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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)**

**CONTINUING CONNECTED TRANSACTION –  
TERMINATION OF THE EXISTING CONTRACTUAL  
ARRANGEMENTS  
AND  
CONNECTED AND DISCLOSEABLE TRANSACTION –  
DISPOSAL OF ASSETS AND LIABILITIES**

Reference is made to the announcement of the Company dated 25 July 2023 regarding the continuing connected transactions in relation to the termination of the existing contractual arrangements and the entering into of the new contractual arrangements, and the announcement of the Company dated 21 March 2024 in relation to, among others, the receipt by the Auditor of an email containing the Allegations (collectively, the “**Announcements**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

**TERMINATION OF THE EXISTING CONTRACTUAL ARRANGEMENTS**

As disclosed in the announcement dated 25 July 2023, 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. The New Contractual Arrangements have already been entered into between, among others, the WFOE, the New PRC Operating Entity and the New Registered Shareholders as disclosed in the announcement.

The Board is pleased to announce that, on 14 August 2024, the business of the Existing OpCo Group have been transferred to the New PRC Operating Entity, save for certain receivables from business contracts in relation to TV program investments as at 30 June 2024 with a total carrying amount of approximately RMB430.41 million (the “**Disposed Assets**”) and all liabilities including but not limited to trade and other payables, bank loans, tax payable and

contract liabilities with a total carrying amount of approximately RMB430.45 million (the “**Disposed Liabilities**”). Accordingly, the Existing Contractual Arrangements have been terminated with effect from 14 August 2024 and the Existing OpCo ceased to be accounted for as a subsidiary of the Company.

## **DISPOSAL OF ASSETS AND LIABILITIES**

As at 14 August 2024, the Disposed Assets and the Disposed Liabilities have been retained by the Existing OpCo (the “**Disposal**”) at a consideration of RMB40,000 paid by the New PRC Operating Entity to the Existing OpCo, which was determined having regard to (i) the net book value of the Disposed Assets of approximately RMB430.41 million as at 30 June 2024 based on the management accounts of the Group; and (ii) the net book value of the Disposed Liabilities of approximately RMB430.45 million as at 30 June 2024 based on the management accounts of the Group. The Disposed Assets comprise certain receivables from business contracts in relation to TV program investments, and include the contracts entered into between Zhongguang Yusheng (being the Existing OpCo) and the SOE, which are the subject of the Allegations.

As at 31 December 2022, the carrying value of the Disposed Assets was approximately RMB430.41 million and the carrying value of the Disposed Liabilities was approximately RMB412.69 million based on the audited financial statements of the Company for the year ended 31 December 2022. No revenue was generated from the Disposed Assets for the two years ended 31 December 2023.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Directors consider that it is in the best interest of the Company for the Existing OpCo to retain the Disposed Assets and Disposed Liabilities, having considered that (i) a transfer of liabilities by a PRC company is normally not permitted under PRC laws unless consent is obtained from the relevant creditors; (ii) the Disposed Liabilities relate to, among others, certain litigation cases of the Existing OpCo and the Allegations; (iii) certain Disposed Assets are collaterals under the Disposed Liabilities and hence cannot be transferred without the consent of the relevant creditors; and (iv) the remaining Disposed Assets did not generate any revenue for the two years ended 31 December 2023.

Therefore, considering the consideration for the transfer of the Disposed Assets and Disposed Liabilities is based on their respective net book value, the Board (including the independent non-executive Directors) considers that the terms of the Disposal are on normal commercial terms or better and in the ordinary and usual course of business of the Company, fair and reasonable and are in the interests of the Company and the Shareholders as a whole. No Director has any material interest in the Disposal.

## **IMPLICATIONS UNDER THE LISTING RULES**

The Existing OpCo is controlled as to approximately 79.6% by Mr. Liu Mu as registered shareholder, who is a substantial Shareholder and a former Director within the last 12 months. Accordingly, each of Mr. Liu Mu and the Existing OpCo is a connected person of the Company under Chapter 14A of the Listing Rules and the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio for the Disposal is less than 25% and the total consideration is less than HK\$10,000,000, the Disposal is subject to the reporting and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio for the Disposal is over 5% but less than 25%, the Disposal also constitutes a discloseable transaction of the Company under the Listing Rules, and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

## **FINANCIAL EFFECT OF THE DISPOSAL**

As at 30 June 2024, the unaudited carrying amount of the Disposed Assets and Disposed Liabilities were approximately RMB430.41 million and approximately RMB430.45 million respectively. No gain or loss on the Disposal is expected to be recorded by the Group since there is no difference between (i) the net amount of the carrying amount of the Disposed Assets and the Disposed Liabilities and (ii) the consideration of RMB40,000.

The exact amount of gain or loss on the Disposal, if any, to be recorded in the consolidated statement of profit or loss of the Group for the year ending 31 December 2024 is subject to audit.

Upon completion of the Disposal, the Existing OpCo ceased to be accounted for as a subsidiary of the Company, and the Disposed Assets and the Disposed Liabilities are no longer accounted for as assets and liabilities of the Group.

## **INFORMATION ON THE GROUP AND PARTIES TO THE DISPOSAL**

The Group is principally engaged in the business of video content operation and eCommerce promotion services. The WFOE is a wholly-owned subsidiary of the Company.

The New PRC Operating Entity is principally engaged in the business of production and distribution of radio and television programs. Pursuant to the New Contractual Arrangements, the New PRC Operating Entity is accounted for as a subsidiary of the Company under the prevailing accounting principles.

The Existing OpCo was the PRC operating entity of the Group under the Existing Contractual Arrangements for engaging in the business of production and distribution of radio and television programs. Upon termination of the Existing Contractual Arrangements on 14 August 2024, the Existing OpCo has ceased to be accounted for as a subsidiary the Company. The Existing OpCo is controlled as to approximately 79.6% by Mr. Liu Mu as a registered shareholder.

## **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 guidance and additional guidances for the resumption of trading in the shares of the Company on the Stock Exchange. The Company will make further announcement(s) in due course to inform shareholders and potential investors of any information update.

**Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the shares of the Company.**

By Order of the Board  
**China Bright Culture Group**  
**SU Lei**  
*Chairman*

Hong Kong, 14 August 2024

*As at the date of this announcement, the executive Directors are Mr. SU Lei and Mr. MA Hongsen, the non-executive Directors are Mr. WANG Daotie and Ms. WU Yaping, and the independent nonexecutive Directors are Mr. TO Siu Lun, Mr. HAN Hao and Mr. SHAN Yiqi.*

\* *For identification purpose only*