China Bright Culture Group
煜盛文化集團*

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1859)

ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2020

FINANCIAL HIGHLIGHTS

- Revenue for the year ended December 31, 2020 amounted to approximately RMB505.8 million, representing an increase of 6.4% from approximately RMB475.6 million in 2019.
- Loss for the year ended December 31, 2020 amounted to approximately RMB198.6 million, representing a decrease of 234.3% from a profit of approximately RMB147.9 million in 2019.
- Total assets for the year ended December 31, 2020 amounted to approximately RMB1,446.5 million, representing an increase of 53.7% from approximately RMB941.3 million in 2019.
- Net assets for the year ended December 31, 2020 amounted to approximately RMB1,104.5 million, representing an increase of 93.0% from approximately RMB572.3 million in 2019.
- Loss per share for the year ended December 31, 2020 amounted to approximately RMB0.131, representing a decrease of 200% from earnings per share of approximately RMB0.131 in 2019.

In this announcement, "**we**", "**us**" and "**our**" refer to the Company (as defined below) and where the context otherwise requires, the Group (as defined below).

The board (the "**Board**") of directors (the "**Director(s),** each a **"Director**") of China Bright Culture Group (the "**Company**") is pleased to announce the consolidated results of the Company, its subsidiaries and consolidated affiliated entities (collectively, the "**Group**") for the year ended December 31, 2020 (the "**Reporting Period**") together with the comparative figures for the year ended December 31, 2019. The annual results and the audited consolidated financial statements have been reviewed by the Company's audit committee (the "**Audit Committee**"), agreed with the Group's auditors KPMG and approved by the Board on August 27, 2021.

CONSOLIDATED FINANCIAL INFORMATION

Consolidated statement of profit or loss
for the year ended 31 December 2020
(Expressed in Renminbi ("RMB"))

	Note	**2020** *RMB'000*	2019 *RMB'000*
Revenue	*3*	**505,848**	475,566
Cost of sales		**(244,042)**	(208,385)
Gross profit		**261,806**	267,181
Other net income	*4*	**1,392**	1,636
Selling and marketing expenses		**(16,009)**	(9,581)
General and administrative expenses		**(88,153)**	(59,029)
Impairment losses on trade and other receivables		**(278,034)**	(4,513)
(Loss)/profit from operations		**(118,998)**	195,694
Net finance expenses	*5(a)*	**(21,792)**	(9,140)
Fair value changes on investments measured at fair value through profit or loss		**3,754**	–
(Loss)/profit before taxation	*5*	**(137,036)**	186,554
Income tax	*6*	**(61,539)**	(38,686)
(Loss)/profit attributable to equity shareholders of the Company for the year		**(198,575)**	147,868
(Loss)/earnings per share	*7*		
Basic and diluted (RMB)		**(0.131)**	0.131

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020
(Expressed in RMB)

	2020	2019
	RMB'000	*RMB'000*
(Loss)/profit for the year	**(198,575)**	147,868
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation into presentation currency of the Group	**(35,073)**	1,997
Other comprehensive income for the year	**(35,073)**	1,997
Total comprehensive income attributable to equity shareholders of the Company for the year	**(233,648)**	149,865

Consolidated statement of financial position
as at 31 December 2020
(Expressed in RMB)

	Note	**31 December 2020** ***RMB'000***	31 December 2019 *RMB'000*
Non-current assets			
Property and equipment		**796**	1,427
Right-of-use assets	*8*	**7,118**	16,928
Deferred tax assets		**–**	8,512
		7,914	26,867
Current assets			
Short-term investment	*9*	**20,066**	–
Program copyrights	*10*	**346,573**	356,103
Trade receivables	*11*	**593,795**	491,254
Prepayments and other receivables	*12*	**475,653**	23,257
Restricted bank deposit		**1,220**	34,881
Cash and cash equivalents		**1,292**	8,982
		1,438,599	914,477
Current liabilities			
Bank loans	*13*	**36,000**	111,000
Contract liabilities		**22,745**	16,506
Trade payables	*14*	**65,319**	33,724
Accruals and other payables		**115,672**	144,914
Lease liabilities	*15*	**1,903**	4,392
Current taxation		**95,020**	46,108
		336,659	356,644
Net current assets		**1,101,940**	557,833
Total assets less current liabilities		**1,109,854**	584,700

Consolidated statement of financial position as at 31 December 2020 (continued)
(Expressed in RMB)

	Note	**31 December 2020** *RMB'000*	31 December 2019 *RMB'000*
Non-current liabilities			
Lease liabilities	*15*	**5,312**	12,416
Net assets		**1,104,542**	572,284
Equity			
Share capital		**73**	45
Reserves		**1,104,469**	572,239
Equity attributable to the equity shareholders of the Company		**1,104,542**	572,284
TOTAL EQUITY		**1,104,542**	572,284

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1 PRINCIPAL ACTIVITIES AND ORGANISATION

China Bright Culture Group (the "Company") was incorporated in the Cayman Islands on 28 May 2019 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 March 2020 (the "Listing Date"). The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the video content operation (the "Business").

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation and presentation of the financial statements

The consolidated financial statements for the year ended 31 December 2020 comprise the Group.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that other investments in debt securities are stated at their fair value.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Prior to the incorporation of the Company and the completion of the reorganization as described below, the Business was carried out by Beijing Sino-Prosperity Culture Group Co., Ltd. ("Zhongguang Yusheng") and its subsidiaries.

To rationalize the corporate structure in preparing for the initial public offering of the Company's shares on the Main Board of the Stock Exchange, the Group underwent a reorganization (the "Reorganization") to establish the Company as the ultimate holding company of the companies comprising the Group.

As the Business conducted by Zhongguang Yusheng is subject to foreign investment restrictions under the relevant PRC laws and regulations, as part of the Reorganization, Beijing Yusheng Culture Co., Ltd. ("WFOE") an indirectly wholly owned subsidiary of the Company, entered into a series of contractual arrangements (the "Contractual Arrangements") with Zhongguang Yusheng and its registered owners to operate the Business.

The equity interests of Zhongguang Yusheng ("VIE") are legally held by individuals and companies who act as registered owners of the VIE on behalf of the WFOE. The contractual agreements including exclusive business cooperation agreement, exclusive purchase agreement, shareholder rights entrustment agreement, share pledge agreement and spouse consent letter. Pursuant to the Contractual Agreements, the WFOE has the power to direct activities that most significantly impact the VIE and the VIE's subsidiaries, including appointing key management, setting up operating policies, exerting financial controls and transferring profit or assets out of the VIE and the VIE's subsidiaries at its discretion. The WFOE considers that they also have the right to substantially all of the economic benefits of the VIE and have an exclusive option to purchase all or part of the equity interests in the VIE when and to the extent permitted by the PRC laws and regulations at the minimum price possible.

The Group has determined that the Contractual Arrangements are in compliance with the PRC laws and regulations and are legally enforceable. However, uncertainties in the PRC legal system could limit the Group's ability to enforce the Contractual Arrangements.

Upon the completion of the Reorganization on 15 July, 2019, the Company became the holding company of the companies now comprising the Group. The Reorganization principally involved inserting certain investment holding companies with no substantive operations as the new holding companies of the Business. There were no changes in the economic substance of the ownership and the business of the Group before and after the Reorganization. Accordingly, the Historical Financial Information has been prepared and presented as a continuation of the financial information of the Business with the assets and liabilities recognized and measured at their historical carrying amounts prior to the Reorganization. Intragroup balances, transactions and unrealized gain/loss on intra-group transactions are eliminated in full in preparing the financial statements for the year ended 31 December 2020.

