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**STARLIGHT CULTURE  
ENTERTAINMENT**

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

*(formerly known as Jimei International Entertainment Group Limited 集美國際娛樂集團有限公司)*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1159)**

**MAJOR AND CONNECTED TRANSACTION  
IN RELATION TO  
THE PROPOSED ACQUISITION OF  
THE ENTIRE EQUITY INTEREST IN  
STARLIGHT LEGEND INVESTMENT LIMITED**

**THE ACQUISITION**

On 14 September 2017 (after trading hours), the Company (being the Purchaser), the Vendor, and Mr. Yan (being the Vendor Guarantor) entered into the Agreement pursuant to which the Company has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares for the Consideration of US\$25 million (equivalent to approximately HK\$195 million), which will be satisfied: (i) as to HK\$94.5 million by the allotment and issue of 21,000,000 Consideration Shares to the Vendor or its nominee at the Issue Price of HK\$4.50 per Consideration Share; and (ii) as to the balance of approximately US\$12.88 million (equivalent to approximately HK\$100.5 million) by way of the issue of the Promissory Note by the Company in favour of the Vendor.

The Sale Shares represent the entire equity interest in the Target, which through its subsidiaries is principally engaged in the development, production and distribution of motion pictures and television series.

## **LISTING RULES IMPLICATIONS**

As certain percentage ratios in relation to the Acquisition exceed 25% but below 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules.

As the Vendor is wholly owned by Mr. Yan (being the Vendor Guarantor), who is the Chairman of the Board, the executive Director and the controlling Shareholder beneficially interested in approximately 56.59% of the issued share capital of the Company as at the date of this announcement, each of the Vendor and Mr. Yan is a connected person of the Company. Accordingly, the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the requirements of reporting, announcement and approval of the Independent Shareholders at the SGM.

The Consideration Shares will be issued under a specific mandate to be sought from the Independent Shareholders at the SGM.

## **GENERAL**

The SGM will be convened and held for the Independent Shareholders to consider, and if thought fit, to approve the Agreement and the transactions contemplated thereunder.

By virtue of Mr. Yan's interest in the Agreement, (i) Mr. Yan shall abstain from voting on the Board resolution in relation to the Agreement and the transactions contemplated thereunder; and (ii) Mr. Yan and his associates shall abstain from voting at the SGM in respect of the resolution to approve the Agreement and the transactions contemplated thereunder.

Save as disclosed above, as at the date of this announcement, (i) no other Director has a material interest in the Agreement which requires any of them to abstain from voting on the Board resolution in relation to the Agreement and the transactions contemplated thereunder; and (ii) to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has any material interest in the Acquisition and therefore no other Shareholder is required to abstain from voting at the SGM in respect of the resolution to approve the Agreement and the transactions contemplated thereunder.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Wong Wai Kwan, Mr. Michael Ngai Ming Tak, Mr. Kong Chi Mo and Mr. Hong Tao, has been established to advise the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder. Altus Capital, the Independent Financial Adviser, has also been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing (i) details of the Agreement and the transactions contemplated thereunder; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder; (iii) the letter of advice from Altus Capital to the Independent Board Committee and the Independent Shareholders in relation to the Agreement and transactions contemplated thereunder; (iv) the financial information of the Group; (v) the financial information of the Target Group; (vi) the pro forma financial information of the Enlarged Group; (vii) the valuation report on the Target Group prepared by the Independent Valuer; and (viii) a notice of the SGM is expected to be despatched on or before 26 October 2017 as additional time is required for preparing the information to be included in the circular.

On 14 September 2017 (after trading hours), the Company (being the Purchaser), the Vendor, and Mr. Yan (being the Vendor Guarantor) entered into the Agreement pursuant to which the Company has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares for the Consideration of US\$25 million (equivalent to approximately HK\$195 million), which will be satisfied: (i) as to HK\$94.5 million by the allotment and issue of 21,000,000 Consideration Shares to the Vendor or its nominee at the Issue Price of HK\$4.50 per Consideration Share; and (ii) as to the balance of approximately US\$12.88 million (equivalent to approximately HK\$100.5 million) by way of the issue of the Promissory Note by the Company in favour of the Vendor.

Principal terms of the Agreement are set out below.

