

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



China Bright Culture Group **煜盛文化集團***

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1859)

MAJOR TRANSACTION IN RELATION TO THE ENTERING INTO OF AN ASSET MANAGEMENT AGREEMENT

MAJOR TRANSACTION

The Company entered into an Asset Management Agreement with AMTD on 13 March 2020 and deposited a total of USD70,800,000 into an investment portfolio account having a balanced mix of fixed income, equity and alternative investments.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the entering into of the Asset Management Agreement and the AMTD Transaction is more than 25% but less than 100%, the entering into of the Asset Management Agreement and the AMTD Transaction constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and would be subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, written shareholders' approval may be accepted in lieu of holding a general meeting if (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the entering into of the Asset Management Agreement and the AMTD Transaction; and (ii) a written approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting to approve the entering into of the Asset Management Agreement and the AMTD Transaction.

To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, AMTD and its ultimate beneficial owners are third parties independent of the Group and its connected persons, and therefore none of the Shareholders would be required to abstain from voting if the Company were to convene a general meeting for the approval of the entering into of the Asset Management Agreement and the AMTD Transaction. Further, the Company has obtained a confirmation from the Relevant Shareholders, in respect of the entering into of the Asset Management Agreement and the AMTD Transaction, that they have approved, confirmed and ratified the entering into of the Asset Management Agreement and the AMTD Transaction. In addition, the Directors are given to understand that each of the Relevant Shareholders would vote in favour of the entering into of the Asset Management Agreement and the AMTD Transaction if they are requested to vote at a general meeting for approving the entering into of the Asset Management Agreement and the AMTD Transaction.

Based on their existing shareholdings in the Company, i.e. 53.65% of the total issued share capital of the Company as at the date of this announcement, and the above understanding that they would vote in favour of the entering into of the Asset Management Agreement and the AMTD Transaction, even if a general meeting is to be convened for the purpose of considering and approving an ordinary resolution with regard to the entering into of the Asset Management Agreement and the AMTD Transaction, more than 50% of votes will be casted in favour of such ordinary resolution and therefore, the entering into of the Asset Management Agreement and the AMTD Transaction would be duly approved. As the Company has obtained a confirmation from the Relevant Shareholders in respect of the entering into of the Asset Management Agreement and the AMTD Transaction, no extraordinary general meeting of the Company will be convened for the purposes of approving the Asset Management Agreement and the AMTD Transaction.

Notwithstanding that no extraordinary general meeting of the Company will be convened, a circular containing, inter alia, (i) further details of the Asset Management Agreement and the AMTD Transaction; (ii) the financial and other information of the Group; and (iii) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 17 September 2020.

MAJOR TRANSACTION

The Company entered into an Asset Management Agreement with AMTD on 13 March 2020 and deposited a total of USD70,800,000 into an investment portfolio account having a balanced mix of fixed income, equity and alternative investments.

Principal Terms of the Asset Management Agreement

Date:	13 March 2020
Parties:	(1) the Company, as the client or principal (2) AMTD, as the asset management manger or custodian
Investment Amount:	USD70,800,000. The investment amount was determined based on the amount of temporary idle proceeds of the Company raised from the Listing and Global Offering without affecting its normal operations

Contract Period:	from 13 March 2020 to 12 March 2022
Guaranteed annualised 2% Return Discretionary Account:	Guaranteed annualised 2% return (On the final clearing date (being 12 March 2022), the Company will get back all of its initial amount plus not less than annualized 2% profit of the principal return)
Investment Objective:	to achieve capital growth with moderate volatility by investing in a diversified portfolio of Hong Kong listed companies' stocks and bonds and any other investment products available in the market of Hong Kong or foreign markets, if applicable
Investment Portfolio:	AMTD manages the investments in forming up different investment portfolios including securities, bonds, or other investment instruments available in the market of Hong Kong or foreign markets
Early Redemption:	<p>The Company will be allowed to withdraw whole or a part of the investment before the expiration of the contract period.</p> <p>(i) Of all or part of the investment is withdrawn in advance, only the principal will be obtained, and the return guarantee made by AMTD will be automatically cancelled;</p> <p>(ii) The Company must notify AMTD in writing in respect of withdrawal or early redemption, and all the securities and money of the investment portfolio account would be delivered to the Company by AMTD within twelve trading days from the date of notice, unless otherwise arranged.</p>

REASONS AND BENEFITS FOR THE AMTD TRANSACTION

In order to enhance the capital efficiency as well as the return from working capital, the Group reasonably utilises its idle capital to enter into the AMTD Transaction to earn additional income without affecting its normal operations. At the same time, the AMTD Transaction offer a better potential return to the Group when compared to the deposit interest rates normally offered by commercial banks in the PRC. The condition of the AMTD Transaction will be closely and effectively monitored by the Company.