The Group incurred a net loss of RMB198,575,000 and a net operating cash outflow of RMB186,285,000 for the year ended 31 December 2020. The suspension of trading of the Company's shares since 1 April 2021 and the prolonged impact of Covid-19 have adverse impacts on the Group's operations. The Group also faced longer average trade receivables turnover days than its average trade payables turnover days which may result in increase in net operating cash outflows in the next twelve months. The Group will be unable to fund the Group's operating activities and repay the bank loans and other borrowings in full when they fall due unless it is able to generate sufficient net cash inflows from its operations and/or extend or renew its existing borrowings upon their maturities. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will be able to finance its future working capital and financial requirements. Certain measures have been and are being taken to manage its liquidity needs and to improve its financial position which include, but are not limited to, the following:

– The Group will continue to pay close attention to the television media industry and make good use of its resources with an aim to attain positive and sustainable cash flow from operations.

– The Group is putting extra efforts on collecting its trade and other receivables and procuring the distribution of the drama series

The directors of the Company have reviewed the Group's cash flow projection covering a period of not less than twelve months from the end of the reporting period prepared by management. In the opinion of the directors of the Company, assuming the success of the above measures, the Group will have sufficient working capital to meet its financial liabilities as and when they fall due. Accordingly, the consolidated financial statements have been prepared on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the financial statements.

(c) Changes in accounting policies

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

- Amendments to IFRS 3, *Definition of a Business*

- Amendments to IFRS 9, IFRS 39 and IFRS 7, *Interest Rate Benchmark Reform*

- Amendments to IAS 1 and IAS 8, *Definition of Material*

None of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are video content operation.

The amount of each significant category of revenue is as follows:

	2020	2019
	RMB'000	*RMB'000*
Content related program		
– Media platforms	**267,977**	346,758
– Corporate sponsors	**237,871**	128,808
	505,848	475,566

During the year, the Group's customers with whom transactions have exceeded 10% of the Group's revenue in the respective years are set out below:

	2020	2019
	RMB'000	*RMB'000*
Customer A	**185,462**	158,359
Customer B	**100,446**	*
Customer C	**81,132**	90,252
Customer D	*	70,755

* Transactions with these customers did not exceed 10% of the Group's revenue or did not have any transactions in the respective years.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	2020	2019
	RMB'000	*RMB'000*
Point in time – revenue from licensing of broadcasting rights of programs	**109,434**	265,138
Over time – revenue from advertising and licensing of IP	**396,414**	210,428
	505,848	475,566

(b) Segment reporting

The Group has one reportable segment. The Group's revenue is substantially generated from operation of program copyright in the PRC. The Group's operating assets and non-current assets are substantially situated in the PRC. Accordingly, no segment analysis based on geographical locations of the customers and assets is provided.

4 OTHER NET INCOME

	2020	2019
	RMB'000	*RMB'000*
Government grants	**1,864**	1,684
Others	**(472)**	(48)
	1,392	1,636

5 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after (crediting)/charging:

(a) Net finance expenses

	2020	2019
	RMB'000	*RMB'000*
Interest income on bank deposits	**(292)**	(26)
Interest expense	**20,662**	8,718
Interest on lease liabilities	**738**	673
Net foreign exchange loss/(gain)	**684**	(225)
Net finance expense	**21,792**	9,140

(b) Staff costs

	2020	2019
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**15,050**	16,700
Contributions to defined contribution retirement plans (i)	**134**	1,107
	15,184	17,807

Note:

(i) The employees of the subsidiaries of the Group established in the PRC (other than Hong Kong) participate in defined contribution retirement benefit plans managed by the local government authorities. Employees of these subsidiaries are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC (other than Hong Kong), from the above mentioned retirement plans at their normal retirement age.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employees are required to make contributions to the plan, subject to a cap of monthly relevant income of Hong Kong Dollar ("HK$") 30,000. Contributions to the MPF Scheme vest immediately.

The Group has no further material obligation for payment of other retirement benefits beyond the above contributions.

In 2020, in an effort to provide financial support to enterprises during the Covid-19 pandemic, the PRC government authorise have granted partial exemption on the Group's contributions to the defined contribution retirement plans. The total exempted amount was RMB2,085,000 in 2020.

(c) Other items

The following expenses are included in cost of sales, selling and marketing expenses, general and administration expenses and research and development expenses.

	2020	2019
	RMB'000	*RMB'000*
Cost of program copyrights *(Note 10(b))*	**244,042**	208,385
Short-term leases	**214**	855
Depreciation expenses		
– Property and equipment	**1,090**	834
– Right-of-use assets *(Note 8)*	**4,022**	4,838
Loss allowance for trade and other receivables	**278,034**	4,513
Auditors' remuneration		
– Audit service	**3,700**	2,066
– Other services	**108**	450

6 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2020	2019
	RMB'000	*RMB'000*
Current taxation		
Provision for the year	**53,027**	46,331
Deferred taxation		
Origination and reversal of temporary differences	**8,512**	(7,645)
	61,539	38,686

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

	2020	2019
	RMB'000	*RMB'000*
(Loss)/profit before taxation	**(137,036)**	186,554
Tax calculated at statutory tax rates applicable to profits in the respective jurisdictions (i)	**(34,259)**	46,639
Tax effect of:		
Non-deductible expenses and losses	**3,355**	9,277
Preferential tax rate applicable to subsidiaries (i)	**(615)**	(10,929)
Tax losses and temporary differences not recognised as deferred tax assets	**84,546**	215
Utilisation of previously unrecognised tax losses and temporary differences	**–**	(6,516)
Reversal of temporary differences recognized as deferred tax assets in prior years	**8,512**	–
Actual tax expense	**61,539**	38,686

Note:

(i) Income tax rate applies to the Company and subsidiaries

The Company and the subsidiary of the Group incorporated in Cayman Islands and British Virgin Islands (the "BVI") are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.

The Company and the subsidiary of the Group incorporated in Hong Kong did not have assessable profits which are subject to Hong Kong Profits Tax rate of 16.5% for the year ended 31 December 2020 (2019: RMB Nil).

In accordance with the Enterprise Income Tax Law ("Income Tax Law") of the PRC, enterprise income tax rate for the Group's PRC subsidiaries is 25%, except for certain subsidiaries of the Group which are tax exempted or taxed at preferential rates (see below), as determined in accordance with the relevant PRC income tax rules and regulations for the year ended 31 December 2020.

According to the relevant PRC income tax law, the Company's subsidiary, Yili Zhongsheng Quanxing Media Co., Ltd. ("Yili Zhongsheng"), which was incorporated in Horgos, is exempted from income taxes from 1 October 2016 to 30 September 2020. From 1 October 2020 to 30 September 2025, Yili Zhongsheng has obtained approvals from the tax bureau for entitlement of local enterprise income tax exemption of 40% and enjoys a preferential PRC Corporate Income Tax rate of 15%.

According to the relevant PRC income tax law, the Company's subsidiary, Yueying Xingyao information technology (Tianjin) Co., Ltd. ("Yueying Xingyao"), was certified as a small and micro enterprise, and is entitled to a reduction taxable income by half and a preferential PRC Corporate Income Tax rate of 20% for the year ended 31 December 2020.