## **THE AGREEMENT**

### **Date**

14 September 2017

## **Parties**

- (i) The Company, being the Purchaser;
- (ii) Rare Jewels Limited, being the Vendor; and
- (iii) Mr. Yan Xu, being the Vendor Guarantor.

The Vendor is a company incorporated in the BVI and is principally engaged in investment holding. The Vendor is wholly owned by Mr. Yan (being the Vendor Guarantor), who is the Chairman of the Board, the executive Director and the controlling Shareholder beneficially interested in approximately 56.59% of the issued share capital of the Company as at the date of this announcement. Accordingly, each of the Vendor and Mr. Yan is a connected person of the Company.

## **Asset to be acquired**

The Sale Shares represent the entire equity interest in the Target as at the date of this announcement. Details of the Target Group are set out in the section headed “Information of the Target Group” below.

## **Consideration**

The Consideration for the Sale Shares shall be US\$25 million (equivalent to approximately HK\$195 million), which shall be satisfied as follows:

- (i) as to HK\$94.5 million by the allotment and issue of 21,000,000 Consideration Shares to the Vendor or its nominee at the Issue Price of HK\$4.50 per Consideration Share; and
- (ii) as to the balance of approximately US\$12.88 million (equivalent to approximately HK\$100.5 million) by way of the issue of the Promissory Note by the Company in favour of the Vendor.

The Promissory Note shall bear no interest and shall be due on the date falling 12 months from the Completion Date.

The Consideration was determined after arm's length negotiations between the Company and the Vendor with reference to, among other things, the preliminary valuation of the Target Group as at 31 July 2017 ranging from approximately US\$23 million to US\$27 million as prepared by the Independent Valuer. Having considered the preliminary valuation of the Target Group as well as the reasons for and benefits of the Acquisition as mentioned in the section headed "Reasons for and benefits of the Acquisition" below, the Directors consider that the Consideration is fair and reasonable.

### **Agreed Payment**

Pursuant to the Agreement, in the event the cumulative cash dividends received by the Company or its relevant subsidiaries from the Specified Group during the Specified Period and for the three years immediately following the Specified Period exceed the amount represented by "B" referred to in (i) below, the Vendor shall be entitled to an amount equal to 30% of all cash dividends payments received by the Company during the three years immediately following the Specified Period in excess of the amount represented by "B" referred to in (i) below, provided that:

- (i) the Agreed Payment shall not exceed the Agreed Payment Cap, which is the lower of HK\$600,000,000 or an amount calculated in accordance with the following formula:

$$(A - B) \times C$$

where

A = the aggregate Net Profits of the Specified Group for the Specified Period

B = the Consideration x (1 + (5% x D))

C = 30%

D = (number of days commencing from and including (i) the date on which full payment of the Promissory Note by the Company to the Vendor until and including (ii) the earlier of (a) 31 December 2021 or (b) the date on which the cumulative cash dividends received by Company or its relevant subsidiaries from the Specified Group is equal to the Consideration) ÷ 365

*Note:* For the avoidance of doubt, if (i) A is a negative figure; or (ii) (A-B) is a negative figure, then the Agreed Payment Cap shall be zero.

- (ii) the Company shall use its reasonable endeavours to enable members of the Specified Group to declare and pay cash dividends to the Company or its relevant subsidiaries as soon as practicable;
- (iii) the Company shall, within three months of the Company's receipt of cash dividends payment from the Specified Group in excess of the amount represented by "B" referred to in (i) above, pay to the Vendor 30% of such cash dividends payment received provided that no such payment shall be made to the Vendor unless and until the cumulative 30% portion of such cash dividends payments to be made to the Vendor is at least HK\$900,000 (except for the last payment immediately before reaching the Agreed Payment Cap), and for so long as the aggregate amount of the Agreed Payment received by the Vendor does not exceed the Agreed Payment Cap, provided further that if the aggregate amount of cash dividends (if any) received by the Company or its relevant subsidiaries from the Specified Group during the Specified Period is in excess of the amount represented by "B" referred to in (i) above, the first or initial Agreed Payment shall take place within three months from the date on which the audited financial statements of the Specified Group for the last financial year in the Specified Period is being sent to the Company by a designated auditor;
- (iv) for purposes of determining whether or not the aggregate amount of the Agreed Payment received by the Vendor has exceeded the Agreed Payment Cap, all withholding or similar taxes levied or paid on the cash dividends received by the Company on the Agreed Payment shall be added to and form part of the Agreed Payment paid by the Company to the Vendor; and
- (v) for the avoidance of doubt, the determination of the Agreed Payment shall not include any payment by the Specified Group to the Company other than cash dividends, and the Vendor's entitlement to the Agreed Payment shall cease on 31 December 2024, thereafter which the Company shall have no further obligation to make any further payments to the Vendor.

