

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**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)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Starlight Culture Entertainment Group Limited (Formerly known as Jimei International Entertainment Group Limited) (the “**Company**”) is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2017, together with the comparative figures for the corresponding period in 2016 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME**

For the six months ended 30 June 2017

		Unaudited	
		Six months ended 30 June	
		2017	2016
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	5	20,193	132,728
Cost of goods sold and services provided		(23,821)	(72,136)
Gross (loss)/profit		(3,628)	60,592
Other revenue		11,046	5,526
Operating expenses		(11,973)	(3,023)
Administrative expenses		(21,752)	(20,317)
Impairment loss on available-for-sale investments		(2,600)	–
Impairment loss on property, plant and equipment		(4,568)	–
Impairment loss on trade and other receivables		(17,913)	(56,338)
(Loss)/gain on change in fair value of derivative financial liabilities	17	(151,661)	68,721
Finance costs	6	(37,825)	(32,125)

		Unaudited	
		Six months ended 30 June	
		2017	2016
	<i>Notes</i>	HK\$'000	HK\$'000
(Loss)/profit before income tax expense	7	(240,874)	23,036
Income tax expense	8	<u>–</u>	<u>(214)</u>
(Loss)/profit for the period		<u>(240,874)</u>	<u>22,822</u>
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translating of foreign operations		(2,504)	(6)
Increase/(decrease) in fair value of available-for-sale investments		806	(3,027)
Release of investment revaluation reserve to profit or loss for impairment loss on available-for-sale investments		<u>2,000</u>	<u>–</u>
Other comprehensive income for the period, net of tax		<u>302</u>	<u>(3,033)</u>
Total comprehensive income for the period		<u>(240,572)</u>	<u>19,789</u>
(Loss)/profit for the period, attributable to:			
–Owners of the Company		(237,858)	28,550
–Non-controlling interests		<u>(3,016)</u>	<u>(5,728)</u>
		<u>(240,874)</u>	<u>22,822</u>
Total comprehensive income for the period, attributable to:			
–Owners of the Company		(237,613)	25,517
–Non-controlling interests		<u>(2,959)</u>	<u>(5,728)</u>
		<u>(240,572)</u>	<u>19,789</u>
(Loss)/earnings per share			
	9		
–Basic		<u>HK cents (43.84)</u>	<u>HK cents 5.78</u>
–Diluted		<u>HK cents (43.84)</u>	<u>HK cents (1.14)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	<i>Notes</i>	Unaudited As at 30 June 2017 HK\$'000	Audited As at 31 December 2016 HK\$'000
Non-current assets			
Property, plant and equipment	<i>11</i>	10,319	12,410
Available-for-sale investments		9,411	9,205
		19,730	21,615
Current assets			
Trade and other receivables	<i>12</i>	141,593	227,037
Bank balances and cash		151,686	133,000
		293,279	360,037
Current liabilities			
Trade and other payables	<i>13</i>	24,382	14,924
Amount due to a related company	<i>14</i>	–	2,519
Amount due to non-controlling interest of subsidiaries	<i>15</i>	22,950	22,580
Borrowings	<i>16</i>	–	12,220
Derivative financial liabilities	<i>17</i>	157,921	6,260
Convertible bonds	<i>17</i>	–	50,028
Current tax liabilities		1,132	1,059
		206,385	109,590
Net current assets		86,894	250,447
Total assets less current liabilities		106,624	272,062
Non-current liabilities			
Convertible bonds	<i>17</i>	229,953	207,557
Net (liabilities)/assets		(123,329)	64,505
Equity			
Share capital	<i>18</i>	65,256	49,356
Reserves		(141,761)	59,014
Equity attributable to owners of the Company		(76,505)	108,370
Non-controlling interests		(46,824)	(43,865)
Total (deficiency)/equity		(123,329)	64,505

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Unaudited									
	Attributable to owner of the company									
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Investment revaluation reserve HK\$'000	Convertible bonds reserve HK\$'000	Exchange reserve HK\$'000	(Accumulated losses)/ Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2017	49,356	76,385	1,564	(1,304)	20,427	(2,137)	(35,921)	108,370	(43,865)	64,505
Loss for the period	-	-	-	-	-	-	(237,858)	(237,858)	(3,016)	(240,874)
Exchange difference on translating of foreign operations	-	-	-	-	-	(2,561)	-	(2,561)	57	(2,504)
Increase in fair value of available-for-sale investments	-	-	-	806	-	-	-	806	-	806
Release of investment revaluation reserve to profit or loss for impairment loss on available-for-sale investments	-	-	-	2,000	-	-	-	2,000	-	2,000
Other comprehensive income	-	-	-	2,806	-	(2,561)	-	245	57	302
Total comprehensive income	-	-	-	2,806	-	(2,561)	(237,858)	(237,613)	(2,959)	(240,572)
Share issued upon conversion of convertible bonds	15,900	57,265	-	-	(20,427)	-	-	52,738	-	52,738
At 30 June 2017 (Unaudited)	65,256	133,650	1,564	1,502	-	(4,698)	(273,779)	(76,505)	(46,824)	(123,329)
At 1 January 2016	49,356	76,385	1,564	702	20,427	(1,349)	3,845	150,930	(32,682)	118,248
Profit(Loss) for the period	-	-	-	-	-	-	28,550	28,550	(5,728)	22,822
Exchange difference on translating of foreign operations	-	-	-	-	-	(6)	-	(6)	-	(6)
Decrease in fair value of available-for-sale investments	-	-	-	(3,027)	-	-	-	(3,027)	-	(3,027)
Other comprehensive income	-	-	-	(3,027)	-	(6)	-	(3,033)	-	(3,033)
Total comprehensive income	-	-	-	(3,027)	-	(6)	28,550	25,517	(5,728)	19,789
At 30 June 2016 (Unaudited)	49,356	76,385	1,564	(2,325)	20,427	(1,355)	32,395	176,447	(38,410)	138,037

