China Bright Culture Group
煜盛文化集團*

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

DELAY IN PUBLICATION OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021 AND UNAUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The board (the "**Board**") of directors (the "**Director(s)**, each a "**Director**") of China Bright Culture Group (the "**Company**") and its subsidiaries (collectively, the "**Group**") announces the unaudited consolidated results of the Company for the year ended 31 December 2021 (the "**Reporting Period**") together with the comparative figures for the year ended 31 December 2020 as set out below.

This announcement is made by the Board pursuant to Rules 13.09 and 13.49(3) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the provisions of inside information under Part XIVA of the Securities and Futures Ordinance.

DELAY IN PUBLICATION OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

As the auditing process for the audited final results for the year ended 31 December 2021 has not been completed due to the impact of the COVID-19 epidemic in Hong Kong and the PRC which restricts the auditor to gather necessary direct external confirmations and complete impairment assessment on trade and other receivables. Accordingly, the Company's auditors require additional time for completing their audit work. The unaudited consolidated results contained herein is made by the Board only based on the unaudited management accounts of the Group for the year ended 31 December 2021 and have been reviewed by the audit committee of the Company, which have not been reviewed or audited by the auditors of the Company. An announcement relating to the audited final results will be made by no later than 30 April 2022 when the auditing process has been completed.

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).

UNAUDITED CONSOLIDATED FINANCIAL INFORMATION

Unaudited consolidated statement of profit or loss

For the year ended 31 December 2021

	Notes	2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
Revenue	3	**302,941**	505,848
Cost of sales		**(130,573)**	(244,042)
Gross profit		**172,368**	261,806
Other net income	4	**1,608**	1,392
Selling and marketing expenses		**(4,247)**	(16,009)
General and administrative expenses		**(87,778)**	(88,153)
Loss on disposal of short-term investment		**(607)**	–
Impairment losses on trade and other receivables		**(62,945)**	(278,034)
Profit/(Loss) from operations		**18,399**	(118,998)
Net finance expenses	5(a)	**(1,609)**	(21,792)
Fair value changes on investments measured at fair value through profit or loss		**–**	3,754
Profit/(Loss) before taxation	5	**16,790**	(137,036)
Income tax credit/(expenses)	6	**26,272**	(61,539)
Profit/(Loss) attributable to equity shareholders of the Company for the year		**43,062**	(198,575)
Earnings/(Loss) per share	7		
Basic and diluted (RMB)		**0.027**	(0.131)

Unaudited consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2021

	2021	2020
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Profit/(Loss) for the year	**43,062**	(198,575)
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that will not be reclassified subsequently to profit or loss:		
Exchange differences on translation into presentation currency of the Group	**(3,884)**	(35,073)
Other comprehensive income for the year	**(3,884)**	(35,073)
Total comprehensive income attributable to equity shareholders of the Company for the year	**39,178**	(233,648)

Unaudited consolidated statement of financial position

As at 31 December 2021

	Notes	2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
Non-current assets			
Property and equipment		**302**	796
Right-of-use assets		**13,139**	7,118
Deferred tax assets		**44,500**	–
		57,941	7,914
Current assets			
Short-term investment		**–**	20,066
Program copyrights		**530,442**	346,573
Trade receivables	*8*	**552,543**	593,795
Prepayments and other receivables		**393,676**	475,653
Restricted bank deposit		**–**	1,220
Cash and cash equivalents		**3,610**	1,292
		1,480,271	1,438,599
Current liabilities			
Bank loans		**20,000**	36,000
Contract liabilities		**69,552**	22,745
Trade payables	*9*	**34,356**	65,319
Accruals and other payables		**111,491**	115,672
Lease liabilities		**2,914**	1,903
Current taxation		**120,494**	95,020
		358,807	336,659
Net current assets		**1,121,464**	1,101,940
Total assets less current liabilities		**1,179,405**	1,109,854
Non-current liabilities			
Lease liabilities		**10,219**	5,312
Net assets		**1,169,186**	1,104,542

	Notes	**2021** **(Unaudited)** ***RMB'000***	2020 (Audited) *RMB'000*
Equity			
Share capital		**73**	73
Reserves		**1,169,113**	1,104,469
Equity attributable to the equity shareholder of the Company		**1,169,186**	1,104,542
TOTAL EQUITY		**1,169,186**	1,104,542

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

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").