The Agreed Payment (if any) shall be paid by the Company to the Vendor by way of cheque, cashier order, or telegraphic transfer (in immediately available funds) into an account as may be notified by the Vendor to the Company in writing from time to time, or any other means as may be agreed between the Company and the Vendor in writing.

## Consideration Shares

The 21,000,000 Consideration Shares will be issued under a specific mandate to be sought from the Independent Shareholders at the SGM, and represent approximately 3.22% of the existing issued share capital of the Company and approximately 3.12% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

The Consideration Shares shall rank *pari passu* with all other Shares in issue as at the date of allotment and issue. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The Issue Price of HK\$4.50 per Consideration Share was determined after arm's length negotiations with reference to the prevailing market price of the Shares and represents:

- (i) a discount of approximately 2.17% to the closing price of the Shares of HK\$4.60 on the Last Trading Day;
- (ii) a discount of approximately 4.01% to the average of the closing prices of the Shares of HK\$4.688 for the five trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 6.17% to the average of the closing prices of the Shares of HK\$4.796 for the ten trading days up to and including the Last Trading Day.

As disclosed in the announcement of the Company dated 30 August 2017 in relation to the interim results for the six months ended 30 June 2017, the Group had net liabilities of approximately HK\$123.3 million as at 30 June 2017. Also, during the six months ended 30 June 2017, the Group had recorded a loss attributable to owners of the Company of approximately HK\$237.9 million. In view of the net liability position of the Group and the amount of loss made by the Group, the Board considers that the Issue Price, which represents only a slight discount to the prevailing market prices of the Shares, is fair and reasonable.

## **Conditions precedent**

Completion shall be conditional upon:

- (i) completion of satisfactory legal, financial and business due diligence in respect of the Target Group by the Company;
- (ii) the passing of resolution(s) by the Independent Shareholders approving the Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Consideration Shares by the Company to the Vendor;
- (iii) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Consideration Shares (and such listing and permission not subsequently revoked prior to Completion);
- (iv) the obtaining of all consents which are necessary or desirable in respect of the Agreement and the transactions contemplated thereunder;
- (v) the issuance of a legal opinion by the Target Group's legal counsel as to the laws of the United States in form and substance satisfactory to the Company;
- (vi) the issuance of a legal opinion by the Target's legal counsel as to the laws of the Republic of Seychelles in form and substance satisfactory to the Company;
- (vii) the issuance of a legal opinion by the Vendor's legal counsel as to the laws of the BVI in form and substance satisfactory to the Company;
- (viii) there being no law in effect on the Completion Date restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by the Agreement or which may have a material adverse effect on any of the members of the Target Group;



- (ix) there being no material adverse change in the business, financial or trading position, or assets, liabilities or profitability or prospects of each of the members of the Target Group, or an event reasonably likely to result in such a material adverse change;
- (x) all consents, in form and substance reasonably satisfactory to the Company to the performance by the Vendor of its obligations under the Agreement as are required under any law or arrangement (contractual or otherwise) having been obtained and remaining in full force and effect; and
- (xi) none of the warranties and representatives stipulated in the Agreement being found to be, or no event occurring or matter arising which may render or renders any of the warranties and representatives stipulated in the Agreement, untrue or inaccurate or misleading on and as at the Completion Date.

Conditions (ii) and (iii) above are not capable of being waived by any party. The Company may waive in whole or in part all or any of the other conditions or extend the period in which the conditions are to be satisfied.

If any conditions have not been satisfied or waived (as the case may be) on or before 31 December 2017 (or such other date as may be agreed by the parties to the Agreement in writing), the Agreement shall lapse and no party shall make any claim against the other in respect thereof, save for any antecedent breach.

## **Completion**

Completion will take place at 4:30 p.m. on the Completion Date, being the fifth Business Day following the date on which the last of the conditions set out above are satisfied or waived (as the case may be), or such other date as may be agreed by the parties to the Agreement in writing.

