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**STARLIGHT CULTURE  
ENTERTAINMENT**

**STARLIGHT CULTURE ENTERTAINMENT GROUP LIMITED  
星光文化娛樂集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1159)**

**PROPOSED ISSUE OF NEW SHARES TO INDEPENDENT  
SUBSCRIBERS UNDER GENERAL MANDATE**

**THE SUBSCRIPTION AGREEMENTS**

On 28 August 2019 (after trading hours), the Company entered into the Subscription Agreements with each of the Subscribers, pursuant to which the Company will allot and issue, and the Subscribers will subscribe for, an aggregate of 78,000,000 Subscription Shares at the Subscription Price.

The 78,000,000 Subscription Shares represent (i) approximately 10.46% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.47% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The aggregate nominal value of the Subscription Shares is HK\$7,800,000.

The Subscription Shares will be issued and allotted under the General Mandate.

The gross proceeds from the Subscription are expected to be HK\$195,000,000 (based on the Subscription Price of HK\$2.50 per Share). The net proceeds of the Subscription (after deducting related professional fees and related expenses) are expected to be approximately HK\$194.9 million and the net Subscription Price per Subscription Share will be approximately HK\$2.499. The Company intends to use the net proceeds from the Subscription for repayment of part of liabilities and as general working capital of the Group. The Directors consider that the Subscription will enable the Group to raise capital to strengthen its financial position and broaden its shareholder base.

## **APPLICATION FOR LISTING**

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

**Completion of each of the Subscription Agreements are not inter-conditional but it is intended that completion of all the Subscription Agreements will take place simultaneously.**

**Shareholders and potential investors should note that completion of the Subscription is subject to fulfilment of the conditions under the Subscription Agreements. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

On 28 August 2019 (after trading hours), the Company entered into the Subscription Agreements with each of the Subscribers, pursuant to which the Company will allot and issue, and the Subscribers will subscribe for, an aggregate of 78,000,000 Subscription Shares at the Subscription Price.

Principal terms of the Subscription Agreements are set out below.

## **THE SUBSCRIPTION AGREEMENTS**

The Company entered into the Subscription Agreements, on principally the same terms, with each of the Subscribers, details of which are set out below.

**Date** : 28 August 2019

**Parties** : (i) the Company; and  
(ii) the respective Subscribers

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Subscribers and their ultimate beneficial owners (where applicable) are not related to each other and is an Independent Third Party as at the date of this announcement.

### **The Subscription Shares**

The 78,000,000 Subscription Shares represent (i) approximately 10.46% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.47% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The aggregate nominal value of the Subscription Shares is HK\$7,800,000.

The Subscription Shares to be allotted and issued shall rank pari passu in all respects among themselves and with all existing Shares in issue as at the date of Completion, including the right to rank in full for all distributions declared, made or paid by the Company at any time after the date of the Subscription Agreements.

### **The Subscription Price**

The Subscription Price of HK\$2.50 per Subscription Share represents:

- (i) a premium of approximately 4.16% to the closing price of HK\$2.40 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 4.60% to the average closing price of approximately HK\$2.39 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 20.60% to the average closing price of approximately HK\$2.073 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 38.66% to the average closing price of approximately HK\$1.803 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days up to and including the Last Trading Day; and
- (v) a premium of HK\$2.67 over the audited net deficiency attributable to owners of the Company as at 31 December 2018 of approximately HK\$0.17 per Share.

The Subscription Price was arrived at after arm's length negotiations between the Company and each of the Subscribers taking into account, among other things, the current market sentiment, the historical trading performance of the Shares, and the historical financial performance and business prospects of the Group. The Board considers that the terms of the Subscription Agreements (including the Subscription Price) are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Based on the Subscription Price of HK\$2.50 per Subscription Share and the 78,000,000 Subscription Shares to be allotted and issued to the Subscribers, the total subscription monies payable by the Subscribers to the Company pursuant to the Subscription Agreements amount to HK\$195,000,000.

### **Conditions precedent to each of the Subscription Agreements**

Completion of each of the Subscription Agreements is conditional upon fulfilment of the following conditions:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Subscription Shares to be issued pursuant to the respective Subscription Agreements (and such listing and permission not subsequently revoked prior to completion of the respective Subscription Agreements);
- (ii) the Company obtaining all necessary written consents and approvals (if any) from the relevant authorities in respect of the transactions contemplated under the respective Subscription Agreements, if applicable; and
- (iii) the representations and warranties of the respective Subscribers being true and accurate and not misleading at all times from the date of the respective Subscription Agreements up to and including the date of completion of the respective Subscription Agreements.

Each of the Subscribers may waive in writing the condition set out in (ii) above. The Company may waive in writing the condition set out in (iii) above.

In the event that the conditions precedent above are not fulfilled or waived by 5:00p.m. on the Long Stop Date (or such later date as may be agreed by the respective Subscribers and the Company), the respective Subscription Agreements and all rights and obligations thereunder shall cease and terminate and none of the parties thereto shall have any claim against the other.

## **Representation of each of the Subscribers**

Pursuant to the Subscription Agreements, each of the Subscribers represents and warrants to the Company that he/she/it (as the case may be) and (in the case where the relevant Subscriber is a company) its beneficial owner(s), and/or his/her/its associates are not existing Shareholders or connected persons of the Company or its associates and the issue of the Subscription Shares to the respective Subscribers shall not constitute a connected transaction (as defined in the Listing Rules) or result in the Subscribers becoming connected persons (as defined in the Listing Rules) of the Company, and that each Subscriber and (in the case where the relevant Subscriber is a company) its beneficial owner(s) and/or his/her/its associates are and will, immediately after completion of the respective Subscription Agreements, be independent of and not acting in concert with (as defined in the Takeovers Code) any connected persons of the Company in relation to the control of the Company.