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June

	Unaudited	
	Six months ended 30 June	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash flows from operating activities		
(Loss)/profit before income tax expense	(240,874)	23,036
Adjustments for:		
Interest income	(326)	(23)
Dividend income	(65)	(65)
Finance costs	37,825	32,125
Depreciation of property, plant and equipment	767	601
Loss/(gain) on change in fair value of derivative financial liabilities	151,661	(68,721)
Impairment loss on available-for-sale investments	2,600	–
Impairment loss on property, plant and equipment	4,568	–
Impairment loss on trade and other receivables	17,913	56,338
	<hr/>	<hr/>
Operating (loss)/profit before working capital change	(25,931)	43,291
Decrease/(increase) in trade and other receivables	44,977	(89,974)
Increase/(decrease) in trade and other payables	9,245	(68,266)
Decrease in amount due to a related company	(2,519)	–
	<hr/>	<hr/>
Cash generated from/(used in) operations	25,772	(114,949)
Income taxes paid	–	(42)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	25,772	(114,991)
	<hr/>	<hr/>
Cash flows from investing activities		
Purchases of property, plant and equipment	(3,208)	(118)
Purchases of available-for-sale investments	–	(5,275)
Repayment of loans receivable	20,330	–
Dividend income	65	65
Interest received	18	23
	<hr/>	<hr/>

	Unaudited	
	Six months ended 30 June	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated from/(used in) investing activities	<u>17,205</u>	<u>(5,305)</u>
Cash flows from financing activities		
Advance from a non-controlling interest of subsidiary	370	–
Proceeds from borrowings	–	2,000
Repayment of borrowings	(12,220)	–
Interest paid	<u>(12,600)</u>	<u>(12,600)</u>
Net cash used in financing activities	<u>(24,450)</u>	<u>(10,600)</u>
Net increase/(decrease) in cash and cash equivalents	18,527	(130,896)
Cash and cash equivalents at the beginning of the period	133,000	316,193
Effect of exchange rate changes on cash and cash equivalents	<u>159</u>	<u>22</u>
Cash and cash equivalents at the end of the period, represented by bank balances and cash	<u><u>151,686</u></u>	<u><u>185,319</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended 30 June 2017

1. GENERAL

Starlight Culture Entertainment Group Limited (formerly known as Jimei International Entertainment Group Limited) (the “**Company**”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The addresses of the registered office and principal place of business of the Company are at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Room 1203, 12/F., 118 Connaught Road West, Hong Kong, respectively.

The Company is an investment holding company where the Group, comprising the Company and its subsidiaries, is principally engaged in entertainment and gaming business, trading of chemical products, and energy conservation and environmental protection products, and media and culture business.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”), issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These condensed consolidated interim financial statements were authorised for issue on 30 August 2017.

These condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2016 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2017 or revenue recognition. Details of any changes in accounting policies are set out in note 3.

The preparation of these condensed consolidated interim financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 4.

These condensed consolidated interim financial statements are presented in Hong Kong Dollars (“**HK\$**”), unless otherwise stated. These condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the 2016 annual financial statements. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRSs**”) and should be read in conjunction with the 2016 consolidated financial statements.

These condensed consolidated interim financial statements are unaudited, but has been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the HKICPA.

3. ACCOUNTING POLICIES

(a) Changes in HKFRSs

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- Amendments to HKAS 7, Disclosure Initiative
- Amendments to HKAS 12, Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014-2016 Cycle, Disclosure of Interests in Other Entities

Amendments to HKAS 7, Disclosure Initiative

Amendments to HKAS 7 requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosures to be provided in the Group’s annual financial statements. The Group is not required to provide the additional disclosures in these condensed consolidated interim financial statements.

Amendments to HKAS 12, Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to HKAS 12 were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situation. The amendments clarify that an entity, when assessing whether taxable profit will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Amendments to HKFRS 12, Clarification of the scope of disclosure requirements in HKFRS 12

The amendments clarify that the disclosure requirements of HKFRS 12, other than for those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale in accordance with HKFRS 5.

The Group has not applied any new HKFRSs or amendments that is not yet effective for the current accounting period.

(b) Revenue Recognition

Revenue from sales of goods is recognized on transfer of risks and rewards of ownership, which is at the time of delivery and the title is passed to customer.

Revenue from entertainment and gaming business represents revenue from gaming promotion operations which is recognized upon share of the net gaming wins and losses from the gaming tables and revenue from entertainment events.

Dividend income is recognized when the right to receive the dividend is established.

Interest income is accrued on time basis on the principal outstanding at the applicable interest rate.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing this condensed consolidated interim financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2016 annual financial statements.

5. SEGMENTAL INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker ("CODM") that are used to make strategic decisions.

