THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your 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, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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 ISSUANCE OF UNLISTED WARRANTS UNDER SPECIFIC MANDATE TO THE SUBSCRIBERS; AND (2) NOTICE OF EGM

Capitalized terms used on this cover shall have the same meanings as those defined in this circular, unless the context requires otherwise.

A notice convening the EGM to be held at Portion 2, 12/F, The Center, 99 Queen's Road Central, Central, Hong Kong on Tuesday, 14 July 2026 at 3 p.m. is set out on pages 31 to 32 of this circular. Whether or not you are able to attend the EGM, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment or postponement thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment or postponement thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be revoked by operation of law.

26 June 2026

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

"Announcement"	the announcement of the Company dated 28 April 2026 in respect of, among others, the proposed issuance of the Warrants under the Specific Mandate
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Auditors"	the auditors of the Company for the time being
"Board"	the board of Directors
"Business Day"	a day on which banks are open for general business in Hong Kong
"Bye-Laws"	the amended and restated bye-laws in force from time to time of the Company
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Company"	China National Culture Group Limited, a company incorporated in Bermuda with limited liability with its shares listed on the Main Board of the Stock Exchange (stock code: 745)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened and held on Tuesday, 14 July 2026 for the Shareholders to consider and, if thought fit, approve, the proposed issuance of the Warrants contemplated under the Subscription Agreements
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party"	third party independent of and not connected with the Company and any of its connected persons or their respective associates
"inside information"	has the meaning defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
"Latest Practicable Date"	24 June 2026, being the latest practicable date for ascertaining certain information for inclusion in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	30 June 2026, or other later date upon mutual agreement of the Company and the Subscribers in writing
"PRC" or "China"	the People's Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the issued Share(s)
"Specific Mandate"	the special mandate to be sought from the Shareholders at the EGM for the Company to issue and allot the Warrant Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscriber(s)"	four (4) subscribers of the Subscriptions Shares and the Warrants under the Subscription Agreements
"Subscription"	the proposed subscription of the Subscription Shares and the Warrants by the Subscribers on the terms and subject to the conditions set out in the Subscription Agreements

"Subscription Agreement(s)"	the share and warrant subscription agreements dated 28 April 2026 entered into between the Company and each of the Subscribers respectively in respect of the Subscription, on substantially similar terms, details of which are set out in the section headed "The Subscription Agreements" of the Announcement
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Warrants"	an aggregate of 46,800,000 warrants to be issued to the Subscribers by the Company under the Subscription Agreements, each entitling the holder thereof to subscribe for one (1) new Share to be issued and allotted by the Company
"Warrant Shares"	an aggregate of 46,800,000 Shares to be issued to the holders of the Warrants upon exercise of the subscription rights attached to the Warrants
"%"	per cent.

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
Mr. Wang Shidi

Independent Non-Executive Directors:
Mr. Liu Kwong Sang
Mr. Wang Miaojun
Mr. Wang Yujie

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Principal place of business in Hong Kong:
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26 June 2026

To the Shareholders

Dear Sir or Madam,

(1) PROPOSED ISSUANCE OF UNLISTED WARRANTS UNDER SPECIFIC MANDATE TO THE SUBSCRIBERS; AND (2) NOTICE OF EGM

INTRODUCTION

Reference is made to the announcements of the Company dated 28 April 2026. The purpose of this circular is to provide Shareholders with information and to seek your approval, *inter alia*, on the proposed issuance of the Warrants. A notice of the EGM containing the resolutions to be proposed at the EGM is set out in this circular.

PROPOSED ISSUANCE OF UNLISTED WARRANTS UNDER SPECIFIC MANDATE TO THE SUBSCRIBERS

As disclosed in the Announcement, on 28 April 2026, the Company entered into four (4) Subscription Agreements with four (4) Subscribers, pursuant to which the Subscribers have conditionally agreed to (on their own behalf or through their designated entity) subscribe for and the Company has conditionally agreed to allot and issue, among others, an aggregate of 46,800,000 Warrants at the exercise price of HK$1.20 each.

The Subscription Agreements

The Subscription Agreements are on substantially similar terms. The principal terms of the Subscription Agreements in relation to the subscription of the Warrants are set out as follows:

Date

28 April 2026

Parties

(1) the Company, as the issuer; and

(2) each of the Subscribers respectively, as the subscriber.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Subscribers and their ultimate beneficial owners (if applicable) are Independent Third Parties.

Principal terms of the Warrants

Number of Warrants and Warrant Shares

A total of 46,800,000 Warrants will be conditionally issued to the Subscribers. Each Warrant carries the right to subscribe for one (1) Warrant Share at the initial exercise price of HK$1.20 each (subject to adjustment as illustrated in the section headed "Adjustment to the Exercise Price of the Warrants").

As of the Latest Practicable Date, the Company has a total of 234,366,456 Shares in issue. If the subscription rights attached to the Warrants are exercised in full, the Company will issue such number of new Shares which will represent (i) approximately 19.97% of the total issued Shares of the Company as of the Latest Practicable Date and (ii) approximately 16.64% of the total issued Shares of the Company as enlarged by the issue of the Warrant Shares.

Status

The Warrants will be issued in registered form and constituted by way of deed poll to be executed by the Company. The Warrants will rank *pari passu* in all respects among themselves.

Issue Price and Exercise Price of the Warrants

The issue price of the Warrants is HK$0.10 each, which was arrived at after arm's length negotiations between the Company and the Subscribers with reference to (i) the recent trading price of the Shares (for the last 60 trading days immediately prior to the date of the Subscription Agreements); (ii) the unaudited net assets value per Share as at 30 September 2025 of approximately HK$0.26; (iii) the current market sentiment, i.e. liquidity of the Shares; (iv) the reasons for and benefits of the issue of the Warrants set out in the paragraph headed "Reasons for and benefits of the Subscription Agreements" below; and (v) the fair value of the Warrants as assessed by an independent valuer, Moore Transaction Services Limited, which is calculated at HK$0.10 each by using the Binomial Option-Pricing Model. The Board has (i) reviewed the valuation report, obtained relevant supporting documents and discussed the key assumptions with the valuer, including but not limited to the valuation methodology, derivation of each parameter and the rationale for selecting the model and each input; (ii) compared the implied valuation, i.e. HK$0.10 per Warrant, against the aggregate of the issuer price and exercise price, i.e. HK$1.30 and the prevailing market prices of the Shares; (iii) considered that the exercise price was set at a premium of approximately 17.6% over the closing price on the last trading day prior to the Announcement, and the aggregate consideration represents a premium of approximately 27.5% over the same closing price which is within the range of the market comparable as mentioned below. Based on the above, the Board considers the issue price of the Warrants to be fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Under the Binomial Option-Pricing Model, principal assumptions adopted include:

- there will be no major changes in the existing political, legal, fiscal and economic conditions in the countries that the Company is operating;

- there will be no substantial fluctuation in the economic outlook and specific industry outlook affecting the continuity of the businesses of the Company and the fair values of the underlying Shares;

- there are no subsequent material changes in the relevant corporate tax rates, interest rates, long-term borrowing rates, and exchange rates from that currently prevailing in the countries that the Company is operating which may significantly impact its businesses;

- there will be no material changes as to the management and business strategies and operational structure, which will continue to be operated under the current existing and expected business model; and

- the Company will continue to operate as going concern and the core operation of the Company will not differ materially from those of present or expected.