7 (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB198,575,000 (2019: profit of RMB147,868,000) and the weighted average number of ordinary shares of 1,521,311,000 shares (2019: 1,129,779,000 shares in issue upon the completion of the Pre-IPO reorganisation were deemed to have been issued since 1 January 2019 and adjusted for the effect of capitalisation issue on 13 March 2020), calculated as follows:

Calculation of weighted average number of ordinary shares is as follows:

	2020	2019
	'000	*'000*
Issued ordinary shares at 1 January	**1,200,000**	588,476
Issuance of shares prior to the listing of the Company	**–**	29,682
Effect of capitalisation issue (i)	**–**	511,621
Effect of shares issued by initial public offering on the Listing Date	**321,311**	–
Weighted average number of ordinary shares during the year	**1,521,311**	1,129,779

Note:

(i) The number of ordinary Shares outstanding before the capitalisation issue is adjusted for the proportionate change in the number of ordinary Shares outstanding as if the capitalisation issue had occurred at the beginning of the earliest period presented.

There were no dilutive potential shares outstanding during the years ended 31 December 2020 and 2019.

8 RIGHT-OF-USE ASSETS

The Group leases certain buildings for its office and business operation. Information about leases for which the Group is a lessee is presented below:

	2020	2019
	RMB'000	*RMB'000*
Cost:		
At 1 January	**27,216**	14,933
Additions	**8,051**	12,283
Decrease	**(27,216)**	–
At 31 December	**8,051**	27,216
Accumulated depreciation:		
At 1 January	**(10,288)**	(5,450)
Charge for year	**(4,022)**	(4,838)
Decrease	**13,377**	–
At 31 December	**(933)**	(10,288)
Net book value:		
At 31 December	**7,118**	16,928

9. SHORT-TERM INVESTMENT

	31 December 2020	31 December 2019
	RMB'000	*RMB'000*
Participating shares	**20,066**	–

Participating shares are managed by Oakwise Value Fund SPC ("OAK"), a fund incorporated in the Cayman Islands, amounted to USD4,500,000 as its initial investment. The investment was redeemable at any time with no guaranteed returns. The Group initially classified such investment managed by OAK as FVPL.

As at 31 December 2020, the investment in participating shares was measured at fair value with corresponding gains on changes in fair value of RMB3,754,000, credited to "fair value changes on investments measured at fair value through profit or loss" for the year. By 22 January 2021, all of the investment in the participating shares was redeemed and received with an effective return rate of 13.3%.

10 PROGRAM COPYRIGHTS

(a) Program copyrights in the consolidated statement of financial position comprise:

	31 December 2020 *RMB'000*	31 December 2019 *RMB'000*
Programs under production	**346,573**	341,591
Completed programs	**–**	14,512
	346,573	356,103

(b) Movement of program copyrights are as follows:

	2020 *RMB'000*	2019 *RMB'000*
At 1 January	**356,103**	64,390
Additions	**234,512**	500,098
Recognised as cost of sales *(Note 5(c))*	**(244,042)**	(208,385)
At 31 December	**346,573**	356,103

Note: During the year ended 31 December 2020, management of the Group considered the expected future income of certain program copyrights could not recover the respective carrying amounts and an impairment charge of RMB21,570,000 is recognised as cost of program copyrights as at 31 December 2020. (2019: Nil)

11 TRADE RECEIVABLES

	31 December 2020 *RMB'000*	31 December 2019 *RMB'000*
Amounts due from third parties	**894,031**	526,556
Less: loss allowance	**(300,236)**	(35,302)
	593,795	491,254

As at 31 December 2020, Zhongguang Yusheng offset trade receivables from media platforms with trade payables to them amounted to RMB85,000,000, as Zhongguang Yusheng had a legally enforceable right to net off the amounts and to settle them on a net basis.

(a) Ageing analysis

As at the end of the year, the ageing analysis of trade receivables, based on the transaction date and net of loss allowance, is as follows:

	31 December 2020	31 December 2019
	RMB'000	*RMB'000*
Within 1 month	**97,481**	134,458
1 month to 3 months	**117,328**	80,806
3 months to 6 months	**20,085**	124,132
6 months to 1 year	**164,733**	81,652
1 to 2 years	**162,853**	70,206
2 to 3 years	**31,315**	–
	593,795	491,254

The credit terms agreed with customers are normally 30-360 days from the date of billing. No interests are charged on trade receivables.

(b) Impairment of trade receivables

The movements in the loss allowance account during the year are as follows:

	2020	2019
	RMB'000	*RMB'000*
Balance at 1 January	**35,302**	31,419
Loss allowance recognised during the year	**264,934**	3,883
Balance at 31 December	**300,236**	35,302

None of the receivables have been written off during the year.

12. PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2020 *RMB'000*	31 December 2019 *RMB'000*
Prepayments		
Prepayments to third parties (i)	**47,587**	19,740
Other receivables		
Receivables from disposal of a subsidiary	**548**	1,248
Promissory note (ii)	**417,594**	–
Redemptive investment in transit	**6,523**	–
Others	**17,345**	3,113
	442,010	4,361
Less: loss allowance	**(13,944)**	(844)
	428,066	3,517
	475,653	23,257

Note:

(i) Prepayments to third parties represent the prepayments to suppliers and prepayments related to the programs of which production has yet to commence.

(ii) Pursuant to an asset management agreement entered into between the Company and AMTD Global Markets Limited ("AMTD") dated 13 March 2020 (the "Asset Management Agreement"), the Company deposited a total of USD70.8 million (equivalent to RMB495,834,000) into an investment portfolio account of the latter. On the same day, the Company signed a promissory note purchase letter with L.R. Capital Property Investment Limited ("L.R. Capital") and instructed AMTD to purchase a promissory note (the "Promissory Note") issued by L.R. Capital with a principal amount of USD70.8 million, using the investment portfolio account proceeds. The Promissory Note can be early redeemed at the request and in case of early redemption, the redemption amount will only be the principal amount of the Promissory Note, no interest shall be payable.

On 17 November 2020, the Company served an early redemption notice. Subsequent to this, USD6.8 million (equivalent to RMB44,734,000) proceeds have been received from AMTD on 20 November. As at 31 December 2020, the outstanding principal balance of the Promissory Note was amounted to USD64.0 million (equivalent to RMB417,594,000).

On 4 March 2021, the Company served another redemption notice to L.R. Capital to instruct for full redemption of the remaining principal amount of the Promissory Note. During the period from March to June 2021, the Company redeemed the remaining balance of the Promissory Note with a principal amount of USD64.0 million (equivalent to RMB417,594,000), from L.R. Capital directly 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, amounted to HKD89.0 million (equivalent to approximately USD11.5 million) and RMB340.0 million (equivalent to approximately USD52.5 million) respectively. Payment from 中安華信 was made under the instruction of L.R. Capital pursuant to the settlement agreement entered into among the Company, L.R. Capital and 中安華信 dated 21 June 2021 for settling the redemption of outstanding balance of the Promissory Note.

13 BANK LOANS

The Group's short-term bank loans comprise:

	31 December 2020 *RMB'000*	31 December 2019 *RMB'000*
Secured (i)	**35,000**	111,000
Unsecured	**1,000**	–
	36,000	111,000

Note:

(i) As at 31 December 2020, the bank loans of RMB10,000,000 of the Group were guaranteed by Beijing Beitou Financing Guarantee Co., Ltd. (北京北投融資擔保有限公司), a third party. Other subsidiaries of the Group, Shanghai Yusheng and Yili Zhongsheng, and executive directors of the Company, Mr. Liu Mu and Mr. Xia Rui, provided counter guarantees for the guarantee mentioned above. It is repayable within one year.