The Group has three reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Entertainment and gaming business – receiving commission and services income from casino entertainment and gaming promotion services;
- Chemical products, and energy conservation and environmental protection products – trading of chemical products, and energy conservation and environmental protection products; and
- Media and culture business – investment, production and distribution of entertainment content such as films and drama series.

Segment revenue, results, assets and liabilities

The following is an analysis of the Group's revenue and results by operating segments:

For the six months ended 30 June 2017 (unaudited)

	Entertainment and gaming business segment <i>HK\$'000</i>	Chemical products, and energy conservation and environmental protection products segment <i>HK\$'000</i>	Media and culture business segment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue – External sales	<u>8,537</u>	<u>11,656</u>	<u>–</u>	<u>20,193</u>
Segment loss	(17,127)	(4,246)	(11,714)	(33,087)
Unallocated income/ (expense) items:				
Central administration costs and directors' salaries *				(14,348)
Other revenue				70
Impairment loss on available-for- sale investments				(2,600)
Impairment loss on property, plant and equipment				(1,423)
Loss on change in fair value of derivative financial liabilities				(151,661)
Finance costs (<i>note 6</i>)				<u>(37,825)</u>
Loss before income tax expense				<u>(240,874)</u>
As at 30 June 2017 (unaudited)				
Segment Assets	<u>131,255</u>	<u>158,818</u>	<u>11,714</u>	<u>301,787</u>
Segment Liabilities	<u>30,314</u>	<u>4,224</u>	<u>11,714</u>	<u>46,252</u>

* *The costs mainly represent directors' remuneration, entertainment costs, legal and professional fees, staff and rental expenses incurred by the Company for central administrative function.*

For the six months ended 30 June 2016 (unaudited)

	Entertainment and gaming business segment <i>HK\$'000</i>	Chemical products, and energy conservation and environmental protection products segment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue – External sales	<u>130,591</u>	<u>2,137</u>	<u>132,728</u>
Segment loss	(3,044)	(2,290)	(5,334)
Unallocated income/(expense) items:			
Central administration costs and directors' salaries *			(13,240)
Other revenue			5,014
Gain on change in fair value of derivative financial liabilities			68,721
Finance costs (<i>note 6</i>)			<u>(32,125)</u>
Profit before income tax expense			<u>23,036</u>
As at 31 December 2016 (audited)			
Segment Assets	<u>296,874</u>	<u>12,753</u>	<u>309,627</u>
Segment Liabilities	<u>32,564</u>	<u>4,909</u>	<u>37,473</u>

* *The costs mainly represent directors' remuneration, staff costs in Hong Kong, entertainment costs, legal and professional fees and rental expenses incurred by the Company for central administrative function.*

Segment assets and liabilities

The reconciliation between the segment assets and liabilities and the respective consolidated balances is as follows:

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
Assets		
Segment assets	301,787	309,627
Bank balances and cash**	445	59,430
Available-for-sale investments	9,411	9,205
Other unallocated assets	1,366	3,390
	<u> </u>	<u> </u>
Consolidated assets	<u>313,009</u>	<u>381,652</u>
Liabilities		
Segment liabilities	46,252	37,473
Convertible bonds	229,953	257,585
Derivative financial liabilities	157,921	6,260
Borrowings	–	12,220
Other unallocated liabilities	2,212	3,609
	<u> </u>	<u> </u>
Consolidated liabilities	<u>436,338</u>	<u>317,147</u>

** *Certain bank balances and cash are allocated to operating segments*

Other segment information

For the six months ended 30 June 2017 (unaudited)

	Entertainment and gaming business segment <i>HK\$'000</i>	Chemical products, and energy conservation and environmental protection products segment <i>HK\$'000</i>	Media and culture business segment <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets	-	3,208	-	-	3,208
Depreciation of property, plant and equipment	150	301	-	316	767
Impairment loss on available-for-sale investments	-	-	-	2,600	2,600
Impairment loss on property, plant and equipment	1,209	1,936	-	1,423	4,568
Impairment loss on trade and other receivables	17,913	-	-	-	17,913
Loss on change in fair value of derivative financial liabilities	-	-	-	151,661	151,661
Finance costs	-	-	-	37,825	37,825
	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,825</u>	<u>37,825</u>

For the six months ended 30 June 2016 (unaudited)

	Entertainment and gaming business segment <i>HK\$'000</i>	Chemical products, and energy conservation and environmental protection products segment <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:				
Additions to non-current assets	4	10	104	118
Depreciation of property, plant and equipment	149	191	261	601
Impairment loss on trade and other receivables	55,307	1,031	–	56,338
Gain on change in fair value of derivative financial liabilities	–	–	68,721	68,721
Finance costs	–	–	32,125	32,125
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Geographical information

The Group's operations are mainly located in Australia, the Kingdom of Cambodia, and the People's Republic of China excluding Hong Kong ("PRC").

The following table provides an analysis of revenue from external customers derived from operations in countries outside Hong Kong, irrespective of the origin of the goods and information about its non-current assets by geographical location of the assets.

	Unaudited	
	Revenue from external customers	
	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Australia	6,711	127,663
Kingdom of Cambodia	1,826	2,928
PRC	11,656	2,137
	<u>20,193</u>	<u>132,728</u>

	Non-current assets	
	Unaudited	Audited
	As at	As at
	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
Hong Kong	–	1,748
Australia	8,817	10,100
Kingdom of Cambodia	–	76
PRC	1,502	486
	<u>10,319</u>	<u>12,410</u>

Note: Non-current assets exclude available-for-sale investments.