Notwithstanding that the investment amount contemplated under the AMTD Transaction was predominantly funded by the temporarily idle proceeds of the Company raised from the Listing and Global Offering, the Company would like to stress that will not affect the spending profile of the proceeds from the Listing and Global Offering in accordance with the future plans of the Group as set out in the Prospectus.

The Directors are of the view that the Asset Management Agreement and the AMTD Transaction is determined on normal commercial terms and are fair and reasonable, and that the entering into of the Asset Management Agreement and the AMTD Transaction is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the entering into of the Asset Management Agreement and the AMTD Transaction is more than 25% but less than 100%, the entering into of the Asset Management Agreement and the AMTD Transaction constitute a major transaction of the Company under Chapter 14 of the Listing Rules and would be subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, written shareholders' approval may be accepted in lieu of holding a general meeting if (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the entering into of the Asset Management Agreement and the AMTD Transaction; and (ii) a written approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting to approve the entering into of the Asset Management Agreement and the AMTD Transaction.

To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, AMTD and its ultimate beneficial owners are third parties independent of the Group and its connected persons, and therefore none of the Shareholders would be required to abstain from voting if the Company were to convene a general meeting for the approval of the entering into of the Asset Management Agreement and the AMTD Transaction. Further, the Company has obtained a confirmation from the Relevant Shareholders, in respect of the entering into of the Asset Management Agreement and the AMTD Transaction, that they have approved, confirmed and ratified the entering into of the Asset Management Agreement and the AMTD Transaction. In addition, the Directors are given to understand that each of the Relevant Shareholders would vote in favour of the AMTD Transaction if they are requested to vote at a general meeting for approving the Asset Management Agreement and the AMTD Transaction.

Based on their existing shareholdings in the Company, i.e. 53.65% of the total issued share capital of the Company as at the date of this announcement, and the above understanding that they would vote in favour of the entering into of the Asset Management Agreement and the AMTD Transaction, even if a general meeting is to be convened for the purpose of considering and approving an ordinary resolution with regard to the entering into of the Asset Management Agreement and the AMTD Transaction, more than 50% of votes will be casted in favour of such ordinary resolution and therefore, the entering into of the Asset Management Agreement and the AMTD Transaction would be duly approved. As the Company has obtained a confirmation from the Relevant Shareholders in respect of the entering into of the Asset Management Agreement and the AMTD Transaction, no extraordinary general meeting of the Company will be convened for the purposes of approving the Asset Management Agreement and AMTD Transaction.

Notwithstanding that no extraordinary general meeting of the Company will be convened, a circular containing, inter alia, (i) further details of the Asset Management Agreement and the AMTD Transaction ; (ii) the financial and other information of the Group; and (iii) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 17 September 2020.

Confirmation from a closely allied group of Shareholders

Double K Limited, Blueberry Culture Limited and China Zenith Limited constitute “a closely allied group of Shareholders” of the Company under Rule 14.45 of the Listing Rules for the following reasons:

1. Double K Limited and Blueberry Culture Limited are wholly owned by Mr. Liu, who is a Director and founder of the Group. All of them are regarded as the controlling shareholders of the Company.
2. China Zenith Limited, indirectly wholly owned by Mr. Liu Chuanjun who is an independent third party, became one of the pre-IPO investors since an investment agreement dated 8 July 2019 was entered into between the Company, China Zenith Limited, Sino-Prosperity Culture Group Co., Ltd.* (北京中廣煜盛文化傳播有限公司) and Mr. Liu.
3. Double K Limited and Blueberry Culture Limited are parties acting in concert among themselves within the meaning of the Code on Takeovers and Mergers since they are wholly owned by Mr. Liu. As to China Zenith Limited, it is not a party acting in concert with them, but it has voted unanimously with them on all shareholders’ resolutions since it had become shareholder of the Company (other than routine resolutions at annual general meetings).

The Company has obtained a confirmation from the Relevant Shareholders, in respect of the entering into of the Asset Management Agreement and the AMTD Transaction, that they have approved, confirmed and ratified the entering into of the Asset Management Agreement and the AMTD Transaction. In addition, the Directors are given to understand that each of them would vote in favour of the entering into of the Asset Management Agreement and the AMTD Transaction if they were requested to vote at a general meeting for approving the Asset Management Agreement the AMTD Transaction.

Further, none of the Shareholders would be required to abstain from voting if the Company were to convene a general meeting for the approval of the entering into of the Asset Management Agreement and the AMTD Transaction.

As at the date of this announcement, the shareholdings of the Relevant Shareholders are summarized as follows:

1. Double K Limited holds 718,696,961 Shares, representing approximately 44.92% of the total issued share capital of the Company;
2. Blueberry Culture Limited holds 32,897,778 Shares, representing approximately 2.06% of the total issued share capital of the Company; and
3. China Zenith Limited holds 106,752,945 shares of the Company, representing approximately 6.67% of the total issued share capital of the Company.

