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China Bright Culture Group
煜盛文化
股票代码: 01859.HK

China Bright Culture Group

煜盛文化集團*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1859)

SUPPLEMENTAL ANNOUNCEMENT CHANGE OF AUDITOR

References are made to (1) the announcements of the Company dated 30 March 2023 and 28 April 2023 in relation to, among other matters, the delay and further delay in publication of the annual results of the Group for the year ended 31 December 2022 (the “**Annual Results**”) and the delay in publication of annual report of the Group for the year ended 31 December 2022 (the “**Annual Report**”); and (2) the announcement of the Company dated 24 May 2023 in relation to, among others, the change of auditor (the “**Change of Auditor Announcement**”, together referred to as the “**Announcements**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

The Company would like to provide supplementary information on the reasons of the change of auditor of the Company.

REASON OF CHANGE OF AUDITOR

As disclosed in the Change of Auditor Announcement, the Company and Elite Partners have not come to a consensus regarding the Issue. The Company would like to further supplement that the Audit Committee noted from Elite Partners that it was due to the fact that Elite Partners did not obtain relevant sufficient documents timely on the following: (1) to assess whether the revenue recorded for the period ended 30 June

2022 were in accordance with the accounting policies regarding revenue recognition; and (2) the availability of the Company's valuation of the expected credit loss regarding the Loan and the valuation of the collateral under the Loan. Having considered the above and other job commitments, Elite Partners decided to resign as the auditor of the Company. The Audit Committee has also communicated with the management of the Company and noted that because of a manpower shortage in the accounting department of the Company, all relevant documents have not been provided to Elite Partners in a timely manner. The Audit Committee noted that the Company has now resolved the manpower issue and all the relevant documents will be ready in due course with a view to resolving the Issues.

Following the resignation of Elite Partners, the Company is required to appoint a new auditor to continue the audit of the consolidated financial statements of the Company for the year ended 31 December 2022 ("FY2022") as well as expediting the publication of the Annual Results and the Annual Report, and thus approached McMillan Woods to consider the appointment of McMillan Woods to act as the auditor of the Company to carry out the audit of the consolidated financial statements of the Company for FY2022. In the course of the pre-acceptance procedures performed by McMillan Woods, McMillan Woods interviewed the management of the Company, communicated with Elite Partners and referred to the list of documents requested by Elite Partners, in particular to those giving rise to the Issues. To expedite the completion of the audit, McMillan Woods appointed an industry expert who has experience in the principal business of the Group (i.e. video content operation and eCommerce promotion services) and conducted interviews with the management of the Company so as to understand the operations of the Company and examined related accounting records of the Company to assess whether the Issues can be resolved. Based on the expert's assessment, there are no abnormal issues identified during the pre-acceptance stage of McMillan Woods. Accordingly, McMillan Woods is of the view that the Issues can be resolved once the manpower issue of the Company has been resolved and sufficient documents can be provided during their audit.

EXPECTED DATE OF PUBLICATION OF THE ANNUAL RESULTS

Based on the current audit plan proposed by McMillan Woods, it is expected that the Company would be able to publish the Annual Results on or before 31 August 2023.

GENERAL

All other information contained in the Announcements remains unchanged and continues to be valid for all purposes. This announcement is a supplement to and should be read in conjunction with the Announcements.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company (Stock Code: 1859) on the Stock Exchange has been suspended with effect from 9:00 a.m. on 31 March 2023 and will remain suspended until the Company fulfils the resumption guidance imposed by the Stock Exchange on the Company as described in the announcement of the Company dated 24 May 2023.

The Company will make further announcement(s) in due course to inform the Shareholders and potential investors of any information update. The Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.

By order of the Board
China Bright Culture Group*
Liu Mu
Chairman & Chief Executive Officer

Hong Kong, 9 June 2023

As at the date of this announcement, the Company's executive Directors are Mr. LIU Mu and Mr. NIE Lei, non-executive Director is Mr. WANG Daotie, and independent non-executive Directors are Mr. YU Xuezhong, Dr. LU Di and Ms. SUN Jing.

** For identification purpose only*