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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)

**ANNOUNCEMENT OF AUDITED ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

AUDITED ANNUAL RESULTS

Reference is made to the announcement (the “**Unaudited Result Announcement**”) of the Company dated 31 March 2020 regarding the publication of the Company’s unaudited annual consolidated results for the year ended 31 December 2019.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is hereby pleased to announce its audited annual consolidated results for the year ended 31 December 2019, together with the corresponding comparative figures for the year ended 31 December 2018 as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2019

	Notes	2019 HK\$'000	2018 HK\$'000
REVENUE	5	327,065	73,485
Cost of sales		<u>(95,618)</u>	<u>(35,503)</u>
Gross profit		231,447	37,982
Other income and gains	5	12,673	23,631
Selling and distribution expenses		(5,967)	(8,148)
Administrative expenses		(42,463)	(53,909)
Reversal of impairment loss/(impairment loss) on film investments and film products		10,356	(27,374)
(Impairment losses)/reversal of impairment losses on financial and contract assets, net		(3,569)	1,827
Impairment loss on property, plant and equipment		–	(707)
Impairment loss on goodwill		–	(54,827)
Impairment loss on film prepayments		–	(1,921)
Change in fair value of derivative financial liabilities		(15,144)	36,153
Change in fair value of convertible bonds		(547)	–
Change in fair value of financial assets at fair value through profit or loss		–	(797)
Change in fair value of a promissory note		–	91,431
Change in fair value of contingent consideration payable		–	1,563
Other expenses		(14)	(722)
Finance costs	7	<u>(38,675)</u>	<u>(99,700)</u>
PROFIT/(LOSS) BEFORE TAX	6	148,097	(55,518)
Income tax expense	8	<u>(50,603)</u>	<u>–</u>
PROFIT/(LOSS) FOR THE YEAR		<u>97,494</u>	<u>(55,518)</u>
Attributable to:			
Owners of the parent		98,181	(49,606)
Non-controlling interests		<u>(687)</u>	<u>(5,912)</u>
		<u>97,494</u>	<u>(55,518)</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic and diluted			
– For profit/(loss) for the year		<u>HK13.37 cents</u>	<u>HK(7.36) cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2019

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
PROFIT/(LOSS) FOR THE YEAR	<u>97,494</u>	<u>(55,518)</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	(138)	(877)
Reclassification adjustments for a foreign operation disposed of during the year	<u>–</u>	<u>2,194</u>
	<u>(138)</u>	<u>1,317</u>
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	<u>(138)</u>	<u>1,317</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	<u>(138)</u>	<u>1,317</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u>97,356</u>	<u>(54,201)</u>
Attributable to:		
Owners of the parent	98,038	(48,300)
Non-controlling interests	<u>(682)</u>	<u>(5,901)</u>
	<u>97,356</u>	<u>(54,201)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019

		2019	2018
	Notes	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		1,743	10,322
Right-of-use assets		6,062	–
Club debenture		320	320
Deferred tax assets		802	–
Goodwill		–	–
Total non-current assets		8,927	10,642
CURRENT ASSETS			
Trade receivables	11	257,963	698
Prepayments, other receivables and other assets		322,817	248,181
Contract assets		144,753	54,850
Film and TV drama series investments and products		259,719	105,175
Cash and cash equivalents		180,404	26,907
Total current assets		1,165,656	435,811
CURRENT LIABILITIES			
Trade payables	12	3,162	3,219
Other payables and accruals		149,625	26,077
Contract liabilities		71,936	1,290
Amounts due to non-controlling shareholders of subsidiaries		20,900	20,900
Interest-bearing bank and other borrowings		211,827	158,687
Derivative financial liabilities		15,144	–
Amount due to a holding company		175,652	–
Promissory notes		9,000	17,000
Convertible bonds		–	266,821
Lease liabilities		2,241	–
Tax payable		47,725	826
Total current liabilities		707,212	494,820

	<i>Notes</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
NET CURRENT ASSETS/(LIABILITIES)		<u>458,444</u>	<u>(59,009)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>467,371</u>	<u>(48,367)</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		149,874	113,433
Lease liabilities		4,071	–
Deferred tax liabilities		3,874	–
Other payables		<u>–</u>	<u>1,552</u>
Total non-current liabilities		<u>157,819</u>	<u>114,985</u>
Net assets/(liabilities)		<u>309,552</u>	<u>(163,352)</u>
EQUITY/(DEFICIENCY IN ASSETS)			
Equity attributable to owners of the parent			
Share capital	<i>13</i>	82,356	67,356
Reserves		<u>273,940</u>	<u>(184,646)</u>
		356,296	(117,290)
Non-controlling interests		<u>(46,744)</u>	<u>(46,062)</u>
Total equity/(deficiency in assets)		<u>309,552</u>	<u>(163,352)</u>

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Starlight Culture 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 address of the registered office and principal place of business of the Company is Room 1203, 12/F., 118 Connaught Road West, Hong Kong.

During the year, the Company and its subsidiaries (the “**Group**”) were involved in the following principal activities:

- media and culture business;
- trading of chemical products, energy conservation and environmental protection products; and
- entertainment and gaming business.