Under the Binomial Option-Pricing Model, the fair value of the Warrants is calculated through three steps: firstly, construct the Binomial Price Tree of underlying shares; secondly, calculate the payoff of the Warrants at each step upon exercise; and thirdly, calculate the value of Warrants by backward induction method. Key parameters adopted in this model include:

- Time to expiration (T): the life of the Warrants, being two years;

- Exercise price (X): the pre-determined exercise price to purchase the underlying stock, being the initial exercise price of HK$1.20 per Share;

- Risk-free interest rate (r): the theoretical rate of return of an investment with no risk of financial loss for a time period corresponding to the life of the Warrants, which is determined at 2.355% based on Hong Kong Government Bond Yield with a maturity life equal to the expected warrant life, i.e. a period equal to the subscription rights attached to the Warrants that may be exercised at any time during a period of two (2) years commencing from the date of issuance;

- Volatility (σ): the volatility of the Company, which was derived by the historical daily stock prices for a period with length commensurate to the maturity life of the Warrants. It is determined at 72.26% based on the average annualized standard deviation of the historical stock prices of the Company for a period with length commensurate to expected warrant life, i.e. a period equal to the subscription rights attached to the Warrants that may be exercised at any time during a period of two (2) years commencing from the date of issuance.

The initial exercise price of the subscription rights attached to the Warrants is HK$1.20 each (subject to adjustment as illustrated in the section headed "Adjustment to the Exercise Price of the Warrants") and represents:

(a) a premium of approximately 17.6% over the closing price of HK$1.02 per Share as quoted on the Stock Exchange on 27 April 2026, being the last trading day immediately prior to the date of the Subscription Agreements;

(b) a premium of approximately 23.7% to the average closing price of HK$0.97 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreements;

(c) a premium of approximately 42.9% to the average closing price of HK$0.84 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days immediately prior to the date of the Subscription Agreement; and

(d) a premium of approximately 51.9% to the average closing price of HK$0.79 per Share as quoted on the Stock Exchange for the last sixty consecutive trading days immediately prior to the date of the Subscription Agreement.

The initial exercise price of HK$1.20 per Share was arrived at after arm's length negotiations between the Company and the Subscribers with reference to (i) the recent trading price of the Shares (for the last 60 trading days immediately prior to the date of the Subscription Agreements); (ii) the current market sentiment; and (iii) the reasons for and benefits of the issue of the Warrants set out in the paragraph headed "Reasons for and benefits of the Subscription Agreements" below.

The aggregate of the issue price and the exercise price of the subscription rights attached to the Warrants is HK$1.30 each and represents:

(a) a premium of approximately 27.5% over the closing price of HK$1.02 per Share as quoted on the Stock Exchange on 27 April 2026, being the last trading day immediately prior to the date of the Subscription Agreements;

(b) a premium of approximately 34.0% to the average closing price of HK$0.97 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreements;

(c) a premium of approximately 54.8% to the average closing price of HK$0.84 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days immediately prior to the date of the Subscription Agreement; and

(d) a premium of approximately 64.6% to the average closing price of HK$0.79 per Share as quoted on the Stock Exchange for the last sixty consecutive trading days immediately prior to the date of the Subscription Agreement.

The aggregate of the issue price and the exercise price of the Warrants amounts to HK$60,840,000, which was arrived at after arm's length negotiations between the Company and the Subscribers.

Quantitative analysis of the Issue Price and Exercise Price

The Board acknowledges that the issue price of HK$0.10 per Warrant is relatively low. After considering the following factors, the Board is of the view that the pricing is fair and reasonable.

(i) Zero intrinsic value of the Warrants

As the exercise price HK$1.20 is at a premium of approximately 17.6%, HK$1.02 per Share on the last trading day immediately prior to the date of the Subscription Agreements, the Warrants are "out-of-the-money" and have zero intrinsic value. The issue price of HK$0.10 represents solely the time value premium for the out-of-the-money Warrants, not an immediate dilution gain.

(ii) Quantitative determination of the issue price

The issue price of HK$0.10 was arrived at through arm's length negotiations with reference to the following quantitative factors:

Discount to net asset value – The unaudited net assets per Share as at 30 September 2025 was approximately HK$0.26. The aggregate of issue price and exercise price (HK$1.30) represents a premium of approximately 400% over the net asset value per Share, reflecting potential asset appreciation.

Issue price as a percentage of total exercise consideration – The issue price of HK$0.10 represents only approximately 7.7% of the total consideration. Approximately 92.3% of the total consideration is payable upon exercise, meaning the dilutive effect is contingent on future market price at the time of exercise.

Cross-check against independent valuation – The negotiated issue price of HK$0.10 per Warrant is identical to the fair value of HK$0.10 per Warrant computed by the independent valuer using the Binomial Option-Pricing Model. The convergence between the arm's length negotiated price and the independently assessed fair value provides quantitative support that the issue price represents the fair value of the Warrants.

Reference to liquidity of the Warrant Shares – The average daily trading volume of the Shares for the 60 trading days immediately prior to the date of the Subscription Agreements was approximately 70,591 Shares, representing approximately 0.03% of the Company's total issued share capital. Such relatively thin trading liquidity, combined with the contractual condition that the Warrant Shares shall be subject to a strict 6-month lock-up period, were factors considered by the parties in agreeing the issue price. A low baseline trading volume coupled with a mandatory 6-month post-exercise holding period significantly restricts the liquidity and marketability of the Warrant Shares and supports a modest issue price.

Comparison with market comparables – The Company identified 12 warrant issuances by Main Board listed companies under specific mandate for the period from 1 January 2025 to the date of the Announcement. The effective issue price (aggregate of issue price and exercise price) of HK1.30 represents a premium of approximately 27.5% per Warrant is therefore within the range observed in the market.

Based on the above factors, the Board considers the issue price of HK$0.10 per Warrant to be fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Effective Issue Price and Market Comparables

The effective issue price (the "**Effective Issue Price**") of HK$1.30 per Warrant (being the aggregate of the Issue Price of HK$0.10 per Warrant and the Exercise Price of HK$1.20 per Warrant Share) represents: (i) a premium of approximately 27.45% over the closing price of HK$1.02 per Share quoted on the Stock Exchange on the Last Trading Day, and (ii) a premium of approximately 34.02% over the average closing price of HK$0.97 per Share for the last five consecutive trading days for the Shares immediately preceding the date of the Subscription Agreements.

The Effective Issue Price was determined with reference to the prevailing market price of the Shares. In order to assess the fairness of the Effective Issue Price, the Company conducted market research on the issue of unlisted warrants under specific mandate by listed companies on the Stock Exchange for the period from 1 January 2025 up to the date of the Announcement. Based on the selection criteria of (i) listed companies on the Stock Exchange; (ii) issuance of unlisted warrants under specific mandate; (iii) the warrant has fixed exercise price; and (iv) issuance for cash or investment commitments, the Company identified 12 comparable transactions (the "**Warrants Comparable Transactions**"), which represent an exhaustive list of transactions satisfying the selection criteria.