At 31 December 2021 and 2020, the Directors consider the immediate parent of the Company to be Double K Limited, which was incorporated in the British Virgin Islands and the ultimate controlling party of the Company to be Mr. Liu Mu.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These unaudited consolidated 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 unaudited consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

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 unaudited consolidated financial statements.

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

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

The preparation of unaudited consolidated 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.

Going concern basis

For the year ended 31 December 2021, the Group incurred a net operation cash outflow. The Group faced relatively long trade receivables 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 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:

– Subsequent to the reporting period, the Group received RMB100,000,000 from a bank in the PRC by entering into a non-recourse factoring agreement to factor its trade receivables with carrying amounts of RMB121,000,000;

– The Group is putting extra efforts on collecting its trade and other receivables and will make use of factoring facilities with banks to improve the liquidity position of the Group; and

– 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 Directors 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, 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 unaudited consolidated financial statements.

(c) Application of new and amendments to International Financial Reporting Standards ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the IASB for the first time in the current year, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the unaudited consolidated financial statements:

Amendment to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "Committee") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these unaudited consolidated financial statements.

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments[3]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to IAS 8	Definition of Accounting Estimates[3]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020[2]

1 Effective for annual periods beginning on or after 1 April 2021.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after 1 January 2023.
4 Effective for annual periods beginning on or after a date to be determined.

Except for the new and amendments to IFRSs mentioned below, the Directors anticipate that the application of all other new and amendments to IFRSs will have no material impact on the unaudited consolidated financial statements in the foreseeable future.

Amendments to IFRS 3 Reference to the Conceptual Framework

The amendments:

- update a reference in IFRS 3 Business Combinations so that it refers to the Conceptual Framework for Financial Reporting 2018 issued by IASB in March 2018 (the "Conceptual Framework") instead of the International Accounting Standards Committee's Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting issued in September 2010);

- add a requirement that, for transactions and other events within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, an acquirer applies IAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and

- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Group will apply the amendments prospectively to business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

Amendments to IAS 1 Classification of Liabilities as Current or Non-current

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 Financial Instruments: Presentation.

Based on the Group's outstanding liabilities as at 31 December 2021, the application of the amendments will not result in reclassification of the Group's liabilities

Amendments to IFRSs Annual Improvements to IFRSs 2018-2020

The annual improvements make amendments to the following standards.

IFRS 9 Financial Instruments

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the "10 per cent" test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf.

IFRS 16 Leases

The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of reimbursement relating to leasehold improvements by the lessor in order to remove any potential confusion.

IAS 41 Agriculture

The amendment ensures consistency with the requirements in IFRS 13 Fair Value Measurement by removing the requirement in paragraph 22 of IAS 41 to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

3 REVENUE

The principal activities of the Group are video content operation and eCommerce promotion services.

Marketing promotion services were newly commenced by the Group during the year ended 31 December 2021. The amount of each significant category of revenue is as follows:

	2021	2020
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Content related program		
– Media platforms	**11,793**	267,977
– Corporate sponsors	**49,627**	237,871
	61,420	505,848
eCommerce promotion services	**241,521**	–
	302,941	505,848

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

	2021	2020
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Over time:		
– Revenue from advertising and licensing of IP	**49,627**	396,414
– Revenue from eCommerce promotion services	**241,521**	–
	291,148	396,414
Point in time:		
– Revenue from licensing of broadcasting rights of programs	**11,793**	109,434
	302,941	505,848

4 OTHER NET INCOME

	2021	2020
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Government grants	**1,585**	1,864
Others	**23**	(472)
	1,608	1,392

5 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after (crediting)/charging:

(a) Net finance expenses

	2021	2020
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Finance income:		
Interest income on other receivables	**(9,711)**	–
Interest income on bank	**(10)**	(292)
	(9,721)	(292)
Finance cost:		
Interest expense	**10,881**	20,662
Interest on lease liabilities	**393**	738
Net foreign exchange loss/(gain)	**56**	684
	11,330	22,084
Net finance cost	**1,609**	21,792

(b) Staff costs

	2021	2020
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**13,773**	15,050
Contributions to defined contribution retirement plans *(note)*	**2,094**	134
	15,867	15,184

Note:

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.

