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China Bright Culture Group

煜盛文化集團*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1859)

FULFILMENT OF RESUMPTION CONDITIONS AND RESUMPTION OF TRADING

FULFILMENT OF ALL THE RESUMPTION CONDITIONS

The Company is pleased to announce that as at the date of this announcement, the Company has fulfilled all the Resumption Conditions to the satisfaction of the Stock Exchange.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange has been suspended from 9:00 a.m. on 1 April 2021. As all the Resumption Conditions have been fulfilled, the Company has made and the Stock Exchange has accepted an application for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 6 September 2021.

This announcement is made by China Bright Culture Group (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 31 March 2021, 1 April 2021, 18 June 2021 and 30 June 2021, respectively, in relation to, among other things, the progress of fulfilment of resumption conditions provided by the Stock Exchange; and (ii) the annual results announcement of the Company for the year ended 31 December 2020 (“**2020 Results Announcement**”) dated 27 August 2021, the 2020 annual report (“**2020 Annual Report**”) published by the Company on 31 August 2021 and the interim results announcement for the six months ended 30 June 2021 (the “**2021 Interim Results Announcement**”) dated 31 August 2021. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcements and the Annual Results Announcements.

BACKGROUND

Trading of the shares of the Company (the “**Shares**”) has been suspended on the Stock Exchange with effect from 9:00 a.m. on 1 April 2021 due to the delay in publication of the 2020 annual results.

As disclosed in the announcement of the Company dated 18 June 2021, the Company received a letter on 17 June 2021 (the “**Resumption Guidance**”) from the Stock Exchange in relation to, among other things, the resumption conditions (“**Resumption Conditions**”, each a “**Resumption Condition**”). The Company must remedy any issues arise from time to time before the resumption of trading, and fully comply with the Listing Rules to the Stock Exchange’s satisfaction before trading in the Shares is allowed to resume.

THE RESUMPTION CONDITIONS AND THE FULFILLMENT THEREOF

The Stock Exchange sets out the following Resumption Conditions in the Resumption Guidance:

- (a) publish all unpublished financial results required under the Listing Rules and address any audit modifications;
- (b) demonstrate the Company’s compliance with Listing Rule 13.24; and
- (c) inform the market of all material information for the Company’s shareholders and investors to appraise the Company’s position.

The Company is pleased to announce that, as at the date of this announcement, each of the Resumption Conditions has been fulfilled, details of which are set out below:

- (a) **Publish all unpublished financial results required under the Listing Rules and address any audit modifications;**

The Company has published all unpublished financial results namely the 2020 Results Announcement dated 27 August 2021, the 2020 Annual Report published on 31 August 2021 and the 2021 Interim Results Announcement dated 31 August 2021 fully in compliance with the requirements of the Listing Rules.

The Company’s auditors had issued an unqualified opinion about the financial information contained in the 2020 Results Announcement and the 2020 Annual Report, but included a statement on material uncertainty related to going concern. For details, please refer to page 21 of the 2020 Results Announcement and page 83 of the 2020 Annual Report.

As mentioned in the announcement of the Company dated 31 March 2021, the delay in publication of the 2020 Results Announcement was due to more time required for the Company’s auditors to obtain certain information and complete impairment testing. In particular, in order to resolve the outstanding audit matters, the Company has performed the following tasks: (i) issued letters to customers in relation to collection of receivables; (ii) contacted relevant institutions including

banks, customers, suppliers and to urge them to provide the relevant confirmation letters; (iii) provided agreements and supporting documents of the AMTD Investments and its subsequent redemptions including bank receipts and statements; and (iv) arranged interviews between AMTD, certain banks and customers, suppliers and the auditors. As such the Company is able to finalise the consolidated financial statements and publish the announcement dated 27 August 2021 in relation to the audited financial results for year ended 31 December 2020 with provision on impairment losses on trade and other receivables made. For details, please refer to 2020 Results Announcement.

(b) Demonstrate the Company's compliance with Listing Rule 13.24;

The Company is a video program producer, and the principal activities of the Company include developing, marketing, producing and distributing video content for media platforms, and advertising for corporate sponsors.

