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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)

INSIDE INFORMATION AND UPDATE ON INTERNAL CONTROL REVIEW

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of Starlight Culture Entertainment Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 23 March 2023, 30 August 2023 and 29 January 2024 (“**Announcements**”) and the 2022 annual results announcement of the Company dated 30 June 2023 (“**Annual Results**”), in relation to, among others, the identification of Relevant Bank Account in the name of Starlight Media during the audit process for the year ended 31 December 2022 and the appointment of an independent professional advisor to conduct an internal control review on the Group, in particular, the bank accounts maintenance procedures and financial reporting system of Starlight Media (“**IC Review**”).

Capitalised terms used herein shall have the same meanings as those defined in the Announcements unless the context requires otherwise.

Background

As disclosed in the Announcement dated 30 August 2023, Ace Sustainability & Risk Advisors Limited (the “**IC Advisor**”) completed the IC Review and submitted an internal control review report to the Company. Material findings of IC review and remedial actions to be taken by the Group are set out in the Announcement dated 30 August 2023. The Group has been implementing the internal control measures to enhance the Group’s internal control system and provided relevant documents to the IC Advisor for a follow-up review.

Completion of the follow-up review

As disclosed in the Announcement dated 30 August 2023, the Company has instructed IC Advisor to conduct the follow-up review on the status of remedial actions taken by the Group. The follow-up review was completed in March 2024.

The objective of the follow-up review is to review the implementation of the internal control measures. The IC Advisor noted that the Group has adopted majority of the remedial actions and made enhancements on its internal control system. For the material findings below, the Company has been implementing alternative remedial actions which were affirmed by the board (the “**Board**”) of directors of the Company.

Material findings stated in the Announcement dated 30 August 2023

A full-time employee with qualification and experience on accounting and financial reporting was not hired for Los Angeles operation to be in charge of accounting and financial reporting function.

Remedial actions to be taken stated in the Announcement dated 30 August 2023

A full-time employee with qualification and experience on accounting and financial reporting would be hired/ assigned to be in charge of accounting and financial reporting function for Los Angeles operation, as well as to comply with the Listing Rules.

Alternative remedial actions in place and rationales

The head office in Hong Kong has full access to the bank and accounting system of all operations including but not limited to Los Angeles operation and will continuously monitor and control the bank, accounting and financial report function.

This is to streamline the financial management and reporting within the Group and ensure both the members of the Board and chief financial officer who are based in Hong Kong to exert more efficient and effective financial supervision and control over Los Angeles operation.

In view of the above, the Board considers the alternative remedial action is sufficient and for the time-being it is not necessary to hire a full-time employee with qualification and experience on accounting and financial reporting for Los Angeles operation.

Material findings stated in the Announcement dated 30 August 2023	Remedial actions to be taken stated in the Announcement dated 30 August 2023	Alternative remedial actions in place and rationales
The authorized signatories of certain bank accounts of a subsidiary of the Company include several external individuals involving in production of a film.	All bank accounts' authorized signatories would be approved by the board with board resolution. The Group's role and involvement in movie production activities would be defined so that proper scope of work for employees can be managed accordingly.	Under Umma Productions BC Inc., a subsidiary of the Company, two bank accounts' authorized signatories include four external individuals involving in production of film Umma. Since the film Umma was released in March 2022 and no material movement of the bank accounts of Umma Productions BC Inc. is expected in future, the Company considered to close the aforesaid two bank accounts instead of changing authorized signatories. The bank account closure is expected to be completed in 2024.
A loan agreement was not entered into with a lender in writing.	For all amounts borrowed, loan agreements would be entered into with lenders in writing to protect the Group's interest and properly account for.	In September 2022, Starlight Media Inc. has already repaid to an independent third party (the "Lender") a principal amount of US\$100,000 which was previously advanced by the Lender to Starlight Media Inc. in February 2019. Therefore, the Board considers there is no need for a loan agreement to be entered into. However, the Group will follow up with the Lender to obtain a confirmation that there is no any amount outstanding in respect of the above loan. For all amounts borrowed by the Group other than the above, the Group will make sure loan agreements would be entered into with lenders in writing.

The Group will continue to improve the documentation of risk monitoring activities and reporting of risk management actions and continue engaging an internal control consultant to carry out internal control review for the Group annually to continuously enhance its internal control system.

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

Hong Kong, 28 March 2024

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.