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**STARLIGHT CULTURE  
ENTERTAINMENT**

**STARLIGHT CULTURE ENTERTAINMENT GROUP LIMITED**

**星光文化娛樂集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1159)**

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

### **Placing Agent**



**路華證券有限公司  
ROOFER SECURITIES LIMITED**

### **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

On 13 December 2023 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company appointed the Placing Agent, as the sole agent of the Company, to place, on a best effort basis and subject to the fulfillment of the conditions precedent to the Placing, a maximum of 162,000,000 Placing Shares to not less than six Places at a price of HK\$0.165 per Placing Share.

The Placing Price of HK\$0.165 per Placing Share represents (i) a discount of approximately 15.82% to the closing price of HK\$0.196 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.98% to the average closing price of approximately HK\$0.2062 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately prior to the date of the Placing Agreement.

Assuming the Placing Shares are fully placed, the maximum number of 162,000,000 Placing Shares represents (i) approximately 19.67% of the issued share capital of the Company of 823,564,799 Shares as at the date of this announcement, and (ii) approximately 16.44% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares in full, assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date. The aggregate nominal value of the maximum number of the Placing Shares under the Placing will be HK\$16,200,000.

Subject to the completion of the Placing, and assuming that all the Placing Shares are successfully placed by the Placing Agent, the gross proceeds from the Placing will be approximately HK\$26.7 million and the net proceeds, after deducting the placing commission, professional fees and all related expenses which may be borne by the Company, from the Placing are estimated to be approximately HK\$26.3 million. The Company intends to use such net proceeds to repay debts and replenish the working capital of the Group.

## **GENERAL**

The Placing is not subject to the Shareholders' approval as the Placing Shares will be issued under the General Mandate, which was granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company held on 15 September 2023.

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

**Shareholders and potential investors of the Shares should note that the Placing is subject to the fulfillment of the conditions precedent to the Placing and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **THE PLACING**

On 13 December 2023 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, the principal terms of which are summarized below:

### **Date**

13 December 2023 (after trading hours)

### **Parties**

- (a) the Company; and
- (b) the Placing Agent

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

### **Placees**

It is intended that the Placing Shares will be placed to not less than six Placees who and whose ultimate beneficial owners are Independent Third Parties and are not connected persons and persons acting in concert of the Company (as defined in the Takeovers Code). It is expected that none of the Placees nor their associates will become a substantial shareholder of the Company immediately after the completion of the Placing.

### **Number of Placing Shares**

The Company appointed the Placing Agent, as the sole agent of the Company, to place, on a best effort basis and subject to the fulfillment of the conditions precedent to the Placing, a maximum of 162,000,000 Placing Shares. Assuming the Placing Shares are fully placed, the maximum number of 162,000,000 Placing Shares represents (i) approximately 19.67% of the issued share capital of the Company of 823,564,799 Shares as at the date of this announcement, and (ii) approximately 16.44% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares in full, assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date. The aggregate nominal value of the maximum number of the Placing Shares under the Placing will be HK\$16,200,000.

## **Placing Price**

The Placing Price of HK\$0.165 per Placing Share represents (i) a discount of approximately 15.82% to the closing price of HK\$0.196 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.98% to the average closing price of approximately HK\$0.2062 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately prior to the date of the Placing Agreement.

The Placing Price of HK\$0.165 per Placing Share was agreed after arm's length negotiations between the Company and the Placing Agent, with reference to the prevailing market conditions, historical and prevailing market prices of the Shares and liquidity of the Shares. Given the current market conditions and the size of the Placing Shares involved, the Directors consider that the Placing Price is fair and reasonable, on normal commercial terms and the Placing is in the interests of the Company and Shareholders as a whole.

## **Placing Commission**

Subject to the completion of the Placing, the Placing Agent will receive a placing commission of 1% on the aggregate Placing Price of the Placing Shares actually placed by the Placing Agent. The placing commission was determined after arm's length negotiation between the Company and the Placing Agent with reference to the prevailing market rate. The Directors consider that the terms of the Placing, including the placing commission, are fair and reasonable based on the current market conditions and the Placing is the interests of the Company and the Shareholders as a whole.

## **Conditions precedent of the Placing**

The completion of the Placing is conditional upon:

- (i) the Company has the valid General Mandate and the remaining number of Shares thereunder is sufficient for the allotment and issue of all the Placing Shares as at the Completion Date;
- (ii) the Listing Committee of the Stock Exchange granting the approval of the listing of and permission to deal in the Placing Shares; and
- (iii) the Company has obtained all necessary consents, approvals, authorizations and/or waivers (including those from the relevant regulatory authorities) to execute and fulfill its obligations under the Placing Agreement.