During the year ended 31 December 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 approximately RMB2,085,000.

(c) Other items

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

	2021	2020
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Cost of program copyrights	**130,573**	244,042
Short-term leases	**2,343**	214
Depreciation expenses		
– Property and equipment	**494**	1,090
– Right-of-use assets	**2,303**	4,022
Loss allowance for trade and other receivables	**62,945**	278,034
Auditors' remuneration		
– Audit service	**1,200**	3,700
– Other services	**–**	108

6 INCOME TAX IN THE UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	2021	2020
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Current taxation		
Provision for the year	**18,228**	53,027
Deferred taxation		
Origination and reversal of temporary differences	**(44,500)**	8,512
	(26,272)	61,539

7 EARNINGS/(LOSS) PER SHARE

(i) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to ordinary equity shareholders of the Company of approximately RMB43,062,000 (2020: loss of RMB198,575,000) and the weighted average number of ordinary shares of 1,600,000,000 shares (2020: 1,521,311,000 shares in issue upon the completion of the Pre-IPO reorganisation were deemed to have been issued since 1 January 2020 and adjusted for the effect of capitalisation issue on 13 March 2021), calculated as follows:

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

	2021	2020
	(Unaudited)	(Audited)
	'000	*'000*
Issued ordinary shares at 1 January	**1,600,000**	1,200,000
Effect of shares issued by initial public offering on the Listing Date	**–**	321,311
Weighted average number of ordinary shares in issue during the year	**1,600,000**	1,521,311

(ii) Diluted earnings/(loss) per share

For the year ended 31 December 2021, the computation of diluted earnings per share did not assume the exercise of outstanding share options of the Company since the exercise price of the share options was higher than the average market price of shares. For the year ended 31 December 2020, there was no dilutive potential shares outstanding.

8 TRADE RECEIVABLES

	2021	2020
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Trade receivables	**882,365**	894,031
Less: loss allowance	**(329,822)**	(300,236)
	552,543	593,795

(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:

	2021	2020
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Within 1 month	**12,121**	97,481
1 month to 3 months	**2,438**	117,328
3 months to 6 months	**15,000**	20,085
6 months to 1 year	**20,655**	164,733
1 to 2 years	**497,377**	162,853
2 to 3 years	**4,952**	31,315
	552,543	593,795

9 TRADE PAYABLES

The following is an ageing analysis of trade payables, based on the invoice date, is as follows:

	2021	2020
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Within 1 year	**14,606**	47,924
1 to 2 years	**5,325**	16,880
2 to 3 years	**14,425**	515
	34,356	65,319

10 DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2021 (2020: Nil).

11 EQUITY-SETTLED SHARE-BASED PAYMENTS

The Company has adopted a share option scheme on 7 February 2020 ("**Share Option Scheme**") and shall be valid and effective for a period of 10 years from the date of its adoption and the options granted have a 10-year exercise period. Accordingly, the Share Option Scheme shall expire on 6 February 2030. Under the Share Option Scheme, the Directors may, at its discretion, offer to grant an option to the following eligible participants to subscribe for such number of new shares as the directors may determine at an exercise price determined in accordance with the terms of the Share Option Scheme:

- any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;

- any Directors (including non-executive Directors and independent non-executive Directors) of the Company or any of its subsidiaries; and

- any advisers, consultants, suppliers, customers, distributors and such other persons who, in the sole opinion of the directors, will contribute or have contributed to the Company and/or any of its subsidiaries.

On 8 December 2020, the Directors approved the grant of options ("Options") under the Share Option Scheme to ten grantees, of which eight grantees have accepted the Options on 1 January 2021 upon the agreement of the vesting conditions attached to the Options.

