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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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 stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China National Culture Group Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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.

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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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)**

## **PROPOSALS FOR GENERAL MANDATES TO REPURCHASE SHARES AND ISSUE SHARES, RE-ELECTION OF DIRECTORS, REFRESHMENT OF SCHEME MANDATE LIMIT AND NOTICE OF ANNUAL GENERAL MEETING**

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The notice convening the annual general meeting of China National Culture Group Limited to be held at Portion 2, 12/F., The Center, 99 Queen's Road Central, Hong Kong on Tuesday, 29 September 2020 at 10:30 a.m. is set out on pages AGM-1 to AGM-5 of this circular. Whether or not you intend to attend the meeting, you are requested to complete the accompanying proxy form for use at the annual general meeting in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar, Tricor Investor Services 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 holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting if you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

### **PRECAUTIONARY MEASURES FOR THE AGM**

In view of the outbreak of coronavirus disease (COVID-19), for the safety of our shareholders, staff and stakeholders, the Company will implement the following precautionary measures:

- compulsory body temperature checks;
- compulsory wearing of surgical face masks throughout the meeting;
- no souvenir will be distributed; and
- no refreshments will be served.

The Company reserves the right to deny entry into the AGM venue or require to leave the AGM venue if any person who (i) does not comply with the precautionary measures; (ii) has a body temperature of over 37.4 degrees Celsius; (iii) is subject to any Hong Kong Government prescribed quarantine; or (iv) has any flu-like or upper respiratory tract infection symptoms. The Company recommends shareholders to monitor the development of the situation with COVID-19 and to assess, based on the social distancing policies, the necessity for attending the AGM in person. The Company encourages shareholders to appoint the chairman of the AGM as their proxy to vote on the relevant resolutions at the Annual General Meeting as an alternative to attending the AGM in person.

The proxy forms were despatched to the Shareholders together with this circular, and can otherwise be downloaded from the websites of the Company at [www.hklistco.com/745](http://www.hklistco.com/745) or the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). If you are not a registered Shareholder (i.e. if your Shares are held via banks, brokers, custodians or Hong Kong Securities Clearing Company Limited), you should consult directly with your banks, brokers or custodians (as the case may be) to assist you in the appointment of proxy. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement(s) on such measures as appropriate. The Company seeks the understanding and cooperation of all shareholders to minimize the risk of spreading COVID-19.

28 August 2020

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## DEFINITIONS

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

“AGM Notice”	the notice dated 28 August 2020 convening the AGM as set out on pages AGM-1 to AGM-5 of this circular
“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be held at Portion 2, 12/F., The Center, 99 Queen’s Road Central, Hong Kong on Tuesday, 29 September 2020 at 10:30 a.m., the notice of which is set out on pages AGM-1 to AGM-5 of this circular
“Articles of Association”	the articles of association of the Company for the time being
“Board”	Board of Directors
“Company”	China National Culture Group Limited, a company incorporated in the Cayman Islands with limited liability, with its shares listed on the Stock Exchange
“Directors”	the directors of the Company
“Grantee(s)”	any Participant who accepts an offer in accordance with the terms of the Share Option Scheme or any other schemes of the Company or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee or the legal personal representative of such person
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	25 August 2020, being the latest practicable date prior to the printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

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## DEFINITIONS

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“Memorandum and Articles of Association”	the memorandum and articles of association of the Company for the time being
“Nomination Committee”	the nomination committee of the Board
“Option(s)”	option(s) to subscribe for Shares pursuant to the Share Option Scheme and any other schemes of the Company and for the time being subsisting
“Participant(s)”	(a) any full-time or part-time employee of any member of the Group; (b) any consultant or adviser of any member of the Group; (c) any director (including executive, non-executive or independent non-executive directors) of any member of the Group; (d) any shareholder of any member of the Group; or (e) any distributor, contractor, supplier, agent, customer, business partner or service provider of any member of the Group, to be determined absolutely by the Board
“Repurchase Proposal”	the proposal to give a general mandate to the Directors to exercise the powers of the Company to repurchase Shares up to a maximum of 10% of the number of issued shares of the Company as at the date of the Repurchase Resolution
“Repurchase Resolution”	the proposed ordinary resolution as referred to in resolution number 4 of the notice of the AGM
“Scheme Mandate Limit”	the maximum number of Shares which may be issued upon the exercise of all Options to be granted under the Share Option Scheme and any other schemes of the Company
“Share(s)”	share(s) of HK\$0.04 each in the share capital of the Company
“Share Option Scheme”	the existing share option scheme of the Company adopted on 29 August 2014
“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities on the Stock Exchange
“Shareholder(s)”	holder(s) of the Share(s)