As at 31 December 2020, the bank loans of RMB10,000,000 of the Group were guaranteed by Beijing Xingzhan Rongda Financing Guarantee Co., Ltd. (北京興展融達融資擔保有限公司), a third party. China Bright Culture Group, parent company of the Group, Shanghai Yusheng, a subsidiary of the Group, and Mr. Xia Rui, an executive director of the Company, provided counter guarantees for the guarantee mentioned above. It is repayable within one year.

As at 31 December 2020, the bank loans of RMB10,000,000 of the Group were guaranteed by Zhongguang Yusheng, with an amount of RMB581,000 security deposit. It is repayable within one year.

As at 31 December 2020, the bank loans of RMB5,000,000 of the Group were guaranteed by Beijing culture and technology Financing Guarantee Co., Ltd. (北京市文化科技融資擔保有限公司), a third party and Mr. Xia Rui, an executive director of the Company. Zhongguang Yusheng, a subsidiary of the Group, and Mr. Xia Rui, an executive director of the Company, provided counter guarantees for the guarantee mentioned above. It is repayable within one year.

14 TRADE PAYABLES

	31 December 2020 *RMB'000*	31 December 2019 *RMB'000*
Payables to third parties	**65,319**	33,724

As at the end of the year, the ageing analysis of trade payables, based on the invoice date, is as follows:

	31 December 2020 *RMB'000*	31 December 2019 *RMB'000*
Within 1 year	**47,924**	33,188
1 to 2 years	**16,880**	536
2 to 3 years	**515**	–
	65,319	33,724

All of the trade payables are expected to be settled within one year or are repayable on demand.

15 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities as at 31 December 2020 and 2019.

	2020		2019	
	Present value of the minimum lease payments *RMB'000*	**Total minimum lease prepayments** *RMB'000*	Present value of the minimum lease payments *RMB'000*	Total minimum lease prepayments *RMB'000*
Within 1 year	**1,903**	**2,219**	4,392	5,177
After 1 year but within 2 years	**1,448**	**1,679**	4,862	5,407
After 2 years but within 5 years	**3,864**	**4,085**	7,554	7,987
	5,312	**5,764**	12,416	13,394
	7,215		16,808	
Less: total future interest expenses		**768**		1,763
Present value of lease liabilities		**7,215**		16,808

16 DIVIDENDS

During the year of 2020, no dividends were declared to the shareholders of the Company.

17 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(i) Grant of Options

The board of directors (the "Board") of the Company announces that, on 8 December 2020, the Board has approved the grant of options (the "Options") to 10 director and employees (the "Grantees") under the Share Option Scheme. On 1 January, 2021, the Company granted share options with both service condition and performance condition to purchase 77,000,000 ordinary shares with an exercise price of HK$0.97 per share, all of which were granted to the Grantees based on the mutual understanding of the key terms and conditions of the performance conditions. Based on the fair value per share at issuance date, the Company estimates it will recognize approximately HK$41,888,000 (equivalent to RMB35,302,000) (unaudited) of share-based compensation expense related to these share options over the requisite service period of 1 – 3 years.

(ii) Redemption of the Promissory Note

Subsequent to the reporting period, the Company redeemed the remaining balance of the Promissory Note with a principal amount of USD64.0 million (equivalent to RMB417,594,000), from L.R. Capital directly 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, amounted to HKD89.0 million (equivalent to approximately USD11.5 million) and RMB340.0 million (equivalent to approximately USD52.5 million) respectively. Payment from 中安華信 was made under the instruction of L.R. Capital pursuant to the settlement agreement entered into among the Company, L.R. Capital and 中安華信 dated 21 June 2021 for settling the redemption of outstanding balance of the Promissory Note. Based on the legal advice, the Directors are satisfied with the legality and enforceability of the aforementioned settlement agreement.

Subsequent to the full redemption of the Promissory Note with an original principal amount of USD70.8 million (equivalent to RMB495,834,000) by 25 June 2021, the Company entered into a termination agreement with AMTD in respect of the Asset Management Agreement. Based on the legal advice, the Directors are satisfied with the legality and enforceability of the aforementioned termination agreement.

(iii) Provision of loan to Tianjin Fangzhou (as defined below)

On 16 June 2021, the Group's wholly-owned subsidiary, Yueying Xingyoa, entered into a loan agreement with Tianjin Fangzhou Technology Development Company Limited ("Tianjin Fangzhou", 天津方舟科技發展有限公司), a limited liability company established in the PRC (the "Loan Agreement"). Pursuant to the Loan Agreement, Yueying Xingyoa (lender), made available a principal amount of RMB179.0 million to Tianjin Fangzhou (borrower) for a term ending on 31 December 2021 and with an annual interest rate of 10%. Such loan is secured by 35% of the total issued shares of Tianjin Fangzhou owned by its ultimate beneficial owner.

(iv) Procurement of three program copyrights

On 16 June 2021, Yueying Xingyao entered into a strategic cooperation agreement with Zhejiang Xizhimen Culture Development Co., Ltd ("Xizhimen", 浙江溪直門文化發展有限公司), and paid RMB161.0 million to Xizhimen by end of 30 June 2021 to purchase the program copyrights of three TV drama, of which the production of two TV drama have been completed and the production of one TV drama will be commenced in the third quarter of 2021.

EXTRACTS OF INDEPENDENT AUDITORS' REPORT

The following is an extract of the independent auditors' report from the Company's auditors on the Group's consolidated financial statements for the year ended 31 December 2020.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2(b) to the consolidated financial statements, which indicates that the Group incurred a net loss of RMB198,575,000 and a net operating cash outflow of RMB186,285,000 for the year ended 31 December 2020. As stated in note 2(b), the suspension of trading of the Company's shares since 1 April 2021 and the prolonged impact of COVID-19 have adverse impacts on the Group's operations. The Group also faced longer average trade receivables turnover days than its average trade payables turnover days which may result in increase in net operating cash outflows in the next twelve months. The Group will be unable to fund the Group's operating activities and repay the bank loans and other borrowings in full when they fall due unless it is able to generate sufficient net cash inflows from its operations and/or extend or renew its existing borrowings upon their maturities. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

DIFFERENCES BETWEEN THE UNAUDITED AND AUDITED ANNUAL RESULTS FOR THE REPORTING PERIOD

In accordance with Rule 13.49(3)(ii)(b) of the Listing Rules, we set forth below the differences between the unaudited management accounts for the Reporting Period contained in the announcement ("**Preliminary Results Announcement**") of the Company dated April 15, 2021 and the audited financial information contained in this announcement. The reasons giving rise to such differences are also set out in the respective notes below.