Upon Completion, the Target will become a wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the accounts of the Group.

## **Undertakings by the Vendor and the Vendor Guarantor**

Each of the Vendor and the Vendor Guarantor irrevocably and unconditionally undertakes to the Company (for itself and as trustee for each of its subsidiaries) that, except through the Company and its subsidiaries and any investments or interests held through them, from the Completion Date until the date the Vendor Guarantor ceases to be a controlling shareholder of the Company, each of the Vendor and the Vendor Guarantor will not, and will procure that each of its/his close associates will not:

- (i) carry on or be engaged, involved or interested in or acquiring or holding any right or interest (directly or indirectly and whether as principal, shareholder, director, employee, agent, consultant, partner or otherwise and whether for profit, reward or otherwise) in any Restricted Business, other than as a holder for investment purposes only (which shall exclude an interest conferring a management function or any material influence) of any shares, debentures or other participation and a holding of not more than 10 per cent of any class of shares or securities shall be deemed to be excluded for these purposes;
- (ii) solicit or endeavour to entice away any person who at the Completion Date is (or who within a period of one year prior to the Completion Date has been) an officer, manager, senior employee, agent or consultant of the Target Group whether or not such person would commit a breach of contract by reason of leaving service or office (provided that the placing of an advertisement of a post available to a member of the public generally and the recruitment of a person through an employment agency shall not constitute a breach of this sub-clause unless the Vendor has, directly or indirectly, encouraged or advised such agency to approach such person or has drawn such advertisement to the attention of such person);
- (iii) exploit its/his knowledge or information obtained from the Target Group to compete, directly or indirectly, with the business currently carried on by the Target Group and such other businesses as may be carried on by the Target Group from time to time;
- (iv) in connection with any Restricted Business, solicit the custom of or endeavour to entice away from the Target Group or otherwise deal with any person who at the Completion Date is (or who within a period of one year prior to the Completion Date has been) a client or customer of the Target Group whether or not such person would commit a breach of contract by reason of transferring business;

- (v) in connection with any Restricted Business, endeavour to entice away from the Target Group any person who at the Completion Date is (or who within a period of one year prior to the Completion Date has been) a supplier of the Target Group whether or not such person would commit a breach of contract by reason of transferring business; and
- (vi) directly or indirectly, take any other action which constitutes an intentional undue interference with or a disruption of any of the Target Group's current business and such other businesses as may be carried on by the Target Group from time to time.