(a) Details of shares granted are as follows:

Date of grant	Exercise price	Number of options granted	Vesting period	Exercisable period
Option granted to a director of the Company				
1 January 2021	HK$0.97	2,672,000	Note (i(a))	1 January 2022 to 7 December 2030
1 January 2021	HK$0.97	5,328,000	Note (i(b))	1 January 2023 to 7 December 2030
1 January 2021	HK$0.97	8,000,000	Note (i(c))	1 January 2024 to 7 December 2030
		16,000,000		
Option granted to 4 employees and a former employee of the Company				
1 January 2021	HK$0.97	4,008,000	Note (i(a))	1 January 2022 to 7 December 2030
1 January 2021	HK$0.97	7,992,000	Note (i(b))	1 January 2023 to 7 December 2030
1 January 2021	HK$0.97	12,000,000	Note (i(c))	1 January 2024 to 7 December 2030
		24,000,000		
Option granted to a external consultant				
1 January 2021	HK$0.97	8,000,000	Note (ii)	1 January 2022 to 7 December 2030
Option granted to a employee				
1 January 2021	HK$0.97	16,000,000	Note (iii)	1 January 2022 to 7 December 2030

Notes:

(i) The options granted are exercisable in accordance with the following vesting schedule: subject to the fulfilment of business performance or both service assessment condition and business performance condition for each of the financial years 2021, 2022 and 2023 as set out in the grant letter, (a) the first 16.7% of the options granted to the relevant grantee, is exercisable commencing from 12 months after the date of acceptance of the relevant options; (b) the next 33.3% of the options granted to the relevant grantee, is exercisable commencing from 24 months after the date of acceptance of the relevant options; and (c) the remaining 50.0% of the options granted to the relevant grantee, is exercisable commencing from 36 months after the date of acceptance of the relevant options.

(ii) The options granted are exercisable in accordance with the fulfilment of the service assessment condition for the financial years 2021 as set out in the grant letter.

(iii) The options granted are exercisable in accordance with the fulfilment of service assessment condition for the financial years 2021 as set out in the grant letter.

(b) The number and weighted average exercise prices of share options

	Weighted average exercise price	Number of options
Outstanding at 1 January 2021	–	–
Granted during the year	HK$0.97	64,000,000
Outstanding at 31 December 2021	HK$0.97	64,000,000
Exercisable at the end of the year	HK$0.97	64,000,000

During the year ended 31 December 2021, 64,000,000 share options were granted and 30,680,000 share options became exercisable as at 31 December 2021.

The share options outstanding as at 31 December 2021 had an exercise price of HK$0.97 and a weighted average remaining contractual life of 9 years.

(c) Fair value of share options and assumptions

The fair value of the share options determined at the grant date, being the date of acceptance by the grantee, is measured by an independent valuer engaged by the Group, based on binomial model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial model.

Fair value of share options at the date of grant and assumptions.

Fair value at measurement date (HK$)	
Share price (HK$)	0.9
Exercise price (HK$)	0.97
Expected volatility (expressed as average volatility used in the modelling under binomial model)	109%
Option life	10 years
Expected dividends	–
Risk-free interest rate	0.847%

The expected volatility is based on the historical volatilities of the share prices of the Company. Expected dividends were estimated by the Company based on its expected dividend policy over the expected terms of the options. Changes in the subjective input assumptions could materially affect the fair value estimate.

The Group recognised the total expense of RMB25,466,000 for the year ended 31 December 2021 (2020: Nil) in relation to the share options granted by the Company.

REVIEW OF FINANCIAL PERFORMANCE

	2021	2020
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Revenue	**302,941**	505,848
Profit/(Loss) before taxation	**16,790**	(137,036)
Profit/(Loss) attributable to equity shareholders of the Company for the year	**43,062**	(198,575)
Basic earnings/(loss) per share (RMB)	**0.027**	(0.131)

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 decreased by 40.1% from approximately RMB505.8 million in 2020 to approximately RMB302.9 million in 2021. During the Reporting Period, the Group's profit before taxation was approximately RMB16.8 million in 2021. The Group recognised the loss before taxation of approximately RMB137.0 million in 2020. As a result of the foregoing, the profit attributable to the equity shareholders of the Company was approximately RMB43.1 million in 2021 (2020: loss attributable to equity shareholders of the Company of approximately RMB198.6 million). The earnings per share for the year ended 31 December 2021 amounted to approximately RMB0.027 (2020: loss per share of approximately RMB0.131 in 2020).