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## DEFINITIONS

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“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Ms. SUN Wei

Ms. MAN Qiaozhen

*Independent Non-Executive Directors:*

Mr. LIU Kwong Sang

Ms. WANG Miaojun

Ms. WANG Yujie

*Registered Office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head Office and Principal*

*Place of Business in Hong Kong:*

Unit 1104A, 11/F

Kai Tak Commercial Building

317-319 Des Voeux Road Central

Sheung Wan

Hong Kong

28 August 2020

*To the Shareholders*

Dear Sir or Madam,

**PROPOSALS FOR GENERAL MANDATES TO REPURCHASE SHARES  
AND ISSUE SHARES,  
RE-ELECTION OF DIRECTORS,  
REFRESHMENT OF SCHEME MANDATE LIMIT  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with information regarding (i) the proposed general mandate to repurchase Shares, (ii) the proposed general mandate to issue and allot Shares, (iii) the re-election of Directors, and (iv) the proposed refreshment of Scheme Mandate Limit, details of which are provided herewith as follows, and to give you notice of the AGM and seek your approval of the resolutions relating to these matters at the AGM.

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## LETTER FROM THE BOARD

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### GENERAL MANDATE TO REPURCHASE SHARES

At the last annual general meeting of the Company held on 27 September 2019, resolutions of the Shareholders were passed giving general unconditional mandates to the Directors to:

- (i) allot, issue and otherwise deal with shares not exceeding 20% of the number of issued shares of the Company as at the date of passing such resolution;
- (ii) to repurchase shares up to a maximum of 10% of the number of issued shares of the Company as at the date of passing of such resolution; and
- (iii) add to the general mandate for issuing shares as mentioned in paragraph (i) above the aggregate number of issued shares of the Company repurchased by the Company under the general mandate granted to the Directors to repurchase shares as mentioned in paragraph (ii) above.

The above general mandates will lapse at the conclusion of the forthcoming AGM. It is therefore proposed to seek your approval of the ordinary resolutions to be proposed at the AGM to give fresh general mandates to the Directors.

The Directors propose to seek your approval of the Repurchase Proposal to be proposed at the AGM, details of which are set out in the Repurchase Resolution. An explanatory statement as required under the Share Repurchase Rules to provide the requisite information of the Repurchase Proposal is set out in Appendix I to this circular.

### GENERAL MANDATE TO ISSUE SHARES

Two ordinary resolutions will also be proposed at the AGM, namely ordinary resolution nos. 5 and 6 for granting to the Directors a general mandate to allot, issue and deal with new Shares not exceeding 20% of the number of issued shares of the Company as at the date of the passing of ordinary resolution no. 5 and adding to such general mandate so granted to the Directors any Shares representing the aggregate number of issued shares repurchased by the Company after the granting of the general mandate to repurchase Shares up to 10% of the number of issued shares of the Company as at the date of the passing of ordinary resolution no. 4.

The Company had 588,864,600 Shares in issue as at the Latest Practicable Date. Subject to the passing of the aforesaid ordinary resolution no. 5 and in accordance with the terms therein, the Company would be allowed to issue additional Shares up to a maximum of 117,772,920 Shares on the basis that no further Shares will be issued or repurchased prior to the AGM.

Details of the share issue mandate and the extension of the share issue mandate are respectively set out in ordinary resolution nos. 5 and 6 in the AGM Notice.

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## LETTER FROM THE BOARD

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### RE-ELECTION OF DIRECTORS

As at the Latest Practicable Date, the executive Directors are Ms. SUN Wei and Ms. MAN Qiaozhen, and the independent non-executive Directors are Mr. LIU Kwong Sang, Ms. WANG Miaojun and Ms. WANG Yujie.