Set out below is a summary of the key financial figures of the Group for the six months ended 30 June 2021 and the two years ended 31 December 2020 and 2019:

	For the six months ended 30 June 2021 <i>RMB'000</i>	For the year ended 31 December 2020 <i>RMB'000</i>	For the year ended 31 December 2019 <i>RMB'000</i>
Revenue	310,190	505,848	475,566
– Media platforms	116,772	267,977	346,758
– Corporate sponsors	193,418	237,871	128,808
Gross profit	180,128	261,806	267,181
Profit/(loss) for the period/year	57,812	(198,575)	147,868
Total assets	1,477,537	1,446,513	941,344
Net assets	1,159,096	1,104,542	572,284
Total liabilities	318,441	341,971	369,060

Sufficient operations

The Group's revenue primarily consists of revenue related to the content it developed, marketed, produced and distributed, including revenue from media platforms and revenue from its corporate sponsors. In 2020, revenue of the Group amounted to approximately RMB505.8 million, representing an increase of 6.4% compared with 2019; gross profit amounted to approximately RMB261.8 million, representing a decrease of 2.0% compared with 2019. The overall business scale maintained a growing trend. Due to negative impacts on our customers as a result of the COVID-19 pandemic which in turn lead to difficulties by us to collect receivables, after discussing with the auditors of the Company, a provision for impairment losses on trade and other receivables of approximately RMB278.0 million was made in 2020 which resulted in net loss of approximately RMB198.6 million. With the improvement in the pandemic situation and the recovery of domestic economy, the management expects gradual improvement in recovery of accounts receivable in 2021.

Set out below are the highlights of the Group's operations in the two aforementioned business segments.

Video content for media platforms

The Group's content-related revenue from media platforms decreased by approximately 22.7% from approximately RMB346.8 million in the 2019 to approximately RMB268.0 million in 2020. The Company has finished and released a number of TV dramas in 2020 and is continuing to produce new ones in 2021, for instance: "The Shining Girl" (《耀眼的你》) was released in January 2020; and the filming of "Campus Brotherhood Story" (《獨佔我的校董大人》) (formerly known as "Beijing Drifters' Love Story 2" (《北漂愛情故事 2》)) was completed in July 2020. Further, the production of "Mind the Gap" (《一念無間》), a TV drama which the Company has exclusive investment, was completed in January 2020 with its post-production work finished in 2021 and entered into the distribution stage in accordance with the advices of the relevant authorities. As at 30 June 2021, the filming of two of the three new TV drama and film intellectual property rights in which the Company has taken the lead has completed and entered into the distribution stage. Production of the third TV drama is expected to be commenced in the third quarter of 2021. The total investment for the three intellectual property rights mentioned above is expected to be not more than RMB200 million.

Company's business in production of variety programs was progressing normally in accordance with the Group's established directions in 2020 and as of 30 June 2021, for instance: the broadcasting of "The Taste of Time" (《穿越時間的味道》) was completed in January 2020; "Our Bands" (《我們的樂隊》) was released in March 2020; Season 8 of "Hello! Interviewer" (《你好!面試官》) was released in June 2020 and the broadcasting of which was completed in first quarter of 2021; the production of the Company's original project "Tribute to the Centuries" (《致敬百年風華》), which was recommended by the National Radio and Television Administration, was completed and successfully aired in 2021; the original cultural documentary reality show "Home Coming from the End of the Yangtze River" (《從長江的盡頭回家》) was successfully aired in 2021 and was awarded with Magnolia Awards for the "Best TV Variety Show" at the 27th Shanghai International TV Festival in June 2021.

Licensing of intellectual properties and advertising for corporate sponsors

The Group's content-related revenue from corporate sponsors increased by approximately 84.7% from approximately RMB128.8 million in the 2019 to approximately RMB237.9 million in 2020, primarily due to the increase in the number of our programs released and revenue growth from advertising services.