6. FINANCE COSTS

	Unaudited	
	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Effective interests on borrowings wholly repayable within five years:		
Convertible bonds	37,706	32,027
Borrowings	119	98
	<u>37,825</u>	<u>32,125</u>

7. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE

	Unaudited	
	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
(Loss)/profit before income tax expense for the period is arrived at after charging:		
Directors' remuneration	<u>4,581</u>	<u>4,533</u>
Other employee costs		
– Salaries and other benefits	7,967	10,028
– Retirement benefits scheme contribution	202	213
	<u>8,169</u>	<u>10,241</u>
Total employee costs	<u>12,750</u>	<u>14,774</u>
Depreciation of property, plant and equipment	767	601
Cost of inventories recognised as expense	11,289	1,999
Impairment loss on available-for-sale investments	2,600	–
Impairment loss on property, plant and equipment	4,568	–
Impairment loss on trade and other receivables	<u>17,913</u>	<u>56,338</u>

8. INCOME TAX EXPENSE

The amount of taxation in the condensed consolidated statement of comprehensive income represents:

	Unaudited	
	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Current tax for the period		
– Australian income tax	–	183
– Kingdom of Cambodia tax on profits	–	31
	<hr/>	<hr/>
Income tax expense	–	214

Australian income tax has been provided at the rate of 30% (30 June 2016: 30%) on the estimated assessable profits for the period.

Under the Cambodian law on Taxation and Prakas of Tax on Profit, the standard tax on profit rate in Kingdom of Cambodia is 20% (30 June 2016: 20%) for the period.

For the six months ended 30 June 2017 and 2016, no provision for Hong Kong Profits Tax nor Enterprise Income Tax has been made as the Group has no assessable income derived from Hong Kong or PRC.

9. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the parent of HK\$237,858,000 (30 June 2016: basic earnings per share is based on the profit attributable to ordinary entity shareholder's HK\$28,550,000) and the weighted average of 542,499,000 ordinary shares (30 June 2016: 493,565,000 shares) after adjusting for the convertible bonds converted (note 17) during the interim period.

(b) **Diluted loss per share**

For the period ended 30 June 2017, the computation of diluted loss per share does not assume the conversion of the company's outstanding convertible bonds since their exercise would result in decrease in loss per share for the period then ended. The calculation of diluted loss per share for the six months ended 30 June 2016 is based on the loss attributable to ordinary equity shareholders of the parent of HK\$8,144,000 and the weighted average of 715,565,000 ordinary shares after adjusting for the potential dilutive effect of convertible bonds on ordinary shares during the interim period.

10. DIVIDENDS

No interim dividend has been paid or declared during each of the periods ended 30 June 2017 and 2016.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, losses on each of the Group's reportable segments caused the Group to assess the recoverable amount of the property, plant and equipment. An impairment loss of HK\$4,568,000 was recognised in other gains and losses to write the carrying amount of the property, plant and equipment down to its recoverable amount of HK\$10,319,000. The recoverable amount was determined based on the fair value less costs of disposal of the property, plant and equipment, estimated by reference to recent market transactions in similar assets adjusted for differences in condition. The fair value less costs of disposal of the property, plant and equipment is classified as a level 3 measurement.

12. TRADE AND OTHER RECEIVABLES

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
Trade receivables (<i>note (i)</i>)	10,535	5,197
Advances to patrons (<i>note (ii)</i>)	111,852	162,835
Amounts due from casino (<i>note (iii)</i>)	4,445	30,753
Other receivables		
– Loan receivables	–	20,330
– Prepayments	12,269	812
– Trade and other deposits paid	2,492	7,110
	141,593	227,037

The Group generally allows credit periods of 30 days to 180 days (2016: 30 days to 180 days) to its trade customers and credit period of 90 days (2016: 90 days) to its patrons from entertainment and gaming business. The Group generally does not charge interest for credit granted. The Group does not hold any collateral from the trade customers in trading business but may require personal cheque or other acceptable forms of security from patrons.

- (i) Trade receivables with the following ageing analysis, based on invoice dates, as of the end of reporting period:

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
0 to 30 days	6,560	349
31 to 90 days	–	15
91 to 365 days	1,486	2,343
Over 1 year	3,506	3,526
	11,552	6,233
Impairment loss on trade and other receivables	(1,017)	(1,036)
	10,535	5,197

- (ii) Advances to patrons with the following ageing analysis, based on the date of credit granted, as of the end of reporting period:

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
0 to 30 days	–	4,714
31 to 180 days	8,276	65,342
181 to 365 days	66,719	139,857
Over 1 year	172,826	67,653
	247,821	277,566
Allowance for doubtful debt	(135,969)	(114,731)
	111,852	162,835

- (iii) Amounts due from casino with the following ageing analysis, based on the date of credit granted, as of the end of reporting period:

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
0 to 30 days	4,445	30,753

The Group closely monitors the granting of credit and periodically reviews the recoverability of each trade receivable and each advance to patrons. Before accepting any new customer or patron, the Group assesses the potential customer's credit quality and decide credit limits by customer. Limits attributed to customers and patrons are reviewed periodically. Management considers that these third parties have sufficient financial capacity to repay.

