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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)

**CONTINUING CONNECTED TRANSACTIONS
TERMINATION OF THE EXISTING CONTRACTUAL
ARRANGEMENTS
AND
ENTERING INTO THE NEW CONTRACTUAL ARRANGEMENTS**

THE NEW CONTRACTUAL ARRANGEMENTS

Reference is made to the Prospectus in relation to, among others, the Existing Contractual Arrangements.

The Board is pleased to announce that, for the purpose of conducting the Group's existing business of production and distribution of radio and television programs in the PRC, (i) the WFOE, the Existing OpCo and the registered shareholders of the Existing OpCo agreed to terminate the Existing Contractual Arrangements; and (ii) the WFOE entered into the New Contractual Arrangements with the New PRC Operating Entity and the New Registered Shareholders, the effect of which would enable the Company to exercise control over and derive the economic benefits from the New PRC Operating Entity and its subsidiaries (if any) and consolidate their results into those of the Group.

In light of the Reorganisation, (i) the agreements under the Existing Contractual Arrangements would be terminated upon the signing of the New Contractual Arrangements and the completion of the transfer of the business of the Existing OpCo Group to the New PRC Operating Entity; and (ii) the New Contractual Arrangements were entered into on substantially the same terms

and conditions as those currently in place under the Existing Contractual Arrangements with effect from 24 July 2023.

LISTING RULES IMPLICATIONS

Mr. Nie, one of the New Registered Shareholders holding 99.5% of the entire issued shares of the New PRC Operating Entity, is an executive Director. Accordingly, each of Mr. Nie and the New PRC Operating Entity is a connected person of the Company under Chapter 14A of the Listing Rules and the transactions contemplated under the New Contractual Arrangements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

At the time of the Listing, the Company sought, and the Stock Exchange granted, the Waiver in connection with the continuing connected transactions of the Group in the form of the Existing Contractual Arrangements. As disclosed in the Prospectus, the Waiver is subject to certain conditions including, among others, on the basis that the Existing Contractual Arrangements provide an acceptable framework for the relationship between the Company and its subsidiaries in which the Company has direct shareholding, on one hand, and the Existing OpCo, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprises or operating company (including branch company) engaging in the same business as that of the Group which the Group might wish to establish when justified by business expediency, without obtaining the approval of the shareholders of the Company, on substantially the same terms and conditions as the Existing Contractual Arrangements.

Since the New Contractual Arrangements are reproduced from the Existing Contractual Arrangements as provided under the conditions of the Waiver, the Company has sought confirmation from the Stock Exchange, and the Stock Exchange has confirmed that the transactions contemplated under the New Contractual Arrangements (i) would fall within the scope of the Waiver; (ii) if materializes, shall not subject to the approval of the shareholders of the Company and; (iii) are exempt from (a) the announcement, circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules, (b) the requirement of setting an annual cap for the transactions under the New Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (c) the requirement of fixing the term of the New Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as the shares are listed on the Stock Exchange, subject to compliance with the same conditions of the Waiver.

INTRODUCTION

Reference is made to the Prospectus in relation to, among others, the Existing Contractual Arrangements.

The Board is pleased to announce that, for the purpose of conducting the Group's existing business of production and distribution of radio and television programs in the PRC, (i) the WFOE, the Existing OpCo and the registered shareholders of the Existing OpCo agreed to terminate the Existing Contractual Arrangements; and (ii) the WFOE entered into the New

Contractual Arrangements with the New PRC Operating Entity and the New Registered Shareholders, the effect of which would enable the Company to exercise control over and derive the economic benefits from the New PRC Operating Entity and its subsidiaries (if any) and consolidate their results into those of the Group.

In light of the Reorganisation, (i) the agreements under the Existing Contractual Arrangements would be terminated upon the signing of the New Contractual Arrangements and the completion of the transfer of the business of the Existing OpCo Group to the New PRC Operating Entity; and (ii) the New Contractual Arrangements were entered into on substantially the same terms and conditions as those currently in place under the Existing Contractual Arrangements with effect from 24 July 2023.

THE NEW CONTRACTUAL ARRANGEMENTS

Background and Reasons for the Reorganisation

Pursuant to applicable PRC laws and regulations, businesses that conduct radio and television program production and distribution in the PRC (the “**Restricted Business**”) are required to hold and maintain the License for Production and Distribution of Radio or Television Programs (廣播電視節目製作經營許可證) (the “**License**”). Also, foreign investors are prohibited from holding equity interest in an entity conducting the Restricted Business, including made-for-internet programs, regardless of whether they possess relevant prior experience and proven track record of business operations overseas.

The Company is principally engaged in the business of video content operation and eCommerce promotion services, which falls in the scope of the Restricted Business and is the business prohibiting foreign investors from holding equity interest under applicable PRC laws and regulations. In order to comply with PRC laws and regulations, and maintain effective control over the Company’s video content operation and eCommerce promotion services, on 15 July 2019, the Company, through the WFOE, entered into the Existing Contractual Arrangements through which the Group is able to exercise control over and derive the economic benefits from the Existing OpCo Group and consolidate their results of operations into those of the Group. The Existing Contractual Arrangements have been narrowly tailored to achieve the business purpose and minimize the potential conflict with the relevant PRC laws and regulations.

Each member of the Existing OpCo Group held and maintained the License and was permitted to carry out the Restricted Business pursuant to applicable PRC laws and regulations. Dongyang Qianyuxing, a member of the Existing OpCo Group, ceased to carry out any business and was de-registered with effect from 13 September 2021. The Licenses held by Zhongguang Yusheng, Yili Zhongsheng and Shanghai Yusheng, being the other members of the Existing OpCo Group, expired on 8 April 2023, 31 March 2023 and 31 March 2023, respectively. Although the License held by each member of the Existing OpCo Group was renewable, the Company decided not to renew the same and to carry out reorganization of the structure of the Group in order to change the registered shareholders of the Group’s operating entity in the PRC on the grounds that (i) registered shareholders of the Existing OpCo except Mr. Liu ceased to hold any interest in the shares of the Company; and (ii) there is a need to rationalize the duties and responsibilities