On the other hand, as disclosed in the prospectus ("**Prospectus**") of the Company dated 28 February 2020, the interim report of the Company for the six months ended 30 June 2020 and the Results Announcement, the Group is proactively exploring new potential sources of revenue by leveraging its self-owned intellectual properties, continue to expand into new areas and diversify the Company's business and product lines. As such, the Company successfully launched the Star-Moon Alliance Plan (星月聯盟計劃) for "A Hundred Playlets" and had its trial operation of its content e-commerce business in 2020 and has officially launched its content e-commerce business in May 2021. Our content e-commerce business derives from our content-related operations. In addition to our ordinary advertising revenue from our corporate sponsors, we provide direct sales channel for content-related products of our corporate sponsors under our content e-commerce business.

We engage multi-channel network (MCN) institutions for media marketing solutions, key-opinion-leaders (KOLs) or internet influencers to have live broadcast on media platform. In order to secure revenue from this business line with a view to developing it to become a growing source of revenue, the Group expects to gradually increase its budget in this business. The Board is of the view that investing in such business is in line with the Group's business strategy to expand its principal business.

Sufficient assets

The Group continued to maintain a sound financial position. Total assets increased from approximately RMB1,446.5 million as at 31 December 2020 to RMB1,477.5 million as at 30 June 2021 which was mainly due to increase in program copyrights of approximately RMB171.3 million, partly offset by decrease in prepayments and other receivables of approximately RMB130.0 million, being combined net effect of (i) the full redemption of the AMTD Investments, (ii) the Loan and (iii) prepayment to third parties including suppliers (but not including Tianjin Fangzhou (as defined below)) and that related to the programs of which production has yet to commence, whereas the total liabilities decreased from approximately RMB342.0 million as at 31 December 2020 to RMB318.4 million as at 30 June 2021, which was mainly due to decrease in accruals and other payables of approximately RMB29.2 million. The debt to asset ratio decreased from 23.6% as at 31 December 2020 to 21.6% as at 30 June 2021. The Directors are of the opinion that the Group is in a strong and healthy financial position and has sufficient resources to support its operations and meet its foreseeable capital expenditures.

In light of the above, notwithstanding the conservative accounting treatment on significant impairment losses which resulted in net losses of the Group for the year ended 31 December 2020, the Directors are of the view that the Group has, in compliance with Rule 13.24 of the Listing Rules, carried out its businesses with (i) a sufficient level of operations, and (ii) assets of sufficient value to support its operations to warrant the continued listing of the Shares on the Stock Exchange.

(c) Inform the market of all material information for the Company's shareholders and investors to appraise the Company's position.

Since the suspension of the trading of the Shares on 1 April 2021, the Company has in accordance with the relevant requirements of the Listing Rules, informed the market the latest situation of the Company by way of publication of, inter alia, this announcement, quarterly business updates, 2020 Results Announcement, 2020 Annual Report the 2021 Interim Results Announcement and other important information.

In light of the above, the Company regards that the Resumption Condition of informing market of the material information has been fulfilled.

FURTHER INFORMATION ON AMTD INVESTMENTS AND THE LOAN AND OUR CONTENT E-COMMERCE OPERATIONS

The Company wishes to provide the following further information on AMTD Investments (as defined below), use of proceeds from the global offering and the Loan (as defined below).

AMTD Investments

Reference is made to the announcements (“**AMTD Announcements**”) of the Company dated 28 August 2020, 31 March 2021 and 24 June 2021 in relation to the asset management agreement (“**Asset Management Agreement**”) dated 13 March 2020 entered into between the Company and AMTD Global Markets Limited (“**AMTD**”) for investments of an aggregate amount of USD70.8 million. On the same date, the Company entered into a promissory note purchase letter with L.R. Capital Property Investment Limited (“**L.R. Capital**”) and instructed AMTD to purchase a promissory note (“**AMTD Investments**”) issued by L.R. Capital with a principal amount of USD70.8 million.