According to article 84(1) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

According to article 84(2) of the Articles of Association, a retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

In compliance with articles 84(1) and 84(2) of Articles of Association, Ms. SUN Wei and Ms. MAN Qiaozhen will retire by rotation and being eligible, have agreed to offer themselves for re-election at the AGM.

Recommendations to the Board for the proposal for re-election of Ms. SUN Wei and Ms. MAN Qiaozhen as executive Directors were made by the Nomination Committee, after having considered a range of diversity perspectives including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, as set out in the board diversity policy of the Company.

At the AGM, ordinary resolutions will be put forward to the Shareholders in relation to the proposed re-election of Ms. SUN Wei and Ms. MAN Qiaozhen as executive Directors.

Details of the Directors proposed to be re-elected at the AGM are set out in Appendix II hereto.



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## LETTER FROM THE BOARD

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### PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT

Reference is made to the circulars of the Company dated 30 July 2014, 10 August 2015 and 16 August 2017 regarding the adoption of the Share Option Scheme which was approved by the Shareholders on 29 August 2014, and the refreshments of the Share Option Scheme which were approved by the Shareholders on 10 September 2015, 31 August 2017 and 27 September 2019. The purpose of the Share Option Scheme is to enable the Company to grant Options to the Participants, to recognise and acknowledge the contributions or potential contributions have made or will be made by the Participants to the Group as incentives and/or rewards for their contribution to the Group following the expiry of the Share Option Scheme.

Apart from the Share Option Scheme, the Company had no other share option scheme in force as at the Latest Practicable Date.

Pursuant to Chapter 17 of the Listing Rules and the principle terms of the Share Option Scheme, the total number of Shares which may be issued upon the exercise of all Options to be granted under the Share Option Scheme and any other schemes of the Company must not exceed 10% of the Shares in issue as at the date of adoption of the Share Option Scheme. Subject to prior Shareholders' approval, the Scheme Mandate Limit may be refreshed provided that:

1. the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares in issue at the date of the approval of the refreshment of the Scheme Mandate Limit,
2. Options previously granted under the Share Option Scheme or any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the Scheme Mandate Limit to be refreshed, and
3. the maximum number of Shares which may be issued upon exercise of all Options which then has been granted and have yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time.

At the annual general meeting of the Company held on 10 September 2015, the Scheme Mandate Limit was refreshed and the Company was allowed to grant Options up to 49,072,050 Shares representing 10% of the number of issued shares of the Company as at the said annual general meeting. The Company has granted 49,072,000 Options on 2 August 2017. As at the Latest Practicable Date, no Options granted had been exercised nor cancelled and 49,072,000 Options granted had been lapsed.

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## LETTER FROM THE BOARD

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At the annual general meeting of the Company held on 31 August 2017, the Scheme Mandate Limit was refreshed again and the Company was allowed to grant Options up to 49,072,050 Shares representing 10% of the number of issued shares of the Company as at the said annual general meeting. The Company has granted 49,070,000 Options on 21 August 2019. As at the Latest Practicable Date, no Options granted had been exercised, cancelled nor lapsed.

At the annual general meeting of the Company held on 27 September 2019, the Scheme Mandate Limit was refreshed again and the Company was allowed to grant Options up to 49,072,500 Shares representing 10% of the number of issued shares of the Company as at the said annual general meeting. The Company has granted 49,072,000 Options on 18 August 2020. As at the Latest Practicable Date, no Options granted had been exercised, cancelled nor lapsed.

The information in relation to the grants of Options since its adoption and the above refreshments of the Scheme Mandate Limit is as follows:-

	<b>Adoption of Share Option Scheme on 29 August 2014</b>	<b>Refreshment on 10 September 2015</b>	<b>Refreshment on 31 August 2017</b>	<b>Refreshment on 27 September 2019</b>
Scheme Mandate Limit approved	39,249,150	49,072,050	49,072,050	49,072,050
Date of grant	N/A	2 August 2017	21 August 2019	18 August 2020
No. of Options granted		49,072,000	49,070,000	49,070,000
Exercise prices		HK\$0.40	HK\$0.40	HK\$0.076
Categories of grantees and relevant no. of Options granted				
– Executive Directors				
– SUN Wei			4,907,000	
– MAN Qiaozhen			4,907,000	
– WANG Miaojun				4,907,000
– WANG Yujie				4,907,000
– 1 Employee		4,907,000		
– 8 Employees (4,907,000 each)				39,256,000
– 6 Employees (4,907,000 each)			29,442,000	
– 10 Consultants (4,907,000 x 8, 2,454,500 each x 2)		44,165,000		
– 2 Consultants (4,907,000 each)			9,814,000	
Status of Share Options granted		All lapsed	All outstanding	All outstanding

\* The above number of share options has reflected the share consolidation which effective on 21 May 2020.

