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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)

VOLUNTARY ANNOUNCEMENT

MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE ACQUISITION

This is a voluntary announcement made by Starlight Culture Entertainment Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) to keep the shareholders and potential investors of the Company informed of the latest business development of the Group.

THE POSSIBLE ACQUISITION

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 15 July 2021 (after trading hours), the Company entered into a non-legally binding memorandum of understanding (the “**MOU**”) with Asia Music Group (“**AMG**”, together with its subsidiaries, the “**AMG Group**”) in respect of the possible acquisition by the Company or any of its designated subsidiaries of not less than 51% of the total number of issued ordinary shares of AMG (the “**Target Shares**”) or assets of the AMG Group with corresponding value (the “**Target Assets**”) from the shareholders of such Target Shares or the AMG Group (collectively referred to as the “**Potential Vendors**”), as the case may be (the “**Possible Acquisition**”).

Due Diligence

Pursuant to the MOU, the Company will be entitled to, upon execution of the MOU, conduct due diligence review on the AMG Group with a view to acquiring the Target Shares or the Target Assets (as the case may be).

Consideration

The consideration for the Possible Acquisition shall be subject to further negotiation between the Company and/or AMG and/or the Potential Vendor(s) and be determined in the Formal Agreement (as defined below). It is contemplated that the consideration for the Possible Acquisition will be satisfied by way of issue of new shares of the Company at a per share price of HK\$1.65.

Undertakings

Pursuant to the MOU, AMG agreed to, after the signing of the MOU, use its reasonable endeavours to communicate with its shareholders as to the Possible Acquisition and seek their participation to be Potential Vendor(s) of the Target Shares or Target Assets (as the case may be).

AMG further agreed and undertook with the Company to in good faith use all reasonable endeavours to procure the Potential Vendor(s) to negotiate and conclude the Formal Agreement (as defined below) or such other definitive documents as may be necessary to implement the Possible Acquisition on or before 31 December 2021.

Formal Agreement

Consummation of the Possible Acquisition is subject to, among other things, the negotiation, finalisation and execution of a mutually acceptable definitive agreement in connection with the Possible Acquisition (the “**Formal Agreement**”). The Possible Acquisition, if materialises, may constitute a notifiable transaction of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Further announcement(s) in relation to the Possible Acquisition will be made by the Company as and when appropriate in compliance with the Listing Rules.

Legal Effect

The MOU is non-legally binding save for certain provisions including those relating to confidentiality, costs and expenses, governing law and jurisdiction.

INFORMATION OF THE AMG GROUP

AMG is a company incorporated in the Cayman Islands. The AMG Group is principally engaged in artist management and music festival production. With years of experience in the entertainment business, the management team pride themselves on their ability to identify and retain promising talents, provide guidance and training to exceptional talents, build artists' brands in light of the changing trends of the industry and maintain a pipeline of rising stars. Under the AMG Group's dedicated operation, several talents have successfully transformed into top-ranked artists through online and offline shows.

In addition, the AMG Group operates several industry-leading music festival and event brands. Given the management team has substantial experience in organising and managing music festivals and events, the AMG Group is expected to achieve significant business growth in the coming years.

REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION

The Group is principally engaged in media and culture business.

The Possible Acquisition is expected to enrich the Company's existing business with the addition of a leading China-based artist management and music festival organising business. Synergy is expected in terms of artist management, artist training, film production, IP enhancement and show management.

The Directors believe that the Possible Acquisition, if materialises, will be a valuable and attractive business opportunity for the Group to leverage on its strength and resources.

Apart from the Possible Acquisition, the Company is also actively exploring other business opportunities in acquiring and investing in other media and culture companies in China on similar terms and conditions as the MOU.

The Board wishes to emphasise that the MOU is not legally binding and the Possible Acquisition may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company. Further announcement(s) in respect of the Possible Acquisition will be made as and when appropriate in compliance with the Listing Rules.

By order of the Board
Starlight Culture Entertainment Group Limited
Mr. Tang Liang
Chairman

Hong Kong, 15 July 2021

As at the date of this announcement, the Board comprises six executive Directors, namely Mr. Tang Liang, Mr. Chau Chit, Mr. Luo Lei, Mr. Zhou Jingbo, Mr. Sang Kangqiao, and Ms. Wu Xiaoli; and three independent non-executive Directors, namely Mr. Wong Wai Kwan, Mr. Michael Ngai Ming Tak, and Mr. Jing Xufeng.