Based on their existing shareholdings in the Company, i.e. 53.65% of the total issued share capital of the Company as at the date of this announcement, and the above understanding that they would vote in favour of the entering into of the Asset Management Agreement and the AMTD Transaction, even if a general meeting is to be convened for the purpose of considering and approving an ordinary resolution with regard to the entering into of the Asset Management Agreement and the AMTD Transaction, more than 50% of votes will be casted in favour of such ordinary resolution and therefore, the entering into of the Asset Management Agreement and the AMTD Transaction would be duly approved. As the Company has obtained a confirmation from the Relevant Shareholders in respect of the entering into of the Asset Management Agreement and the AMTD Transaction, no extraordinary general meeting of the Company will be convened for the purposes of approving the entering into of the Asset Management Agreement and the AMTD Transaction.

INADVERTENT BREACH OF RULES 3A.23 AND 14.34 OF THE LISTING RULES

The failure to consult its compliance adviser before the entering into of the Asset Management Agreement and the AMTD Transaction pursuant to Rule 3A.23 of the Listing Rules and make timely disclosure pursuant to Rule 14.34 of the Listing Rules was due to a misunderstanding by the management of the Company, that as the AMTD Transaction had substantially the same characteristics as high interest deposits with banks, which do not constitute “transactions” under Chapter 14 of the Listing Rules. As a result, the Company had not complied with the applicable requirements under Chapter 14 of the Listing Rules after the entering into of the Asset Management Agreement and the AMTD Transaction in a timely manner.

REMEDIAL MEASURES

The Company deeply regrets its non-compliance with Rules 3A.23 and 14.34 of the Listing Rules but would like to stress that such non-compliance was inadvertent and the Company had no intention to withhold any information relating to the entering into of the Asset Management Agreement and the AMTD Transaction from disclosure.

To prevent the reoccurrence of the current instance of non-compliance, the Company intends to adopt the following measures:

1. the Company will enhance the training provided to the Directors, the senior management and responsible finance staff, including requesting its legal adviser to give seminars on the compliance requirements and practical knowledge of notifiable transactions to its staff, so as to reinforce their understanding of and to emphasize the importance of compliance with the Listing Rules;
2. the Company will strengthen the implementation of its internal control system on transactions including but not limited to strengthening the coordination and reporting arrangements for notifiable transactions among the various departments of the Company, including the finance department, legal department, the investment department and the Board;
3. Before entering into each agreement, the finance department will coordinate those departments to review the relevant agreement to ensure compliance with the Listing Rules;

4. the Company will maintain closer cooperation with its professional advisers in relation to the regulatory compliance; and
5. if the Company intends to conduct similar transactions, it will seek advice from its external legal advisers and compliance adviser on whether this will trigger any disclosure or compliance requirements under the Listing Rules. If necessary, the Company will consult the Stock Exchange about the proper treatment of the proposed transaction.

INFORMATION ABOUT THE PARTIES

The Company

The Company is a video production company principally engaged in the operation of video contents.

INFORMATION ON AMTD

AMTD is a licensed corporation licensed to carry out type 1 (Dealing in Securities), type 2 (Dealing in Futures Contracts), type 4 (Advising on Securities), type 6 (Advising on institutional financing) and type 9 (Asset Management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, AMTD and its ultimate beneficial owners are third parties independent of the Group and its connected persons.

DEFINITIONS

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

“AMTD”	AMTD Global Markets Limited
“AMTD Transaction”	the transactions contemplated under the Asset Management Agreement
“Asset Management Agreement”	the asset management agreement dated 13 March 2020 entered into between the Company and AMTD
“Board”	the board of Directors of the Company
“Company”	China Bright Culture Group, a company incorporated in the Cayman Islands on 28 May 2019 as an exempted company with limited liability, and the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing and Global Offering”	the listing and global offering of the Shares pursuant to the terms of the Prospectus
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Liu”	Mr. Liu Mu (劉牧), our founder, chairman of the Board, executive Director, chief executive officer and one of our controlling shareholders of the Company
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated 28 February 2020 in respect of the Listing and Global Offering
“Relevant Shareholders”	Double K Limited, Blueberry Culture Limited and China Zenith Limited
“Shares”	the ordinary share(s) in the share capital of the Company
“Shareholder(s)”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
China Bright Culture Group
Liu Mu
Chairman

Beijing, the PRC
28 August 2020

As at the date of this announcement, the Board comprises Mr. LIU Mu, Ms. CHEN Jia and Mr. XIA Rui as executive Directors, and Ms. RAN Hua, Mr. HUANG Victor, Mr. ZHANG Yiwu and Mr. YANG Chengjia as independent non-executive Directors.

* *For identification purposes only*