REVIEW OF FINANCIAL POSITION

Non-current assets of the Group as at 31 December 2021, consisting mainly of property and equipment, right-of-use assets and deferred tax assets amounted to a total of RMB57.9 million, compared to RMB7.9 million as at 31 December 2020. Current assets as at 31 December 2021 amounted to RMB1,480.3 million, compared to RMB1,438.6 million as at 31 December 2020. Current liabilities as at 31 December 2021 amounted to RMB358.8 million, compared to RMB336.7 million as at 31 December 2020. Non-current liabilities as at 31 December 2021 amounted to RMB10.2 million, compared to RMB5.3 million as at 31 December 2020. Net assets as at 31 December 2021 amounted to RMB1,169.2 million, compared to RMB1,104.5 million as at 31 December 2020.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the Reporting Period, the Group did not have any significant investment held, material acquisitions or disposals of subsidiaries and associates.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As of 31 December 2021, save as disclosed in the Company's prospectus published on 28 February 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.

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.

BUSINESS REVIEW AND OUTLOOK

Business Review

In 2021, under the pressure of the changing media environment and COVID-19 pandemic, the Group proactively sought changes and continued to deepen the development of the industry while strengthening its principal business. In addition to proactively seeking changes while providing quality content products, the Group increased its investment in e-commerce business to ensure the Group's business development.

In 2021, the Group increased its investment in content related industry by successively entering into strategic cooperation agreements with industry partners such as China Record Group, Poly Culture, CCTV Animation Group Limited* and China Youth Daily Newspaper Office*, and gradually began its deployment in animation related products, music industry and theater performances.

In addition, in response to the changes in the media environment, the Group's business operation based on geographical regions has shown preliminary results, as demonstrated by the official commencement of operation of the Nanjing Content Center in the Yangtze River Delta region.

Outlook

Since 31 December 2021 and up to the date of this announcement, there was no material and adverse change in the business or financial performance of the Company. As at the date of this announcement, the Group maintained normal operation in all of its businesses.

In 2022, the Group will maintain sufficient projects on-hand under the rapidly developing new consumption mode. In addition to the continuous expansion of the existing business scale, the IP cooperation with China Media Group and the new cultural and creative business cooperation with China Youth Daily are under orderly progression.

Based on the promotional highlights and the investment focuses of enterprises in the market in 2022, the Group begins to focus on vertical areas, dedication and other aspects in terms of the research and development of projects, and signifies the achievements of real economy by following the consumption preference in terms of content development. By adhering to its strategic objective of “Business Value First”, the Group focuses more on the front-end communication between the market and the platform for all of its projects in 2022. For the copyright and content creation of films and TV dramas, the Group upholds the principle that the platform will only be initiated with customization. For variety shows, the Group holds fast to the business red line that large investment scale will only be implemented after attaining 70% of the business solicitation, thereby safeguarding project safety and profitability to a certain extent.

According to the new trend of industry development, in terms of profitability model, the Group is also constantly deepening the development of industrial chain and expanding the scale of peripheral income by leveraging new retail business to realize the “Lifestyle + Culture” dual-wheel-driven business model. It is expected that the Youth Digital Culture Industrial Base will be established in both Beijing and Hangzhou in 2022, which will result in a sharp rise in the Group’s earnings and assets. In addition, the new content retailing model focusing on certain sub-segments is expected to generate revenue of scale.

SHARE OPTION SCHEME

On 7 February, 2020, the Company conditionally adopted the Share Option Scheme.

On 8 December 2020, the Directors approved the grant of 77,000,000 options (“Options”) under the Share Option Scheme to ten grantees (“Grantees”) pursuant to the Share Option Scheme, of which eight Grantees have accepted the an aggregate of 64,000,000 Options on 1 January 2021 upon the agreement of the vesting conditions attached to the Options. As at 31 December 2021, the Company had 64,000,000 share options outstanding (“Outstanding Share Options”) under the Share Option Scheme. The Outstanding Share Options were granted with both service condition and performance condition to purchase 64,000,000 ordinary shares with an exercise price of HK$0.97 per share (which was same as the closing price of the shares on the date immediately before the date of grant), all of which were granted to the Grantees based on the mutual understanding of the key terms and conditions of the performance conditions. Among the Outstanding Share Options, 16,000,000 options were granted to Mr. Xia Rui, an executive Director and 48,000,000 options were granted to the 7 other individuals including employees, former employee and external consultant and employee. The validity period of the options granted is 10 years from the date of grant (i.e. from 1 January 2021 to 7 December 2030). Save as disclosed above, no share options have been granted or agreed to be granted, exercised, lapsed or cancelled under the Share Option Scheme during the Reporting Period.

