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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)**

**PLACING OF NEW SHARES  
UNDER GENERAL MANDATE**

**Placing Agent**

**Suncorp**  
Securities Limited

On 8 April 2021 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, up to 117,772,920 Placing Shares at the Placing Price of HK\$0.145 per Placing Share to not less than six Placees who are professional, institutional, or other investors that are third parties independent of the Company and its connected persons. The Placing Shares will be allotted and issued pursuant to the General Mandate.

Assuming the Placing Shares are fully placed, the maximum number of 117,772,920 Placing Shares under the Placing represents approximately 20.00% of the issued share capital of the Company as at the date of this announcement, and approximately 16.67% of the issued share capital as enlarged by the issue of the Placing Shares.

The Board considers that the Placing represents a good opportunity for the Company to raise additional funds for strengthening the existing business of the Group and to widen the Company's shareholder base. The terms of the Placing Agreement (including the Placing Price and the placing commission) were determined after arm's length negotiations between the Company and the Placing Agent. The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Assuming that all the Placing Shares are fully placed, the estimated gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing will amount to approximately HK\$17.1 million and approximately HK\$16.7 million, respectively. The Company intends to use such net proceeds for the development of the Group's movie segment, including but not limited to the investment in, purchase of and distribution of film, web series and TV series contents.

**Given that completion of the Placing may or may not take place, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## **THE PLACING AGREEMENT**

### **Date**

8 April 2021 (after trading hours)

### **Parties**

Issuer: The Company

Placing Agent: Suncorp Securities Limited

To the best knowledge, information and belief of the Board, having made all reasonable enquiries, the Placing Agent, its associates and their respective ultimate beneficial owner(s) are Independent Third Parties. As at the date of this announcement, the Placing Agent is not interested in any Shares.

### **Placing**

The Placing Agent has conditionally agreed to place, or procure the placing of, up to 117,772,920 Placing Shares at the Placing Price of HK\$0.145 per Placing Share on a best effort basis and will receive a placing commission of 2.5% of the Placing Price multiplied by the actual number of Placing Shares placed by the Placing Agent (i.e. the gross proceeds from the Placing).

The placing commission payable to the Placing Agent under the Placing Agreement is arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market commission rate for similar transactions. The Directors are of the view that the placing commission is fair and reasonable.

### **Places**

The Placing Agent will place the Placing Shares to professional, institutional, or other investors that are third parties independent of the Company and its connected persons. It is expected that the Placing Shares will be placed to not less than six Places.

## **Number of Placing Shares**

Assuming the Placing Shares are fully placed, the maximum number of 117,772,920 Placing Shares under the Placing represents approximately 20.00% of the issued share capital of the Company as at the date of this announcement, and approximately 16.67% of the issued share capital as enlarged by the issue of the Placing Shares. The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$4,710,917.

## **Placing Price**

The Placing Price is HK\$0.145 per Placing Share which represents:

- (a) a discount of approximately 9.38% to the closing price of HK\$0.16 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (b) a discount of approximately 10.71% to the average closing price of HK\$0.1624 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The Placing Price was determined on an arm's length basis between the Company and the Placing Agent and with reference to the prevailing market price of the Shares. The Directors consider that the Placing Price is fair and reasonable based on the current market conditions.

## **Placing Shares**

The Placing Shares will be allotted and issued under the General Mandate granted to the Board at the AGM held on 29 September 2020 pursuant to which the Board is authorised to allot, issue and deal with up to 117,772,920 Shares. As at the date of this announcement, the Company had not utilised the General Mandate and the maximum of 117,772,920 Placing Shares under the Placing represents approximately 100% of the entire General Mandate.

The allotment and issue of the Placing Shares is not subject to any additional Shareholders' approval.

## **Ranking of Placing Shares**

The Placing Shares under the Placing will rank, upon issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

## **Application for listing**

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

## **Conditions precedent**

Completion of the Placing Agreement is conditional upon the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in the Placing Shares.

If the above condition is not satisfied and on or before 29 April 2021, being fifteenth Business Day after the date of the Placing Agreement, or such later date to be agreed between the Company and the Placing Agent in writing, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties under the Placing Agreement will forthwith cease and determine and no party will have any claim against the other (save for any antecedent breaches).