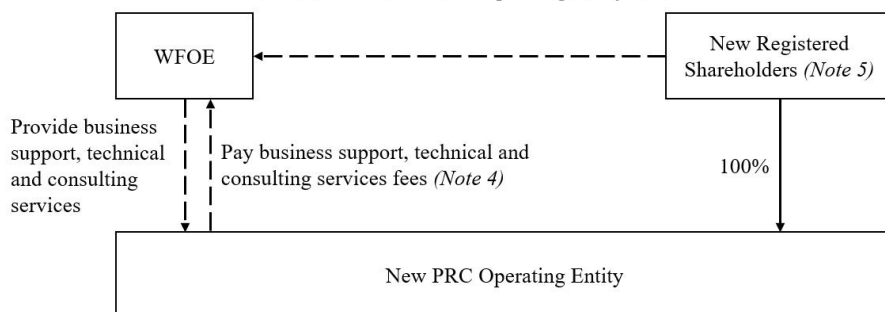
shouldered by Mr. Liu. The Company has also considered the option of arranging the transfer of equity interest from the registered shareholders of the Existing OpCo to the New Registered Shareholders in order to achieve the same effect. However, given that the transfer of equity interest of the Existing OpCo would attract higher tax payable by both the registered shareholders of the Existing OpCo and the New Registered Shareholders, the Company considered that setting up a new structure would be more tax efficient. With the aforementioned reasons in mind, (i) the Existing Contractual Arrangements would be terminated upon the signing of the New Contractual Arrangements and the completion of transfer of the business of the Existing OpCo Group to the New PRC Operating Entity; and (ii) the New Contractual Arrangements were entered into with effect from 24 July 2023. The New Contractual Arrangements were entered into on substantially the same terms and conditions as those currently in place under the Existing Contractual Arrangements, save as the change in the contracting party (i.e., the registered shareholders of the Existing OpCo shall be replaced by the New Registered Shareholders, and the Existing OpCo shall be replaced by the New PRC Operating Entity). The Company will unwind and terminate the New Contractual Arrangements wholly or partially once the Group's businesses are no longer prohibited or restricted from foreign investment.

Immediately following the entering into of the New Contractual Arrangements and completion of the transfer of the business of the Existing OpCo Group to the New PRC Operating Entity, the Existing Contractual Arrangements would be terminated and Zhongguang Yusheng would cease to be accounted as a subsidiary of the Company. All assets of the Existing OpCo Group would be transferred to the New PRC Operating Entity including account receivables, inventories, fixed assets, software licences and intellectual properties (including copyrights and trademarks). The New PRC Operating Entity would take over the role of the Existing OpCo and engage in the Restricted Business.

The Structure of the New Contractual Arrangements

The following simplified diagram illustrates the flow of economic benefits from the New PRC Operating Entity to our Group stipulated under the New Contractual Arrangements:

- (1) Shareholders' Rights Proxy Agreement to exercise all shareholders' rights in the New PRC Operating Entity (Note 1)
- (2) Exclusive option to acquire all or part of the equity interest in and/or assets of the New PRC Operating Entity (Note 2)
- (3) First priority security interest over the entire equity interest in the New PRC Operating Entity (Note 3)



Notes:

- (1) Please refer to “(iv) Shareholders’ Rights Proxy Agreement” in the section headed “Details of the New Contractual Arrangements” of this announcement.
- (2) Please refer to “(ii) Exclusive Option Agreement” in the section headed “Details of the New Contractual Arrangements” of this announcement.
- (3) Please refer to “(iii) Equity Pledge Agreement” in the section headed “Details of the New Contractual Arrangements” of this announcement.
- (4) Please refer to “(i) Exclusive Business Collaboration Agreement” in the section headed “Details of the New Contractual Arrangements” of this announcement.
- (5) The New Registered Shareholders are the following persons who together hold the 100% equity interest of the New PRC Operating Entity:

<u>Shareholders</u>	<u>Registered Capital (RMB)</u>	<u>Approximate percentage of shareholding</u>
<i>Mr. Nie</i>	9,950,000	99.5%
<i>Mr. Du</i>	50,000	0.5%
Total	10,000,000	100%

- (6) “—————” denotes direct legal and beneficial ownership in the equity interest.
 “-----” denotes contractual relationship.

Mr. Nie is an executive Director and Mr. Du is an Independent Third Party and a nominee shareholder. Pursuant to the laws of the PRC, a sole-proprietorship enterprise (一人有限責任公

司) established in the PRC is not allowed to invest in another sole-proprietorship enterprise (including holding the entire equity interest in another company). Accordingly, the nomination of Mr. Du as a nominee shareholder of the New PRC Operating Entity was made to facilitate the establishment and/or acquisition of wholly-owned subsidiary(ies) of the New PRC Operating Entity in the future.

Details of the New Contractual Arrangements

Set out below are the principal terms of each of the New Contractual Arrangements:

(i) Exclusive Business Collaboration Agreement

- Parties: (1) WFOE; and
(2) New PRC Operating Entity.
- Term: The Exclusive Business Collaboration Agreement (as defined below) shall remain effective unless terminated (a) in accordance with the provisions of the Exclusive Business Collaboration Agreement (as defined below); (b) in writing by the WFOE; or (c) all the equity interest or assets of the New PRC Operating Entity has been legally transferred to the WFOE or the nominee(s) designated by the WFOE. The WFOE shall always have the rights to terminate this agreement by giving a prior written notice of termination 30 days in advance.
- Subject Matter: The New PRC Operating Entity and the WFOE entered into an exclusive business collaboration agreement (the “**Exclusive Business Collaboration Agreement**”), pursuant to which the New PRC Operating Entity agreed to engage the WFOE as its exclusive provider of technical support, consultation and other services, including:
- (a) to provide technical support and professional training of relevant personnel;
 - (b) to assist in consulting, collecting and researching technical and market information related to the main business;
 - (c) to provide business management consulting services;
 - (d) to provide marketing and promotion services;
 - (e) to provide customer order management and customer service and assist in maintaining relationships with

customers;

(f) to license the use of relevant intellectual property rights; and

(g) other relevant services reasonably requested by the WFOE from time to time that are permitted by PRC laws.

In addition, pursuant to the Exclusive Business Collaboration Agreement, without the prior written approval from the WFOE, the New PRC Operating Entity shall not, and shall procure its subsidiaries not to, accept the same or any similar services provided by any third party and shall not establish cooperation relationships similar to that formed by the Exclusive Business Collaboration Agreement with any third party.

The Exclusive Business Collaboration Agreement also provides that, (i) all intellectual property rights developed or created during the performance of the Exclusive Business Collaboration Agreement belong to the WFOE; (ii) the WFOE is entitled to authorize the New PRC Operating Entity and its subsidiaries (if any) to use the intellectual property rights; and (iii) the WFOE is authorized to use all existing intellectual property rights created by the New PRC Operating Entity and its subsidiaries (if any) before execution of the Exclusive Business Collaboration Agreement for free.

Fee:

Pursuant to the Exclusive Business Collaboration Agreement, the service fee shall be equivalent to the total consolidated profit of the New PRC Operating Entity, after offsetting the prior-year loss (if any), operating costs, expenses, taxes and other statutory contributions. Notwithstanding the foregoing, the WFOE shall have the right to adjust the level of the service fee based on the actual service scope and with reference to the operating conditions and expansion needs of the New PRC Operating Entity and its subsidiaries (if any) and send the service fee payment notification to the New PRC Operating Entity within 40 days after each fiscal year end for the services provided in the preceding fiscal year. The New PRC Operating Entity agreed to pay the service fee within 30 days after receiving the WFOE's notification.