Table 1: Warrants Comparable Transactions (1 January 2025 to 28 April 2026)

Company Name	Stock Code	Date of announcement	Premium/(Discount) to Last Trading Day	Premium/(Discount) to Last 5 Trading Days	Initial issue price of the warrants
China Water Affairs Group Limited	00855	1 April 2026	Premium of 42.70%	Premium of 43.80%	HK$0.10
Culturecom Holdings Limited	00343	16 April 2025	Premium of 103.10%	Premium of 101.60%	HK$0.031
Bairong Inc.	06608	20 April 2026	Premium of 23.42%	Premium of 21.61%	HK$0.10
China Partytime Culture Holdings Limited	01532	26 March 2025	Discount of 10.00%	Discount of 12.96%	nominal subscription price of HK$1.00
C.banner International Holdings Limited	01028	30 October 2025	Premium of 28.46%	Premium of 23.92%	HK$0.036
Huanxi Media Group Limited	01003	11 November 2025	Premium of 16.88%	Premium of 48.03%	HK$0.01
Virtual Mind Holding Company Limited	01520	21 January 2026	Premium of 111.80%	Premium of 104.00%	HK$ Nil
ITC PROPERTIES GROUP LIMITED	00199	20 January 2026	Premium of 27.00%	Premium of 34.00%	HK$0.10
Zhong Ao Home Group Limited	01538	9 January 2026	Premium of 0.00%	Premium of 5.00%	nominal subscription price of HK$1.00
China Financial International Investments Limited	00721	11 March 2026	Premium of 10.50%	Premium of 15.00%	HK$0.005
Virtual Mind Holding Company Limited	01520	29 August 2025	Premium of 22.36%	Premium of 19.68%	HK$ Nil
DL HOLDINGS GROUP LIMITED	01709	28 September 2025	Premium of 18.01%	Premium of 9.51%	HK$0.01
Mean			Premium of 32.85%	Premium of 34.43%	
Median			Premium of 22.89%	Premium of 22.77%	
Maximum (Highest Premium)			Premium of 111.80%	Premium of 104.00%	
Minimum (Highest Discount)			Discount of 10.00%	Discount of 12.96%	

According to Table 1, the premium rate of the Effective Issue Price to the Last Trading Day is approximately 27.45% which is within the range of the Warrants Comparable Transactions (From a discount of approximately 10.00% to a premium of approximately 111.80%) and slightly below the mean of the Warrants Comparable Transactions (Premium of approximately 32.85%). The premium rate of the Effective Issue Price to the average closing price per Share for the last five consecutive trading days for the Shares immediately preceding the date of the Subscription Agreements is approximately 34.02% which is within the range of the Warrants Comparable Transactions (From a discount of approximately 12.96% to a premium of approximately 104.00%) and slightly below the mean of the Warrants Comparable Transactions (Premium of approximately 34.43%).

Given that (i) the premium rates of the Effective Issue Price are well within the market range for both the Last Trading Day and the 5-Day average; (ii) the premium rates (27.45% and 34.02%) are close to or even higher than the market medians (Premium of approximately 22.89% and 22.77%, respectively); (iii) the Effective Issue Price of HK$1.30 represents a significant premium over the net asset value per Share of HK$0.26 as reported in the latest interim report of the Company; and (iv) the Effective Issue Price was determined based on arm's length negotiations between the Company and the Subscribers with reference to the current market sentiment, liquidity flow in the capital market, and the prevailing market price of the Shares before entering into the Subscription Agreements, the Directors are of the view that the Effective Issue Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Subscription Period and Expiry Date of the Warrants

The subscription rights attached to the Warrants may be exercised at any time during a period of two (2) years commencing from the date of issuance.

The expiry date of the Warrants will be the second anniversary of the date of the issuance of the Warrants. As the proposed issuance of the Warrants is still subject to Shareholders' approval at the EGM and its conditions precedent being fulfilled, the specific expiry date of the Warrants is not yet determined.

Transferability of the Warrants

The Warrants may only be transferred to any person with prior consent of the Board and subject to the compliance of applicable laws, the Listing Rules, or the articles of association of the Company.

Rights of the Holder of the Warrants on Liquidation of the Company

If (i) the subscription period of the Warrants has not expired; (ii) any subscription rights of the Warrants remain unexercised; and (iii) an effective resolution for the winding up of the Company is passed, which is preceded by the making of a statutory declaration of solvency, each holder of the Warrants with unexercised subscription rights of the Warrants shall, for the purposes of ascertaining his/her/its rights in the winding up, be treated as if he/she/it had, immediately before the passing of the resolution, fully exercised his/her/its outstanding subscription rights of the Warrants, and shall be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of the Shares such sum as he/she/it would have received had he/she/it been the holder of all such Shares to which he/she/it would have been entitled by virtue of that exercise after deducting a sum equal to the sum of exercise price which would have been payable for the Warrant Shares.

Adjustment to the Exercise Price of the Warrants

The exercise price of the Warrants is subject to adjustments if any of the following occurs, with effect from the date of the relevant event or, if earlier, the record date for the event (an "**Adjustment**"):

(a) a subdivision, consolidation or reclassification of the Shares;

(b) a reduction of capital (of whatever nature, but excluding a cancellation of capital that is lost or not represented by available assets), or any other reduction in the number of Shares in issue from time to time;

(c) an issue of Shares or other securities convertible into Shares by way of dividend or distribution;

(d) an issue of Shares by way of capitalization of profits or reserves (including share premium account and any capital redemption reserve);

(e) a consolidation, amalgamation or merger of the Company with or into another entity (other than a consolidation, amalgamation or merger following which the Company is the surviving entity and which does not result in any reclassification of, or change in, the Shares); or

(f) a rights issue or open offer

Purpose of the adjustment mechanism

The adjustment mechanism is designed to ensure that, following any event that alters the share capital structure of the Company (including share subdivision, consolidation, reclassification, capital reduction, issue of Shares by way of dividend or capitalisation of profits/reserves, rights issue, or a consolidation/amalgamation/merger where the Company is not the surviving entity), the warrant holders will continue to hold the same proportion of the Company's equity capital as they were entitled to immediately before such event.

