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China Bright Culture Group

煜盛文化集團*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1859)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO 2021 ANNUAL REPORT

Reference is made to the annual report of China Bright Culture Group (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2021 (the “**Year**”) published on 2 May 2022 (the “**2021 Annual Report**”). Unless otherwise defined, terms used herein shall bear the same meanings as defined in the 2021 Annual Report.

In addition to the information provided in the section headed “**Management Discussion and Analysis**” in the 2021 Annual Report, the board of directors of the Company (the “**Board**”) would like to clarify and provide additional information pursuant to the relevant Listing Rules and guidelines of the Stock Exchange as follows:

USE OF PROCEEDS FROM THE GLOBAL OFFERING

Details of the utilized amounts from the Global Offering are as follows:

Use of proceeds as described in the Prospectus	Expected amounts to be utilised as disclosed in the Prospectus (RMB'000)	Amounts unutilised as at 31 December 2021 (RMB'000)
A. Funding the development of our new pipeline programs	636,799	–
A(1). Of which: Funding the programs that are expected to be released in 2020	524,423	–
Of which: A(1) (a) TV variety programs in the food, work/ career, youth and police/crime genres	217,260	–
A(1) (b) TV drama series in the urban and police/ crime genres	202,278	–
A(1) (c) Made-for-internet drama series in the urban, youth and police/crime genres	104,885	–
A(2). Funding the programs that are expected to be released in 2021	112,376	–
B. Expanding our team	37,459	–
C. For working capital and general corporate purposes	74,918	–
IPO proceeds sub-total	749,176	–
Temporary usages		
The AMTD Investments	–	–
The Loan	–	144,879
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Total	749,716	144,879

In respect of the loan granted by the Group under the temporary usage of fund from the Global Offering, approximately RMB144.9 million of the net proceeds has been used to fund the secured loan of principal amount of RMB179 million (the “**Loan**”) to Tianjin Fangzhou Technology Development Company Limited* (天津方舟科技發展有限公司) (“**Tianjin Fangzhou**”) pursuant to the loan agreement dated 16 June 2021 (“**Loan Agreement**”), and the remaining principal amount of the Loan (i.e. RMB34.1 million) was funded by its internal resources. The Loan has an interest rate of 10% per annum for a term ending and the maturity date falling on 31 December 2021. The Loan is secured by 35% of the total issued shares of Tianjin Fangzhou (i.e. amounted to approximately RMB17.5 million) owned by its ultimate beneficial owner. For further particulars of the Loan Agreement, please refer to the announcement of the Company dated 12 August 2021.

Given the Loan has been matured on 1 January 2022 and remained outstanding as at the date of this announcement, the Group is currently negotiating the repayment proposal with Tianjin Fangzhou and further announcement will be made by the Company as and when appropriate. For such amount of RMB144.9 million, upon maturity and repayment of the Loan, it is expected to be utilised by 30 June 2023 in the same intended proportion on the same categories as disclosed in the Prospectus.

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. The Board confirms that there are no material changes in the nature of the business of the Group as set out in the Prospectus. In light of the interests rates under Loan Agreement, the Board considers the above change in the use of the net proceeds is fair and reasonable as this would allow the Company to deploy its financial resources more effectively to enhance the profitability of the Group by bringing investment return and/or loan interest to the Group and is therefore in the interests of the Group and its shareholders as a whole.

SHARE OPTION SCHEME

The external consultant referred in the table setting out the details of Options under the Share Option Scheme on page 27 of the 2021 Annual Report was Mr. Liao Peng* (廖鹏) (“**Mr. Liao**”), who is an external consultant providing advisory services to the Group. The Options were granted to him following his fulfilment of the service assessment condition for the financial year 2021 as set out in the grant letter. The exercise period for the Options held by Mr. Liao is from 1 January 2022 to 7 December 2030, while the exercise prices is HK\$0.97 per Option.

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

Beijing, the PRC, 1 November 2022

As at the date of this announcement, the Company’s executive Director is Mr. LIU Mu and independent non-executive Directors are Ms. RAN Hua, Mr. ZHANG Yiwu, Ms. YAO Li and Mr. Yu Xuezhong.

* *For identification purpose only*