(ii) Exclusive Option Agreement

- Parties: (1) WFOE;
- (2) New Registered Shareholders; and
- (3) New PRC Operating Entity.
- Term: The Exclusive Option Agreement (as defined below) shall commence upon the signing date of the agreement, until it is terminated (i) in writing by all parties, or (ii) upon the transfer of the entire equity interests held by the New Registered Shareholders and/or the transfer of all the assets of the New PRC Operating Entity to the WFOE or its designated person. Nonetheless, the WFOE shall always have the rights to terminate this agreement by giving a prior written notice of termination 30 days in advance.
- Subject Matter and Consideration: The WFOE, the New PRC Operating Entity and the New Registered Shareholders entered into an exclusive option agreement (the “**Exclusive Option Agreement**”), pursuant to which the New Registered Shareholders shall jointly and severally grant irrevocably and unconditionally to the WFOE the rights to require the New Registered Shareholders to transfer any or all their equity interests in the New PRC Operating Entity and/or to require the New PRC Operating Entity to transfer all of its assets to the WFOE and/or a third party designated by it, in whole or in part at any time and from time to time, at a minimum purchase price permitted under PRC laws and regulations. The New Registered Shareholders shall also undertake that, subject to the relevant PRC laws and regulations, they shall return to the WFOE any consideration they will receive in the event that the WFOE exercises the options under the Exclusive Option Agreement to acquire the equity interests and/or assets in the New PRC Operating Entity.
- Undertaking: Pursuant to the Exclusive Option Agreement, the New PRC Operating Entity undertakes, and the New Registered Shareholders undertake to procure the New PRC Operating Entity, to perform certain acts or refrain from performing certain other acts, including but not limited to the following matters:
- (i) without the prior written consent of the WFOE, the New PRC Operating Entity shall not in any manner

supplement, change or amend its business scope or constitutional documents, or increase or decrease its registered capital or change the structure of its registered capital in other manner;

- (ii) the New PRC Operating Entity shall prudently and effectively operate its business and transactions in accordance with the good financial and business standards;
- (iii) without the prior written consent of the WFOE, the New PRC Operating Entity and its subsidiaries (if any) shall not sell, transfer, gift, create encumbrances, pledge or dispose of in any manner any assets, business, legal or beneficial interest of its income or allow any security interest to be created on its assets;
- (iv) the New PRC Operating Entity shall not incur, inherit, guarantee or assume any debt save for those required in the ordinary course of business or having been disclosed to and consented by the WFOE in writing;
- (v) without the prior written consent of the WFOE, the New PRC Operating Entity and its subsidiaries (if any) shall not enter into any material contracts with a value above RMB1 million, except the contracts executed in the ordinary course of business;
- (vi) the New PRC Operating Entity shall operate its business within its principal business scope without amending the principal business scope of itself and its subsidiaries (if any), and shall not participate in any transaction or conduct any act that will adversely affects its business or assets value;
- (vii) the New PRC Operating Entity shall immediately notify the WFOE of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the New PRC Operating Entity and its subsidiaries' assets, business or revenue and take all necessary measures as reasonably requested by the WFOE;
- (viii) the New PRC Operating Entity shall not terminate or

procure the management team to terminate any of the contractual agreements entered into with the WFOE, or enter into any agreements that conflict with such contractual agreements;

- (ix) the New PRC Operating Entity and its subsidiaries (if any) shall provide information on their labor, business operations and financial condition to the WFOE or its designated person upon the WFOE's request;
- (x) when necessary, the New PRC Operating Entity and its subsidiaries (if any) shall procure and maintain insurances in respect of the New PRC Operating Entity and its subsidiaries' assets and business from an insurance carrier acceptable to the WFOE, at an amount and type of coverage typical for companies that operate similar businesses;
- (xi) without the prior written consent of the WFOE, the New PRC Operating Entity shall not spin-off, merge, enter into joint operation agreements with other entities, acquire or be acquired by other entities, or invest in any entities;
- (xii) the New PRC Operating Entity shall sign all necessary and appropriate documents, take all necessary and proper acts, bring up all necessary and proper requests, or provide necessary and proper defenses against claims to maintain the New PRC Operating Entity and its subsidiaries' ownership for all their assets;
- (xiii) if the New Registered Shareholders or the New PRC Operating Entity fail(s) to perform the tax obligations under applicable laws and results in obstacles for the WFOE to exercise its exclusive option right, the WFOE may request the New PRC Operating Entity or the New Registered Shareholders to perform the tax obligations or pay the amount equivalent thereto to the WFOE;
- (xiv) without the prior written consent of the WFOE, unless otherwise mandatorily required by PRC laws, the New PRC Operating Entity shall not be dissolved or liquidated;

- (xv) without the prior written consent of the WFOE, the New PRC Operating Entity and its subsidiaries (if any) shall not provide any person with any loan or guarantee for any third-party debt; and
- (xvi) without the prior written consent of the WFOE, the New PRC Operating Entity shall not in any manner distribute any bonus, dividend, distributable profit and/or assets and other income derived from the equity interests held by the New Registered Shareholders to the New Registered Shareholders.

Covenant:

In addition, the New Registered Shareholders, among other things, covenant that:

- (i) without the written consent of the WFOE, they shall not sell, transfer, pledge or dispose of in any other manner the legal or beneficial interest in the New PRC Operating Entity, or allow the encumbrance thereon of any security interest, except for the equity pledge prescribed in the Equity Pledge Agreement (more particularly set out below);
- (ii) without the written consent of the WFOE, they shall not approve and vote in favor of the shareholders' resolution of the New PRC Operating Entity to approve any sell, transfer, pledge or dispose of in any other manner the legal or beneficial interest in the New PRC Operating Entity, or allow the encumbrance thereon of any security interest;
- (iii) immediately notify the WFOE of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the New PRC Operating Entity and its subsidiaries' assets or equity interest except for those arising from ordinary business;
- (iv) they shall approve and vote in favor of the shareholders' resolutions of the New PRC Operating Entity concerning the transfer of equity interest pursuant to the Exclusive Option Agreement; and
- (v) without the written consent of the WFOE, they shall procure the New PRC Operating Entity not in any

matter to distribute any bonus, dividend, distributable profit and/or assets and other income derived from the equity interests held by the New Registered Shareholders to the New Registered Shareholders.

(iii) Equity Pledge Agreement

Parties:

- (1) WFOE;
- (2) New Registered Shareholders; and
- (3) New PRC Operating Entity.