Adjustment formula

The exercise price will be adjusted according to the following standard formulae:

Event	Formula
Subdivision of Shares	P' = P × (C / D) where C = number of subdivided Shares per existing Share; D = 1
Consolidation of Shares	P' = P × (C / D) where C = 1; D = number of existing Shares consolidated into one Share
Capitalisation issue (bonus issue)	No adjustment to exercise price; number of Warrant Shares increased proportionately
Rights issue or open offer	P' = P × (N / (N + R)) where N = number of Shares in issue before the issue; R = number of new Shares issued under the rights issue (assuming full acceptance)
Capital reduction (excluding cancellation of lost capital)	P' = P × (N / N') where N = existing Shares before reduction; N' = Shares after reduction
Scrip dividend or distribution of Shares/convertible securities	P' = P × (N / (N + S)) where N = number of Shares in issue before the scrip dividend; S = number of new Shares issued under the scrip dividend
Consolidation, amalgamation or merger (Company not the surviving entity)	The exercise price and number of Warrant Shares shall be adjusted by an independent financial adviser to be appointed by the Company so as to preserve the economic value of the Warrants immediately prior to such event

After giving effect to the adjustment, the number of Warrant Shares that may be subscribed upon exercise of the outstanding subscription rights shall carry as nearly as possible (and in any event not less than) the same proportion of the voting rights attached to the fully diluted share capital of the Company and the same entitlement to participate in profits and assets as if no adjustment event had occurred.

An independent financial adviser or the Auditors will be appointed to confirm in writing to the Directors that any such adjustment satisfies the requirements set out in this paragraph, save for any adjustment arising from a capitalisation issue.

so that, after such Adjustment:

(i) the number of Warrant Shares corresponding to the Warrants for which the outstanding subscription rights would then be capable of being exercised carry as nearly as possible (and in any event not less than) the same proportion of the voting rights attached to the fully diluted share capital of the Company and the same entitlement to participate in the profits and assets of the Company (including on liquidation) as if there had been no such event giving rise to the Adjustment; and

(ii) the aggregate price payable for all Warrant Shares subject to outstanding subscription rights attached to the Warrants shall equal the same aggregate price as would be payable for the number of Warrant Shares of the Warrants, subject to outstanding subscription rights attached to the Warrants, immediately before the occurrence of the event giving rise to the Adjustment.

The Company shall give each holder of the Warrants written notice of any event described in the paragraph above, together with details of relevant Adjustment within 30 Business Days after occurrence of such event.

In respect of any disagreement of Adjustment between the Company and the holders of the Warrants, the Company shall refer the matter to an independent reporting accountant for determination. The independent reporting accountant shall act as expert and not as arbitrator and its decision shall (in the absence of manifest error) be final and binding on the Company and all holders of the Warrants.

Specific Mandate

The Warrant Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the Shareholders at the EGM.

Ranking

The Warrant Shares will rank *pari passu* in all respects with the Shares in issue as at the respective dates of their allotment and issue.

Listing

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares.

No application will be made by the Company for the listing of, and permission to deal in, the Warrants on the Stock Exchange or any other stock exchange.

Conditions precedent to the issue of the Warrants

Completion of the issue of the Warrants is subject to fulfilment of the following conditions (for the avoidance of doubt, these conditions cannot be waived by either the Company or the Subscribers):

(a) the approval by the Shareholders in relation to the subscription of the Warrants pursuant to the respective Subscription Agreement;

(b) there being no occurrence of circumstances which, in the reasonable opinion of the Subscriber, will have a material adverse effect on the financial condition, prospects, earning, business, undertaking or assets of the Company and its subsidiaries, in each case, taken as a whole, since the date of this Subscription Agreement;

(c) the Warranties remaining true, accurate and complete in all material respects and not misleading in any material respect;

(d) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and the permission to deal in, the respective Warrant Shares (and such approval and permission remaining in full force and effect); and

(e) the issue of the Warrants not resulting in the Company being in breach of Rule 15.02 of the Listing Rules immediately upon such issue.

In the event that the above conditions are not fulfilled by the Long Stop Date, all rights, obligations and liabilities of the Company and the respective Subscriber will cease and determine and neither the Company nor the respective Subscriber will have any claim against each other save for any antecedent breaches. As at the date of this circular, none of the conditions precedent to the issue of the Warrants has been satisfied or (if applicable) waived.

Completion

Completion of the issue of the Warrants shall take place within 4 weeks after the date upon which all of the conditions thereof have been fulfilled or such other time or date as agreed by the Company and the respective Subscriber.

Reasons for and benefits of the Subscription Agreements

The Group is principally engaged in (a) design services and advertising through mobile devices; (b) e commerce from sale of products over the internet; and (c) trading and production of films and provision of other film related services.

For the advertising business, the Group generates service fees by delivering a comprehensive range of integrated marketing solutions to brand customers and advertising agencies, with clients primarily based in Hong Kong and the PRC. Our core service offerings include: (i) content creation developed in accordance with clients' specific instructions and source materials; (ii) search engine optimisation (SEO) to enhance online visibility and traffic acquisition; (iii) advertising material design across digital and print media; and (iv) event marketing design, covering concept development, logistical planning, and on-site execution. Leveraging our team's extensive knowledge and proven experience in managing diverse advertising channels and scenarios, including but not limited to social media platforms, search engines, programmatic buying, and offline activations. We have also cultivated specialised capabilities in the film and entertainment sector. In particular, our team possesses solid expertise in movie-related advertising deliverables, such as film poster design (from key art development to typography and layout) and promotional video production (including scripting, storyboarding, editing, and post-production), enabling us to provide value-added creative services to clients in the media and entertainment industry.

AI-generated content technologies can create new synergies with our advertising business by enabling services that were previously difficult to offer.

- **Original content creation** – Unlike our traditional approach which relies on client-provided materials, AI can generate images, videos, voiceovers, and virtual characters from scratch.

- **Personalized ads at scale** – AI can produce thousands of different ad variations for the same campaign, allowing us to target different audiences with customized content.

- **Virtual spokespersons** – We can offer AI-powered digital brand ambassadors for clients, reducing the cost and complexity of hiring human talent.

- **Faster concept visualization for film clients** – AI can generate concept art, storyboard drafts, and teaser trailers early in the creative process, helping clients see the final look before full production.

- **Lower costs and faster turnaround** – These capabilities make our services more competitive, especially for clients with limited budgets or tight deadlines.

- **Our team remains essential** – Our expertise in strategy, client relationships, and quality control is still the core value. AI adds new tools on top of what we already do well.

For the e-commerce business, the Group operates its own proprietary e-commerce platform through which it generates revenue in two ways. First, the Group purchases its own inventories (including mobile phones, mobile phone accessories, batteries, chargers, replacement components and other related parts) and sells these products directly to customers through the platform, earning profit margins from the sale of goods (a direct sales or "first-party" or "1P" model). Second, the Group allows third-party sellers to list and sell their products through the platform, functioning as a marketplace or "third-party" (3P) model, under which the Group earns service fees or commissions based on transaction volumes or listing arrangements. Under both approaches, the Group serves both business-to-business (B2B) and business-to-consumer (B2C) customer segments. For B2B, the Group works with corporate clients and wholesale partners to facilitate bulk orders and commercial transactions; for B2C, the Group directly serves individual retail consumers. The Group manages the platform on an end-to-end basis, including product sourcing (under the 1P model), onboarding and management of third-party sellers (under the 3P model), inventory control, order fulfilment and customer service. In addition, the Group provides in-platform marketing services to enhance product visibility, drive traffic and improve conversion rates for both its own products and those of third-party sellers.