13. TRADE AND OTHER PAYABLES

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
Trade payables (<i>note (i)</i>)	3,553	1,393
Amounts due to patrons (<i>note (ii)</i>)	1,189	583
Amounts due to casinos (<i>note (iii)</i>)	3,592	3,353
Other payables and accruals	16,008	5,490
Trade deposits received	40	4,105
	<u>24,382</u>	<u>14,924</u>
	24,382	14,924

Notes:

- (i) Ageing analysis of the trade payables at the respective reporting dates are as follows:

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
0 to 30 days	2,395	133
31 to 90 days	–	703
91 to 365 days	640	–
Over 1 year	518	557
	<u>3,553</u>	<u>1,393</u>
	3,553	1,393

(ii) Ageing analysis of the amounts due to patrons at the respective reporting dates are as follows:

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	–	23
31 to 90 days	–	448
91 to 365 days	1,154	112
Over 1 year	35	–
	<u>1,189</u>	<u>583</u>

(iii) Ageing analysis of the amounts due to casinos at the respective reporting dates are as follows:

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	–	378
31 to 90 days	–	600
91 to 365 days	3,592	2,375
	<u>3,592</u>	<u>3,353</u>

14. AMOUNT DUE TO A RELATED COMPANY

The amount due to a related company is unsecured, interest free and repayable on demand.

15. AMOUNTS DUE TO NON-CONTROLLING INTEREST OF SUBSIDIARIES

The amounts due to non-controlling interest of subsidiaries are unsecured, interest free and have no fixed maturity date.

16. BORROWINGS

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
Unsecured other loans		
–Interest-bearing loans (<i>note</i>)	<u>–</u>	<u>12,220</u>

Note

The interest-bearing loans of HK\$12,220,000 at 31 December 2016 are repayable on 27 and 28 February 2017. Interest is charged at 6% per annum.

The total other loans were scheduled to repay at the respective reporting dates as follows:

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
Within one year	<u>–</u>	<u>12,220</u>

The amounts due are repayable by the scheduled repayment date in the loan agreements with no repayment on demand clause stated.

17. CONVERTIBLE BONDS

The Convertible Bonds recognised in the condensed consolidated statement of financial position at the end of reporting date comprise (i) zero-coupon Tranche 1 Bonds due 2017 (the “**Tranche 1 Convertible Bonds**”) and (ii) 8% coupon Tranche 2 Bonds due 2018 (the “**Tranche 2 Convertible Bonds**”).

The carrying values of the liability component of the Tranche 1 and Tranche 2 Convertible Bonds recognised in the condensed consolidated statement of financial position at the end of the reporting period are as follows:

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
At 1 January	257,585	214,594
Interest charge for the period/year	37,706	68,191
Conversion of convertible bonds	(52,738)	–
Interest payment	(12,600)	(25,200)
	<u>229,953</u>	<u>257,585</u>
Categorised as:		
Convertible bonds – current liabilities	–	50,028
Convertible bonds – non-current liabilities	<u>229,953</u>	<u>207,557</u>
	<u>229,953</u>	<u>257,585</u>

The interest charge of the Tranche 2 Convertible Bonds for the period ended 30 June 2017 is calculated using the effective interest method by applying an effective interest rate of approximately 31% (year ended 31 December 2016: 31%) to the liability component.

The interest charge of the Tranche 1 Convertible Bonds for the period ended 30 June 2017 is calculated using the effective interest method by applying an effective interest rate of 16% (year ended 31 December 2016: 16%) to the liability component.

During the period ended 30 June 2017, the Tranche 1 Convertible Bonds at the principal amount of HK\$55,650,000 were converted into ordinary shares of the Company and total number of ordinary shares converted was approximately 158,999,999 (note 18).

Derivative component

	Unaudited As at 30 June 2017 <i>HK\$'000</i>	Audited As at 31 December 2016 <i>HK\$'000</i>
At 1 January	6,260	95,481
Loss (gain) on change in fair value of derivative financial liabilities for the period/year	<u>151,661</u>	<u>(89,221)</u>
	<u><u>157,921</u></u>	<u><u>6,260</u></u>

18. SHARE CAPITAL

	Number of shares	Nominal value <i>HK\$'000</i>
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 January 2016, 31 December 2016 and 30 June 2017	<u>20,000,000,000</u>	<u>2,000,000</u>
Issued and fully paid:		
At 1 January 2016 and 31 December 2016 (par value of HK\$0.10 each)	493,564,800	49,356
Conversion rights of Convertible bonds exercised (<i>note</i>)	<u>158,999,999</u>	<u>15,900</u>
At 30 June 2017	<u><u>652,564,799</u></u>	<u><u>65,256</u></u>

Note:

Shares issued on conversion of convertible bonds

During the interim period, certain convertible bonds were converted to subscribe for a total of 158,999,999 ordinary shares in the Company at a total consideration of HK\$52,738,000 of which HK\$15,900,000 was transferred to share capital and balances of HK\$36,838,000 was transferred to the share premium account. An amount of HK\$20,427,000 was also transferred to share premium account from convertible bonds equity reserves upon the conversion of convertible bonds.

19. RELATED PARTY DISCLOSURES

As at the end of the reporting period, the Group had the following transactions and balances respectively with related parties. These transactions do not constitute either disclosable connected transaction or continuous connected transaction as defined under Chapter 14A of the Listing Rules.