Term:

The Equity Pledge Agreement (as defined below) shall take effect upon the execution date and shall remain valid until (i) all the obligations under the New Contractual Arrangements (other than the Equity Pledge Agreement (as defined below)) have been fulfilled; (ii) each of the New Registered Shareholders has transferred his equity interests in the New PRC Operating Entity in accordance with the Exclusive Option Agreement; (iii) the New PRC Operating Entity has transferred all of its assets in accordance with the Exclusive Option Agreement; (iv) all the agreements underlying the New Contractual Arrangements (other than the Equity Pledge Agreement (as defined below)) have been terminated; and (v) the Equity Pledge Agreement (as defined below) has been unilaterally terminated by the WFOE.

Subject Matter:

The WFOE, the New PRC Operating Entity and the New Registered Shareholders entered into an equity pledge agreement (the “**Equity Pledge Agreement**”), pursuant to which each of the New Registered Shareholders will agree to pledge all of their respective equity interests in the New PRC Operating Entity to the WFOE as a security interest to guarantee the performance of contractual obligations and the payment of outstanding debts under the New Contractual Arrangements.

Under the Equity Pledge Agreement, the New Registered Shareholders shall represent and warrant to the WFOE that appropriate arrangements have been made to protect the WFOE’s interests in the event of death, bankruptcy, divorce or other circumstances regarding the New Registered Shareholders which may affect the exercise of its/his/her direct or indirect equity interest in the New PRC Operating

Entity, of the New Registered Shareholders to avoid any practical difficulties in enforcing the Equity Pledge Agreement. If the New PRC Operating Entity declares any dividend during the term of the pledge, the WFOE is entitled to receive all such dividends, bonus issue or other income arising from the pledged equity interests, if any. If any of the New Registered Shareholders or the New PRC Operating Entity breaches or fails to fulfill the obligations under the agreements underlying the New Contractual Arrangements (other than the Spouse Undertaking (as defined below)), the WFOE, as the pledgee, has the priority to be indemnified from the proceeds from the disposal of pledged equity interests. In addition, pursuant to the Equity Pledge Agreement, each of the New Registered Shareholders and the New PRC Operating Entity undertake to the WFOE, among other things, not to increase or reduce the registered capital of the New PRC Operating Entity, transfer the interest in his/her/its equity interests in the New PRC Operating Entity or create or allow any pledge thereon that may affect the rights and interest of the WFOE without its prior written consent.

Registration and
Legality:

The registration of the pledge of equity interests as required by the relevant laws and regulations will be completed in accordance with the terms of the Equity Pledge Agreement and PRC laws and regulations.

(iv) Shareholders' Rights Proxy Agreement

Parties:

- (i) WFOE;
- (ii) New Registered Shareholders; and
- (iii) New PRC Operating Entity.

Term:

The Shareholders' Rights Proxy Agreement (as defined below) shall have an indefinite term and will be terminated in the event that all the equity interest or assets has been legally and effectively transferred to the WFOE in accordance with the Exclusive Option Agreement. Nonetheless, the WFOE shall always have the rights to terminate this agreement by giving a prior written notice of termination 30 days in advance.

Subject Matter:

Each of the New PRC Operating Entity, the New Registered

Shareholders and the WFOE entered into an shareholders' rights proxy agreement (the "**Shareholders' Rights Proxy Agreement**"), pursuant to which, each New Registered Shareholder will irrevocably, unconditionally and exclusively appoint the WFOE or its designated person, as his attorney-in-fact to exercise such shareholder's rights in the New PRC Operating Entity, including without limitation to, the rights to:

- (i) propose to convene, participate in and attend the general meetings of the New PRC Operating Entity on behalf of the New Registered Shareholders, receive any notices on the convening and proceedings of the general meetings and sign the minutes and resolutions of the meetings, exercise voting rights on all matters that require discussion and resolution of the general meetings (including but not limited to the designation, appointment or replacement of directors, legal representatives, supervisors and senior management of the New PRC Operating Entity), and sign any documents that require signature from the New Registered Shareholders and submit any documents for filing purposes to the WFOE registration authority on behalf of the New Registered Shareholders;
- (ii) authorize or resolve on the disposal of assets of the New PRC Operating Entity on behalf of the New Registered Shareholders;
- (iii) resolve on the dissolution and liquidation of the New PRC Operating Entity on behalf of the New Registered Shareholders, and form a liquidation group on behalf of the New Registered Shareholders and exercise the authority of the liquidation group during the liquidation period according to applicable laws;
- (iv) decide to transfer or otherwise dispose of the equity interests of the New PRC Operating Entity held by the New Registered Shareholders and, for the purposes of the foregoing, sign all required documents and perform all required procedures on behalf of the New Registered Shareholders; and
- (v) exercise other shareholder's rights as specified in

other applicable PRC laws and regulations and the articles of association of the New PRC Operating Entity (and its amendments from time to time).

(v) Confirmations from the New Registered Shareholders

Each of the New Registered Shareholders undertakes to the WFOE that, in the event of death, divorce, bankruptcy, liquidation or other circumstances regarding the New Registered Shareholders which may affect the exercise of its/his/her direct or indirect equity interest in the New PRC Operating Entity, the New Registered Shareholder's successor, liquidator, debtor and any other person/entity which may as a result of the above events obtain the equity interest or relevant rights directly or indirectly shall not prejudice or hinder the enforcement of the New Contractual Arrangements.

Spouse undertaking

The spouse of Mr. Du, one of the New Registered Shareholders, signed an undertaking (the "**Spouse Undertaking**") to the effect that:

- (i) the equity interests of the New PRC Operating Entity held and to be held by each of the New Registered Shareholders (together with any other interests therein) do not fall within the scope of communal properties;
- (ii) the spouse irrevocably and unconditionally abandons any right or interest over the equity interests of the New PRC Operating Entity held by her spouse that she might be granted according to any applicable law, and undertakes that she will not take any claim relating to such equity interests;
- (iii) the rights and obligations under the New Contractual Arrangements does not apply to the spouse. The performance, amendment or termination of the New Contractual Arrangements or the signing of other documents to replace the New Contractual Arrangements by the New Registered Shareholders does not require consent from the spouse; and
- (iv) in the event that the spouse obtains any equity interests in the New PRC Operating Entity, she will be subject to and abide by the terms of the New Contractual Arrangements as if she was a signing party to such New Contractual Arrangements, and at the request of the WFOE, she will sign any documents in the form and substance consistent with the New Contractual Arrangements.