AI-generated content technologies can create new synergies with our e-commerce business by enhancing both our direct sales (1P) and marketplace (3P) models.

- **For 1P (own inventory)** – AI can generate product descriptions, specifications, and feature highlights for mobile phones, batteries, chargers and other parts across multiple languages, reducing manual work.

- **For 3P (third-party sellers)** – AI can help our sellers create better product listings by generating images, descriptions, and promotional copy, making their products more attractive and increasing our commission income.

- **AI-generated product visuals** – AI can produce lifestyle images and demonstration videos from a single product photo, reducing photography costs for both our own inventory and seller listings.

- **For in-platform marketing services** – AI can generate ad copy, banners, and social media posts to promote products on our platform, increasing visibility and conversion rates for both our own products and third-party sellers.

- **Lower operational costs** – These capabilities reduce the need for manual content creation, photoshoots, and copywriting, making our platform more cost-effective and scalable for both B2B and B2C segments.

For the film trading, production and film related services, the Group primarily invested in film rights and participated in film productions by our advertising crew, including but not limited to (i) storyboarding and production design assistance at the pre-production stage; and (ii) photography and on-site design adjustments during the production stage. Upon completion of a film, the Group assesses prevailing market conditions to determine the optimal strategy, which may include selling the entire rights, selling partial rights (for example, to overseas markets), or arranging a theatrical release to receive profit sharing. Depending on the chosen approach, revenue is recognised either upon the transfer of control of the film rights, or as profit-sharing income becomes contractually due and reliably measurable. In prior years, the Group has allocated investments across various film projects, evaluating each opportunity based on key factors including the topic, script, and box-office appeal of the cast. The Group opts to sell its entire ownership interest in a film to another investor before the film's theatrical release, allowing the Group to recognize the corresponding revenue rather than waiting for post-release profit distributions. For example: the Group has invested a movie in 2017, the movie did not launch till 2020 due to several factors such as the market condition, the Group sold it in 2021 finally. The Directors note that the Company's audited consolidated financial statements for the year ended 31 March 2025 disclosed only two reportable segments under HKFRS 8 (Operating Segments), namely the advertising segment and the e-commerce segment. Notwithstanding, the Company has continued to hold itself out as engaged in this business line as disclosed in the principal activities section of its annual report, and the Board has not resolved to discontinue this business segment. Our executive director, Ms. Sun Wei, has actively participated in various conferences, seminars, and discussion forums relating to film investment or film sharing, in order to network with industry professionals, including but not limited to film directors and film producers, and Ms. Sun and our team also negotiated with several film producers and other parties to discuss possibilities of any form of cooperation in the past few years. Details are listed as below:

Year ended	Number of projects of which the Company negotiated	Film category	Reasons why not proceeded further
31 March 2022	2	Action comedy film	(i) Conflicts over and director selection; and
		Costume film	(ii) Failure to agree on revenue sharing
31 March 2023	2	Romantic film	(i) Key talent, production windows, or release dates cannot be aligned across partners; and
		Gangsters/Cops film	(ii) Failure to agree on revenue sharing
31 March 2024	2	Gangsters/Cops film	(i) Funding shortfall; and
		Comedy film	(ii) Failure to agree on revenue sharing
31 March 2025	1	Action comedy film	Key talent, production windows, or release dates cannot be aligned across partners
31 March 2026	1	Crime film	Failure to agree on revenue sharing

This reflects a pre-revenue strategic development phase common in the film industry, where such cooperation (e.g., co-production agreements, distribution rights trading, service arrangements, IP acquisition, or joint ventures) typically involves long lead times and conditional contracts that do not trigger revenue recognition until specific milestones such as film release or delivery are met. However, based on careful consideration of various factors (such as market reception, required costs and time commitments, among others), Ms. Sun has been unable to finalise any cooperation to date, and consequently no revenue has been generated from this business line.

While the Group will continue to operate its existing business segments (namely, (a) design services and advertising through mobile devices; (b) e-commerce from sale of products over the internet; and (c) trading and production of films and provision of other film related services), the Board has determined that, supported by the proceeds from the Subscription, the Group's principal direction of business development will be carried out within its existing film trading and production and film related services segment, through the adoption and application of AI-generated content ("**AIGC**") technologies. In particular, the Group intends to apply AIGC tools and workflows to produce short-form series, cinematic short films and AI-generated music, and to develop related AIGC distribution and platform capabilities, all as an integral part of, and as the modernisation and upgrade of, the Group's existing film trading and production and film related services segment. The application of AIGC technologies is intended to enhance the content-creation capabilities, production efficiency and revenue potential of this existing segment. The Board also consider that the Subscription also able to provide more product placement and advertising opportunities to the existing businesses, allowing for cross selling of media space available in short film content and movies.

The Company will not/has not enter into and propose into any agreement or arrangement or understanding or undertaking (whether formal or informal, explicit or implied negotiation or whether conclude or not) to have intention to downsize or disposal of existing business.

Synergies between the Group and Bingo Group

The Directors consider that the following synergies operate within and in support of the Group's existing film trading and production and film related services segment and existing advertising segment:

(i) Mr. Chiau (Subscriber A) and Mr. Wang (Subscriber B), through their publicly documented track records in audio-visual production for Greater China audiences, are expected to provide creative and editorial input for the Group's AIGC short-form series and cinematic short films;

(ii) Bingo Group's IP portfolio may, on arm's length terms and subject to separate negotiation, offer reference material for AIGC adaptation in the form of short-form spin-off or derivative content;

(iii) Bingo Group's new media exploitation experience (digital licensing and online distribution) supports the Group's distribution learning curve for its AIGC outputs; and

(iv) the Subscribers' PRC industry network provides referral channels to finishing-stage talent (voice-over, music finishing, dubbing) on arm's length terms.

Save for the Subscription Agreement, no binding cooperation, content licensing, adaption or distribution agreement has been entered into between the Group and Bingo Group as at the Latest Practicable Date. Any specific transaction arising from the above which constitutes a notifiable and/or connected transaction under the Listing Rules will be implemented in compliance with the relevant requirements.

The Board has considered the following factors in entering into of the Subscription Agreement:

The strategic value in bringing in the Subscribers – The strategic value brought in by the Subscribers is vital to the Group's proposed development of existing business and to explore new opportunities in AIGC short-form series, cinematic short films and AI-generated, which could not be achieved by purely utilizing its existing cash. The Subscribers and their ultimate beneficial owners include notable figures with extensive experience in filmed entertainment, new media exploitations (e.g., digital rights, streaming, video-on-demand) and licensing. As such, the Company believes that the Subscribers are well positioned to assist the Company in employing AI technology to upgrade the Group's business via their respective industrial experience.

Debt financing is costly – The Company also considered other fundraising alternatives, such as debt financing and other form of equity financing. As for debt financing, the Board considers that the prevailing interest rate is at a relatively high point and debt financing will incur interest burden to the Group adversely affecting the profitability of the Company. As for other form of equity financing such as rights issue and open offer, it would require the Company to undergo a comparatively lengthy process in order to identify suitable underwriter and prepare the requisite compliance and legal documentation such as underwriting agreement and prospectus. Moreover, the abovementioned debt financing and other form of equity financing would not bring in strategic investors who could assist the Company in employing AI technology to upgrade the Group's business via their respective industrial experience.