	Notes	**Disclosure in this announcement** *RMB'000* (Audited)	**Disclosure in the Preliminary Results Announcement** *RMB'000* (Unaudited)	**Difference** *RMB'000*
Consolidated Statement of profit or loss for the year ended 31 December, 2020				
Revenue		505,848	505,848	–
Cost of sales	*(i)*	(244,042)	(228,154)	(15,888)
Gross profit		261,806	277,694	(15,888)
Other net income		1,392	1,392	–
Selling and marketing expenses		(16,009)	(16,009)	–
General and administrative expenses	*(ii)*	(88,153)	(73,314)	(14,839)
Impairment losses on trade and other receivables	*(iii)*	(278,034)	(141,703)	(136,331)
(Loss)/profit from operations		(118,998)	48,060	(167,058)
Net finance expenses		(21,792)	(21,792)	–
Fair value changes on investments measured at fair value through profit or loss		3,754	3,754	–
(Loss)/profit before taxation		(137,036)	30,022	(167,058)
Income tax expense		(61,539)	(25,260)	(36,279)
(Loss)/profit attributable to equity shareholders of the Company for the year		(198,575)	4,762	(203,337)
(Loss)/earnings per share				
Basic and diluted (RMB)		(0.131)	0.003	(0.134)
(Loss)/profit for the year		(198,575)	4,762	(203,337)
Other comprehensive income for the year (after tax and reclassification adjustments)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation into presentation currency of the Group		(35,073)	(35,073)	–
Total comprehensive income attributable to equity shareholders of the Company for the year		(233,648)	(30,311)	(203,337)

	Notes	Disclosure in this announcement RMB'000 (Audited)	Disclosure in the Preliminary Results Announcement RMB'000 (Unaudited)	Difference RMB'000
Consolidated statement of financial position as of 31 December 2020				
Non-current assets				
Property, plant and equipment		796	796	–
Right-of-use assets		7,118	7,118	–
Deferred tax assets	*(iv)*	–	40,251	(40,251)
Total non-current assets		7,914	48,165	(40,251)
Current assets				
Short-term investment	*(v)*	20,066	437,659	(417,593)
Program copyrights	*(i)*	346,573	362,461	(15,888)
Trade receivables	*(vi)*	593,795	701,535	(107,740)
Prepayments and other receivables	*(vii)*	475,653	64,609	411,044
Restricted bank deposit		1,220	1,220	–
Cash and cash equivalents		1,292	1,292	–
Total current assets		1,438,599	1,568,776	(130,177)
Current liabilities				
Bank loans		36,000	36,000	–
Contract liabilities		22,745	22,745	–
Trade payables	*(viii)*	65,319	28,439	36,880
Accruals and other payables		115,672	105,042	10,630
Lease liabilities		1,903	1,903	–
Current taxation	*(ix)*	95,020	98,991	(3,971)
Total current liabilities		336,659	293,120	43,539
Net current assets		1,101,940	1,275,656	(173,716)
Total assets less current liabilities		1,109,854	1,323,821	(213,967)
Non-current liabilities				
Lease liabilities		5,312	5,312	–
Deferred Income		–	630	(630)
Other non-current liabilities		–	10,000	(10,000)
Total non-current liabilities		5,312	15,942	(10,630)

	Notes	Disclosure in this announcement *RMB'000* (Audited)	Disclosure in the Preliminary Results Announcement *RMB'000* (Unaudited)	Difference *RMB'000*
Net assets		1,104,542	1,307,879	(203,337)
Equity				
Share capital		73	73	–
Reserves		1,104,469	1,307,806	(203,337)
Equity attributable to the equity shareholders of the Company		1,104,542	1,307,879	(203,337)
TOTAL EQUITY		1,104,542	1,307,879	(203,337)

Notes:

(i) The difference in respect of cost of sales was due to reclassification of approximately RMB15.9 million from program copyrights under current assets to cost of sales as a result of suspension of production of certain program.

(ii) The difference in respect of general and administrative expenses was due to (a) reclassification of approximately RMB21.4 million from prepayments and other receivables to general and administrative expenses; and (b) reclassification of approximately RMB6.6 million from general and administrative expenses to impairment losses on trade and other receivables.

(iii) The difference in respect of impairment losses on trade and other receivables was mainly due to increase of approximately RMB157.7 million as a result of financial difficulties as impact of COVID-19 pandemic encountered by certain customers, which was partially set off by the reason set out in (ii)(a) above.

(iv) The difference in respect of income tax and deferred tax assets was due to reversal of all deferred tax assets as a result of uncertainty of profitability in the future.

(v) The difference in respect of short-term investment was due to reclassification of approximately RMB417.6 million to prepayments and other receivables as a result of the partial early redemption of the 5% coupon promissory note (the "Promissory Note") with an aggregate principal amount of USD70,800,000 issued by L.R. Capital Property Investment Limited ("L.R. Capital"). In case of early redemption, the redemption amount will only be the principal amount of the Promissory Note, no interest shall be payable to the Group. As at 31 December 2020, the balance of the Promissory Note was USD64,000,000, equivalent to RMB417,594,000. For more details on the Promissory Note and the redemption thereof, please refer to Note 12(ii) to the consolidated financial statements. The remaining short-term investment of approximately RMB20.1 million represents investment in participating shares managed by a fund incorporated in the Cayman Islands, all of which were redeemed in January 2021.

(vi) The difference in respect of trade receivables was due to upward adjustment in trade receivables of approximately RMB36.9 million as a result of not setting off the same with certain trade payables but such increase was set off by impairment losses on trade receivables of approximately RMB144.6 million, details of which are set out in (iii) above.

(vii) The difference in respect of prepayments and other receivables was due to (1) the reason set out in (v) above; and (2) adjustment of overstatement of approximately RMB6.6 million.

(viii) The difference in respect of trade payables was due to upward adjustment in of trade payables of approximately RMB36.9 million as a result of not setting off the same with certain trade receivables.

(ix) The difference in respect of current taxation was due to decrease in provision for the year of approximately RMB4.0 million.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group has undergone a transformation throughout the year 2020. With the COVID-19 wreaking havoc across the globe, the operating environment of the Group's principal businesses have been significantly affected. As such, the Group has been proactively striking for changes by, on top of maintaining its principal businesses, increasing investments in areas such as development in medium video clips and content commercialisation, which had led to an increase in the Group's annual revenue and total assets by 6.4% and 53.7%, respectively, as compared to that of 2019. Influenced by the strategic philosophy that content is produced to directly serve consumer value, we maintained a solid relationship with our customers and further strengthened our position in the industry.

In 2020, the Group started production for 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 view to further expand its principal business, the Group had officially launched the content e-commerce business in May 2021 and expects to strategically and gradually increase its budget in this business line.

The TV drama "Mind the Gap" (《一念無間》) (tentatively named), which the Company has exclusive investment, has now completed its post-production work 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 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 film is expected to be commenced in the third quarter of 2021.

For our production of variety programs, it was progressing normally in accordance with the Group's established directions. 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; 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 and was awarded with Magnolia Awards for the "Best TV Variety Show"at the 27th Shanghai International TV Festival in June 2021.

FINANCIAL REVIEW

Revenue

The Group's revenue primarily consists of revenue related to the content that it developed, marketed, produced and distributed, including revenue from media platforms and revenue from corporate sponsors. The total revenue of the Group increased by 6.4% from approximately RMB475.6 million in 2019 to approximately RMB505.8 million in 2020. The following table sets forth the breakdown of revenue by source for the years indicated.

	For the year ended December 31,			
	2020		2019	
	Amount	**Percentage**	Amount	Percentage
	(RMB'000, except for percentages)			
Content-related				
Media platforms	**267,977**	**53.0%**	346,758	72.9%
Corporate sponsors	**237,871**	**47.0%**	128,808	27.1%
Total	**505,848**	**100.0%**	475,566	100.0%

The Group's content-related revenue from media platforms decreased by 22.7% from approximately RMB346.8 million in 2019 to approximately RMB268.0 million in 2020. The decrease was primarily due to the fact that the Group reduced the cooperation with traditional platforms such as TV stations on content production while increased the investments in the content produced for end-customers amid the COVID-19 pandemic.