DISPUTES RESOLUTION, SUCCESSION AND LIQUIDATION UNDER THE NEW CONTRACTUAL ARRANGEMENTS

Dispute Resolution

Each of the agreements under the New Contractual Arrangements contains a dispute resolution provision. Pursuant to such provision, in the event of any dispute arising from the performance of or relating to the New Contractual Arrangements, any party has the right to submit the relevant dispute to the China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會) for arbitration, in accordance with the then effective arbitration rules. The arbitration shall be confidential and the language used during arbitration shall be Chinese. The arbitration award shall be final and binding on all parties. The dispute resolution provision also provide that the arbitral tribunal may award remedies over the shares or assets of the New PRC Operating Entity or injunctive relief (e.g. limiting the conduct of business, limiting or restricting transfer or sale of shares or assets) or order the winding up of the New PRC Operating Entity; any party may apply to the courts of Hong Kong, the Cayman Islands (being the place of incorporation of the Company), the PRC and the places where the principal assets of the New PRC Operating Entity are located for interim remedies or injunctive relief.

Conflict of Interest

The Shareholders' Rights Proxy Agreement provides that, in order to avoid potential conflicts of interest, where the New Registered Shareholders are directors or personnel of the Company, the power of attorney is granted in favor of other unrelated directors or personnel of the Company. And any director or personnel of the Company who are related to the New Registered Shareholders shall not participate in the decisions in relation to the New Contractual Arrangements.

Loss Sharing

Under the relevant PRC laws and regulations, none of the Company and the WFOE is legally required to share the losses of, or provide financial support to, the New PRC Operating Entity and its subsidiaries (if any). Further, the New PRC Operating Entity and its subsidiaries (if any) are limited liability companies and shall be solely liable for their own debts and losses with assets and properties owned by them. The WFOE intends to continuously provide to or assist the New PRC Operating Entity and its subsidiaries (if any) in obtaining financial support when deemed necessary. In addition, given that the Group conducts a substantial portion of its business operations in the PRC through the New PRC Operating Entity and its subsidiaries (if any), which hold the requisite PRC operational licenses and approvals, and that their financial position and results of operations are consolidated into the Group's financial statements under the applicable accounting principles, the Company's business, financial position and results of operations would be adversely affected if the New PRC Operating Entity and its subsidiaries (if any) suffer losses.

Liquidation

Pursuant to the Exclusive Option Agreement, in the event of a mandatory liquidation required by the PRC laws, the New Registered Shareholders and the New PRC Operating Entity irrevocably undertake that, in compliance with the PRC laws, the New PRC Operating Entity shall transfer

all remaining asset to the WFOE or its designated person, at the lowest price as permitted by the PRC laws, after deduction of payments of liquidate expenses, staff salaries, social security fee, statutory compensation, and outstanding taxes and settlement of other debts. The New PRC Operating Entity shall waive any payment obligation of the WFOE or its designated person arising thereon to the extent permitted by then applicable laws of the PRC in force. The New Registered Shareholders shall return the WFOE or its designated person any income (if any) arising from such transaction to the extent permitted by then applicable laws of the PRC in force.

Insurance

The Company does not maintain an insurance policy to cover the risks relating to the New Contractual Arrangements.

COMPLIANCE OF THE NEW CONTRACTUAL ARRANGEMENTS WITH PRC LAWS AND REGULATIONS

Based on the above, the PRC legal advisers of the Company are of the view that:

- (i) the New Contractual Arrangements as a whole and each of the agreements comprising the New Contractual Arrangements, once legally entered into, would be legal, valid and binding on the parties thereto;
- (ii) the New Contractual Arrangements would not be null and void under the provisions of the Civil Code of the PRC including (i) the civil juristic acts by persons of civil conduct and counterparties under false manifestation of intent shall be null and void; (ii) the civil juristic acts that violate the mandatory provisions of laws and administrative regulations shall be null and void; (iii) any civil juristic act that violates public order and good morals shall be null and void; and (iv) where a person colludes with his or her counterparty to perform a civil juristic act that impair others' legitimate rights and interests, such act shall be null and void and other applicable PRC laws and regulations; and
- (iii) since the interview conducted by the previous PRC legal advisers of the Company with the National Radio and Television Administration (中華人民共和國國家廣播電視總局) (the "NRTA") on 2 August 2019 wherein the NRTA confirmed that the Existing Contractual Arrangements did not violate any applicable PRC laws and regulations, (i) there are no material changes in the PRC legislation on foreign investment in connection with the Restricted Business as set out in the section headed "Regulatory Overview" and "Contractual Arrangement" of the Prospectus; and (ii) the current PRC legal advisers of the Company conducted another interview with NRTA on 7 July 2023 and confirmed that the New Contractual Arrangements, which is reproduced from the Existing Contractual Arrangement, do not violate any applicable PRC laws and regulations.

However, the PRC legal advisers of the Company have also advised us that considering the uncertainty in the interpretation and application of PRC laws pertaining to the validity of contractual arrangements, the PRC legislative, administrative and judicial authorities may make determinations contrary to the opinions expressed by the PRC legal advisers of the Company,

based on their interpretation of current PRC laws or other laws and regulations promulgated in the future, particularly with respect to the industrial policies of foreign investment . In the event that such contrary determinations are made, the New Contractual Arrangements should be adjusted accordingly.

INTERNAL CONTROL MEASURES TO BE IMPLEMENTED BY THE GROUP

The Group has adopted the following internal control measures to ensure the effective operation of the Group with the implementation of the New Contractual Arrangements and to exercise effective control over and safeguard the assets under the New Contractual Arrangements:

- (i) major issues arising from the implementation and compliance with the New Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;
- (ii) the Board will review the overall performance of and compliance with the New Contractual Arrangements at least once a year;
- (iii) the Company will disclose the overall performance and compliance with the New Contractual Arrangements in the annual reports; and
- (iv) the Company will engage external legal advisers or other professional advisers, if necessary, to assist the Board to review the implementation of the New Contractual Arrangements, review the legal compliance of the WFOE and our New PRC Operating Entity to deal with specific issues or matters arising from the New Contractual Arrangements.

RISKS AND LIMITATIONS RELATING TO THE NEW CONTRACTUAL ARRANGEMENTS

There is no assurance that the New Contractual Arrangements could comply with future changes in the regulatory requirements in the PRC and the PRC government may determine that the New Contractual Arrangements do not comply with applicable regulations

Despite there is currently no indication that the New Contractual Arrangements will be interfered or objected to by any PRC regulatory authorities, there is a possibility that the relevant PRC regulatory authorities may have different opinions on the interpretation of the relevant regulations and would not agree that the New Contractual Arrangements comply with the current PRC laws or those that may be adopted in future, and the authorities may deny the validity, effectiveness and enforceability of the New Contractual Arrangements.