After making a comprehensive planning on the Company’s cash demand and operation development, and considering the changes on overall market conditions, including the swift recovery from the COVID-19 pandemics in the PRC, the Company had on 17 November 2020 and 4 March 2021 served two early redemption notices to AMTD and L.R. Capital in order to fully redeem the AMTD Investments. The Group had received the redemption monies of approximately USD6.8 million, approximately USD1.3 million, approximately USD5.1 million, approximately USD2.1 million and approximately USD3.0 million on 20 November 2020, 4 March 2021, 11 March 2021, 23 March 2021 and 1 April 2021, respectively. On 21 June 2021, the Company entered into the settlement agreement (“**Settlement Agreement**”) with L.R. Capital and a third party known as 北京中安華信投資管理有限公司 (“**中安華信**”), a limited company incorporated in the PRC, pursuant to which the Group has received redemption monies of USD52.5 million from 中安華信 between 23 to 25 June 2021. The Asset Management Agreement was terminated thereafter. According to the information publicly available, 中安華信 is principally engaged in investment management and investment consultancy business. 中安華信 was introduced by L.R. Capital in June 2021 solely for the purpose of the arrangement under the Settlement Agreement. There was no prior dealing with or any knowledge of 中安華信 before the entering of the settlement agreement. To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, save for the Settlement Agreement, 中安華信 and its ultimate beneficial owner and each of their respective associates are independent third parties not connected with the Company and the connected persons of the Company and each of their respective associates in accordance with the Listing Rules, and does not have any past or present relationship with the Company or its connected persons and each of their respective associates, or any past or present arrangements, written or otherwise, expressed or implied with the Company or its connected persons and each of their respective associates.

The Loan

Reference is made to the announcement (“**DT Announcement**”) of the Company dated 12 August, 2020 in relation to the loan agreement dated 16 June 2020 (“**Loan Agreement**”) entered into between the Yueying Xingyao Information Technology (Tianjin) Company Limited* (月影星耀信息技術(天津)有限公司) (“**Yueying Xingyao**”), a wholly-owned subsidiary of the Company as lender, and Tianjin Fangzhou Technology Development Company Limited* (天津方舟科技發展有限公司) (“**Tianjin Fangzhou**”) as borrower (“**Borrower**”), pursuant to which Yueying Xingyao granted the loan (“**Loan**”) of RMB179 million to an interest rate of 10% per annum for a term ending and maturity date falling on 31 December 2021. The Loan is secured by 35% of the total issued shares of Tianjin Fangzhou (i.e. amounted to approximately RMB17.5 million) owned by its ultimate beneficial owner. As at 31

December 2020, the net asset value of Tianjian Fangzhou was approximately RMB49.8 million. The Company wishes to supplement the following information in addition to those disclosed in the DT Announcement:

Relationship between the Group and Tianjin Fangzhou

Tianjin Fangzhou is one of the suppliers in our content e-commerce business. It is a multi-channel network (MCN) institution with integrated digital marketing capabilities. The business relationship between the Borrower and the Group can be traced back to 2020 where a project manager of Tianjin Fangzhou participated in the Group's tendering process for content e-commerce proposal under the program titled "Home Coming from the End of the Yangtze River" 《從長江盡頭回家》. The program was subsequently awarded with the Magnolia Awards for "Best TV Variety Show" at the 27th Shanghai International TV Festival in June 2021. In 2nd quarter of 2021, Tianjin Fangzhou commenced discussion with our Group in relation to our official launch of content e-commerce business. On 16 June 2021, Tianjin Fangzhou entered into a media marketing and technical service contract ("**Service Contract**") with Yueying Xingyao for the provision of integrated digital marketing services which includes, among others, market and consumer data collection, big data analysis, preparation of customised sales and marketing proposals, advertisement and content placement on media platforms and search engines. The Service Contract is a framework agreement and has no contract sum. In view to expand the content e-commerce business line, the Company expects to increase the expenses and the budget on this business line. Therefore, at the same time of the entering into of the Service Contract, under which Tianjin Fangzhou shall provide media marketing and technical services relating to advertisement and content placement on media platforms such as Bilibili, Douyin, Kuaishou, Weibo etc., Yueying Xingyao entered into the Loan Agreement with Tianjin Fangzhou to provide loan interests income in addition to the revenue to be generated in the content e-commerce business during the cooperation between the parties. According to Tianjin Fangzhou, it is expected that the proceeds of the Loan will be used on its own business operations. During the period between 23 June and 25 June 2021, Yueying Xingyao advanced the amount of RMB 179.0 million to Tianjin Fangzhou pursuant to the Loan Agreement. There is no set off or other settlement arrangement related to service fees and repayment of the Loan as at the date of this announcement.