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## LETTER FROM THE BOARD

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Up to the Latest Practicable Date, 9,814,000 Options to subscribe for 9,814,000 Shares, representing approximately 1.67% of the total number of Shares in issue as at the Latest Practicable Date, were granted to the 2 consultants of the Company who provide consultancy services, business development and other technological support to the Group, including but not limited to provision of technological services in relation to the e-commerce business; and sourcing potential business development opportunity to the Group.

<b>Business segment</b>	<b>Services provided/providing</b>	<b>Number of Options</b>	<b>Number of consultants</b>
E-commerce	Provision of technological consultancy services	4,907,000	1
E-commerce, advertising and movie	Sourcing potential business development opportunity	4,907,000	1
		9,814,000	

The management consider that in view of the limited resources of the Group and to maintain a long-term growth, the Options granted to the consultants can help to retain and motivates these non-employees to generate growth in company value. The Options were granted as in incentive for these consultants to provide ongoing service to the Group and to maintain a long-term relationship with them so that the Group can maintain a streamline operation with stability. Apart from the Options granted, the Company has not provided any other remuneration to these consultants for their services provided.

None of the grantees of the Options granted under each of the above refreshments are overlapped, connected or related to each other. The 98,140,000 outstanding Options, entitling the holders thereof to subscribe for 98,140,000 Shares, which is approximately 16.67% of the number of issued shares of the Company as at the Latest Practicable Date.

As at the Latest Practicable Date, the Company does not have any plan to grant any Option to subscribe for any Share under the existing Scheme Mandate Limit after the proposed refreshment.

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## LETTER FROM THE BOARD

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The Company confirms that the total number of Shares to be issued upon exercise of the Options granted to each participant in any 12-month period has not exceeded 1% of the issued share capital of the Company in compliance with Rule 17.03(4) of the Listing Rules. The limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the Shares in issue from time to time. No Options may be granted under the Share Option Scheme and any other schemes of the Company if this will result in the limit being exceeded. The Directors will ensure that the requirements under Chapter 17 of the Listing Rules will be fully complied with from time to time.

As at the Latest Practicable Date, the Company has issued 588,864,600 Shares. Pursuant to the terms of the Share Option Scheme and in compliance with the Listing Rules, the maximum number of shares, which may be issued upon the exercise of all the Options to be granted under the Share Option Scheme and any other schemes of the Company under the Scheme Mandate Limit as refreshed should be 58,886,460 Shares (assuming no further Shares are issued or repurchased from the Latest Practicable Date up to the date of the AGM).

To properly serve the purpose of the Share Option Scheme, the proposed refreshment of the Scheme Mandate Limit is in the interests of the Group so that the Company could have more flexibility to provide incentives or rewards to Participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

It is proposed that subject to the Listing Committee granting the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options granted under the refreshed Scheme Mandate Limit and the passing of the relevant resolution at the AGM by the Shareholders, the Scheme Mandate Limit be refreshed so that the total number of securities, which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other schemes of the Company under the refreshed Scheme Mandate Limit as refreshed, shall not exceed 10% of the Shares in issue as at the date of approval of the proposed refreshment of the Scheme Mandate Limit by the Shareholders at the AGM.

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## LETTER FROM THE BOARD

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The Board proposes that the Scheme Mandate Limit be refreshed under Ordinary Resolution no. 7 at the forthcoming AGM.

The proposed refreshment of the Scheme Mandate Limit is conditional upon:

1. the passing of the necessary ordinary resolution by the Shareholders at the AGM to approve the proposed refreshment of the Scheme Mandate Limit, and
2. the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options to be granted under the refreshed 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 under the refreshed Scheme Mandate Limit.