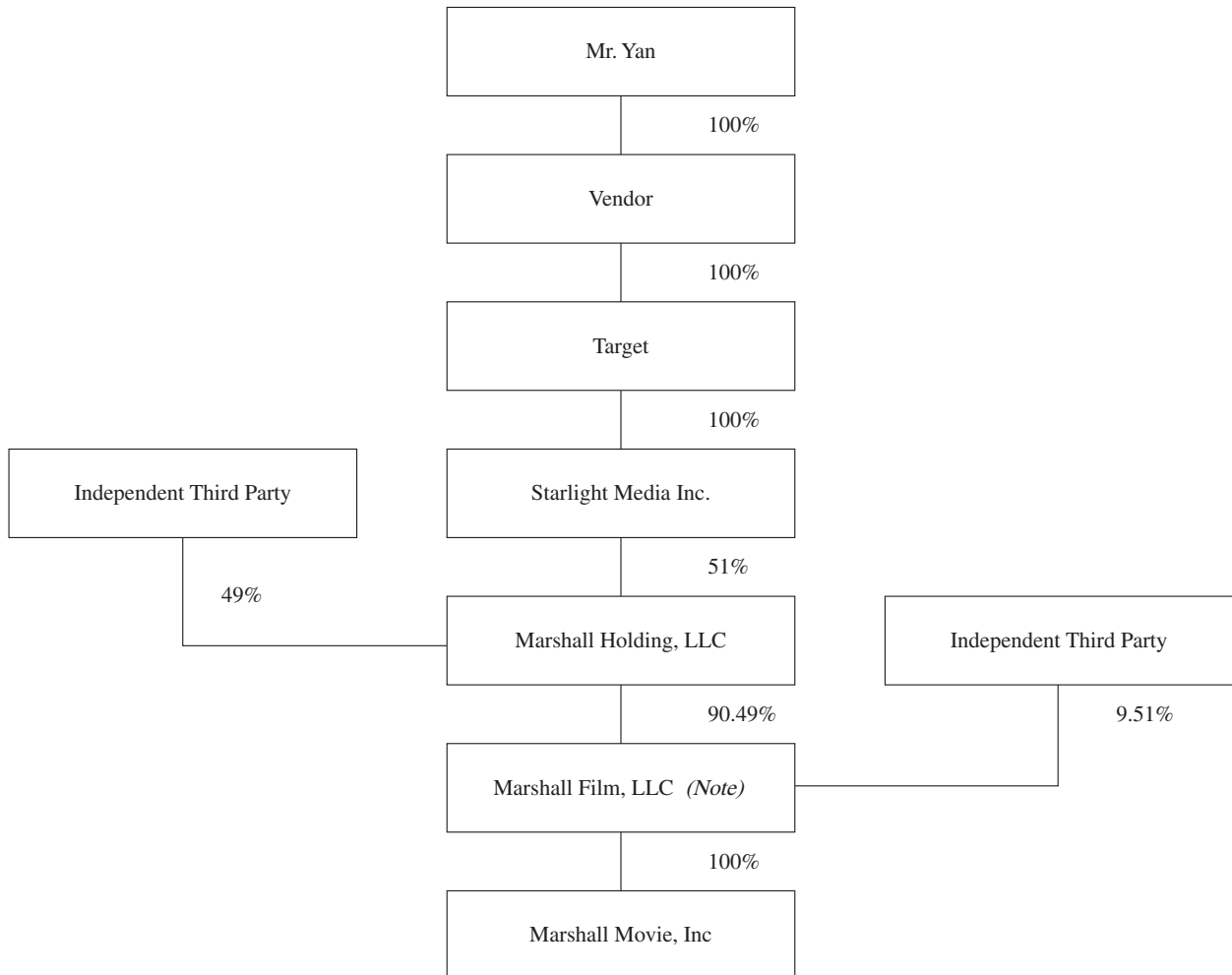
Each of the Vendor and the Vendor Guarantor further irrevocably and unconditionally undertakes to the Company that in the event that it/he or its/his close associates are offered or becomes aware of any business investment or commercial opportunity directly or indirectly relating to the Restricted Business, it/he:

- (i) shall promptly notify the Company and the Target in writing and refer such business opportunity to the Company and the Target for consideration and provide such information as may be reasonably required by the Company and the Target in order to make an informed assessment of such business investment or commercial opportunity; and
- (ii) shall not invest or participate in any project or business investment or commercial opportunity unless such project or business investment or commercial opportunity shall have been rejected in writing by the Company and the Target and the principal terms of which the Vendor and/or the Vendor Guarantor invest or participate are no more favourable than those made available to the Company and the Target and such terms shall be fully disclosed to the Company and the Target prior to consummation of such rejected opportunities.

## INFORMATION OF THE TARGET GROUP

### Group structure

Set out below is the group structure of the Target Group as at the date of this announcement:



*Note:* Marshall Holding, LLC transferred approximately 3.17% of the economic interest (without voting rights) of Marshall Film, LLC to an Independent Third Party on 30 June 2016 and approximately 3.17% of the economic interest (without voting rights) to another Independent Third Party on 14 July 2017. As such, economic interest of Marshall Film, LLC held by Marshall Holding, LLC is essentially 84.15%.

The Target is an investment holding company incorporated in the Republic of Seychelles on 25 April 2017 and is wholly owned by the Vendor as at the date of the Agreement. The Target wholly owns Starlight Media Inc., which is a company incorporated in California, the United States on 8 September 2014 and is the major operating subsidiary of the Target Group. Starlight Media Inc. was wholly owned by Mr. Yan and became a wholly owned subsidiary of the Target upon a reorganisation conducted by the Target Group. The total capital contribution by Mr. Yan to the Target Group amounted to approximately US\$20.5 million. The Target Group is principally engaged in the development, production and distribution of motion pictures and television programmes.

All of the minority shareholders of each of Marshall Holding, LLC and Marshall Film, LLC are Independent Third Parties.