Reason for delay in publication of the DT Announcement

The Loan Agreement was entered into between Tianjin Fangzhou and Yueying Xingyao on the same date as the Service Contract. As the Loan was inadvertently regarded by Yueying Xingyao's legal representative (法定代表人) as part of the Service Contract which was entered into in the ordinary course of business of the Group, the Board was not aware of the Loan Agreement until August 2021. As such, the matter was passed to the Board as soon as they became aware and the DT Announcement was issued on 12 August 2021.

In the DT Announcement, it was mentioned that "*Apart from the Loan Agreement, the redeemed investment amount has been applied as part of the general working capital of the Company*", the Company would like to clarify that the said "general working capital of the Company" included the original use of proceeds as disclosed in the Prospectus, such as purchase of program copyrights for

production and use for working capital and general corporate purposes. For more details please refer to the section headed “Change in Use of Proceeds from the Global Offering” in this announcement.

Content e-commerce business

Our content e-commerce business derives from our content-related operations. Under the existing content-related revenue model, a portion of our revenue came from our corporate sponsors for advertising such as product placement advertising (i.e. physical placements, host-read advertisements and special thanks at the end of programs) and TV commercials. Since 2nd quarter of 2021, in addition to advertising revenue, we have been providing direct sales channel (including product placements and live broadcasts on various media platforms) for products of our corporate sponsors thus generating extra revenue under the existing content-related operations. Suppliers in our content e-commerce business include media platform for live broadcast, key-opinion-leaders (KOLs) or internet influencers and media marketing solution providers with multi-channel network (“**MCN institutions**”) institutions.

The Board considered the content e-commerce business is an extension of the existing content-related operations and based on the evaluation of performance from the trial operation since 2020, it was the view of the Board that it would be in the interests of the Group to continue to develop and increase our budget gradually in the content e-commerce business. For further details of our content e-commerce business, please refer to the relevant disclosures in the 2021 Interim Results Announcement.

CHANGE IN USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Shares were listed on the Stock Exchange on March 13, 2020 (the “**Listing Date**”), and the subscription price was HK\$2.26 per share. The Company received net proceeds of approximately HK\$829.9 million (approximately RMB749.2 million) (after deduction of underwriting commission and related costs and expenses) from the issuance of 400 million shares under the global offering. Details of the movement and use of proceeds from the global offering during (i) the period from the Listing Date to December 31, 2020 (the “**Relevant Period**”); and (ii) the period from 1 January 2021 to 30 June 2021 are as follows:

