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CHINA DIGITAL CULTURE (GROUP) LIMITED

中國數碼文化(集團)有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8175)

VOLUNTARY ANNOUNCEMENT STRATEGIC COOPERATION AGREEMENT

This announcement is made by China Digital Culture (Group) Limited (the “**Company**”) on a voluntary basis.

STRATEGIC COOPERATION AGREEMENT BETWEEN JIEYI WENCHUANG AND SUZHOU YOUSHI

INTRODUCTION

The Board is pleased to announce that on 13 May 2016, Jieyi Wenchuang, a wholly owned subsidiary of the Company and Suzhou Youshi an Independent Third Party entered into the strategic cooperation agreement (“**Strategic Cooperation Agreement**”), pursuant to which, the parties agreed, among other things, the followings:

(i) Strategic Cooperation on live broadcasting activities

Jieyi Wenchuang will set up a “J Channel” for live broadcasting activities on the live broadcasting platform owned by Suzhou Youshi whereas Suzhou Youshi shall fully support the promotion and advertisement of “J Channel”.

(ii) Strategic Cooperation on E-sports teams

- 1) Jieyi Wenchuang shall procure “J Team” to cooperate with “Longzhu Gaming”, a Korean E-sports team sponsored by “Longzhu Live Broadcasting” under Suzhou Youshi, both teams shall compete in exchange matches twice a month. Videos of these exchange matches shall be recorded and broadcasted through “J Channel” in the live broadcasting platform owned by Suzhou Youshi. Jieyi Wenchuang and Suzhou Youshi shall jointly enjoy the intellectual property right of recorded videos.
- 2) “Longzhu Gaming” and “J Team” shall participate in oversea trainings together during pre-season competitions. Videos of pre-season trainings shall be recorded and Jieyi Wenchuang and Suzhou Youshi shall jointly enjoy the intellectual property right of recorded videos.
- 3) During the period of transfer window, “J Team” and “Longzhu Gaming” shall have the priority over any third party E-sports teams to transfer team players to each other under the same conditions.

(iii) Both parties shall hold at least one charitable event when Mr. Jay Chou (周杰倫先生) participates in the live broadcasting activities and that charitable event shall be live broadcasted on the live broadcasting platform owned by Suzhou Youshi.

The Strategic Cooperation Agreement is conditional upon among others, Jieyi Wenchuang be granted with the authority to own “J Team” and to operate and manage the live broadcaster team for “J Team”. The Strategic Cooperation Agreement will be effective for one year from 15 June 2016.

The Consideration for one year strategic cooperation on live broadcasting activities shall be a total sum of RMB 6,300,000 (equivalent to approximately HK\$7,437,800), and shall be payable in cash by Suzhou Youshi to Jieyi Wenchuang.

INFORMATION OF THE PARTIES

(1) Jieyi Wenchuang

Jieyi Wenchuang Company Limited* (杰藝文創有限公司) is a company incorporated in Taiwan with limited liability and a wholly owned subsidiary of the Company since 1 June 2016. Jieyi Wenchuang is principally engaged in the business of training, nurturing and managing E-sports team players and E-sport broadcasters.

Upon proper authorization, Jieyi Wenchuang will be granted with the authority to own “J Team” and to operate and manage the live broadcaster team for “J Team”.

(2) Suzhou Youshi

Suzhou Youshi Network Technology Co., Ltd* (蘇州游視網絡科技有限公司) is a company incorporated in the PRC with limited liability and to the best of the Director’s knowledge, information and belief, and having made all reasonable enquiries, an Independent Third Party.

As at the date of this announcement, Suzhou Youshi is owned as to 20% by Shenzhen Tencent, and 21% by Shanghai U9 Game. Suzhou Youshi is principally engaged in the business of managing live broadcasting for games and E-sports competitions. Suzhou Youshi owns its live broadcasting platform called “Longzhu Live Broadcasting”.

REASONS FOR AND BENEFITS OF THE STRATEGIC COOPERATION AGREEMENT

Reference is made to the announcement of the Company dated 17 March 2016, the Company and Shenzhen Yujia Yule Media Co., Ltd* (深圳市娛加娛樂傳媒有限公司) entered into a memorandum of understanding in relation to the establishment of a joint venture, the principal business of which will be engaged in live webcast agency business.

Reference is also made to the announcements of the Company dated 5 April 2016 and 30 May 2016 respectively and the circular of the Company dated 12 May 2016, the Company and Eastern Eagle Investment Company Limited entered into an agreement in relation to the grant of exclusive right to the Company to use the image and name of Mr. Jay Chou (周杰倫先生) in the E-sports field and the joint establishment of an E-sports team called “J Team” thereafter.

