements regarding the adjustments in accordance with the Listing Rules in due course.

Save as aforesaid, the Company does not have any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into, any Existing Shares, Consolidated Shares or New Shares, as at the date of this announcement.

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation, the Capital Reduction and the Share Sub-division is set out below. The expected timetable is subject to the results of the EGM and satisfaction of the conditions to the Share Consolidation, the Capital Reduction and the Share Sub-division and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

Date

Despatch date of Circular with notice of the EGM on or before
Friday, 27 March 2020

Latest date and time for lodging transfer documents
in order to qualify for attending and voting at EGM 4:30 p.m. on
Tuesday, 14 April 2020

Closure of register of members for determining
the entitlement to attend and vote at the EGM
(both dates inclusive) Wednesday, 15 April 2020 to
Monday, 20 April 2020

Latest date and time for lodging the proxy
form for the EGM. 11:00 a.m. on Saturday,
18 April 2020

Record date for EGM. Monday, 20 April 2020

Date and time of the EGM. 11:00 a.m. on
Monday, 20 April 2020

Announcement of results of the EGM Monday, 20 April 2020

The following events are conditional upon the results of the EGM and therefore the dates are tentative only.

Effective date of the Share Consolidation Wednesday, 22 April 2020

First day of free exchange of existing share certificates
into new share certificates for Consolidated Shares. Wednesday, 22 April 2020

Dealings in Consolidated Shares commence 9:00 a.m. on
Wednesday, 22 April 2020

Original counter for trading in Shares
in board lots of 10,000 Existing Shares
(in the form of existing share certificates) temporarily closes 9:00 a.m. on
Wednesday, 22 April 2020

Temporary counter for trading in Consolidated Shares
in temporary board lot of 500 Consolidated Shares
(in the form of existing share certificates) opens 9:00 a.m. on
Wednesday, 22 April 2020

Original counter for trading in Consolidated Shares
in board lot of 10,000 Consolidated Shares
(in the form of new share certificates for
Consolidated Shares) re-opens 9:00 a.m. on
Friday, 8 May 2020

Parallel trading in the Shares and Consolidated Shares
(in the form of existing share certificates and
new share certificates) commences 9:00 a.m. on
Friday, 8 May 2020

Designated broker starts to stand in the market to
provide matching services for sale and purchase of
odd lots of Consolidated Shares 9:00 a.m. on
Friday, 8 May 2020

Temporary counter for trading in Consolidated Shares
in temporary board lot of 500 Consolidated Shares
(in the form of existing share certificates) closes 4:10 p.m. on
Thursday, 28 May 2020

Parallel trading in Consolidated Shares (in the form of
new share certificates for Consolidated Shares and
existing share certificates) ends 4:10 p.m. on
Thursday, 28 May 2020

Designated broker ceases to stand in the market to
provide matching services for sale and
purchase of odd lots of Consolidated Shares 4:10 p.m. on
Thursday, 28 May 2020

Last day for free exchange of existing share certificates
into new share certificates for Consolidated Shares Monday, 1 June 2020

The following events are conditional upon the results of the EGM and the confirmation of the Court on the Capital Reduction and therefore the dates are tentative only.

Effective time of the Capital Reduction and
the Share Sub-division Before 9:00 a.m. on
Friday, 3 July 2020

Commencement of dealing in the New Shares 9:00 a.m. on
Friday, 3 July 2020

First day of free exchange of existing share certificates
for the Consolidated Shares into new share certificates
for New Shares Friday, 3 July 2020

Last day of free exchange of existing share certificates
for the Consolidated Shares into
new share certificates for New Shares Monday, 10 August 2020

GENERAL

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the necessary resolution(s) in respect of the Share Consolidation, the Capital Reduction and the Share Sub-division. The Circular containing, among other matters, information regarding the Share Consolidation, the Capital Reduction and the Share Sub-division together with a notice of the EGM will be despatched to the Shareholders on or before Friday, 27 March 2020.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders have a material interest in the Share Consolidation, the Capital Reduction and the Share Sub-division and no Shareholders are required to abstain from voting at the EGM.

As the Share Consolidation, the Capital Reduction and the Share Sub-division are subject to the satisfaction of conditions, they may or may not become effective. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Articles”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors
“Business Day(s)”	day(s) (excluding Saturdays, Sundays and public holidays) on which banks are open for business in Hong Kong
“Capital Reduction”	the proposed reduction of the issued share capital of the Company whereby the nominal value of each of the issued Consolidated Shares will be reduced from HK\$0.4 each to HK\$0.04 each by cancelling the paid up capital to the extent of HK\$0.36 on each issued Consolidated Share
“CCASS”	Central Clearing and Settlement System, a securities settlement system used within the Hong Kong Exchanges and Clearing Limited market system
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Circular”	the circular to be despatched to the Shareholders containing, among other things, details of the Share Consolidation, the Capital Reduction, the Share Sub-division and the notice of the EGM
“Company”	China National Culture Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961), of the Cayman Islands as consolidated and revised
“Consolidated Share(s)”	the ordinary share(s) of par value HK\$0.4 each in the share capital of the Company upon the Share Consolidation becoming effective
“Consolidated Preference Share(s)”	the non-voting convertible preference share(s) of par value HK\$1.40 each in the share capital of the Company upon the Share Consolidation becoming effective

“Court”	the Grand Court of the Cayman Islands
“Directors”	the director(s) of the Company
“Effective Date”	the date on which the Capital Reduction and the Share Subdivision shall become effective
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, to approve the Share Consolidation, the Capital Reduction and the Share Sub-division
“Existing Share(s)”	the ordinary share(s) of par value HK\$0.02 each in the share capital of the Company before the Share Consolidation becoming effective
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	collectively, the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum”	the memorandum of association of the Company, as amended from time to time
“New Share(s)”	the ordinary share(s) of par value HK\$0.04 each in the issued and unissued share capital of the Company upon the Capital Reduction and the Share Sub-division becoming effective
“New Preference Share(s)”	the non-voting convertible preference shares of par value HK\$0.14 each in the issued and unissued share capital of the Company upon the Capital Reduction and the Share Sub-division becoming effective
“Preference Share(s)”	the non-voting convertible preference shares of par value HK\$0.07 each in the share capital of the Company

“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, the address of which is at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Share(s)”	the Existing Share(s) and/or the Preference Share(s) and/or the Consolidated Share(s) and/or the Consolidated Preference Share(s) and/or the New Share(s) and/or the New Preference Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of (i) every twenty (20) issued and unissued Existing Shares of par value HK\$0.02 each in the share capital of the Company into one (1) Consolidated Share of par value HK\$0.4 each; and (ii) every twenty (20) issued and unissued Preference Shares of par value HK\$0.07 each in the share capital of the Company will be consolidated into one (1) Consolidated Preference Share of par value HK\$1.40 each in the share capital of the Company
“Share Option Scheme”	the share option scheme of the Company adopted on 29 August 2014
“Share Sub-division”	the proposed sub-division of each of the authorised but unissued Consolidated Share of par value HK\$0.4 each and the authorised but unissued Consolidated Preference Shares of par value HK\$1.40 each into 10 New Shares of par value HK\$0.04 each and 10 New Preference Shares of par value HK\$0.14 each respectively
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
China National Culture Group Limited
Sun Wei
Executive Director

Hong Kong, 4 March 2020

As at the date of this announcement, the Board comprises Ms. Sun Wei and Ms. Man Qiaozhen as Executive Directors; and Mr. Liu Kwong Sang, Ms. Wang Miaojun and Ms. Wang Yujie as Independent Non-Executive Directors.