As at the date of this announcement, the Target Group has four active projects on hand:

- (i) a motion picture titled “Marshall” which is scheduled to be released in the United States on 13 October 2017;
- (ii) a television series currently titled “The Empress” which has already proceeded to the development stage and is expected to be released in 2019;
- (iii) a motion picture project currently titled “Mass Extinction” (subject to change) to be developed by Mr. James Wan which is at the planning stage; and
- (iv) a motion picture project currently titled “High Caliber” (subject to change) which is at the planning stage.

The Target Group has also engaged Mr. James Wan in relation to the development and production of motion picture projects. During a term of three years, Mr. James Wan will develop three theatrical motion picture projects (including “Mass Extinction”) for the Target Group’s consideration and approval. If such project(s) is/are approved, more detailed production plans and budgets will be further determined. Mr. James Wan may participate in the production of such approved project(s) as a director or a producer. Mr. James Wan has also agreed that he will not engage with other Chinese-owned or controlled company for similar arrangement.

Set out below is the brief biography of Mr. James Wan:

Mr. James Wan is a Malaysian-Australian film director, screenwriter, and producer. He is widely known for directing the horror films, and has directed a number of popular films such as “Saw (2004)”, “Dead Silence (2007)”, “Death Sentence (2007)”, “Insidious (2011)”, “The Conjuring (2013)”, “Insidious: Chapter 2 (2013)”, “Furious 7 (2015)”, and “The Conjuring 2 (2016)”.

### **Financial information**

Set out below is the key financial information of the Target Group for the two years ended 31 December 2015 and 2016:

	<b>For the year ended 31 December 2016 <i>US\$'000</i> (Unaudited)</b>	<b>For the year ended 31 December 2015 <i>US\$'000</i> (Unaudited)</b>
Revenue	–	–
Loss before taxation	(6,575)	–
Loss after taxation	(6,576)	–

During the two years ended 31 December 2015 and 2016, the Target Group has been mainly investing in the development and production of “Marshall” which is scheduled to be released in October 2017. As such, the Target Group did not record any revenue for the two years ended 31 December 2015 and 2016.

As at 31 July 2017, the unaudited consolidated net assets of the Target Group attributable to owners of the Target amounted to approximately US\$10,320,000.

## EFFECTS ON SHAREHOLDINGS STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon Completion and immediately after the allotment and issue of the Consideration Shares (assuming no other Shares are issued or repurchased before then):

	As at the date of this announcement		Upon Completion and immediately after the allotment and issue of the Consideration Shares	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Cosmic Leader Holdings Limited ( <i>Note 1</i> )	369,313,514	56.59	369,313,514	54.83
The Vendor ( <i>Note 2</i> )	–	–	21,000,000	3.12
Mega Start Limited ( <i>Note 3</i> )	49,693,600	7.62	49,693,600	7.38
Ms. Chen Hong	200,400	0.03	200,400	0.03
New Elect International Limited ( <i>Note 4</i> )	1,500,000	0.23	1,500,000	0.22
Public Shareholders	231,857,285	35.53	231,857,285	34.42
<b>Total</b>	<b>652,564,799</b>	<b>100.00</b>	<b>673,564,799</b>	<b>100.00</b>

### Notes:

1. Cosmic Leader Holdings Limited is owned as to 80% by Mr. Yan, who is the Chairman of the Board and the executive Director. Accordingly, Mr. Yan is deemed to be interested in such 369,313,514 Shares for the purpose of the SFO.
2. The Vendor is wholly owned by Mr. Yan. Accordingly, Mr. Yan is deemed to be interested in the 21,000,000 Consideration Shares to be allotted and issued to the Vendor for the purpose of the SFO.
3. Mega Start Limited is wholly owned by Mr. Chau Chit, who is an executive Director. Accordingly, Mr. Chau Chit is deemed to be interested in such 49,693,600 Shares for the purpose of the SFO.
4. New Elect International Limited is wholly owned by Mr. Hung Ching Fung, who is an executive Director. Accordingly, Mr. Hung Ching Fung is deemed to be interested in such 1,500,000 Shares for the purpose of the SFO.

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

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

Reference is made to the announcements of the Company dated 28 June 2017 and 3 July 2017 respectively in relation to the engagements of Mr. Roland Emmerich and Mr. Felix Gary Gray for development and production of motion picture projects. As mentioned in the announcements, the Group has been looking for opportunity for diversifying and enhancing the entertainment business of the Group with the intention of commencing the business of film production and distribution.