The Group's relevant revenue from corporate sponsors increased by 84.7% from approximately RMB128.8 million in 2019 to approximately RMB237.8 million in 2020. The increase was primarily attributable to the commencement of direct cooperation with corporate sponsors to produce most of our content through the production and placement of customised content for specific brands and their products in light of the habit change of a number of users and the continuously strengthened corporate mission that content is produced to directly serve consumer value, which had a direct impact on the brands and the sales of their products and resulted in the increase in both the number of programs produced and the revenue generated from our services.

Cost of Sales

The Group's cost of sales primarily consists of the cost of sales related to the content that it developed, marketed, produced and distributed. The following table sets forth the breakdown of cost of sales by source for the years indicated.

	For the year ended December 31,			
	2020		2019	
	Amount	**Percentage**	Amount	Percentage
	(RMB'000, except for percentages)			
Content-related	**244,042**	**100.0%**	208,385	100.0%
Total	**244,042**	**100.0%**	208,385	100.0%

The Group's cost of sales increased by 17.1% from approximately RMB208.4 million in 2019 to approximately RMB244.0 million in 2020, primarily due to the increase in the procurement costs of the production of programs in respect of which we recognised revenue.

Gross Profit and Gross Profit Margin

The Group recorded the gross profit of approximately RMB261.8 million and the gross profit margin of 51.8% in 2020, compared with the gross profit of approximately RMB267.2 million and the gross profit margin of 56.2% in 2019. The lower percentage of change in the gross profit margin was primarily due to the increase in the procurement costs for the production and costs for the prevention and control of the pandemic.

Selling and Marketing Expenses

The Group's selling and marketing expenses primarily consist of (1) staff costs of our employees for content development, production and sales and marketing; (2) marketing and promotional expenses for our programs; and (3) traveling and transportation expenses in relation to selling and marketing activities. The Group's selling and marketing expenses increased by 67.1% from approximately RMB9.6 million in 2019 to approximately RMB16.0 million in 2020, primarily due to the increase in staff costs and operating costs of the Company.

General and Administrative Expenses

The Group's general and administrative expenses primarily consist of (1) staff costs for the Group's administrative staff; (2) depreciation and amortisation; (3) expenses for rent, office, transportation and traveling; and (4) professional service fees for legal and accounting services. The Group's general and administrative expenses increased by 49.3% from approximately RMB59.0 million in 2019 to approximately RMB88.2 million in 2020, primarily due to the corresponding increase in various expenses arisen from the operation of the Group after the listing.

Net Finance Expenses

The Group's net finance expenses represent (1) interest income on bank deposits; (2) interest expenses on bank loans and other borrowings, amounts due to third parties, and amounts due to Mr. LIU Mu ("**Mr. LIU**"), one of the executive Directors; (3) interest on lease liabilities; and (4) net foreign exchange gains from the appreciation of certain U.S. dollar bank deposits due to the fluctuations in U.S. dollars to Renminbi exchange rate. The Group's net finance expenses increased by 138.4% from approximately RMB9.1 million in 2019 to approximately RMB21.8 million in 2020, primarily due to the increase in interest expenses on bank loans.

(Loss)/profit Before Taxation

As a result of the foregoing, the Group's loss before taxation was approximately RMB137.0 million in 2020, representing a decrease of 173.5% from profit before taxation of approximately RMB186.6 million in 2019.

Income Tax Expense

The Group's income tax expense increased by 59.1% from approximately RMB38.7 million in 2019 to approximately RMB61.5 million in 2020, primarily due to increase in tax losses and temporary differences not recognised as deferred tax assets. Other than Yili Zhongsheng and Yueying Xingyao, our operating entities in the PRC are subject to the standard enterprise income tax ("**EIT**") rate of 25% under the EIT Law.

(Loss)/profit for the Year

As a result of the foregoing, the Group's loss was approximately RMB198.6 million in 2020, representing a decrease of 234.3% from profit of approximately RMB147.9 million in 2019.

FINANCIAL POSITION

Program Copyrights

The Group's program copyrights consist of (1) programs under production; and (2) programs that have completed production. The following table sets forth the breakdown of program copyrights as of the dates indicated.

	As of December 31,			
	2020		2019	
	Amount	**Percentage**	Amount	Percentage
	(RMB'000, except for percentages)			
Programs under production	**346,573**	**100.0%**	341,591	95.9%
Completed programs	**–**	**–**	14,512	4.1%
Total	**346,573**	**100.0%**	356,103	100.0%

The Group's program copyrights decreased by 2.7% from approximately RMB356.1 million as of December 31, 2019 to approximately RMB346.6 million as of December 31, 2020, primarily due to the suspension of production of certain programs.

Trade Receivables

The Group's trade receivables represent outstanding amounts due from its customers. As of December 31, 2019 and 2020, the Group's total trade receivables (after deduction of loss allowance) were approximately RMB491.3 million and approximately RMB593.8 million, respectively, representing an increase of 20.9%. The increase was attributable to the portion of the revenue growth of the Group in 2020. The loss allowance increased by 750.5% from approximately RMB35.3 million as of December 31, 2019 to approximately RMB300.2 million as of December 31, 2020, primarily due to the fewer consolidated impacts of the pandemic on the recovery of the trade receivables of the Company in 2020 as compared with those in 2019.

The following table sets forth an aging analysis of the Group's overall trade receivables, based on the transaction date and net of loss allowance, as of the dates indicated:

	As of December 31,	
	2020	2019
	(RMB'000)	
Within one month	**97,481**	134,458
One month to three months	**117,328**	80,806
Three months to six months	**20,085**	124,132
Six months to one year	**164,733**	81,652
One year to two years	**162,853**	70,206
Two years to three years	**31,315**	–
Total	**593,795**	491,254

Prepayments and Other Receivables

The Group's prepayments and other receivables primarily consist of (1) the Promissory Note; (2) prepayments to third parties, which represented the prepayments to suppliers, such as talent coordinators, prior to commencement of program production; and (3) other receivables, which primarily included the receivables from disposal of a subsidiary and rental deposits, and refund due from suppliers. The Group's prepayments and other receivables increased by 1,945.2% from approximately RMB23.3 million as of December 31, 2019 to approximately RMB475.7 million as of December 31, 2020, primarily due to the partial early redemption of the Promissory Note. For more details on the Promissory Note and the redemption thereof, please refer to Note 12(ii) to the financial information disclosed in this announcement.

Trade Payables

The Group's trade payables primarily relate to payments due to third party suppliers for services such as content arrangement, video, lighting and sound. Its trade payables increased by 93.7% from approximately RMB33.7 million as of December 31, 2019 to approximately RMB65.3 million as of December 31, 2020, primarily due to the decrease in payables to suppliers in relation to program production expenses.

Liquidity and Capital Resources

The Group's cash and cash equivalents amounted to approximately RMB1.3 million as of December 31, 2020, compared to approximately RMB9.0 million as of December 31, 2019.

Working capital (current assets less current liabilities) and the total equity of the Group amounted to approximately RMB1,101.9 million and approximately RMB1,104.5 million, respectively, as of December 31, 2020, compared to approximately RMB557.8 million and approximately RMB572.3 million, respectively, as of December 31, 2019.

As of December 31, 2019 and 2020, the Group's total indebtedness amounted to approximately RMB221.7 million and approximately RMB86.9 million, respectively. As of the same dates, the Group's bank loans payable within one year amounted to approximately RMB111.0 million and approximately RMB36.0 million, respectively. The Directors believe that the Group maintains a stable and sound financial position and has sufficient resources to support its operations and meet its foreseeable capital expenditures.