	Expected amounts to be utilised as disclosed in the Prospectus (RMB'000)	Movement after the AMTD Investments as at 13 March 2020 (RMB'000)	Movement after redemption of USD6.8 million from the AMTD Investments as at 20 November 2020 (RMB'000)	Reallocation of intended use of proceeds during the Relevant Period ⁽⁴⁾ (RMB'000)	Amounts utilised during the Relevant Period ⁽⁴⁾ (RMB'000)	Amounts unutilised as of 31 December 2020 ⁽⁴⁾ (RMB'000)	Movement after the redemption of USD64.0 million from the AMTD Investments between 1 January 2021 to 30 June 2021 (RMB'000)	Amount utilised during the period from 1 January 2021 to 30 June 2021 (RMB'000)	Amounts unutilised as at 30 June 2021 (RMB'000)	Intended use of the proceeds upon maturity and repayment of the Loan (RMB'000)
Use of proceeds as described in the Prospectus										
A. Funding the development of our new pipeline programs	636,799	(495,600)	47,600 ⁽¹⁾	63,269	(252,068)	–	266,522	(266,522)	–	118,209
A(1). Of which: Funding the programs that are expected to be released in 2020	524,423	(495,600)	47,600	89,465	(165,888)	–	266,522	(266,522)	–	92,013
Of which: A(1)(a) TV variety programs in the food, work/career, youth and police/crime genres	217,260	(188,437)	47,600	29,317	(105,740)	–	86,186	(86,186)	–	25,334
A(1)(b) TV drama series in the urban and police/crime genres	202,278	(202,278)	–	58,799	(58,799)	–	114,561	(114,561)	–	28,918
A(1)(c) Made-for-internet drama series in the urban, youth and police/crime genres	104,885	(104,885)	–	1,349	(1,349)	–	65,775	(65,775)	–	37,761
A(2). Funding the programs that are expected to be released in 2021	112,376	–	–	(26,196)	(86,180)	–	–	–	–	26,196
B. Expanding our team	37,459	–	–	(36,196)	(1,263)	–	28,330	(28,330)	–	7,866
C. For working capital and general corporate purposes	74,918	–	–	(27,073)	(47,845)	–	8,269	(8,269)	–	18,804
IPO proceeds sub-total	749,176	(495,600)	47,600	–	(301,176)	–	303,121	(303,121)	–	144,879
Temporary usages										
The AMTD Investments	–	495,600 ⁽³⁾	(47,600)	–	–	448,000	(448,000) ⁽³⁾	–	–	–
The Loan	–	–	–	–	–	–	144,879	–	144,879	(144,879) ⁽³⁾
Total	749,176				(301,176)	448,000		(303,121)⁽¹⁾	144,879	–

Note:

- (1) The amount utilised as at 30 June 2021 includes the Group's purchase of the three program copyrights of drama in the urban, youth and police/crime genres of the amount of RMB161 million (of which two of the three programs with the amount of RMB101 million is under the "TV drama series in the urban and police/crime genres", and the remaining one program with the amount of RMB60 million is under the "made-for-internet drama series in the urban, youth and police/crime genres") as mentioned in Note 17(iv) to the consolidated financial information as disclosed in the 2020 Results Announcement.
- (2) The approximately RMB144.9 million of the net proceeds has been used to fund the Loan to Tianjin Fangzhou pursuant to the Loan Agreement, and the remaining principal amount of the Loan (i.e. RMB34.1million) was funded by its internal resources. For more details, please refer to the announcement of the Company dated 12 August 2021 and the paragraphs headed "The Loan" in this announcement. For such amount of RMB144.9 million, upon maturity and repayment of the Loan, it is expected to be utilised by 30 June 2022 in the same intended proportion on the same categories as disclosed in the Prospectus.
- (3) For illustration purpose only, conversion of USD into RMB this announcement are based on the exchange rate USD1.00: RMB7.00. Such conversion shall not be construed as representations that amount of such currency was or may have been converted into RMB and vice versa at such rates or any other exchange rates.
- (4) After considering the operation environment and changes in overall market conditions, including the swift recovery from the COVID-19 pandemics in the PRC, part of the intended proceeds to be applied in categories A(2), B and C had been re-allocated to A(1) during the Relevant Period.

The use of proceeds on (i) AMTD Investments and (ii) the Loan constituted a change in use of proceeds as disclosed in the Prospectus. For the reasons for entering into the AMTD Investments, please refer to the announcement dated 28 August 2020. Due to the impact of COVID-19 pandemic, it was estimated that approximately 60% to 70% of the net proceeds would not be immediately required by the Company in implementing the business strategies as disclosed in the Prospectus. In order to preserve and make use of the anticipated idle proceeds, the Board resolved to change the use of the idle proceeds on AMTD Investments.