The issuance of Warrants under the Subscription Agreements would give Subscribers opportunities to increase their shareholding interest in the Company and incentivize them to assist the Company in employing AI technology to upgrade the Group's business and increase the intrinsic value of the Shares. As such, the issuance of Warrants could stimulate greater commitment by the Subscribers to the Company and thus align their long term interest with the interest of the Company and its Shareholders as a whole.

Subscription of Warrants is necessary – In this connection and in addition to the above, the Board has taken into account the following factors:

- **The exercise price of the Warrant was set at a premium over the prevailing Share trading price**, while consistent with market practice, subscription price of new Shares by way of other equity financing will be at a discount to the prevailing Share trading price, given the low liquidity of the Shares;

- **The proceeds from the subscription of Warrants are expected to contribute to AI development**. Over 80% of the aggregate estimate net proceeds from the issuance of the Warrants and the Warrant Shares (assuming full exercise of subscription rights attached to the Warrants) will amount to approximately HK$60.8 million, which will primarily be used towards exploring the development of existing business and to explore new opportunities in AIGC short-form series, cinematic short films and AI-generated music in optimizing various aspects of the Group's business operations. For more details on the proposed use of proceeds from subscription of Warrants, please refer to the section headed "Use of proceeds".

- **Existing cash and bank balances** – Despite that the Company had cash and bank balances of approximately HK$4.7 million as at 30 September 2025 as disclosed in the Company's 2025 interim report, the Board is of the view that

  o It is important to maintain sufficient cash reserves to be prepared for any unforeseeable challenged and risks given the current macro-economic environment.

  o This is more the case in view of the current liability of HK$13.3 million.

  o As such the Board takes the view that it is more desirable and prudent to raise addition fund from the proposed issuance of Warrants under the Subscription Agreements which could bring in strategic value and enhance the Group's overall financial resilience.

The Company will not apply for listing of the Warrants on the Stock Exchange or any other stock exchange for the following reasons:

(i) **Strategic alignment** – Unlisted warrants, which are transferable only with prior Board consent and subject to compliance with applicable laws, the Listing Rules and the Company's bye laws, limit secondary market trading and help ensure that the Warrants are held by strategic investors with long term alignment rather than short term speculators.

(ii) **Alignment of interests** – The primary interest of the warrant holders is to enhance the Company's value through strategic synergies and eventual exercise, rather than engaging in short term arbitrage. The unlisted structure aligns the long term interests of the warrant holders with those of the Company and its Shareholders.

(iii) **Economic feasibility** – The listing of warrants under Chapter 15 of the Listing Rules requires, among other things, the warrants to satisfy the minimum public float and spread of holders requirements under Rule 8.08. Given that the Warrants are to be issued under a Specific Mandate to only four (4) Subscribers, the issue would not meet the public float and spread requirements applicable to a listed instrument. In addition, the costs and ongoing compliance burden of maintaining a listing for the Warrants (including separate listing fees, market-making arrangements and disclosure obligations) would be disproportionate relative to the size of the issue. Accordingly, the Directors consider that applying for listing of the Warrants would not be economically justified.

Taking into account of the above, the Directors are of the view that the terms of the Subscription Agreements are fair and reasonable and the proposed issuance of Warrants contemplated thereunder is in the interests of the Company and the Shareholders as a whole.

Use of proceeds

The estimated gross and net proceeds (after deducting other related expenses and professional fees) to be received by the Company from the issue of the Warrants are expected to be approximately HK$4.7 million and HK$4.6 million respectively, representing a net issue price of approximately HK$0.098 per Warrant.

The estimate net proceeds from the issuance of (1) the Warrants (calculated at the issue price of HK$0.10 each) and (2) the Warrant Shares (calculated at the exercise price of HK$1.20 each) are approximately HK$4.6 million and HK$56.2 million, respectively.

The Board intends to apply the Subscription proceeds as follows, with AIGC serving as a value-added enhancement to the Group's existing business segments, principally to modernise the existing film trading and production and film related services segment through the application of AIGC technologies, as well as a supplementary product offering. The Board's preliminary deployment plan is set out below:

(a) approximately HK$20 million on AIGC short-form series and cinematic short films (Phase 1, 6 to 12 months from completion), this will cover subscriptions to AI models and the expansion of the existing team with professional AIGC specialists (such as AI prompt engineers and generative AI content creators). The Group also plans to setup a dedicated AIGC creative studio to support both AIGC content production and the existing advertising business (e.g., film posters, promotional videos) and e-commerce business (e.g., product visuals, marketing assets);

(b) approximately HK$8 million on AI-generated music (Phase 1-2), principally as soundtracks for the Group's AIGC outputs and secondarily for third-party licensing;

(c) approximately HK$12 million on AIGC distribution and platform capability (Phase 2, 9 to 24 months), enabling digital monetisation through advertising, subscription and transactional models, leveraging the Group's existing e-commerce platform infrastructure. This includes AI large models to batch-generate multilingual graphic content, short videos, and live streaming content, systematically operating an all-platform social media matrix, while simultaneously utilizing AI technology for promotion on sales platforms, such as AI digital human hosts for live-stream selling;

(d) approximately HK$10 million on AIGC-assisted advertising creatives within the existing advertising segment, being the most immediate and lowest-risk application, this will integrate AIGC tools into the existing advertising workflow to enhance efficiency and creative output; and

(e) approximately HK$10.8 million as general working capital.

These activities will be implemented in phases upon receipt of the relevant tranches of subscription proceeds, subject to Board approval. Material variations will be disclosed under Rule 13.09 of the Listing Rules. In the event that the Subscribers do not exercise their warrants, the amount raised will be too little to be deployed substantially to the above. The net proceeds from the issue of the Warrants of approximately HK$4.6 million will be used for general working capital and maintenance of existing business (including repayment of trade payables and staff costs).

The Board has assessed the possibility of staged exercise of the Warrants and prepared the following arrangements to align the use of proceeds with the actual timing of receipt:

(i) **Minimum funding guarantee** – Assuming only the proceeds from the issue of the Warrants (approximately HK$4.6 million) are received and no Warrants are exercised, such amount will be prioritised for general working capital and maintenance of existing businesses (including repayment of trade payables and staff costs). AI development projects, which require larger funding, will be progressed in stages only as and when exercise proceeds are received.

(ii) **Rolling utilisation plan** – The Company will adopt a phased investment strategy based on the actual exercise progress. For example: If exercise is slow (less than 50% of Warrants exercised within the first six months), the Company will first apply the received funds to short recovery projects (e.g., AI short video content production with shorter production cycles).

If exercise meets expectations (at least 80% of Warrants exercised within the first twelve months), the Company will proceed with larger scale AIGC short-form series, cinematic short films and AI-generated music and AI music platform construction.