The following table sets forth the information in the Group's consolidated statement of cash flows for the years indicated:

	As of December 31,	
	2020	2019
	(RMB'000)	
Net cash used in operating activities	**(186,285)**	(307,510)
Net cash used in investing activities	**(475,934)**	(495)
Net cash generated from financing activities	**653,492**	250,622
Net decrease in cash and cash equivalents	**(8,727)**	(57,383)

Net Cash Used in Operating Activities

In 2020, the net cash used in operating activities was approximately RMB186.3 million, primarily due to the increase in program production expenses.

Net Cash Used in Investing Activities

In 2020, the net cash used in investing activities was approximately RMB475.9 million, primarily due to the payment for the purchases of the Promissory Note, which were wholly redeemed as of the date of this announcement.

Net Cash Generated from Financing Activities

In 2020, the net cash generated from financing activities was approximately RMB653.5 million, primarily due to the increase in cash generated from bank loans and pre-IPO financing activities.

Gearing Ratio

As of December 31, 2020, the Group's gearing ratio (calculated by dividing bank loans by total equity as of the end of each year) was approximately 3.3%, compared to approximately 19.4% as of December 31, 2019.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

In 2020, the Group instructed AMTD to purchase the Promissory Note issued by L.R. Capital with a principal amount of USD70.8 million, for more details on the Promissory Note and the redemption thereof, please refer to Note 12(ii) to the consolidated financial statements and the relevant figures are as follows:

Description of investment	Approximate interest rate per annum	Approximate outstanding balance as at 31 December 2020	Approximate percentage to the Group's total assets as at 31 December 2020
the Promissory Note issued by L.R. Capital with principal amount of USD70,800,000	5%	USD64,000,000	28.9%

After making a comprehensive planning on the Company's cash demand and operation development, and considering the changes on overall market conditions, from November 2020 to June 2021, the Company has redeemed all the above-mentioned investment amounts totalling USD70.8 million and had terminated the relevant agreement with AMTD and the transactions thereunder in June 2021.

Save as disclosed above, the Group did not have any significant investment held, material acquisitions or disposals of subsidiaries and associates in 2020.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As of December 31, 2020, save as disclosed in the Company's prospectus published on February 28, 2020 and the section headed "Outlook and Plans" in this announcement, the Group did not have other plans for material investments and capital assets. The Group may look into business and investment opportunities in different business sectors and consider whether any asset or business acquisitions, restructuring or diversification may become appropriate in order to improve its long-term competitiveness.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (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. During the period from the Listing Date to December 31, 2020 (the "**Relevant Period**"), the amount utilised by the Company for funding the expenditures of the production of its principal projects was approximately RMB306.2 million. The business objectives, future plans and planned use of proceeds as stated in the prospectus were based on the best estimation and assumption of future market conditions and industry development made by the Company at the time of preparing the prospectus while the proceeds will be applied based on the actual development of the Group's business and the industry.

Details of the use of proceeds are as follows:

Table 1

Use of proceeds as described in the prospectus	**Expected amounts to be utilised as disclosed in the prospectus** *(RMB'000)*	**Amounts utilised during the Relevant Period** *(RMB'000)*	**Amounts unutilised as of December 31, 2020** *(RMB'000)*	**Amount utilised as at 30 June 2021** *(RMB'000)*	**Amounts unutilised as at 30 June 2021** *(RMB'000)*	**Expected time of use**
Funding the development of our new pipeline programs	636,799	257,111	379,688	523,633	113,166	June 30, 2022
Of which: Funding the programs that are expected to be released in 2020[2]	524,423	170,931	353,492	437,453	86,970	June 30, 2022
Of which: TV variety programs in the food, work/career, youth and police/crime genres	217,260	110,783	106,477	196,969	20,291	June 30, 2022
TV drama series in the urban and police/crime genres	202,278	58,799	143,479	173,360	28,918	June 30, 2022
Made-for-internet drama series in the urban, youth and police/crime genres	104,885	1,349	103,536	67,125	37,760	June 30, 2022
Funding the programs that are expected to be released in 2021	112,376	86,180	26,196	86,180	26,196	June 30, 2022
Expanding our team	37,459	1,263	36,196	24,550	12,909	June 30, 2022
For working capital and general corporate purposes	74,918	47,845	27,073	56,114	18,804	June 30, 2022
Total	749,176	306,219	442,957	604,297[2]	144,879[1]	

Notes:

(1) The approximately RMB144.9 million of the net proceeds has been used to fund the secured loan ("Loan") to Tianjin Fangzhou Technology Development Company Limited* (天津方舟科技發展有限公司) ("Tianjin Fangzou") pursuant to loan agreement ("Loan Agreement") dated 16 June 2021, 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 disclosure in this section below.

(2) The use of net proceeds for programs that are expected to be released in 2020 were delayed due to adverse impact of the COVID-19 pandemic and were partially incurred in 2021.

Due to the impact of COVID-19 pandemic, 2020 saw a new round of growth and change in the industry where demand for e-commerce and online shopping with the combination of variety programs, advertisements, product placements and live broadcasts had been growing rapidly. As a result, production of conventional pipeline programs including conventional TV dramas and variety programs has been slowed down and the actual usage of the net proceeds in 2020 was delayed and slower than estimated in the prospectus, and 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 and entered into the Asset Management Agreement with AMTD and pursuant to which instructed AMTD to purchase the Promissory Note. The Board believed that the guaranteed annualised return pursuant to the Promissory Note would provide additional ncome without affecting normal operations. The Promissory Note of the aggregate principal amount of USD70.8 million was fully redeemed in June 2021. For more details on the Promissory Note and the redemption thereof, please refer to Note 12(ii) to the financial information disclosed in this announcement.

With a view to expand our principal business in order to embrace the aforementioned change and development in industry trend and mitigate the possible impact of slower production of conventional pipeline programs, the Company officially launched its content e-commerce business in May 2021 with an aim to expand its source of income from our corporate sponsors. Unlike conventional programs, the content e-commerce business includes live broadcast programs or advertisements which usually involve direct sales and marketing channels via online media platforms and real-time interaction between sellers and consumers. The Company expects to strategically and gradually increase its budget in this business line. On 16 June 2021, Yueying Xingyao Information Technology (Tianjin) Company Limited* (月影星耀信息技術(天津)有限公司), our wholly owned subsidiary, entered into the Loan Agreement with Tianjin Fangzhou, pursuant to which Yueying Xingyao agreed to grant the Loan of the principal amount of RMB179 million to Tianjin Fangzhou for a term ending on December 31, 2021. Of the said RMB179 million, approximately RMB144.9 million was funded by untilised net proceeds from the listing and the remaining principal amount of the Loan (i.e. RMB34.1million) was funded by the Company's internal resources.

Tianjin Fangzhou as the borrower has been a supplier in respect of this business since June 2021. The Board is of the view that entering into the Loan Agreement would be in furtherance of the existing cooperation and business relationship with Tianjin Fangzhou in content e-commerce business. Although the Board took the view that the aforesaid prepayment in the content e-commerce business is in line with our principal contents operations, it still constituted a change in use of proceeds as disclosed in the prospectus dated 28 February 2020. The Board confirms that there are no material changes in the nature of the business of the Group as set out in the prospectus. 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 and is therefore in the interests of the Group and the Shareholders as a whole.

The Board will continuously assess the plan for the use of the unutilised net proceeds and may revise or amend such plan where necessary to cope with the changing market conditions and strive for better business performance of the Group.

