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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**

**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 14 August 2024 regarding the termination of the Existing Contractual Arrangements and the disposal of assets and liabilities to the Existing OpCo (the “**Announcement**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board would like to provide further information in relation to the termination of the Existing Contractual Arrangements and the Disposal.

**TERMINATION OF THE EXISTING CONTRACTUAL ARRANGEMENTS**

Pursuant to the Shareholders’ Rights Proxy Agreement under the Existing Contractual Arrangements, each of the registered shareholders of the Existing OpCo had irrevocably, unconditionally and exclusively appointed the WFOE as their attorney-in-fact to exercise all of their shareholder’s rights in the Existing OpCo, which include but are not limited to, the right to authorize or resolve on the disposal of assets of the Existing OpCo, and the right to execute contracts by seal on behalf of the Existing OpCo.

In light of the reorganisation as disclosed in the announcement of the Company dated 25 July 2023 (i.e. the intended termination of the Existing Contractual Arrangements upon completion of the transfer of assets of the Existing OpCo Group to the New PRC Operating Entity), the WFOE entered into a reorganisation framework agreement (the “**Reorganisation Framework Agreement**”) with the New PRC Operating Entity, the Existing OpCo and Mr. Liu Mu on 14 August 2023, pursuant to which the Existing OpCo agreed to transfer the assets of the Existing OpCo Group to the New PRC Operating Entity as detailed in the agreement.

On 12 August 2024, the WFOE, the New PRC Operating Entity and the Existing OpCo entered into a supplemental agreement (the “**Supplemental Agreement**”) to the Reorganisation Framework Agreement to further agree on the assets to be transferred from the Existing OpCo Group to the New PRC Operating Entity. The parties agreed that save for the assets listed in the completion checklist in the Supplemental Agreement, all other assets and the liabilities (i.e. the Disposed Assets and the Disposed Liabilities) of the Existing OpCo Group shall not be transferred to the New PRC Operating Entity.

The transfer of assets to the New PRC Operating Entity pursuant to the Supplemental Agreement was completed as at 14 August 2024. On the same day, the WFOE and the Existing OpCo entered into a termination agreement (the “**Termination agreement**”) to terminate the Existing Contractual Arrangements with effect from 14 August 2024.

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

The Directors believe that the Disposal is in the interest of the Company as it allows the Company to avoid the Disposed Liabilities by disposing the Disposed Assets whose recoverability may not be certain. The Disposed Assets and the Disposed Liabilities were both acquired or incurred under the previous management of the Company. The Disposed Liabilities consisted of (i) liabilities owed to banks or the PRC tax authorities which amounted to approximately RMB224 million; (ii) provisions for potential liabilities under the litigation cases made with reference to advice from the Group’s PRC legal adviser which amounted to approximately RMB67 million; (iii) an amount due to Directors which is mainly as a result of the advance from the Directors to the Existing OpCo for repayment of the borrowings and for the prepayment of program copyrights incurred in the financial year ended 31 December 2023; and (iv) contract liabilities and trade and other payables mainly brought forward from the financial year ended 31 December 2021. Had the Group not disposed of the Disposed Liabilities, the Group would have been liable to pay such amounts. On the other hand, the Directors noted that the Disposed Assets were either pledged to the creditors of the Disposed Liabilities or had not generated any revenue in the two financial years ended 31 December 2023. One of the Disposed Assets is the subject of the allegations received in March 2024, being the receivables from the TV program titled “Lego Masters”. Therefore, having considered the relatively uncertain recoverability of the Disposed Assets and the relative unavailability of the Disposed Liabilities as assessed by the current Board, the Directors are of the view that the Consideration for the Disposal was fair and reasonable and also in the best interest of the shareholders of the Company.

## **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, 6 September 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 non-executive Directors are Mr. TO Siu Lun, Mr. HAN Hao and Mr. SHAN Yiqi.*

\* *For identification purpose only*