(i) Particulars of expenses paid to a related parties

	Unaudited	
	Six months ended 30 June	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
A related company	<u>16</u>	<u>–</u>
A director	<u>–</u>	<u>180</u>

(ii) Key management compensation

The remuneration of the key management of the Group during the period was as follows:

	Unaudited	
	Six months ended 30 June	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Short-term benefits	4,564	4,516
Retirement benefits scheme contributions	<u>17</u>	<u>17</u>
	<u>4,581</u>	<u>4,533</u>

The remuneration of directors and other members of key management is determined by the board of directors having regard to the performance of individual and market trends.

20. FINANCIAL INSTRUMENTS

The following table shows the carrying amount of financial assets and liabilities:

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
Financial assets		
Loans and receivables		
– Bank balances and cash	151,686	133,000
– Trade and other receivables	129,324	226,225
Available-for-sale investments		
– Equity investments	9,411	9,205
	9,411	9,205
Financial liabilities		
Fair value through profit or loss		
– Derivatives	157,921	6,260
Financial liabilities measured at amortised cost		
– Trade and other payables	24,382	14,924
– Borrowings	–	12,220
– Convertible bonds	229,953	257,585
– Amount due to a related company	–	2,519
– Amount due to non-controlling interest of subsidiaries	22,950	22,580

Fair value measurement

A number of assets and liabilities included in these condensed consolidated interim financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilised market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "Fair Value Hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);

- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

(a) *Financial instruments not measured at fair value*

Financial instruments not measured at fair value include bank balances and cash, trade and other receivables excluding prepayment, trade and other payables, amount due to non-controlling interests of subsidiaries, amount due to a related company, convertible bonds, and borrowings.

Due to their short term nature, the carrying value of bank balances and cash, trade and other receivables, and trade and other payables, amounts due to non-controlling interest of subsidiaries, amount due to a related company, and borrowings approximates fair value.

The fair value of convertible bonds carried at amortised cost as at 30 June 2017 is approximately HK\$159,000,000 (31 December 2016: HK\$363,949,000). The fair value is determined using discounted cash flow models and is classified as level 3 in the fair value hierarchy. Significant inputs include the discount rate used to reflect the credit risks of the Company.

(b) *Financial instruments measured at fair value*

The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 2 and level 3 financial instruments, as well as the relationship between key observable inputs and fair value are set out below.

Information about Level 1 fair value measurement

Available-for-sale investments which are measured subsequently to initial recognition at fair value, representing the Group's investments in listed securities in Hong Kong, amounted to HK\$9,411,000 (31 December 2016: HK\$9,205,000), is based on Level 1 measurement which is determined by quoted prices in active markets.

Information about Level 3 fair value measurement

The fair value of derivative financial instrument is determined using binomial option pricing model.

Significant inputs as follows:

Derivative financial liability – Convertible Bond derivative component

Underlying stock price	HK\$5.68 per share
Conversion price	HK\$5 per share
Risk-free rate	0.619%
Expected volatility	83.4%
Expected dividend yield	–
Discount rate	4.91%

The significant unobservable input used in the fair value measurement is the expected volatility. The fair value measurement is positively correlated to the expected volatility. As at 30 June 2017, it is estimated that while all other variables held constant, an increase in the expected volatility by 5% would have increased the Group's loss by HK\$6,616,000 (31 December 2016: increase the Group's loss by HK\$1,503,000) while a decrease in the expected volatility by 5% would have decreased the Group's loss by HK\$6,716,000 (31 December 2016: decrease the Group's loss by HK\$1,888,000) for the derivative component of Convertible Bonds.

There were no changes in valuation techniques during the period.

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Unaudited			
	30 June 2017			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Asset				
Available-for-sale investments	9,411	–	–	9,411
Liability				
Fair value through profit or loss	–	–	(157,921)	(157,921)
Net fair values	<u>9,411</u>	<u>–</u>	<u>(157,921)</u>	<u>(148,510)</u>
	Audited			
	31 December 2016			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Asset				
Available-for-sale investments	9,205	–	–	9,205
Liability				
Fair value through profit or loss	–	–	(6,260)	(6,260)
Net fair values	<u>9,205</u>	<u>–</u>	<u>(6,260)</u>	<u>2,945</u>

During the six months ended 30 June 2017, there was no transfer between level 1 and level 2 fair value hierarchy (six months ended 30 June 2016: nil) or transfer into or out of level 3 (six months ended 30 June 2016: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Operational Review

Turnover for the six months ended 30 June 2017 amounted to HK\$20.2 million (six months ended 30 June 2016: HK\$132.7 million). Loss attributable to the owners of the Company for the period amounted to HK\$237.9 million (six months ended 30 June 2016: profit of HK\$28.6 million). The increase in loss of approximately HK\$266.5 million was mainly attributable to the gross loss of HK\$3.6 million incurred for the six months ended 30 June 2017 as compared to a gross profit of HK\$60.6 million for the six months ended 30 June 2016, as well as attributable to the loss on change in fair value of derivative financial liabilities of approximately HK\$151.7 million incurred for the six months ended 30 June 2017 as compared to gain on change in fair value of derivative financial liabilities of approximately HK\$68.7 million for the six months ended 30 June 2016.

Basic loss per share for the period amounted to approximately 43.84 HK cents (six months ended 30 June 2016: basic earnings per share of 5.78 HK cents).

As at 30 June 2017, the Group's deficiency attributable to the owners of the Company amounted to HK\$76.5 million, representing an decrease in equity (leading to deficiency) of HK\$184.9 million over the Group's equity attributable to the owners of the Company of HK\$108.4 million as at 31 December 2016. The deficiency per share attributable to the owners of the Company as at 30 June 2017 was approximately HK\$0.12 (31 December 2016: net asset value per share attributable to the owners of the Company of approximately HK\$0.22).