### ANNUAL GENERAL MEETING

Set out on pages AGM-1 to AGM-5 of this document is the AGM Notice.

At the AGM, resolutions will be proposed to the Shareholders in respect of ordinary business to be considered at the AGM, including the re-election of Directors, and special business to be considered at the AGM, being the ordinary resolutions to approve the proposed Repurchase Proposal, the general mandate for Directors to issue new Shares and the extension of the general mandate to issue new Shares by adding the number of Shares repurchased.

### VOTING BY POLL

Pursuant to article 66(1) of the Articles of Association and Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll. All resolutions put to the vote of the AGM will therefore be decided by poll.

### ACTION TO BE TAKEN

A proxy form for use at the AGM is enclosed herewith. Whether or not you intend to attend the AGM, you are requested to complete the proxy form and return it to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of a proxy form will not prevent you from attending and voting in person at the AGM if you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

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## LETTER FROM THE BOARD

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### RECOMMENDATIONS

The Directors believe that the Repurchase Proposal, the general mandate for Directors to issue new Shares, the extension of the general mandate to issue new Shares by adding the number of Shares repurchased, the re-election of Directors and the refreshment of Scheme Mandate Limit are all in the best interest of the Company and the Shareholders. Accordingly, the Directors recommend that all Shareholders should vote in favour of the resolutions to be proposed at the AGM.

Yours faithfully,  
for and on behalf of  
**China National Culture Group Limited**  
**SUN Wei**  
*Executive Director*

*This appendix serves as an explanatory statement, as required by the Share Repurchase Rules, to provide requisite information to you for your consideration of the Repurchase Proposal.*

## **1. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 588,864,600 Shares.

Subject to the passing of the Repurchase Resolution and on the basis that no further Shares will be issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Proposal to repurchase a maximum of 58,886,460 Shares representing not more than 10% of the number of issued shares of the Company as at the Latest Practicable Date.

The Repurchase Resolution would continue in force until the conclusion of the next annual general meeting of the Company or the expiration of period within which the next annual general meeting of the Company is required by law to be held or it is revoked or varied by an ordinary resolution of Shareholders in general meeting of the Company, whichever is the earliest.

## **2. REASONS FOR REPURCHASES**

The Directors believe that the Repurchase Proposal is in the best interests of the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per Share of the Company and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders as a whole.

## **3. FUNDING OF REPURCHASES**

The Company is empowered by the Memorandum and Articles of Association to purchase Shares. Any purchases by the Company may be made out of profits or from sums standing to the credit of our share premium account or out of an issue of new shares made for the purpose of the purchase or, if authorised by the Memorandum and Articles of Association and subject to the Companies Law of the Cayman Islands, out of capital, and in the case of any premium payable on the purchase, out of profits or from sums standing to the credit of our share premium account, or if authorised by the Memorandum and Articles of Association and subject to the Companies Law of the Cayman Islands, out of capital.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited consolidated financial statements contained in the annual report for the year ended 31 March 2020 in the event that the Repurchase Proposal was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Proposal to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

#### **4. SHARE PRICES**

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date were as follows:

	<b>Share Prices (per Share)</b>	
	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
<b>2019</b>		
July	0.500	0.240
August	0.320	0.260
September	0.340	0.260
October	0.300	0.280
November	0.300	0.260
December	0.300	0.260
<b>2020</b>		
January	0.300	0.260
February	0.280	0.220
March	0.240	0.200
April	0.200	0.200
May	0.200	0.070
June	0.149	0.051
July	0.101	0.072
August (up to the Latest Practicable Date)	0.082	0.070



**5. UNDERTAKING**

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Resolution and in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, their close associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Proposal if such is approved by the Shareholders.

No core connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Repurchase Proposal is approved by the Shareholders.

**6. TAKEOVERS CODE**

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

As at the Latest Practicable Date, there is no Shareholder that is interested in more than 10% of the total voting rights of the Shares in issue.

The Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases made under the Repurchase Proposal. The Company has no present intention to repurchase Shares to such extent as to result in the amount of Shares held by the public being reduced to less than 25%.