As mentioned in previous paragraph headed "Video content for media platforms", there were several major variety programs production progress in 2020, namely completion of broadcasting of "The Taste of Time" (《穿越時間的味道》), release of "Hello! Interviewer" (《你好!面試官》). Preparations for the production of new projects such as the "New Super Winner" (新超級大贏家) had also been commenced. After making a comprehensive planning on the Company's cash demand and operation development, and considering the changes on overall market conditions, including the swift recovery from the COVID-19 pandemics in the PRC, the Company decided to redeem the AMTD Investments and had fully redeemed the same between November 2020 and June 2021. As at 30 June 2021, the AMTD Investments had been fully redeemed without any interests or any return from the AMTD Investments.

For the reasons for entering into the Loan, the Board is of the view that entering into the Loan Agreement would be in furtherance of the existing cooperation and business relationship with the Borrower in content e-commerce business. Please refer to the DT Announcement for more details. The Board confirms that there are no material changes in the nature of the business of the Group as set out in the Prospectus. In light of the interests rates under the AMTD Investments and Loan Agreement, the Board considers the above change in the use of the net proceeds is fair and reasonable as this would

allow the Company to deploy its financial resources more effectively to enhance the profitability of the Group by bringing investment return and/or loan interest to the Group and is therefore in the interests of the Group and the Shareholders as a whole.

The Company would like to clarify that, the respective section headed “Use of Proceeds from the Global Offering” in the 2020 Results Announcement, 2020 Annual Report and 2021 Interim Results Announcement did not reflect (i) the change in use of proceeds from the Global Offering as a result of the AMTD Investments and the Loan; and (ii) the respective amount used in the AMTD Investments and the Loan will be applied back to the intended use of proceeds as disclosed in the Prospectus upon redemption of the AMTD Investments and repayment of the Loan. For detailed movement of the use of proceeds from the Global Offering, please refer to the table in this section.

INTERNAL CONTROL ENHANCEMENT

In order to reduce the risk of breaches of the Listing Rules including those mentioned in the announcements of the Company dated 28 August 2020 and 12 August 2021, the Company is minded to strengthen internal control and enhance monitoring of compliance matters. It has gradually adopted the following measures since the suspension of the trading of the Shares on 1 April 2021:

- (a) engaged new compliance adviser in May 2021;
- (b) accepted resignation of the joint company secretary and chief financial officer in June 2021;
- (c) appointed a new company secretary in August 2021;
- (d) established an internal control department which currently consists of a department head and two officers with experience in the Listing Rules and regulatory compliance matters for one to three years and is responsible for the Group’s internal control and compliance matters including regular checks on office procedures and practices to safeguard assets from inappropriate use and to ensure compliance with regulations;
- (e) will appoint a non-executive director to oversee internal control department and to give advice on internal control measures adopted by the Company, identify the deficiencies and give recommendation on possible improvements;
- (f) will instruct legal advisers of the Company to provide two refreshment trainings in respect of compliance and disclosure requirements under the Listing Rules to the Directors, the senior management and responsible finance staff in the coming six months;
- (g) will continue to (i) hold regular departmental meetings to regularly monitor transactions, (ii) strengthen the reporting system between departments, Directors and the Board, and (iii) provide more guidance materials and trainings on compliance matters to the Directors and senior management of the Group on a regular basis to increase their awareness and knowledge of the Listing Rules; and
- (h) will work more closely with its compliance adviser, company secretary and legal advisers on compliance matters.

Taking into consideration that the internal control department will implement higher level of scrutiny on compliance matters and regular trainings from external legal advisers will raise awareness and level of knowledge on the Listing Rules of the Directors, the senior management and responsible finance staff, the Board is of the view that the abovementioned measures can effectively reduce the risk of similar breaches of the Listing Rules in the future.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange has been suspended from 9:00 a.m. on 1 April 2021. As all the Resumption Conditions have been fulfilled, the Company has made and the Stock Exchange has accepted an application for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 6 September 2021.

Shareholders and potential investors of the Company should exercise caution when dealing in the Company's securities.

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

Beijing, the PRC, 3 September 2021

As at the date of this announcement, executive Directors are Mr. LIU Mu and Mr. XIA Rui, and independent non-executive Directors are Ms. RAN Hua, Mr. ZHANG Yiwu, Mr. YANG Chengjia and Ms. YAO Li.

* *For identification purposes only*