The New Contractual Arrangements may not be as effective as direct ownership in providing control over the New PRC Operating Entity

The WFOE will rely on the New Contractual Arrangements to operate the business of the New PRC Operating Entity. Such contractual arrangement may not be as effective in providing the

WFOE with control over the New PRC Operating Entity as direct ownership. If the WFOE has direct ownership of the New PRC Operating Entity, it will be able to exercise its rights as a shareholder to effect changes in the board of directors of the New PRC Operating Entity, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management level. However, under the New Contractual Arrangements, the Group will only rely on the WFOE's contractual rights and the performance by the New Registered Shareholders of their obligations under the New Contractual Arrangements to exercise control over the New PRC Operating Entity. Therefore, the New Contractual Arrangements may not be as effective in ensuring the WFOE's control over the New PRC Operating Entity as direct ownership would be. In addition, if the New Registered Shareholders or the New PRC Operating Entity fail to perform their respective obligations under the New Contractual Arrangements or otherwise have disputes with the WFOE, the WFOE may have to initiate arbitration or other legal proceedings and rely on legal remedies under PRC laws which may be limited and involve significant uncertainty. There can be no assurance that the outcome will be in the WFOE's favour, and it may adversely affect the WFOE's ability to control the New PRC Operating Entity.

The New Registered Shareholders may potentially have a conflict of interests with the Group

The Group's control over the New PRC Operating Entity is based on the contractual arrangements under the New Contractual Arrangements. Therefore, conflict of interests of the New Registered Shareholders will adversely affect the interests of the Company. However, under the New Contractual Arrangements, the New Registered Shareholders will irrevocably appoint any person as designated by the WFOE (including its liquidator, if any) as their representative to exercise the voting rights of the shareholders of the New PRC Operating Entity. Therefore, it is unlikely that there will be potential conflict of interests between the Company and New Registered Shareholders. However, in the unlikely event that conflict of interests arises and cannot be resolved, the Company will consider removing and replacing the New Registered Shareholders.

The New Contractual Arrangements may be subject to scrutiny of the PRC tax authorities and transfer pricing adjustments and additional tax may be imposed

Under the PRC laws and regulations, arrangements and transactions among related parties may be subject to audit and/or challenge by the PRC tax authorities. The Group may face material adverse tax consequences if the PRC tax authorities determine that the New Contractual Arrangements do not represent arm's length negotiations between the parties and they may adjust income and expenses of the WFOE and/or the New PRC Operating Entity and its subsidiaries (if any) for PRC tax purposes, which could result in higher tax liabilities on the WFOE and/or the New PRC Operating Entity and its subsidiaries (if any). The operating and financial results of the Group may be materially and adversely affected if the tax liabilities of the WFOE and/or New PRC Operating Entity and its subsidiaries (if any) increase significantly or if they are required to pay interest and other penalties on late payments.

Economic risks the Group bears as the primary beneficiary of the New PRC Operating Entity and its subsidiaries, financial support to the New PRC Operating Entity and its subsidiaries and potential exposure of the Group to losses

As the primary beneficiary of the New PRC Operating Entity and its subsidiaries (if any), the Group will share both profit and loss of the New PRC Operating Entity and its subsidiaries (if any) and bear economic risks which may arise from difficulties in the operation of the businesses of the New PRC Operating Entity and its subsidiaries (if any). The Group may have to provide financial support in the event of financial difficulty of the New PRC Operating Entity and its subsidiaries (if any). Under these circumstances, the Group's financial results and financial position may be adversely affected by the worsening financial performance of the New PRC Operating Entity and its subsidiaries (if any) and the need to provide financial support to it. In any event, since the Group conducts the Restricted Business through the New PRC Operating Entity, its financial results would be reflected in the Group's consolidated financial statements and the Group's consolidated financial position such as the consolidated earnings and profits may be adversely affected.

Limitations in acquiring ownership in the equity interest of the New PRC Operating Entity

In case the WFOE exercises its option to acquire all or part of the equity interest in the New PRC Operating Entity under the Exclusive Option Agreement, such acquisition may only be conducted to the extent as permitted by the applicable PRC laws and will be subject to necessary approvals and relevant procedures under applicable PRC laws. In addition, the aforementioned acquisitions may be subject to the permissible minimum price (such as an appraised value for the equity interest in the New PRC Operating Entity) or other limitations as imposed by applicable PRC laws. Further, a substantial amount of other costs (if any), and time may be involved in acquiring and transferring the ownership of the New PRC Operating Entity, which may have a material adverse impact on the WFOE and/or the New PRC Operating Entity's businesses, prospects and profitability.

Certain terms of the New Contractual Arrangements may not be enforceable under the PRC laws

The New Contractual Arrangements provide that the arbitration tribunal of the PRC may award remedies over the equity interest or assets of the New PRC Operating Entity or injunctive relief (such as injunctive relief for the conduct of business or to compel the transfer of assets) or order the winding up of the New PRC Operating Entity. The New Contractual Arrangements also include a clause in relation to dispute resolution among the parties where, when awaiting the formation of the arbitration tribunal or otherwise under appropriate conditions, the parties thereto may seek temporary injunctive relief or other temporary remedies from the courts in Hong Kong, the Cayman Islands, the PRC, and the location where the New PRC Operating Entity's principal assets are located. However, the PRC legal advisers of the Company are of the view that pursuant to the PRC laws, the arbitration tribunal may have no power to grant the aforementioned remedies or injunctive relief or to order the winding up of the New PRC Operating Entity. In addition, even though the New Contractual Arrangements provide that overseas courts (e.g., courts in Hong Kong and the Cayman Islands) shall have the power to grant certain relief or remedies, such relief or remedies may not be recognised or enforced under the PRC laws. As a result, in the event that the New PRC Operating Entity or any of the New Registered Shareholders breaches the terms of the New Contractual Arrangements, the WFOE may not be able to obtain sufficient remedies in a timely manner, and its ability to exert effective control over the New PRC Operating Entity could be materially and adversely affected.

The Company does not have any insurance which covers the risks relating to the New Contractual Arrangements and the transactions contemplated thereunder

The insurance of the Group does not cover the risks relating to the New Contractual Arrangements and the transactions contemplated thereunder and the Company has no intention to purchase any new insurance in this regard. If any risk arises from the New Contractual Arrangements in the future, such as those affecting the enforceability of the New Contractual Arrangements and the relevant agreements for the transactions contemplated thereunder and the operation of New Contractual Arrangements, the results of the Group may be adversely affected. However, the Group will monitor the relevant legal and operational environment from time to time to comply with the applicable laws and regulations. The Company will continue evaluating the feasibility, the cost and the benefit of insuring the transactions contemplated under the New Contractual Arrangements.

Uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and how it may impact the viability of the current corporate structure, Contractual Arrangements, corporate governance and business operations of the Group and the New PRC Operating Entity.