Segmental Analysis

Entertainment and Gaming

Affected by the junket arrangement with NagaWorld, an indirectly wholly-owned subsidiary of NagaCorp Ltd. (“**NagaCorp**”) came to an end in early 2017, and under the tightened credit control over the Group's gaming promotion business, this segment recorded a significant decrease in revenue and a gross loss for the six months period ended 30 June 2017.

For the six months ended 30 June 2017, the Group generated revenue and gross loss in the amount of approximately HK\$8.5million (For the six months ended 30 June 2016: HK\$130.6 million) and HK\$4.0 million (For the six months ended 30 June 2016: gross profit of HK\$60.5 million) respectively from entertainment and gaming business.

Trading of chemical products, and energy conservation and environmental protection products

During the six months ended 30 June 2017, the Group has shown improvement towards its trading businesses, its chemical products business, and energy conservation and environmental protection products business. The Group's revenue amounted to HK\$11.7million (six months ended 30 June 2016: HK\$2,137,000), with a gross profit of HK\$367,000 (six months ended 30 June 2016: HK\$138,000).

Media and Culture

Engagement with Mr. Felix Gary Gray

With the commitment in further diversifying and enhancing the entertainment business of the Group so as to broaden the income sources, the Group has engaged Mr. Felix Gary Gray (“**Mr. Gray**”) on 28 June 2017 in relation to the development and production of motion picture projects, which enable the Group to tap into the business of film production and distribution.

Mr. Gray is an American film director, film producer, music video director and actor. In 2004, he won the “Best Director” award awarded by the American Black Film Festival and the “Outstanding Film Director” award awarded by the Black Reel Awards. He has directed a number of films such as “The Fate of the Furious (2017)”, “Straight Outta Compton (2015)”, “The Italian Job (2003)”, “The Negotiator (1998)” and “Set It Off (1996)”

During a term of three years, Mr. Gray will develop three theatrical motion picture projects (the “Project(s)”) (expected to be one Project per year) for the Group's consideration and approval. If the Group approves such Project(s), the Group will further negotiate with Mr. Gray for designating such Project(s) for production and further details of the production film package which including but not limited to fully developed screenplays, detailed production budgets, tentative start dates, proposed locations, and suggested cast lists will be further discussed between the Group and Mr. Gray. Mr. Gray may participate in the production of such approved Project(s) as a director, a producer or an executive producer. Mr. Gray also agreed that he will not engage with other Chinese owned or controlled company for similar arrangement.

Engagement with Mr. Roland Emmerich

The Group has also engaged Mr. Roland Emmerich (“Mr. Emmerich”), an America’s Hollywood film director, screenwriter and producer well-known for his disaster films, in July 2017, in relation to the development and production of motion picture projects, details of which is disclosed in Event After the Reporting Period of this report.

For the six months ended 30 June 2017, the Group has not yet generated revenue from entertainment, culture and media business.

MATERIAL ACQUISITION AND DISPOSAL

There was no material acquisition and disposal during the six months ended 30 June 2017.

FUTURE PLANS AND PROSPECTS

While the Group has strived to improve its performance in its trading business as well as to improve its credit control over its entertainment and gaming business, it will continue to look for new business opportunities.

As mentioned above, the Group has established its culture and media business through engaging with Mr. Felix Gary Gray and Mr. Roland Emmerich. The Group shall continue to explore the possibility of further extending its business into the media market to further broaden its income sources. Leveraging on Mr. Yan Xu’s extensive experience in the entertainment business and under the leadership of an experienced and energetic core management team, we have full confidence we can steadily develop our businesses.

The Group shall strive to take a prudent approach in business development to safeguard a higher shareholder’s return.

INTERIM DIVIDEND

The Directors do not recommend any interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

CAPITAL STRUCTURE

As at 30 June 2017, the Company's deficiency attributable to its owners was approximately HK\$76,505,000 (31 December 2016: HK\$108,370,000).

EVENT AFTER THE REPORTING PERIOD

Engagement with Mr. Roland Emmerich

On 3 July 2017, the Group has engaged Mr. Roland Emmerich ("**Mr. Emmerich**") in relation to the development and production of motion picture projects.

Mr. Emmerich is an America's Hollywood film director, screenwriter and producer, and is widely known for his disaster films. He has directed a number of popular films such as "Independence Day: Resurgence (2016: recorded worldwide box office of approximately US\$389 million*)", "The Day After Tomorrow (2004: recorded worldwide box office of approximately US\$544 million*)", "Godzilla (1998: recorded worldwide box office of approximately US\$379 million*)", "Independence Day (1996: recorded worldwide box office of approximately US\$817 million*)", "Stargate (1994: recorded worldwide box office of approximately US\$196 million*)" and "The Noah's Ark Principle (1984)". The accumulated record of worldwide box office of Mr. Emmerich's films amounted to approximately US\$3,800 million*.