As disclosed in the section headed “Information of the Target Group” above, the Target Group is principally engaged in the development, production and distribution of motion pictures and television programmes and has established extensive networks with well-known producers, production companies, directors and other professionals in the industry. One of the motion pictures “Marshall”, which was invested by the Target Group and other investors, is to be released in the United States in October 2017. The Target Group is also developing a television program series, which are expected to be released in 2019. In view of the extensive network established by the Target Group and the pipelines of the movies or television drama series planned to be produced by the Target Group, the Directors consider that the Acquisition provides an opportunity to enter into the movie industry, and it is in line with the overall development strategy and direction of the Group in diversifying and enhancing the entertainment business.

Having considered the above, the Board considers that the Acquisition is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As certain percentage ratios in relation to the Acquisition exceed 25% but below 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules.



Further, as the Vendor is wholly owned by Mr. Yan (being the Vendor Guarantor), who is the Chairman of the Board, the executive Director and the controlling Shareholder beneficially interested in approximately 56.59% of the issued share capital of the Company as at the date of this announcement, each of the Vendor and Mr. Yan is a connected person of the Company. Accordingly, the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the requirements of reporting, announcement and approval of the Independent Shareholders at the SGM.

The Consideration Shares will be issued under a specific mandate to be sought from the Independent Shareholders at the SGM.

## **GENERAL**

The SGM will be convened and held for the Independent Shareholders to consider, and if thought fit, to approve the Agreement and the transactions contemplated thereunder.

By virtue of Mr. Yan's interest in the Agreement, (i) Mr. Yan shall abstain from voting on the Board resolution in relation to the Agreement and the transactions contemplated thereunder; and (ii) Mr. Yan and his associates shall abstain from voting at the SGM in respect of the resolution to approve the Agreement and the transactions contemplated thereunder.

Save as disclosed above, as at the date of this announcement, (i) no other Director has a material interest in the Agreement which requires any of them to abstain from voting on the Board resolution in relation to the Agreement and the transactions contemplated thereunder; and (ii) to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has any material interest in the Acquisition and therefore no other Shareholder is required to abstain from voting at the SGM in respect of the resolution to approve the Agreement and the transactions contemplated thereunder.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Wong Wai Kwan, Mr. Michael Ngai Ming Tak, Mr. Kong Chi Mo and Mr. Hong Tao, has been established to advise the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder. Altus Capital, the Independent Financial Adviser has also been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing (i) further information on the Agreement; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder; (iii) the letter of advice from Altus Capital to the Independent Board Committee and the Independent Shareholders in relation to the Agreement and transactions contemplated thereunder; (iv) the financial information of the Group; (v) the financial information of the Target Group; (vi) the pro forma financial information of the Enlarged Group; (vii) the valuation report on the Target Group prepared by the Independent Valuer; and (viii) a notice of the SGM is expected to be despatched on or before 26 October 2017 as additional time is required for preparing the information to be included in the circular.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisition”	the proposed acquisition of the entire equity interest in the Target pursuant to the terms and conditions of the Agreement
“Agreed Payment”	the amount of cash dividends received by the Company from the Specified Group to be payable to the Vendor pursuant to the terms and conditions of the Agreement
“Agreed Payment Cap”	the maximum amount of the Agreed Payment pursuant to the terms and conditions of the Agreement
“Agreement”	the sale and purchase agreement dated 14 September 2017 entered into amongst the Company (being the Purchaser), the Vendor, and Mr. Yan (being the Vendor Guarantor) in relation to the Acquisition

“Altus Capital” or “Independent Financial Adviser”	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day, other than a Saturday or Sunday, on which banks are open for ordinary banking business in Hong Kong
“BVI”	the British Virgin Islands
“Company” or “Purchaser”	Starlight Culture Entertainment Group Limited (formerly known as Jimei International Entertainment Group Limited), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1159)
“Completion”	completion of the Acquisition
“Completion Date”	the fifth Business Day following the date on which the last of the conditions precedent to the Agreement (except such conditions which are expressed to be satisfied on or as at Completion) are satisfied or waived
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration for the Acquisition, being US\$25 million (equivalent to approximately HK\$195 million)