Description of the Foreign Investment Law

On 15 March 2019, the National People’s Congress of the PRC approved the Foreign Investment Law, which has come into effect on 1 January 2020.

The Foreign Investment Law embodies the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. However, there are uncertainties in relation to its interpretation and implementation. For instance, under the Foreign Investment Law, “foreign investment” refers to the investment activities directly or indirectly conducted by foreign individuals, enterprises or other entities in the PRC. Though it does not explicitly classify contractual arrangements as a form of foreign investment, there is no assurance that foreign investment via contractual arrangement would not be interpreted as a type of indirect foreign investment activities under the aforementioned definition of “foreign investment” in the future. In addition, the aforementioned definition of “foreign investment” contains a catch-all provision which includes investments made by foreign investors through means stipulated in laws or administrative regulations or other methods prescribed by the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions promulgated by the State Council to provide for contractual arrangements as a form of foreign investment.

Impact of the Foreign Investment Law on variable interest entity (the “VIE”)

The VIE structure has been adopted by many fully or partially foreign-owned companies (including the New PRC Operating Entity by way of the Contractual Arrangements) which, through its subsidiaries in the PRC, assumes control over an operating company incorporated in the PRC which holds the necessary licenses and permits in the industries that are currently subject to foreign investment restrictions or prohibitions in the PRC. It will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the market access requirements for foreign investment under the PRC laws and regulations.

In addition, the Foreign Investment Law further specifies that foreign investments shall be conducted in line with the negative list issued by or approved to be issued by the State Council.

If a foreign invested enterprise or a foreign invested entity (the “FIE”) proposes to conduct business in an industry subject to foreign investment “restrictions” in the “negative list”, the FIE must meet certain conditions under the “negative list” before being established. An FIE shall not conduct or engage in business in an industry subject to foreign investment “prohibitions” in the “negative list”. It is uncertain whether the businesses operated by New PRC Operating Entity from time to time will be or continue to be subject to the foreign investment restrictions or prohibitions under the “negative list” to be issued in future.

Furthermore, if future laws, administrative regulations or provisions prescribed by the State Council mandate further actions to be taken by companies with respect to existing contractual arrangements, there will be substantial uncertainties as to whether such actions can be completed by the Group and the New PRC Operating Entity in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance requirements could materially and adversely affect the current corporate structure and business operations of the Group and the New PRC Operating Entity, as well as the ability of the Group and the New PRC Operating Entity to be or continue to be engaged in businesses subject to the foreign investment restrictions or prohibitions.

Potential risks to the Group

The New Contractual Arrangements, in the worst-case scenario, may be regarded as invalid and illegal. As a result, the Group may be required to dispose of the business under the New Contractual Arrangements and will lose rights to receive the economic benefits from the New PRC Operating Entity, such that the financial results of the New PRC Operating Entity would no longer be consolidated into the Company’s financial results and the Company will have to de-recognize assets and liabilities of the New PRC Operating Entity according to the relevant accounting standards. If the Company no longer has a sustainable business after such disposal, the risk of being delisted by the Stock Exchange cannot be disregarded.

Measures adopted by the Company to mitigate against any potential risk arising from the Foreign Investment Law

The Foreign Investment Law was approved by the National People’s Congress of the PRC on 15 March 2019 and came into effect on 1 January 2020. As aforementioned, there are uncertainties with respect to the interpretation and implementation of the Foreign Investment Law. The Board will closely monitor the development of the Foreign Investment Law, including but not limited to any new negative list issued by or approved to be issued by the National Development and Reform Commission and the Ministry of Commerce of the PRC, or any future laws, administrative regulations or provisions prescribed by relevant governmental authorities. The Company will also, when necessary, seek PRC legal advice in order to assess any possible impact arising from the development of the Foreign Investment Law on the New Contractual Arrangements and the business operation of the Group.

In case there would be material and adverse effect on the Group or the business of the New PRC Operating Entity arising from the Foreign Investment Law, the Company will disclose, as soon as possible: (i) updates of material development to the Foreign Investment Law as and when it occurs; and (ii) specific measures taken by the Company to fully comply with the development to the Foreign Investment Law supported by a PRC legal advice and any material impact of the development of the Foreign Investment Law on the Company’s operations and financial position.

FINANCIAL IMPLICATIONS OF THE NEW CONTRACTUAL ARRANGEMENTS

The Company has discussed with its auditor, McMillan Woods (Hong Kong) CPA Limited, and confirmed that, upon the signing of the New Contractual Arrangements, the financial results of the New PRC Operating Entity and its subsidiaries (if any) will be consolidated into the financial statements of the Company as if they were wholly owned subsidiaries of the Company under the prevailing accounting principles.

THE BOARD'S VIEW ON THE NEW CONTRACTUAL ARRANGEMENTS

Based on the above, the Board (including the independent non-executive Directors) is of the view that:

- (i) the New Contractual Arrangements are narrowly tailored to achieve the Company's business purpose and has minimized the potential conflict with relevant PRC laws and regulations;
- (ii) the New Contractual Arrangements enable the WFOE to gain control over the New PRC Operating Entity and to be entitled to the economic interests and benefits of the New PRC Operating Entity;
- (iii) as advised by the PRC legal advisers of the Company, each of the agreements under the New Contractual Arrangements is legally binding towards all parties to each of the agreements under the PRC laws once such agreements are duly executed by the relevant parties, except for some special circumstances. Please refer to the sections headed "Compliance of the New Contractual Arrangements with PRC Laws and Regulations" in this announcement for further details;
- (iv) the New Contractual Arrangements will provide a mechanism that enables the WFOE to exercise effective control over the New PRC Operating Entity;
- (v) the New Contractual Arrangements and the transactions contemplated thereunder are fair and reasonable because the New Contractual Arrangements were reproduced from the Existing Contractual Arrangements; and
- (vi) the Reorganisation is fundamental to the Group's legal structure and long-term business operations, and the transactions contemplated under the Reorganisation have been and will be entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and its Shareholders as a whole.

As Mr. Nie, an executive Director has material interest in the transactions contemplated under the New Contractual Arrangements, he shall abstain and did abstain from voting on the relevant Board resolutions approving the entering into of the New Contractual Arrangements. Save as disclosed above, none of the Directors shall abstain from voting on the relevant Board resolutions approving the entering into of the New Contractual Arrangements.

To the best knowledge, information and belief of the Directors, having made all reasonable enquires, as at the date of announcement, the New PRC Operating Entity has not encountered any interference or encumbrance from any governing bodies in operating its business.