## **Completion**

Completion of the Placing will take place within four Business Days after the fulfilment of the conditions as set out above or such other date to be agreed between the Company and the Placing Agent in writing (the “**Completion Date**”).

## **Rescission of the Placing Agreement**

If any of the following events occur at any time prior to 10:00 a.m. on the Completion Date, the Placing Agent may (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), by giving a written notice to the Company, at any time prior to the Completion Date provided that such notice is received prior to 6:00 p.m. on the day immediately preceding the Completion Date, rescind the Placing Agreement without liability to the other party, and the Placing Agreement shall thereupon cease to have effect and none of the parties shall have any rights or claims by reason thereof save for any rights or obligations which may accrue under the Placing Agreement prior to such termination:

- (i) in the reasonable opinion of the Placing Agent there shall have been since the date of the Placing Agreement such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing; or
- (ii) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which may adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

- (iii) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of the representations and warranties contained in the Placing Agreement untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (iv) any moratorium, suspension or restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances; or
- (v) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the Placing.

### **REASONS FOR THE PLACING AND USE OF PROCEEDS**

The Group is principally engaged in the provision of the advertising media services, film production and distribution business.

The Board considers that the Placing represents a good opportunity for the Company to raise additional funds for strengthening the existing business of the Group and to widen the Company's shareholder base. The terms of the Placing Agreement (including the Placing Price and the placing commission) were determined after arm's length negotiations between the Company and the Placing Agent. The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Assuming that all the Placing Shares are fully placed, the estimated gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing will amount to approximately HK\$17.1 million and approximately HK\$16.7 million, respectively. The Company intends to use such net proceeds for the development of the Group's movie segment, including but not limited to the investment in, purchase of and distribution of film, web series and TV series contents. The net placing price per Placing Share will be HK\$0.1414.

### **EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS**

On 19 August 2020, the Company allotted and issued 98,144,000 new Shares at the placing price of HK\$0.065 per Share to not less than six independent places pursuant to a placing agreement dated 4 August 2020. The net proceed from such placing were approximately HK\$6.3 million which were intended to be used for the general working capital of the Group. As at the date of the announcement, such net proceed has been used as intended. Details of such placing are set out in the announcement of the Company dated 4 August 2020 and 19 August 2020.

## SHAREHOLDING STRUCTURE OF THE COMPANY UPON COMPLETION OF THE PLACING

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon completion of the Placing (assuming the maximum number of Placing Shares are placed and there is no change in the share capital of the Company from the date of this announcement up to the completion of the Placing) are set out as follows:

Name of Shareholders	(i) As at date of this announcement		(ii) Immediately upon completion of the Placing	
	<i>Number of Shares held</i>	<i>Approximate % of total Shares in issue</i>	<i>Number of Shares held</i>	<i>Approximate % of total Shares in issue</i>
<b>Public Shareholders:</b>				
The Placees	–	–	117,772,920	16.67
Other public Shareholders	588,864,600	100.00	588,864,600	83.33
Total	<u>588,864,600</u>	<u>100.00</u>	<u>706,637,520</u>	<u>100.00</u>

**Given that completion of the Placing may or may not take place, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, the following expressions have the meaning set out below unless the context requires otherwise:

“AGM”	the annual general meeting of the Company held on 29 September 2020
“Board”	the board of Directors
“Business Day(s)”	a day other than a Saturday, Sunday or public holiday or a day on which typhoon signal no. 8 or above or a “black” rainstorm warning is hoisted in Hong Kong, on which banks are open for commercial business in Hong Kong

“Company”	China National Culture Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 745)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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
“Placee(s)”	any individuals, corporate, institutional or other investor(s) procured by the Placing Agent or its agents to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of up to 117,772,920 Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Suncorp Securities Limited is a licensed corporation to carry on business in Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 8 April 2020 in relation to the Placing
“Placing Price”	HK\$0.145 per Placing Share

“Placing Shares”	up to 117,772,920 new Shares to be placed pursuant to the Placing Agreement
“Share(s)”	the ordinary share(s) of HK\$0.04 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board  
**China National Culture Group Limited**  
**SHI Junfeng**  
*Chairman and Executive Director*

Hong Kong, 8 April 2021

*As at the date of this announcement, the Board comprises Mr. SHI Junfeng (Chairman), 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.*