(iii) **Contingent financing arrangements** – Should exercise progress be slower than expected, the Board will evaluate alternative financing options, including (a) negotiating early or partial exercise with the Subscribers, or (b) seeking other financing sources (such as debt financing), although the latter is a secondary option given the current high interest rate environment.

(iv) **Liquidity management** – The Company will maintain an appropriate cash balance to ensure operational liquidity. Any unused proceeds pending deployment for specific projects will be placed in licensed bank short term deposit accounts and strictly applied towards the disclosed purposes.

Listing Rules implications

Pursuant to Rule 13.36(7) of the Listing Rules, the Company may not issue warrants to subscribe for (i) any new Shares of the Company or (ii) any securities convertible into new Shares of the Company, for cash consideration pursuant to a general mandate given under Rule 13.36(2)(b) of the Listing Rules. Therefore, the Warrants and the Warrant Shares will be issued and allotted pursuant to the Specific Mandate to be sought from the Shareholders at the EGM.

The issue of Warrants is in compliance with Rule 15.02(1) of the Listing Rules. Pursuant to Rule 15.02(1) of the Listing Rules, the shares to be issued upon exercise of the warrants must not, when aggregated with all shares which remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, exceed 20% of the issued share capital of the Company (excluding treasury shares) at the time such warrants are issued.

As of the Latest Practicable Date, the Company has a total of 234,366,456 Shares in issue. For the avoidance of doubt, there were no Treasury Shares as at the Latest Practicable Date. If the subscription rights attached to the Warrants are exercised in full, the Company will issue such number of new Shares which will represent approximately 19.97% of the total issued Shares of the Company (excluding Treasury Shares). Accordingly, the issue of the Warrants is in compliance with Rule 15.02(1).

The issue of Warrants is also in compliance with Rule 15.02(2) of the Listing Rules. Pursuant to Rule 15.02(2) of the Listing Rules, the warrants must expire not less than one and not more than five years from the date of issue or grant and must not convertible into further rights to subscribe for securities which expire less than one year or more than five years after the date of issue of the original warrants.

The Warrants have a term of 2 years from the date of issuance. The term is not less than 1 year and not more than 5 years, and the Warrants do not confer any right to convert into further subscription rights. Accordingly, the Warrants fully comply with Rule 15.02(2).

Effects on shareholding structure of the Company

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of full exercise of subscription rights attached to the Warrants (assuming there is no other change in the shareholding structure of the Company) are set out as below:

Shareholders	**(i) As at the Latest Practicable Date**		**(ii) Upon completion of the full exercise of subscription rights attached to the Warrants**	
	Shares	*%*	*Shares*	*%*
Public:				
Subscriber A	–	–	16,380,000	5.83
Subscriber B	–	–	11,700,000	4.16
Subscriber C	–	–	11,700,000	4.16
Subscriber D	–	–	7,020,000	2.49
Sub-total	–	–	46,800,000	16.64
Other public Shareholders	234,366,456	100	234,366,456	83.36
Total	**234,366,456**	**100**	**281,166,456**	**100**

Based on the information available to the Company and to the best knowledge of the Directors, the Company will maintain sufficient public float following the issuance of the Warrant Shares.

Information about parties to the Subscription Agreements

The Group

The Company is the holding company of the Group. The Group is a principally engaged in provision of design services and advertising through mobile devices, e-commerce from sale of products over the internet, trading and production of films and provision of other film related services.

The Subscribers

Subscriber A

Mr. CHIAU Sing Chi ("**Mr. Chiau**") has over 30 years of performance and management experience in the movie industry. Mr. Chiau has been a leading icon of the movie and entertainment industry in the Greater China Region for over 30 years, and had received numerous awards in the industry, including best supporting actor, best actor and best director awards presented by leading film academies. He is also an executive director of Bingo Group Holdings Limited, Subscriber C.

The Directors have considered (i) Mr. Chiau's publicly documented track record over 30 years of producing and directing commercially successful Chinese-language films, which the Directors consider demonstrates a sustained ability to identify storytelling, visual style and audience preferences in the Greater China entertainment market; (ii) his established creative network in the film and entertainment industry; and (iii) his executive role at Subscriber C. The Group's intended AIGC pilot programme (in short-form series, cinematic short films and AI-generated music) is, by nature, a content-creation business in which creative direction, audience-taste calibration and quality control of machine-generated outputs are critical to commercial acceptance. Accordingly, the Directors are of the view that Mr. Chiau's involvement is expected to provide the Group with informal creative and editorial guidance in shaping the Group's AIGC content roadmap, and is not premised on any specific film co-investment outcome.

Subscriber B

Mr. WANG Peng ("**Mr. Wang**") is the Chairman of Bingo Group Holdings Limited, Subscriber C, holds a Master's degree of Business Administration from Wuhan University and is a film and television producer. Mr. WANG serves as the chairman of Zhejiang Huazhi Tangde Film and Television Culture Co., Ltd.(浙江華智唐德影視文化有限公司)and the legal representative of Hubei Laoyou Film and Television Culture Co., Ltd.(湖北老有影視文化有限公司).

He has invested in and served as the producer for major television series including "The Guardians (人民警察)", "Hearts Aligned(天下同心)", "Brighter Than Stars(你比星光美麗)", "The Song Dynasty Scroll(宋紙迷蹤)", "No Retreat(奉陪到底)", "Crimes Against Humanity(反人類暴行)", and "The Ninefold Realm(九重天)". Mr. WANG is a director and the legal representative of Beijing Bigaoculture Holding Co., Ltd.

The Directors have considered (i) Mr. Wang's publicly documented role as investor and/or producer of multiple PRC television drama series, including episodic content that is structurally similar to short-form serial content the Group intends to produce using AIGC tools; (ii) his existing positions in three PRC film and television production companies which the Directors consider may provide referral channels to PRC-based creative talent, voice-over talent, music composers and post-production resources whose participation would be required to refine and finalise the Group's AI-generated outputs; and (iii) his chairmanship of Subscriber C. The Directors accordingly consider that Mr. Wang is expected to assist the Group in (a) calibrating the format and content of its AIGC short-form series for the PRC and Greater China audience; and (b) identifying complementary human-creative input required to bring AI-generated content to commercial standard.

Subscriber C

Bingo Group Holdings Limited ("**Bingo Group**"), a company incorporated in the Cayman Islands with limited liability with its shares listed on the GEM of the Stock Exchange (stock code: 8220) which engaged in filmed entertainment, new media exploitations and licensing businesses and cinema business. Based on the latest public information available, the substantial shareholders of Bingo Group are Mr. Chiau, Ms. Chow Man Ki Kelly and their family, in which they hold 37.82% of shareholding of Bingo Group.

The Directors have referred to Bingo Group's published annual report and corporate website. The Directors note that Bingo Group has (i) an existing portfolio of film and audio-visual content, which the Directors consider represents a body of underlying intellectual property and reference material from which the Group may, subject to separate negotiation and licensing arrangements to be entered into on arm's length terms, obtain inspiration, derivative material, or licensing rights for AI-assisted content adaptation; and (ii) an established new media exploitation business with experience in digital licensing and online distribution of audio-visual content – being precisely the type of distribution capability the Group's AIGC outputs are intended to leverage. The Directors are accordingly of the view that the strategic shareholding interest to be acquired by Subscriber C is expected to provide the Group with a long-term industry counterparty whose existing operating capabilities are aligned with the Group's intended AIGC direction. Save for the Subscription Agreement, the Company and Subscriber C have not entered into any binding cooperation, content licensing, adaptation or distribution agreement as at the Latest Practicable Date.