IMPLICATIONS UNDER THE LISTING RULES

Mr. Nie, one of the New Registered Shareholders holding 99.5% of the entire issued shares of the New PRC Operating Entity, is an executive Director. Accordingly, each of Mr. Nie and the New PRC Operating Entity is a connected person of the Company under Chapter 14A of the Listing Rules and the transactions contemplated under the New Contractual Arrangements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

At the time of the Listing, the Company sought, and the Stock Exchange granted, the Waiver in connection with the continuing connected transactions of the Group in the form of the Existing Contractual Arrangements. As disclosed in the Prospectus, the Waiver is subject to certain conditions including, among others, on the basis that the Existing Contractual Arrangements provide an acceptable framework for the relationship between the Company and its subsidiaries in which the Company has direct shareholding, on one hand, and the Existing OpCo, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprises or operating company (including branch company) engaging in the same business as that of the Group which the Group might wish to establish when justified by business expediency, without obtaining the approval of the shareholders of the Company, on substantially the same terms and conditions as the Existing Contractual Arrangements.

Since the New Contractual Arrangements are reproduced from the Existing Contractual Arrangements as provided under the conditions of the Waiver, the Company has sought confirmation from the Stock Exchange, and the Stock Exchange has confirmed that the transactions contemplated under the New Contractual Arrangements (i) would fall within the scope of the Waiver; (ii) if materializes, shall not subject to the approval of the shareholders of the Company and; (iii) are exempt from (a) the announcement, circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules, (b) the requirement of setting an annual cap for the transactions under the New Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (c) the requirement of fixing the term of the New Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as the shares are listed on the Stock Exchange, subject to compliance with the same conditions of the Waiver.

INFORMATION ABOUT THE GROUP AND PARTIES TO THE NEW CONTRACTUAL ARRANGEMENTS

The Group is principally engaged in the business of the video content operation and eCommerce promotion services.

The WFOE is a company established under the laws of the PRC with limited liability on 15 July 2019 and a wholly owned subsidiary of the Company.

The New PRC Operating Entity is a company established under the laws of the PRC with limited liability on 14 October 2022. As at the date of this announcement, the New PRC Operating Entity is held as to 99.5% by Mr. Nie and 0.5% by Mr. Du, respectively. The New PRC Operating Entity will be principally engaged in the business of production and distribution of radio and television programs.

The New Registered Shareholders are Mr. Nie and Mr. Du. Mr. Nie is an executive Director. Mr. Du is an Independent Third Party.

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.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise.

“Board”	board of directors of the Company
“Civil Code of the PRC”	the Civil Code of the PRC (《中華人民共和國國民法典》) issued by National People’s Congress on 28 May 2020, and became effective on 1 January 2021, and replaced, without limitation, Contract Law of the PRC, (《中華人民共和國合同法》) and the General Principles of the Civil Law of the PRC (《中華人民共和國民法總則》)
“Company”	China Bright Culture Group (煜盛文化集團), an exempted company with limited liability incorporated in the Cayman Islands whose Shares are listed on the Main Board of the Stock Exchange (stock code: 1859)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Dongyang Qianyuxing”	Zhejiang Dongyang Qianyuxing Video Culture Co., Ltd.* (浙江東陽千雨杏影視文化有限公司), a limited liability company established under the laws of the PRC on 17 August 2016 and a wholly-owned subsidiary of the Existing OpCo
“Existing Contractual Arrangements”	the series of contractual arrangements entered into by, among others, the WFOE and the Existing OpCo and the registered shareholders of the Existing OpCo, as described in the Prospectus
“Existing OpCo”	Sino-Prosperity Culture Group Co., Ltd.* (北京中廣煜盛文化傳播有限公司), a limited liability company incorporated in the PRC on 3 April 2014, and controlled by the Company through the Existing Contractual Arrangements
“Existing OpCo Group”	Existing OpCo and its subsidiaries, being Dongyang Qianyuxing, Yili Zhongsheng and Shanghai Yusheng

“Foreign Investment Law”		the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》)
“Group”		the Company and its subsidiaries from time to time
“Independent Party(ies)”	Third	third party(ies) independent of the Company and the connected persons of the Company
“Listing”		the listing of the Shares on the Main Board of the Stock Exchange
“Listing Rules”		the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Mr. Du”		Mr. Du Bing (杜兵), an Independent Third Party and a merchant
“Mr. Liu”		Mr. Liu Mu (劉牧), the chairman of the Board, executive Director, chief executive officer and one of our controlling Shareholders (as defined in the Listing Rules)
“Mr. Nie”		Mr. Nie Lei (聶雷), an executive Director
“New Contractual Arrangements”		the series of contractual arrangements entered into between, among others, the WFOE, the New PRC Operating Entity and the New Registered Shareholders, details of which are described in the section headed “the New Contractual Arrangements” in this announcement
“New PRC Operating Entity”		Beijing Fuyu Culture Technology Co., Ltd* (北京馥煜文化科技有限公司), a company with limited liability established in the PRC on 14 October 2022
“New Registered Shareholders”		the shareholders of the New PRC Operating Entity, namely, Mr. Nie and Mr. Du, an Independent Third Party
“PRC”		the People’s Republic of China, and for the purposes of this announcement, excluding the Hong Kong Special Administrative Region of the People’s Republic of China, the Macao Special Administrative Region of the People’s Republic of China and Taiwan

“Prospectus”	the prospectus of the Company dated 28 February 2020
“Reorganisation”	the termination of the Existing Contractual Arrangements and the entering into of the New Contractual Arrangements
“RMB”	Renminbi, the lawful currency of China
“Shanghai Yusheng”	Shanghai Yusheng Culture Media Co., Ltd* (上海煜盛文化傳媒有限公司), a limited liability company established under the laws of the PRC on 25 December 2018 and a wholly-owned subsidiary of the Existing OpCo
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of US\$0.00001 each
“Shareholder(s)”	holder(s) of the Share(s)
“State Council”	State Council of the People’s Republic of China (中華人民共和國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Waiver”	the waiver granted by the Stock Exchange to the Company from strict compliance (i) the announcement, and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules in respect of the transactions under the New Contractual Arrangements; (ii) the requirement of setting maximum aggregate annual value (i.e. an annual cap) for the fees payable to our Group under the New Contractual Arrangements; and (iii) the requirement of limiting the term of the New Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange and subject to certain conditions, details of which are set out in the section headed “Connected Transactions” of the Prospectus
“WFOE”	Beijing Yusheng Culture Co., Ltd.* (北京煜盛文化有限公司), a company established in the PRC with limited liability on 15 July 2019 and a wholly

owned subsidiary of the Company

“Yili Zhongsheng”

Yili Zhongsheng Quanxing Media Co., Ltd.* (伊犁中盛全興影視傳媒有限公司), a limited liability company established under the laws of the PRC on 8 September 2016 and a wholly-owned subsidiary of the Existing OpCo

** For identification purpose only*

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

Hong Kong, 25 July 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.