* Source: www.boxofficemojo.com

During a term of three years, Mr. Emmerich will develop three theatrical motion picture projects (expected to be one project per year) for the Group's consideration and approval. If the Group approves such project(s), the Group will further negotiate with Mr. Emmerich for designating such project(s) for production and further details of the production film package which including but not limited to fully developed screenplays, detailed production budgets, tentative start dates, proposed locations, and suggested cast lists will be further discussed between the Group and Mr. Emmerich. Mr. Emmerich may participate in the production of such approved project(s) as a director, a producer or an executive producer. Mr. Emmerich also agreed that he will not engage with other Chinese owned or controlled company for similar arrangement.

Change of Company Name

The Change of Company Name and Change of Stock Short Name: Pursuant to the special resolutions passed by the Shareholders at the special general meeting of the Company held on 30 June 2017 and as certified by the Certificate of Incorporation on Change of Name and the Certificate of Secondary Name of the Company issued by the Registrar of Companies in Bermuda on 11 August 2017, the change of English name of the Company to “Starlight Culture Entertainment Group Limited” and the secondary name of the Company to “星光文化娛樂集團有限公司” came into effect from 6 July 2017. The Certificate of Registration of Alteration of the Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 24 August 2017, certifying the registration of the said new name of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) with effect from that date. With effect from 30 August 2017, the stock short name for trading in its Shares on The Stock Exchange of Hong Kong Limited has been changed to “STARLIGHT CUL” in English and to “星光文化” in Chinese.

The new name of the Company brings a fresh corporate image and more accurately reflects the Group’s commitment to diversifying its business in the future. As the management team has fully participated in formulating a clear development roadmap of the Group, we expect the business diversification approach to bring new momentum and start a new chapter in the development history of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operation by internally generated cash flow, short-term loans and through issuance of convertible bonds.

Prudent financial management and selective investment criteria have enabled the Group to maintain a stable financial position. As at 30 June 2017, the Group’s bank balances and cash amounted to approximately HK\$151,686,000 (31 December 2016: approximately HK\$133,000,000).

As at 30 June 2017, the current ratio was approximately 1.42 (31 December 2016: approximately 3.29) based on current assets of approximately HK\$293,279,000 (31 December 2016: approximately HK\$360,037,000) and current liabilities of approximately HK\$206,385,000 (31 December 2016: approximately HK\$109,590,000).

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

Most of the Group's assets, liabilities and business transactions are denominated in Hong Kong dollars, Renminbi, Australian dollars and U.S. dollars which have been relatively stable during the period. The Group was not exposed to material foreign exchange risk and had not employed any financial instruments for hedging purposes.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2017, the Group employed 23 (31 December 2016: 43) employees in Hong Kong and Macau. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned. Employees may also be invited to participate in the share option scheme of the Group.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2017, the interests or short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were disclosed to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), or as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in the Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rules") were as follows:

Ordinary shares of HK\$0.1 each of the Company (Long positions)

Name of Director	Number of ordinary shares held personal interests	Approximate percentage of issued share capital
Mr. Yan Xu	369,313,514	56.59%
Mr. Chau Chit	49,693,600	7.62%
Mr. Hung Ching Fung	1,500,000	0.23%
Ms. Chen Hong	200,400	0.03%

Save as disclosed above, as at 30 June 2017, none of the Directors nor the Chief Executive of the Company nor their associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be disclosed to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise disclosed to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 1 June 2012 (“**Share Option Scheme**”). No options have been granted under the Share Option Scheme since its adoption.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the Share Option Scheme of the Company, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDIT COMMITTEE

The audit committee, comprising all the four independent non-executive Directors, has discussed with the management and external auditors of the Company the accounting principles and practices adopted by the Group and reviewed the condensed consolidated financial statements of the Group for the six months ended 30 June 2017, and is of the opinion that the preparation of the condensed consolidated financial statements has complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

CORPORATE GOVERNANCE PRACTICES

The Company recognises the importance of maintaining a high standard of corporate governance with an aim to protect the interest of shareholders.

The Company has adopted the Corporate Governance Code (the “**Code**”) as set out in Appendix 14 of Listing Rules on the Stock Exchange including those revised code provisions which became effective on 1 April 2012, 1 September 2013 and 1 January 2016. During the six months ended 30 June 2017, the Company complied with all applicable provisions of the Code for their respective applicable periods except for the deviations stated below:

Code Provision A.6.7

Under code provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders. Due to other pre-arranged commitments, three of the independent non-executive directors was unable to attend the Company’s annual general meeting held on 30 June 2017.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors’ securities transactions with terms no less exacting than the required standard of dealings as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with the said code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the six months ended 30 June 2017.

DISCLOSURE OF DIRECTORS’ INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Following are the changes in the information of Directors since the date of the 2016 Annual Report of the Company, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

Mr. Hung Ching Fung was ceased his position as an non-executive director of Asa Resource Group Plc (AIM code: asa.1), whose shares are listed on the Alternative Investment Market of London Stock Exchange Plc on 28 July 2017.

Mr. Kong Chi Mo resigned his position as an independent non-executive director of CAA Resources Limited (stock code: 02112) whose shares are listed on the Main Board of the Stock Exchange with effect from 21 August 2017.

PUBLICATION OF OTHER FINANCIAL INFORMATION

Other financial information containing all of the information required by Appendix 16 of the Listing Rules will be available on the websites of the Stock Exchange at www.hkex.com.hk and the Company at www.starlightcul.com.hk in due course.

APPRECIATION

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our shareholders, customers, business partners, bankers and other business associates for their trust and support.

By order of the Board

Starlight Culture Entertainment Group Limited

Mr. Yan Xu

Chairman

30 August 2017

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.