**7. SHARE REPURCHASES MADE BY THE COMPANY**

The Company did not repurchase any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

*The following are the particulars of the Directors proposed to be re-elected at the AGM:*

1. **Ms. SUN Wei** (“**Ms. Sun**”), aged 36, was appointed to the Board in February 2014 as an executive Director, and was appointed as a member of the remuneration committee and nomination committee of the Board in November 2014. She also serves as a director of certain subsidiaries of the Company. Ms. Sun holds a Bachelor of Arts in English Education degree from Shanghai International Studies University, PRC, a Master of Science degree in Finance from Clark University, United States of America and a Postgraduate Certificate in Professional Accounting from City University of Hong Kong. Ms. Sun has over five years of experience in accounting and administration. Since May 2020, Ms. Sun has been appointed as a director of TD Holdings, Inc. (ticket symbol: GLG) whose securities are listed on the United States Nasdaq Stock Market.

Ms. Sun does not has any relationship with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Ms. Sun held an interest in 4,907,000 Options to subscribe for Shares. Save as disclosed herein, Ms. Sun does not have any interests in the Shares or underlying Shares within the meaning of Part XV of the SFO.

Ms. Sun has entered into a service agreement as executive Director with the Company on 26 February 2014 with no fixed term of service. The appointment of Ms. Sun is subject to retirement by rotation and re-election at least once every three years in accordance with the provisions of the Articles of Association. Subject to the determination of the remuneration committee of the Board, Ms. Sun will be entitled to a director’s fee with reference to her duties and responsibilities and the prevailing market conditions and authorised by the Shareholders at the annual general meeting of the Company. Ms. Sun received Director’s fee of HK\$240,000 for the year ended 31 March 2020.

Save as disclosed above, Ms. Sun has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with her re-election and there is no other information that should be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules.

2. **Ms. MAN Qiaozhen** (“**Ms. Man**”), aged 34, was appointed to the Board in March 2018 as an executive Director. Ms. Man graduated with a bachelor’s degree in Finance from Shenyang Normal University (沈陽師範大學) in July 2008. Ms. Man has over six years of experience in banking industry. She served positions as deputy general manager of private banking section, senior account manager and account manager (private banking) in a number of banks in the PRC. Ms. Man also has years of experience in media industry.

Ms. Man does not has any relationship with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Ms. Man held an interest in 4,907,000 Options to subscribe for Shares. Save as disclosed herein, Ms. Man does not have any interests in the Shares or underlying Shares within the meaning of Part XV of the SFO.

Ms. Man has entered into a service agreement as executive Director with the Company on 16 March 2018 with no fixed term of service. The appointment of Ms. Man is subject to retirement by rotation and re-election at least once every three years in accordance with the provisions of the Articles of Association. Subject to the determination of the remuneration committee of the Board, Ms. Man will be entitled to a director’s fee with reference to her duties and responsibilities and the prevailing market conditions and authorised by the Shareholders at the annual general meeting of the Company. Ms. Man received Director’s fee of HK\$180,000 for the year ended 31 March 2020.

Save as disclosed above, Ms. Man has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with her re-election and there is no other information that should be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules.

In the opinion of the Directors, other than the aforesaid matters, there are no other matters need to be brought to the attention of the Shareholders in relation to the re-election of the above Directors.

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## NOTICE OF AGM

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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)**

**NOTICE IS HEREBY GIVEN** that an annual general meeting of China National Culture Group Limited (the “Company”) will be held at Portion 2, 12/F., The Center, 99 Queen’s Road Central, Hong Kong on Tuesday, 29 September 2020 at 10:30 a.m. for the following purposes:

### **ORDINARY RESOLUTIONS**

1. To receive and consider the audited consolidated financial statements and the Reports of the Directors and Auditor for the year ended 31 March 2020.
2. To re-elect Directors and to authorise the Board of Directors to fix the remuneration of each Director.
3. To re-appoint Elite Partners CPA Limited as the Auditor and to authorise the Board of Directors to fix their remuneration.