If the above conditions are not satisfied on or before 9 January 2024 (the “**Long Stop Date**”), or the Placing Agent fails to procure at least six Placees to subscribe for the Placing Shares at a price of HK\$0.165 per Placing Share (plus brokerage, SFC transaction levy, the Accounting and Financial Reporting Council transaction levy and Stock Exchange trading fee) on the Long Stop Date the Placing will lapse and all rights, obligations and liabilities of the Placing Agent and the Company in relation to the Placing shall cease and determine and neither party shall have any claim against the other in respect of the Placing save for any antecedent breach and/or any rights or obligations which may accrue under the Placing Agreement prior to such termination.

### **Completion of the Placing**

The completion of the Placing shall take place on the third business day after the fulfillment of all the conditions set out in the Placing Agreement.

### **Termination**

Notwithstanding anything contained in the Placing Agreement, if at any time on or before 10:00 a.m. (Hong Kong time) on the Long Stop Date:

- (i) there has been any enactment of new laws or regulations or any amendment to the existing laws or regulations, which will or might, in the reasonable opinion of the Placing Agent, materially negatively affect the overall financial condition of the Company;
- (ii) there has been such a material change in local or national or international economic, financial, political or military conditions or securities market or currency or taxation policy or exchange controls, which will or might, in the reasonable opinion of the Placing Agent, be likely to prejudice materially the consummation of the Placing, and be unwise or unsuitable or unable to continue with the Placing;
- (iii) there has been any moratorium, suspension or material restriction on the trading or transaction in any shares or securities of the Company on the Stock Exchange;
- (iv) the trading or transaction of any shares or securities of the Company have been suspended by the Stock Exchange for five (5) consecutive days (save for the suspension caused by the Placing);

- (v) any material breach of any of the representations, warranties and undertakings set out in the Placing Agreement by the Company comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement until and prior to the Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations, warranties and undertakings untrue or incorrect or there has been a material breach of or failure to comply with any other provisions of the Placing Agreement by the Company; or
- (vi) there has been any material adverse change in the general affairs, prospects, profits, business, properties or shareholder's benefits of the Company or in the financial or trading position of the Group as a whole, which, in the reasonable opinion of the Placing Agent, lead to the Placing unsuitable or unable to continue;

then and in any such case, the Placing Agent may terminate the Placing Agreement by giving notice in writing to the Company on or before 10:00 a.m. on the Long Stop Date. In the event the Placing Agent terminates the Placing Agreement due to the circumstances as mentioned above, the Placing Agent shall not be held liable by the Company for such termination.

### **Ranking of Placing Shares**

The Placing Shares, when issued and fully paid, will rank *pari passu* among themselves and with Shares in issue at the time of issue and allotment of the Placing Shares.

### **Application for listing**

Application will be made to the Stock Exchange for approval of the listing of and permission to deal in the Placing Shares.

### **GENERAL MANDATE**

The Placing is not subject to the Shareholders' approval as the Placing Shares will be issued under the General Mandate, which was granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company held on 15 September 2023. Pursuant to the General Mandate, the Company was authorized to issue and allot up to 164,712,959 Shares, representing 20% of the number of Shares in issue on the date of passing such resolution. The General Mandate has not been previously utilized prior to the issue of the Placing Shares. Accordingly, the issue of the Placing Shares is not subject to any Shareholders' approval.

## **REASONS FOR THE PLACING AND USE OF PROCEEDS**

The Company is the holding company of the Group. The Group is principally engaged in media and culture business.

As disclosed in the Company's interim report 2023, the Group recorded a loss of approximately HK\$25,420,000 for the six months period ended 30 June 2023 and an increase in net liabilities from HK\$330,537,000 as at 31 December 2022 to HK\$358,159,000 as at 30 June 2023. In addition, as at 30 June 2023, the Group had total liabilities of HK\$864,612,000 of which HK\$863,929,000 were current liabilities. The Board considers that it is desirable for the Group to enter into the Placing with the view to strengthening the Group's financial position and reducing its debt level.