“Consideration Shares”	The new Shares to be allotted and issued by the Company to the Vendor as partial payment of the Consideration
“controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Enlarged Group”	the Group immediately upon Completion
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, namely Mr. Wong Wai Kwan, Mr. Michael Ngai Ming Tak, Mr. Kong Chi Mo and Mr. Hong Tao, which has been established to make recommendations to the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than Mr. Yan and his associates who are required to abstain under the Listing Rules from voting at the SGM for the resolution(s) approving the Agreement and the transactions contemplated thereunder
“Independent Third Party”	third parties independent of and not connected with the Company and its connected persons
“Independent Valuer”	D&P China (HK) Limited, an independent professional valuer

“Issue Price”	HK\$4.50 per Consideration Share
“Last Trading Day”	14 September 2017, being the last trading day of the Shares on the Stock Exchange prior to the release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Yan”	Mr. Yan Xu, the Chairman of the Board and the executive Director, and the controlling Shareholder as at the date of this announcement, who is also the ultimate beneficial owner of the Vendor
“Net Profits”	the aggregate of profit (loss) after taxation of the Specified Group as shown in the audited financial statements of the Specified Group for that financial year or period expressed in Hong Kong Dollars prepared and presented by the designated auditor in accordance with Hong Kong Financial Reporting Standards, provided that the Net Profits (if any) of the Target Group for the five months ending 31 December 2017 (if any) shall be determined by subtracting (or adding) the net profit (or loss) after tax of the Target Group reflected in the audited financial statements of the Target Group for the seven months ended 31 July 2017 from (or to) the Net Profits (if any) of the Target Group reflected in the audited financial statements of the Specified Group prepared by a designated auditor for the year ending 31 December 2017 and provided further that any loss position shall be stated as a negative figure
“Promissory Note”	the interest-free promissory note in the principal amount of approximately US\$12.88 million (equivalent to approximately HK\$100.5 million) due on the date falling 12 months from the Completion Date to be issued by the Company in favour of the Vendor in satisfaction of part of the Consideration for the Sale Shares

“Restricted Business”	the business of an entertainment company, being the development, production and distribution of motion pictures and television programmes (including but not limited to feature-length films, television films, animated films and cartoons, television series, television pilots and single television episode), carried on within Hong Kong, the People’s Republic of China and the United States and which directly or indirectly competes with the business of the Target Group carried on at the Completion Date, which shall not include investment in and operation of cinemas and movie theatres
“Sale Shares”	the entire equity interest in the Target
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting to be held and convened for the Independent Shareholders to consider, and if thought fit, to approve the ordinary resolution in respect of the Agreement and the transactions contemplated thereunder
“Share(s)”	share(s) of the Company of HK\$0.10 each
“Shareholder(s)”	shareholder(s) of the Company
“Specified Group”	the Target Group and the companies operating those Specified Projects that are not operated by any member of the Target Group and are controlled and wholly or partially owned, directly or indirectly, by the Company following Completion
“Specified Period”	the five months ending 31 December 2017 and the four years ending 31 December 2021

“Specified Projects”	the existing projects operated by the Target Group and/or prospective projects to be operated by the Target Group and/or entities that are controlled and wholly or partially owned, directly or indirectly, by the Company following Completion, including those referred to in the Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Starlight Legend Investment Limited, a company incorporated in the Republic of Seychelles with limited liability and is wholly owned by the Vendor
“Target Group”	the Target and its subsidiaries
“United States”	the United States of America
“Vendor”	Rare Jewels Limited, a company incorporated in the BVI with limited liability and is wholly owned by Mr. Yan
“Vendor Guarantor”	Mr. Yan, being the guarantor of the performance of the Vendor on the Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent.

By order of the Board  
**Starlight Culture Entertainment Group Limited**  
**Chau Chit**  
*Deputy Chairman and Executive Director*

Hong Kong, 14 September 2017

\* *For the purposes of illustration only, any amount denominated in US\$ in this announcement was translated into HK\$ at the rate of US\$1 = HK\$7.8. Such translations should not be construed as a representation that the amounts have been, could have been or could be, converted at such rate or at all.*

*As at the date of this announcement, the Board comprises six executive Directors, namely Mr. Yan Xu, Mr. Chau Chit, Mr. Luo Lei, Ms. Chen Hong, Mr. Hung Ching Fung and Mr. Li Haitian; 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. Kong Chi Mo and Mr. Hong Tao.*