Subscriber D

Data Hash Group Limited ("**Data Hash**"), a company incorporated in Hong Kong with limited liability an integrated business service company offering expert Consultancy, Accelerator programs, and Project Management services. Since September 2022, Data Hash has also provided Project Management Services to Bingo Group and helped improved its financial position and revenues significantly since that time by assisting Bingo Group to secure major commercial deals with Aiqiyi and other companies in Greater China. Data Hash also provide AI Content Creation and Media Promotion services, helping clients generate high-quality AI-driven content and effectively promote their brands across digital platforms for sustainable growth. At the same time, Data Hash has a growing IT services business, and will assist the Group to identify new opportunities and develop further AI generated content business in video, music and gaming sectors. Based on the latest annual return filed by Data Hash, the major beneficial owners of Data Hash is Miss Tang Yu Chung.

Ms. Sun first met Mr. Wang at a film industry event in the past year. Through Mr. Wang's introduction, Ms. Sun then came to know Mr. Chiau. After preliminary discussions between Ms. Sun Wei, Mr Chiau and Mr Wang, Mr. Chiau and Mr Wang expressed interest in the issuance, and 2 other subscribers were introduced by Subscriber B to join the subscription. Subscriber C is an associate of Subscriber A and is a potential business partner to collaborate on other businesses related to media and entertainment. Subscriber D, with their extensive business network in Greater China, can assist to spot new business opportunities in media, entertainment and AI. All Subscribers are independent third parties not connected with the Company or any of its connected persons. As at the Latest Practicable Date, all Subscribers have no intention to nominate, appoint, or designate any person to act as a Director to the Board of the Company, and will remain as a passive investor of the Group.

Equity fund raising activity in the past twelve months

Save for the transaction contemplated under the Subscription Agreements, there has been no equity fund raising activity conducted by the Company in the past 12 months immediately preceding the Latest Practicable Date.

EGM

The notice of the General Meeting is set out on pages 31 to 32 of this circular.

Pursuant to the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow resolutions which relate purely to a procedural or administrative matter to be voted on by show of hands. The chairman of the EGM will therefore put each of the resolutions to be proposed at the EGM to be voted by way of poll pursuant to the articles of association. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under the Listing Rules.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, after having made reasonable enquiries, no Shareholder other than the Subscribers had any material interest in the proposed issuance of the Warrants under the Subscription Agreements. As such, no Shareholder will be required to abstain from voting at the EGM in respect of the resolution No.1 to approve, among other things, the issuance of the Warrants.

The register of members of the Company will be closed from Friday, 10 July 2026 to Tuesday, 14 July 2026 (both days inclusive), during which period no transfer of Shares will be effected. In order to determine the eligibility of the Shareholders to attend and vote at the EGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited of 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by no later than 4:30 p.m. on Thursday, 9 July 2026.

ACTION TO BE TAKEN

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited of 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible, and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment or postponement thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment or postponement thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be revoked by operation of law.

RECOMMENDATION

The Directors consider that the terms of the Subscription Agreements (including the subscription of the Warrants and the Specific Mandate) is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favor of the resolutions thereto to be proposed at the EGM.

RESPONSIBILITY STATEMENT

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.

ADDITIONAL INFORMATION

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

Completion of the subscription of the Warrants is subject to the fulfillment of certain conditions. Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their stockbroker, bank manager, solicitor or other professional adviser if they are in any doubt about their position or as to actions they should take.

Yours faithfully,
For and on behalf of the Board
China National Culture Group Limited
Sun Wei
Executive Director

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 extraordinary 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, Central, Hong Kong on Tuesday, 14 July 2026 at 3 p.m. (the "**EGM**") for the purposes of considering and, if thought fit, approving (with or without modification) the following resolution:

ORDINARY RESOLUTIONS

1. "**THAT**:

(a) the subscription agreements dated 28 April 2026 entered into between the Company and the subscribers (the "**Subscribers**") (a copy of which has been produced to this meeting marked "A" and signed by the chairman of this meeting for identification purpose) (the "**Subscription Agreements**") in relation to, among others, the allotment and issue of an aggregate of 46,800,000 warrants (the "**Warrants**") to be subscribed by the Subscribers, and the transactions contemplated thereby be and are hereby approved, confirmed and ratified;

(b) the creation and issue of the Warrants by the Company in accordance with the terms and conditions of the Subscription Agreements and the instrument of the Warrants be and is hereby approved, confirmed and ratified;

(c) the specific mandate to the directors of the Company (the "**Directors**") to exercise the powers of the Company for the allotment and issue of the warrant shares at the initial exercise price of HK$1.20 each (subject to adjustment in accordance with the term and conditions of the Warrants) which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the Warrants in accordance with the terms and conditions of the Warrants be and is hereby granted; and

(d) any Director be and is hereby authorised to do all such further things and acts and execute all such further documents and take all such steps which he/she considers necessary, desirable or expedient to implement and give effect to any matters relating to or in connection with Subscription Agreements and the transactions contemplated thereunder and all other matters incidental thereto or in connection therewith and to agree to and make such variation, amendment and waiver of any of the matters relating thereto or in connection therewith."

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

Hong Kong, 26 June 2026

Notes:

1. A Shareholder who is entitled to attend and vote at the EGM is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A Shareholder who is the holder of two or more Shares may appoint more than one proxy. A proxy needs not be a Shareholder.

2. To be valid, the form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be returned to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited of 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before time appointed for holding the meeting or any adjournment or postponement thereof (as the case may be) and in default thereof the form of proxy shall not be treated as valid.

3. For the purpose of determining Shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 10 July 2026 to Tuesday, 14 July 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited of 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 9 July 2026.

4. Where there are joint holders of any Share, any one of such joint holders may vote at the EGM, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the EGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the name stand in the register of members of the Company in respect of such Share.

5. The Chinese version of the resolutions set out in this notice is for reference only. If there is any inconsistency between the English and the Chinese versions, the English version shall prevail.

6. As at the date of this notice, the Board comprises Mr. WANG Shidi, 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.

7. If a typhoon signal no. 8 or above is hoisted, a black rainstorm warning signal is in force or under any other extreme conditions or adverse weather conditions in Hong Kong, at or at any time after 12:00 noon on the date of the EGM, the EGM will be adjourned or postponed in accordance with the articles of association of the Company. An announcement will be posted on the websites of the Company and the Stock Exchange to notify the Shareholders of the date, time and place of the adjourned or postponed meeting. The meeting will be held as scheduled when an amber or a red rainstorm warning signal is in force. Shareholders should decide on their own whether they would attend the above meeting under bad weather conditions bearing in mind their own situations.