The terms of the Placing Agreement (including the Placing Price and the placing commission) were determined after arm's length negotiations between the Company and the Placing Agent. The Directors consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Subject to the completion of the Placing, and assuming that all the Placing Shares are successfully placed by the Placing Agent, the gross proceeds from the Placing will be approximately HK\$26.7 million and the net proceeds, after deducting the placing commission, professional fees and all related expenses which may be borne by the Company, from the Placing are estimated to be approximately HK\$26.3 million. The Company intends to use such net proceeds to repay debts and replenish the working capital of the Group. Assuming the Placing Shares are fully placed, the net placing price will be approximately HK\$0.163 per Placing Share.

## **EQUITY FUND RAISING ACTIVITY DURING THE PAST TWELVE MONTHS**

The Company has not conducted any equity fund raising activities in the twelve months immediately prior to the date of this announcement.

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the completion of the Placing (assuming the Placing Shares were placed in full and assuming there is no other change in the issued share capital of the Company between the date of this announcement and the Completion Date):

Shareholders	As at the date of this announcement		Immediately after the completion of the Placing	
	No. of Shares	%	No. of Shares	%
Timcha Investment Limited (formerly known as “CICFH Innovation Investment Limited”) (Note 1)	181,513,514	22.04	181,513,514	18.42
Mega Start Limited (Note 2)	49,693,600	6.03	49,693,600	5.04
Sang Kangqiao (Note 3)	13,629,500	1.65	13,629,500	1.38
Placees	–	–	162,000,000	16.44
Other public Shareholders	<u>578,728,185</u>	<u>70.28</u>	<u>578,728,185</u>	<u>58.72</u>
Total	<u>823,564,799</u>	<u>100.00</u>	<u>985,564,799</u>	<u>100.00</u>

### Notes:

- (1) The entire issued share capital of Timcha Investment Limited (formerly known as “CICFH Innovation Investment Limited”) is wholly and beneficially owned by 江陰星輝文化傳播有限公司, which is owned as to 34.97% by 江陰濱江科技創業投資有限公司, which is wholly and beneficially owned by 江陰科技新城投資管理有限公司. By virtue of the SFO, 江陰星輝文化傳播有限公司, 江陰濱江科技創業投資有限公司 and 江陰科技新城投資管理有限公司 are deemed to be interested in all the shares in which Timcha Investment Limited is interested under the SFO.
- (2) The entire issued share capital of Mega Start Limited is wholly and beneficially owned by Mr. Chau Chit. By virtue of the SFO, Mr. Chau Chit is deemed to be interested in the 49,693,600 shares of the Company.
- (3) Mr. Sang is an executive Director.

**Shareholders and potential investors of the Shares should note that the Placing is subject to the fulfillment of the conditions precedent to the completion of the Placing and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

The following terms have the following meanings in this announcement unless the context otherwise requires:

“associate(s)”	having the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“business day”	a day on which banks in Hong Kong are open for business (other than a Saturday, Sunday or a public holiday)
“Company”	Starlight Culture Entertainment Group Limited, a company incorporated in the Bermuda with limited liability and whose Shares are listed on the Main Board of the Stock Exchange with stock code: 1159
“Completion Date”	the date of the completion of the Placing
“connected person(s)”	having the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting on 15 September 2023 to issue and allot up to 164,712,959 Shares, representing 20% of the number of Shares in issue on the date of passing such resolution

“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	third party(ies) independent of and not connected with the Company and any of its connected persons within the meaning of the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any independent person(s) or entity(ies) procured by the Placing Agent or its sub-placing agent(s) to subscribe for any of the Placing Shares under the Placing Agreement
“Placing”	the best-effort placing of up to 162,000,000 Placing Shares on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Roofer Securities Limited, a licensed corporation to carry on business in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“Placing Agreement”	the agreement entered into between the Placing Agent and the Company dated 13 December 2023 in relation to the Placing
“Placing Price”	HK\$0.165 per Placing Share
“Placing Shares”	a maximum of 162,000,000 new Shares to be placed under the Placing
“SFC”	the Securities and Futures Commission of Hong Kong

“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	having the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs as amended from time to time and administered by the SFC
“%”	per cent

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

Hong Kong, 13 December 2023

*As at the date of this announcement, the Board comprises six executive Directors, namely Mr. Tang Liang, Mr. Jing Xufeng, Mr. Luo Lei, Mr. Sang Kangqiao, Ms. Wu Xiaoli and Mr. Hu Fanghui; and three independent non-executive Directors, namely Mr. Wu Hongliang, Mr. Niu Zhongjie and Mr. Xu Zhihao.*