The Board is of the view that the Company can achieve the good combination of online stars and E-sports teams in the E-sports business of the Company through the cooperation with Mr. Jay Chou (周杰倫先生) and the establishment of “J Team” and live webcast business. Suzhou Youshi owns a live broadcasting platform named “Longzhu Live Broadcasting”, according to the information as provided in the official website of “Longzhu Live Broadcasting” and other related sources, it is one of the largest games broadcasting platforms in the PRC and was officially launched on 1 February 2015. Longzhu Live Broadcasting has strategically cooperated with KeSPA, Gamefy (遊戲風雲) and NICETV, and has the right to broadcast top-level games such as League of Legends Pro League and Cross Fire Pro-League, and has sponsored “Longzhu Gaming”, a top Korean E-sports team.

The Board believes that by leveraging on the huge network flow of “Longzhu Live Broadcasting” under Suzhou Youshi, setting up “J Channel” on “Longzhu Live Broadcasting” will rapidly increase the number of audience and the commercial values of “J Team” and live broadcasting stars. Meanwhile, games and videos will be recorded to attract audience with the cooperation between “J Team” and “Longzhu Gaming”, which will further increase the number of audience and network flow of “J Channel” and bring out more valuable IP resources.

The Board also believes that the entering into of the Strategic Cooperation Agreement will enable both the Group and Suzhou Youshi to leverage on their respective strength, resources, expertise, as will enable the Group to expand its E-sports and live broadcasting business in the Greater China Region and benefit the business development of the Group.

The Company will make further announcement(s) in accordance with the GEM Listing Rules as and when appropriate.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

DEFINITION

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

“Board”	the board of Directors.
“Company”	China Digital Culture (Group) Limited (stock code: 8175), a company listed on the Growth Enterprise Market of the Stock Exchange.
“Directors”	directors of the Company.

“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Markets of the Stock Exchange.
“Greater China Region”	the PRC, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan.
“Group”	the Company and its subsidiaries.
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC.
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined under the GEM Listing Rules).
“Jieyi Wenchuang”	Jieyi Wenchuang Company Limited* (杰藝文創有限公司), a company incorporated in Taiwan with limited liability and a wholly owned subsidiary of the Company since 1 June 2016.
“J Team”	an E-sports team established by the Company and Mr. Jay Chou (周杰倫先生).
“Longzhu Live Broadcasting”	Longzhu Live Broadcasting (龍珠直播) is an online live broadcasting platform launched in 2015 by Suzhou Youshi and managed by Tencent Games Arena. It is one of the leading Esports live show platform in PRC.
“PRC”	People Republic of China.
“Shanghai U9 Game”	Shanghai U9 Game Co., Ltd.* (上海游久遊戲股份有限公司, stock code: 600652), a company incorporated in the PRC with limited liability and listed in Shanghai Stock Exchange and an Independent Third Party. It is principally engaged in research, development and operation of Internet game.
“Shareholder(s)”	the holder(s) of issued Share(s).
“Share(s)”	ordinary share(s) of HK\$0.04 each in the share capital of the Company.

“Shenzhen Tencent”	Shenzhen Tencent Industrial Investment Fund Co., Ltd.* (深圳市騰訊產業投資基金有限公司), a limited liability company incorporated in the PRC and an Independent Third Party.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.
“Suzhou Youshi”	Suzhou Youshi Network Technology Co., Ltd* (蘇州游視網絡科技有限公司), a company incorporated in the PRC with limited liability, and an Independent Third Party.

For the purpose of this announcement, unless otherwise specified, conversion of Renminbi, the lawful currency of the PRC, into Hong Kong dollars, the lawful currency of Hong Kong, is based on the approximate exchange rate of RMB1.00 to HK\$1.18.

By Order of the Board
China Digital Culture (Group) Limited
Mr. Hsu Tung Sheng
Chairman

Hong Kong, 2 June 2016

As at the date of this announcement, the executive directors of the Company are Mr. Hsu Tung Sheng, Mr. Hsu Tung Chi, Mr. Chang Ching Lien and Ms. Zhang Jing. The independent non-executive Directors are Mr. Wong Tak Shing, Mr. Kwok Chi Sun, Vincent and Mr. Gou Yanlina.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on GEM website on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the Company at www.cdculture.com.

* For identification purposes only