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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)**

**SUPPLEMENTAL ANNOUNCEMENT  
IN RELATION TO PROPOSED ISSUE OF NEW SHARES TO  
INDEPENDENT SUBSCRIBERS UNDER GENERAL MANDATE  
AND  
ISSUE OF NEW SHARES TO AN INDEPENDENT  
SUBSCRIBER UNDER GENERAL MANDATE**

**TERMINATION OF A SUBSCRIPTION AGREEMENT**

The Company would like to inform the Shareholders that on 12 September 2019, the Company entered into the Termination Agreement with a Subscriber to terminate the Subscription Agreement in respect of the subscription of 4,000,000 Subscription Shares.

In light of the Termination Agreement, the number of Subscription Shares under the Subscription is reduced from 78,000,000 Subscription Shares to 74,000,000 Subscription Shares, and the amount of gross proceeds and net proceeds to be raised from the Subscription are reduced to HK\$185,000,000 and HK\$184,900,000 respectively.

## **SECOND SUBSCRIPTION AGREEMENT**

On 12 September 2019 (after trading hours), the Company entered into the Second Subscription Agreement with Mr. Wang Zheng, pursuant to which the Company will allot and issue, and Mr. Wang Zheng will subscribe for, an aggregate of 4,000,000 Second Subscription Shares at the Second Subscription Price.

The 4,000,000 Second Subscription Shares represent (i) approximately 0.54% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 0.49% of the issued share capital of the Company as enlarged by the allotment and issue of 74,000,000 Subscription Shares and the Second Subscription Shares. The aggregate nominal value of the Second Subscription Shares is HK\$400,000.

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

The gross proceeds from the Second Subscription are expected to be HK\$10,000,000 (based on the subscription price of HK\$2.50 per Second Subscription Share). The net proceeds of the Second Subscription (after deducting related professional fees and related expenses) are expected to be approximately HK\$10 million and the net subscription price per Second Subscription Share will be approximately HK\$2.50. The Company intends to use the net proceeds from the Second Subscription as general working capital of the Group. The Directors consider that the Second Subscription will enable the Group to raise capital to strengthen its financial position.

## **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 Second Subscription Shares.

**Completion of the Second Subscription Agreement is not inter-conditional on the completion of the Subscription Agreements but it is intended that completion of the Subscription Agreements and the Second Subscription Agreement will take place simultaneously.**

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

## **TERMINATION OF A SUBSCRIPTION AGREEMENT**

Reference is made to the announcement of the Company dated 28 August 2019 (the “**Announcement**”). Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless the context requires otherwise.

The Company would like to inform the Shareholders that on 12 September 2019, the Company entered into the Termination Agreement with a Subscriber to terminate the Subscription Agreement in respect of the subscription of 4,000,000 Subscription Shares.

In the light of the Termination Agreement, the number of Subscription Shares under the Subscription is reduced from 78,000,000 Subscription Shares to 74,000,000 Subscription Shares, and the amount of gross proceeds and net proceeds to be raised from the Subscription are reduced to HK\$185,000,000 and HK\$184,900,000 respectively.

## **IDENTITIES OF THE SUBSCRIBERS**

The identities of the remaining Subscribers are as follows: Bao Enli, Wang Xinling, Wang Zheng, Xu Yongliang, Skill Rich Limited and Smart Faith Global Limited.

Based on the information provided by the Subscribers, (a) the ultimate beneficial owner of Skill Rich Limited is Chen Zheng; and (b) the ultimate beneficial owner of Smart Faith Global Limited is Wang Ning.

## **SECOND SUBSCRIPTION AGREEMENT**

On 12 September 2019 (after trading hours), the Company entered into the Second Subscription Agreement with Mr. Wang Zheng pursuant to which the Company will allot and issue, and Mr. Wang Zheng will subscribe for, an aggregate of 4,000,000 Second Subscription Shares at the Second Subscription Price.

Principal terms of the Second Subscription Agreement are set out below.

**Date** : 12 September 2019

**Parties** : (i) the Company; and  
(ii) Mr. Wang Zheng

Mr. Wang Zheng is one of the Subscribers. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Mr. Wang Zheng is an Independent Third Party and is not related to the other Subscribers as at the date of this announcement.

### **The Second Subscription Shares**

The 4,000,000 Second Subscription Shares represent (i) approximately 0.54% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 0.49% of the issued share capital of the Company as enlarged by the allotment and issue of 74,000,000 Subscription Shares and the Second Subscription Shares. The aggregate nominal value of the Second Subscription Shares is HK\$400,000.

The Second 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 of the Second Subscription, 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 Second Subscription Agreement.

## **The Subscription Price**

The subscription price of HK\$2.50 per Second Subscription Share represents:

- (i) a premium of approximately 12.61% to the closing price of HK\$2.22 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 21.95% to the average closing price of approximately HK\$2.05 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 23.46% to the average closing price of approximately HK\$2.025 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 28.53% to the average closing price of approximately HK\$1.945 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days up to and including the Last Trading Day;
- (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; and
- (vi) a premium of approximately 2,677.78% to the unaudited equity attributable to owners of the Company as at 30 June 2019 of approximately HK\$0.09 per Share.

The Second Subscription Price was arrived at after arm's length negotiations between the Company and Mr. Wang Zheng 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 Second Subscription Agreement (including the Second 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 Second Subscription Share and the 4,000,000 Second Subscription Shares to be allotted and issued to Mr. Wang Zheng, the total subscription monies payable by Mr. Wang Zheng to the Company pursuant to the Second Subscription Agreement amount to HK\$10,000,000.