The following table sets out the details of the options under the Share Option Scheme:

Type/name of the grantee	Date of grant	Validity Period	Exercise period	Exercise price per share *(HKD)*	Closing price per share immediately prior to the date of grant *(HKD)*	Outstanding as at 1 January 2021	Number of options Granted/Exercised/ lapsed/cancelled during the Reporting Period	Outstanding as at 31 December 2021	Vesting period
Director									
Xia Rui	1 January 2021	1 January 2021 to 7 December 2030	1 January 2022 to 7 December 2030	0.97	0.97	–	16,000,000	16,000,000	Please refer to note (i) below.
Others									
4 employees and a former employee of the Company	1 January 2021	1 January 2021 to 7 December 2030	1 January 2022 to 7 December 2030	0.97	0.97	–	24,000,000	24,000,000	Please refer note (i) below.
an external consultant	1 January 2021	1 January 2021 to 7 December 2030	1 January 2022 to 7 December 2030	0.97	0.97	–	8,000,000	8,000,000	Please refer note (ii) below.
an employee	1 January 2021	1 January 2021 to 7 December 2030	1 January 2022 to 7 December 2030	0.97	0.97	–	16,000,000	16,000,000	Please refer note (iii) below.
						–	64,000,000	64,000,000	

Notes:

(i) The options granted are exercisable in accordance with the following vesting schedule: subject to the fulfilment of business performance or both service assessment condition and business performance condition for each of the financial years 2021, 2022 and 2023 as set out in the grant letter, (a) the first 16.7% of the options granted to the relevant grantee, is exercisable commencing from 12 months after the date of acceptance of the relevant options; (b) the next 33.3% of the options granted to the relevant grantee, is exercisable commencing from 24 months after the date of acceptance of the relevant options; and (c) the remaining 50.0% of the options granted to the relevant grantee, is exercisable commencing from 36 months after the date of acceptance of the relevant options.

(ii) The options granted are exercisable in accordance with the fulfilment of the service assessment condition for the financial years 2021 as set out in the grant letter.

(iii) The options granted are exercisable in accordance with the fulfilment of service assessment condition for the financial years 2021 as set out in the grant letter.

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 Listings Rules and complied with the applicable code provisions throughout the year ended 31 December 2021 and the date of this announcement, except for the deviation from paragraph A.2.1 (which has been re-numbered as C.2.1 of the CG Code since 1 January 2022) of the CG Code as follows:

The Directors are committed to upholding the corporate governance of the Company to ensure that formal and transparent procedures are in place to protect and maximise the interests of the shareholders.

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.

The Board will adopt the new Corporate Governance Code (the "**New CG Code**") with effect from 1 January 2022, the requirements under which shall apply to the Company's corporate governance report in the financial year commencing on or after 1 January 2022. 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 New CG Code 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 UNAUDITED 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 unaudited consolidated financial statements of the Group for the year ended 31 December 2021.

FINAL DIVIDEND

The Board has resolved not to recommend payment of any final dividend for the year ended 31 December 2021 (2020: Nil).

PUBLICATION OF THE 2021 AUDITED ANNUAL RESULTS AND THE 2021 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.sinozswh.com). Subject to completion of audit, the Company currently expects to issue a further announcement by no later than 30 April 2022 in relation to the audited annual results for the year ended 31 December 2021 of the Group as agreed by the Company's auditor and the adjustments (if any) to the unaudited annual results contained herein.

The annual report of the Company for the year ended 31 December 2021 will be despatched to the shareholders of the Company and made available on the websites of the Stock Exchange and the Company in due course.

The financial information contained herein in respect of the unaudited annual results of the Group has not been audited and has not been agreed with the Company's auditor. When in doubt, shareholders of the Company and potential investors are advised to seek advice from professional parties or financial advisers.

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

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

Beijing, the PRC, 31 March 2022

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.

* *For identification purpose only*