## **Completion**

Completion of the respective Subscription Agreements shall take place on the date falling on or before the tenth Business Day after the date on which all the relevant conditions precedent to the respective Subscription Agreements set out above have been fulfilled or waived (as the case may be) (or such other date as the respective Subscribers and the Company may agree in writing), and in any event not later than the Long Stop Date (or such later date as may be agreed by the respective Subscribers and the Company).

Completion of each of the Subscription Agreements are not inter-conditional but it is intended that completion of all the Subscription Agreements will take place simultaneously.

## **GENERAL MANDATE**

The Subscription Shares will be issued and allotted under the General Mandate. The General Mandate entitles the Directors to issue, allot and deal with up to 149,112,959 Shares, representing 20% of the issued share capital of the Company as at the date of the AGM. Since the date of the AGM and up to and including the date of this announcement, no Shares have been allotted and issued pursuant to the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issue of the Subscription Shares and the allotment and issue of the Subscription Shares is not subject to the Shareholders' approval.

## **APPLICATION FOR LISTING**

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

## **REASONS FOR THE SUBSCRIPTION AGREEMENTS AND USE OF PROCEEDS**

The Group is principally engaged in media and culture business, trading of chemical products, energy conservation and environmental protection products, and entertainment and gaming business.

The Directors consider that the Subscription will enable the Group to raise capital to strengthen its financial position and broaden its shareholder base. The gross proceeds from the Subscription are expected to be HK\$195,000,000 (based on the Subscription Price of HK\$2.50 per Share). The net proceeds of the Subscription (after deducting related professional fees and related expenses) are expected to be approximately HK\$194,900,000 and the net Subscription Price per Subscription Share will be approximately HK\$2.499. The Company intends to use the net proceeds from the Subscription for repayment of part of the liabilities and as general working capital of the Group.

## EFFECT ON THE SHAREHOLDING STRUCTURE

Set out below are the shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately upon Completion (assuming no other change in the shareholding of the Company):

	As at the date of this announcement		Immediately upon Completion	
	Number of Shares	Approximate. %	Number of Shares	Approximate. %
CICFH Innovation Investment Limited ( <i>Note 1</i> )	220,013,514	29.51	220,013,514	26.71
<i>Directors</i>				
Mr. Chau Chit ( <i>Note 2</i> )	49,693,600	6.67	49,693,600	6.03
Mr. Hung Ching Fung ( <i>Note 3</i> )	1,500,000	0.20	1,500,000	0.18
Subscribers	–	–	78,000,000	9.47
Other public Shareholders	474,357,685	63.62	474,357,685	57.61
<b>Total</b>	<b>745,564,799</b>	<b>100</b>	<b>823,564,799</b>	<b>100</b>

### Notes:

- As at the date of this announcement, CICFH Innovation Investment Limited is wholly owned by 江陰星輝文化傳播有限公司 (Jiangyin Starlight Communications Co., Ltd), which is in turn owned as to 33.18% by 杭州新鼎明企業管理諮詢有限公司 and 17.87% by 杭州博創文化創意有限公司.
- These Shares are held by Mega Start Limited, a company wholly owned by Mr. Chau Chit, an executive Director.
- These Shares are held by New Elect International Limited, a company wholly owned by Mr. Hung Ching Fung, an executive Director.

## FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The following are fund raising activities of the Company during the past 12 months immediately preceding the date of this announcement:

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Net proceeds raised (approximately)</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
28 April 2019	Issue of convertible bonds	HK\$179.7 million	For the repayment of the promissory notes issued by the Company	For the repayment of the promissory notes issued by the Company

**Shareholders and potential investors should note that completion of the Subscription is subject to fulfilment of the conditions under the Subscription Agreements. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“AGM”	the annual general meeting of the Company held on 21 June 2019
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding a Sunday) on which banks generally are open for business in Hong Kong



“Company”	Starlight Culture Entertainment Group Limited (stock code: 1159), a company incorporated in Bermuda with limited liability, the Shares of which are listed and traded on the Main Board of the Stock Exchange
“Completion”	completion of the Subscription
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to issue, allot and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) who is/are independent of the Company and its connected persons
“Last Trading Day”	28 August 2019, being the last trading day of the Shares immediately prior to the entering into of the Subscription Agreements
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 September 2019
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC

“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	seven individual or corporate investors procured by the Company to subscribe for Subscription Shares pursuant to the Subscription Agreements, and each a Subscriber
“Subscription”	the conditional subscription of the Subscription Share by the Subscribers pursuant to the terms of the Subscription Agreements
“Subscription Agreements”	the respective conditional agreements dated 28 August 2019 entered into between the Company and each of the Subscribers in relation to the issue of the Subscription Shares to the respective Subscribers by the Company, and each a Subscription Agreement
“Subscription Price”	the subscription price of HK\$2.50 per Subscription Share
“Subscription Shares”	an aggregate of 78,000,000 new Shares to be allotted and issued to the Subscribers pursuant to the Subscription Agreements
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

By order of the Board  
**Starlight Culture Entertainment Group Limited**  
**Fang Jun**  
*Chairman*

Hong Kong, 28 August 2019

*As at the date of this announcement, the Board comprises seven executive Directors, namely Mr. Fang Jun, Mr. Chau Chit, Mr. Luo Lei, Mr. Gao Qun, Mr. Chen Jie, Ms. Wu Xiaoli and Mr. Hung Ching Fung; one non-executive Director, namely Mr. Wang Shoulei; and four independent non-executive Directors, namely Mr. Wong Wai Kwan, Mr. Michael Ngai Ming Tak, Mr. Ma Runsheng and Mr. Wong Wai Hung.*