CAPITAL EXPENDITURE AND COMMITMENTS

The Group's capital expenditures in 2020 primarily related to improvements to leased properties and purchase of electronic equipment and other office equipment. In 2020, the Group incurred capital expenditures of approximately RMB0.5 million, compared to approximately RMB0.7 million in 2019.

CONTINGENT LIABILITIES

The Group had no material contingent liability as of December 31, 2020.

CHARGES ON GROUP ASSETS

As of December 31, 2020, save for the restricted bank deposit amounted to RMB1.2 million, the Group did not have any other charges on its assets.

FOREIGN EXCHANGE RISK

The Group is exposed to foreign exchange risk primarily arisen from the cash balances denominated in foreign currencies generated from bank deposits. The currency giving rise to such risk mainly consists of U.S. dollars. The Group did not hedge against any fluctuation in foreign exchange during the Reporting Period but will closely monitor the exposure and take measures when necessary to ensure that the foreign exchange risk is under control.

CREDIT RISK

The Group's credit risk is primarily attributable to trade receivables and influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate. Therefore, significant concentration of credit risk arises when it has significant exposure to individual customers. As of December 31, 2019 and 2020, 82.3% and 84.1% of the total trade receivables were due from our five largest customers, respectively. These customers were mainly TV networks and advertising agent companies with diversified end-customers.

LIQUIDITY RISK AND FUNDING AND TREASURY POLICY

The Group regularly monitors its liquidity requirements to ensure that it maintains sufficient reserves of cash and capital for the short and long term.

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy liquidity position for the year ended 31 December 2020. To manage the liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in Note 17 to the financial information disclosed in this announcement and the sections headed "Significant Investments, Acquisitions and Disposals" and "Outlook and Plans" in this announcement, no significant event took place subsequent to December 31, 2020.

OUTLOOK AND PLANS

There is no material adverse change to the Company's business or financial performance since 31 December 2020 and up to the date of this announcement. As of the date of this announcement, the Group continued to operate normally in all of the Group's businesses.

With the gradual control of COVID-19 pandemic in the PRC, which ushered in valuable opportunities for the development of the cultural content industry. We will continue to adhere to exploring the consumer value of content to further enhance the competitiveness of our content. Series have now been initially developed for content of vertical fields such as work/career and cultural tourism. Meanwhile, the plan for creating medium video clips, represented by the "Star-Moon Alliance" plan, has gradually achieved scale effect. As of the date of this announcement, preparations for the production of new projects such as the "New Super Winner" (新超級大贏家) have been commenced, and content of e-sports games is under preparation. Content of the first batch of the 12 medium video clips with 240 episodes has been successively released on prevailing online video platforms since July 9, 2021. As of the date of this announcement, none of the projects has received any notification from relevant platforms about delay in broadcast or of similar issues.

The Company also had its trial operation of its content e-commerce business in 2020 which was officially launched 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 develop 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.

As at 30 June 2021, the filming of two of the three new TV 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 film is expected to be commenced in the third quarter of 2021.

HUMAN RESOURCES

As at December 31, 2020, the Group had 88 full-time employees (2019: 84), all of whom were based in the PRC. The following table sets forth the number of our employees by function.

	Number of employees	**% of total**
Content development	45	51.1
Marketing	18	20.5
Administrative and human resources	6	6.9
Finance and capital raising	7	7.9
Management and support	12	13.6
Total	88	100.0

The Group enters into employment contracts with its employees to cover matters such as position, term of employment, wage, employee benefits and liabilities for breaches thereof and grounds for termination. Remuneration of the Group's employees includes basic salaries, allowances, bonuses, share options and other employee benefits, and is determined with reference to their experience, qualifications and general market conditions. The remuneration policy for the employees of the Group is formulated by the Board on the basis of their merit, qualifications and competence. We provide regular training to our employees in order to improve their skills and knowledge. The training courses range from further educational studies to skill training to professional development courses for management personnel.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries or operating entities in the PRC purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Group is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its affairs are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all shareholders of the Company.

Since the Listing Date, the Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and complied with the applicable code provisions throughout the period from the Listing Date to December 31, 2020 and the date of this announcement, except for paragraph A.2.1 and paragraph A.5.5(2) of the CG Code.

In accordance with paragraph A.2.1 of the CG Code, the roles of the chairman and chief executive should be separate and should not be performed by the same individual. Mr. LIU is the chairman and chief executive officer of the Company. Mr. LIU is responsible for overseeing overall operation and management, strategic planning and major decision-making of the Group, and he has considerable experience in strategic planning and has been assuming day-to-day responsibilities in operating and managing the Group since August 2015. The Board considers that vesting the roles of chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for and communication with the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high caliber individuals. The Board currently comprises two executive Directors (including Mr. LIU) and four independent non-executive Directors and therefore has a strong independence element in its composition.

Mr. HUANG Victor ("**Mr. Huang**") was re-elected as an independent non-executive Director at the AGM of the Company held on June 28, 2020. The Board reviewed the track record of Mr. Huang in attending the Company's meetings since his appointment, showing that Mr. Huang had a high level of participation at board meetings and committee meetings. The Board believes that Mr. Huang will still be able to devote sufficient time to the Board in the future notwithstanding that he has been holding the directorship of seven or more listed companies since June 2020. Such assessment of the Board was not disclosed in the circular or the notice of the AGM as required under paragraph A.5.5 (2) of the CG Code. The Company commits to comply with such code provision for future election of independent non-executive Directors.

The Board will examine and review, from time to time, the Company's corporate governance practices and operations in order to meet the relevant requirements under the Listing Rules and to protect the interests of the Company's shareholders.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 of the Listing Rules as its model code for securities transactions by the Directors. Specific enquiries have been made with all Directors by the Company and they have confirmed that they have complied with the relevant Model Code throughout the Relevant Period.

The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are subject to the Model Code. No incident of non-compliance of the Model Code by the employees was identified by the Company throughout the Relevant Period.

REVIEW OF AUDITED FINANCIAL STATEMENTS

The Company established the Audit Committee with written terms of reference in compliance with the Listing Rules and the CG Code. The Audit Committee, comprising Ms. RAN Hua (the Chairman), Mr. YANG Chengjia and Ms. YAO Li, has discussed with the management of the Company and reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2020.

FINAL DIVIDEND

The Board has resolved not to recommend payment of any final dividend for the year ended December 31, 2020 (2019: Nil).

THE AGM AND CLOSURE OF REGISTER OF MEMBERS

The AGM of the Company will be held on September 27, 2021. The notice of the AGM will be issued and despatched to the Shareholders, and will also be made available on the websites of the Company at www.sinozswh.com and the Stock Exchange at www. hkexnews.hk. To determine the Shareholders' eligibility to attend and vote at the AGM, the register of members of the Company will be closed from September 21, 2021 to September 27, 2021, both days inclusive, during which period no transfer of the shares will be registered. In order to qualify for attending and voting at the AGM, all properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on September 20, 2021.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE COMPANY AND THE STOCK EXCHANGE

This announcement is published on the respective websites of the Company at www.sinozswh.com and the Stock Exchange at www.hkexnews.hk. The annual report of the Company for the year ended December 31, 2020 will be despatched to the Shareholders and will also be made available on the above websites in due course.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2021, and will remain suspended until further notice pending, among other matters, the fulfilling of the guidance for the resumption of trading in the shares by the Stock Exchange.

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, August 27, 2021

As of 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.