## **Conditions precedent to the Second Subscription Agreement**

Completion of the Second Subscription Agreement 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 Second Subscription Shares to be issued pursuant to the Second Subscription Agreement (and such listing and permission not subsequently revoked prior to completion of the Second Subscription Agreement);
- (ii) the Company obtaining all necessary written consents and approvals (if any) from the relevant authorities in respect of the transactions contemplated under the Second Subscription Agreement, if applicable; and
- (iii) the representations and warranties of Mr. Wang Zheng being true and accurate and not misleading at all times from the date of the Second Subscription Agreement up to and including the date of completion of the Second Subscription Agreement.

Mr. Wang Zheng 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 Mr. Wang Zheng and the Company), the Second Subscription Agreement 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 Mr. Wang Zheng**

Pursuant to the Second Subscription Agreement, Mr. Wang Zheng represents and warrants to the Company that he and/or his associates are not existing Shareholders or connected persons of the Company or its associates and the issue of the Second Subscription Shares to him shall not constitute a connected transaction (as defined in the Listing Rules) or result in him becoming connected persons (as defined in the Listing Rules) of the Company, and that he and/or his associates are and will, immediately after completion of the Second Subscription Agreement, 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 Second Subscription Agreement 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 Second Subscription Agreement set out above have been fulfilled or waived (as the case may be) (or such other date as Mr. Wang Zheng 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 Mr. Wang Zheng and the Company).

Completion of the Second Subscription Agreement is not inter-conditional on the completion of the Subscription Agreements but it is intended that completion of the Subscription Agreements and the Second Subscription Agreement will take place simultaneously.

## **GENERAL MANDATE**

The Second 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. Upon completion of the Subscription Agreements, the Company will allot and issue 74,000,000 Subscription Shares to the Subscribers and the remaining portion of the General Mandate is 75,112,959 Shares. Accordingly, the General Mandate is sufficient for the allotment and issue of the Second Subscription Shares and the allotment and issue of the Second 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 Second Subscription Shares.

## **REASONS FOR THE SECOND SUBSCRIPTION AGREEMENT AND USE OF PROCEEDS OF THE SUBSCRIPTION AND THE SECOND SUBSCRIPTION**

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.

In view of the termination of the relevant Subscription Agreement in respect of the subscription of 4,000,000 Subscription Shares, the Directors consider that the Second Subscription will enable the Group to raise capital to strengthen its financial position. The gross proceeds from the Second Subscription are expected to be HK\$10,000,000 (based on the subscription price of HK\$2.50 per Second Subscription Share). The net proceeds of the Second Subscription (after deducting related professional fees and related expenses) are expected to be approximately HK\$10,000,000 and the net subscription price per Second Subscription Share will be approximately HK\$2.50.

The Company intends to apply the net proceeds from the Subscription (after deducting related professional fees and related expenses), which is expected to be approximately HK\$184,900,000, as follows:

- (i) 91.94% (approximately HK\$170,000,000), for repayment of part of the Group's liabilities; and
- (ii) 8.06% (approximately HK\$14,900,000), as general working capital of the Group.

The Company intends to apply 100% of the net proceeds from the Second Subscription (after deducting related professional fees and related expenses), which is expected to be approximately HK\$10,000,000 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 of the Subscription and the Second Subscription (assuming no other change in the shareholding of the Company):

	As at the date of this announcement		Immediately upon completion of the Subscription and the Second Subscription	
	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
<i>Subscribers</i>				
Bao Enli	–	–	8,000,000	0.97
Wang Xinling	–	–	8,000,000	0.97
Wang Zheng	–	–	15,000,000	1.83
Xu Yongliang	–	–	7,000,000	0.85
Skill Rich Limited	–	–	22,000,000	2.67
Smart Faith Global Limited	–	–	18,000,000	2.19
Other public Shareholders	474,357,685	63.62	474,357,685	57.60
<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 (Hangzhou Xindingming Enterprise Management Cconsultancy Co., Ltd\*) and 17.87% by 杭州博創文化創意有限公司 (Hangzhou Bochuang Culture Creativity Co., Ltd\*).
- 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
28 August 2019	Issue of new Shares	HK\$184.9 million	For the repayment of the Group's liabilities and as general working capital	Not applicable as the Company has not received the proceeds

**Shareholders and potential investors should note that completion of the Subscription and the Second Subscription are subject to fulfilment of the conditions under the respective Subscription Agreements and the Second Subscription Agreement. As the Subscription and/or the Second 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:

“Last Trading Day”	12 September 2019, being the last trading day of the Shares immediately prior to the entering into of the Second Subscription Agreement
“Second Subscription”	the conditional subscription of the Second Subscription Share by Mr. Wang Zheng pursuant to the terms of the Second Subscription Agreement
“Second Subscription Agreement”	the conditional agreement dated 12 September 2019 entered into between the Company and Mr. Wang Zheng in relation to the issue of the Second Subscription Shares to Mr. Wang Zheng by the Company
“Second Subscription Price”	the subscription price of HK\$2.50 per Second Subscription Share
“Second Subscription Shares”	an aggregate of 4,000,000 new Shares to be allotted and issued to Mr. Wang Zheng pursuant to the Second Subscription Agreement
“Termination Agreement”	the termination agreement dated 12 September 2019 entered into between the Company and a Subscriber pursuant to which the relevant Subscription Agreement in respect of the subscription of 4,000,000 Subscription Shares is terminated.

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

Hong Kong, 12 September 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.*

\* *For identification purposes only*