As special business, to consider and, if thought fit, to pass with or without modification of the following resolutions as Ordinary Resolutions:

4. **“THAT:**
  - (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase shares of HK\$0.04 each in the share capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
  - (b) the aggregate number of shares of the Company which the Directors are authorised to purchase pursuant to the approval in paragraph (a) above shall not exceed 10% of the number of issued shares of the Company as at the date of this Resolution and the said approval shall be limited accordingly; and

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## NOTICE OF AGM

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- (c) for the purposes of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
  - (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company.”

5. **“THAT:**

- (a) subject to paragraph (c) below, 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 shares of HK\$0.04 each in the share capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate number of shares of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) above, otherwise than (i) a Rights Issue (as hereinafter defined); (ii) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue of shares or rights to acquire shares of the Company; (iii) an issue of shares upon the exercise of the subscription or conversion rights under the terms of any warrants or any securities of the Company which are convertible into shares of the Company; or (iv) an issue of shares as scrip dividends pursuant to the Articles of Association from time to time, shall not exceed 20% of the number of issued shares of the Company as at the date of passing this Resolution, and the said approval shall be limited accordingly; and

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## NOTICE OF AGM

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(d) for the purpose of this Resolution,

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company; and

“Rights Issue” means an offer of shares or issue of options, warrants or other securities giving the right to subscribe for shares of the Company, open for a period fixed by the Directors to holders of shares of the Company, or any class of shares of the Company, whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their holdings of such shares (or, where appropriate such other securities) as at that date (subject to such exclusions 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 any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

6. “**THAT** subject to the passing of the Resolution nos. 4 and 5 set out in the notice convening this meeting, the general mandate granted to the Directors to allot, issue and deal with additional shares pursuant to Resolution no. 5 set out in the notice convening this meeting be and is hereby extended by the addition thereto of the aggregate number of issued shares of the Company repurchased by the Company under the authority granted pursuant to Resolution no. 4 set out in the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10% of the number of issued shares of the Company as at the date of the said Resolution.”

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## NOTICE OF AGM

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7. “**THAT:**

subject to and conditional upon the listing committee of The Stock Exchange of Hong Kong Limited granting approval for the listing of, and permission to deal in, the shares falling to be issued pursuant to the exercise of any options granted under the Refreshed Scheme Mandate Limit (as hereafter defined), the refreshment of the scheme mandate limit on the grant of options under the Share Option Scheme adopted on 29 August 2014 and any other schemes of the Company up to 10% of the number of shares of the Company in issue as at the date of passing this resolution (the “Refreshed Scheme Mandate Limit”) be and is hereby approved and all the Directors of the Company be and are hereby authorised to grant options and to allot, issue and deal with the shares of the Company pursuant to the exercise of any options and to take all such steps as they may consider necessary or expedient.”

By order of the Board  
**China National Culture Group Limited**  
**SUN Wei**  
*Executive Director*

28 August 2020

*Notes:*

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more (if holding two or more shares) proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. To be valid, the proxy form, together with a power of attorney or other authority, if any, under which it is signed or a certified copy thereof, must be delivered to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude a member from attending and voting in person at the meeting and in such event, the instrument appointing a proxy shall be deemed to be revoked.
3. With regard to resolution no. 2 in this notice, the Board of Directors proposes that the Directors, namely Ms. SUN Wei and Ms. MAN Qiaozhen be re-elected as Directors. Details of the said Directors are set out in the Appendix II to the circular to Shareholders dated 28 August 2020.
4. In view of the ongoing COVID-19 epidemic and recent guidelines for prevention and control of its spread, the Company will implement the following precautionary measures at the AGM to protect the shareholders, staff and other stakeholders who attend the AGM from the risk of infection:
  - (i) compulsory body temperature checks will be conducted on every shareholder, proxy and other attendee. Any person with a body temperature of 37.4 degrees Celsius or higher may be denied entry into the AGM venue or be required to leave the AGM venue;

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## NOTICE OF AGM

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- (ii) the Company will require all attendees to wear surgical face masks before they are permitted to attend, and during their attendance of the AGM at all times, and to maintain a safe distance between seats (please bring your own mask);
- (iii) no refreshment will be served at the AGM;
- (iv) no souvenirs will be distributed at the AGM; and
- (v) no guest will be allowed to enter the AGM venue if he/she is wearing quarantine wristband issued by the Government of Hong Kong.

*As at the date hereof, the Board of Directors 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.*