In the opinion of the directors, the holding company of the Company is Timcha Investment Limited (formerly known as CICFH Innovation Investment Limited) (“**Timcha**”). As of 31 December 2019, Timcha is wholly owned by 江陰星輝文化傳播有限公司 (Jiangyin Starlight Communications Co., Ltd), which is in turn owned as to 33.18% by 杭州新鼎明企業管理諮詢有限公司 (Hangzhou Xindingming Enterprise Management Consultancy Co., Ltd*) and 17.87% by 杭州博創文化創意有限公司 (Hangzhou Bochuang Culture Creativity Co., Ltd*). In the opinion of the directors, as of 31 December 2019, the Company has no controlling shareholder.

- *The English names of the entities registered in the People’s Republic of China (the “**PRC**”) represent the best efforts made by the management of the Company to translate their Chinese names as these entities do not have official English names.*

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
HKFRS 16	<i>Leases</i>
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements to HKFRSs 2015-2017 Cycle</i>	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except for the amendments to HKFRS 9, HKAS 19 and HKAS 28, and *Annual Improvements to HKFRSs 2015-2017 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised HKFRSs are described below:

- (a) HKFRS 16 replaces HKAS 17 *Leases*, (IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of buildings. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less (“short-term leases”) (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics when measuring the lease liabilities at 1 January 2019.

Financial impacts at 1 January 2019

The impacts arising from the adoption of HKFRS 16 at 1 January 2019 are as follows:

	Increase HK\$'000
Assets	
Increase in right-of-use assets	7,979
Increase in total assets	7,979
Liabilities	
Increase in lease liabilities	7,979
Increase in total liabilities	7,979

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	HK\$'000
Operating lease commitments as at 31 December 2018	11,339
<i>Less:</i> Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	1,207
	10,132
Weighted average incremental borrowing rate as at 1 January 2019	6%
Lease liabilities as at 1 January 2019	7,979

- (b) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as “uncertain tax positions”). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the determination of unused tax losses. Accordingly, the interpretation did not have any impact on the financial position or performance of the Group.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) Media and culture business segment, which engages in investment, production and distribution of entertainment content such as films and television series; and
- (b) Entertainment and gaming business segment, which engages in receiving commission and services income from casino entertainment and gaming promotion services; and
- (c) Chemical products, and energy conservation and environmental protection products segment, which engages in the trading of chemical products, and energy conservation and environmental protection products.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group’s profit/loss before tax except that interest income, non-lease-related finance costs, fair value gains/losses from the Group’s financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, cash and cash equivalents, other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude deferred tax liabilities, derivative financial liabilities, amount due to a holding company, interest-bearing bank and other borrowings, convertible bonds, promissory notes, tax payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2019

	Media and culture business <i>HK\$'000</i>	Entertainment and gaming business <i>HK\$'000</i>	Chemical products, and energy conservation and environmental protection products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue (note 5)				
Sales to external customers	<u>323,949</u>	<u>–</u>	<u>3,116</u>	<u>327,065</u>
Segment results	225,325	(4,111)	(4,004)	217,210
<i>Reconciliation:</i>				
Corporate and other unallocated gains				5,494
Interest income				36
Corporate and other unallocated expenses				(20,718)
Finance costs (other than interest on lease liabilities)				(38,234)
Change in fair value of derivative financial liabilities				(15,144)
Change in fair value of convertible bonds				<u>(547)</u>
Profit before tax				<u>148,097</u>
Segment assets	988,290	2,559	1,826	992,675
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>181,908</u>
Total assets				<u>1,174,583</u>
Segment liabilities	(218,876)	(25,535)	(4,432)	(248,843)
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>(616,188)</u>
Total liabilities				<u>(865,031)</u>

Year ended 31 December 2019 (Continued)

	Media and culture business <i>HK\$'000</i>	Entertainment and gaming business <i>HK\$'000</i>	Chemical products, and energy conservation and environmental protection products <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Other segment information					
Depreciation and amortisation	95,075	192	1,100	46	96,413
Loss on disposal of subsidiaries	–	14	–	–	14
Loss on change in fair value of derivative financial liabilities	–	–	–	15,144	15,144
Loss on change in fair value of convertible bonds	–	–	–	547	547
Impairment losses recognised in the statement of profit or loss, net	3,569	–	–	–	3,569
Reversal of impairment loss on film investments	(10,356)	–	–	–	(10,356)
Finance costs	361	–	80	38,234	38,675
Capital expenditure	(1,183)	–	(4)	(4)	(1,191)

Year ended 31 December 2018

	Media and culture business <i>HK\$'000</i>	Entertainment and gaming business <i>HK\$'000</i>	Chemical products, and energy conservation and environmental protection products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue (note 5)				
Sales to external customers	<u>55,404</u>	<u>394</u>	<u>17,687</u>	<u>73,485</u>
Segment results	(70,148)	1,140	(5,151)	(74,159)
<i>Reconciliation:</i>				
Corporate and other unallocated gains				12,149
Interest income				24
Corporate and other unallocated expenses				(22,979)
Finance costs				(99,700)
Change in fair value of derivative financial liabilities				36,153
Change in fair value of a promissory note				91,431
Change in fair value of contingent consideration payable				<u>1,563</u>
Loss before tax				<u>(55,518)</u>
Segment assets	404,035	11,065	4,012	419,112
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>27,341</u>
Total assets				<u>446,453</u>
Segment liabilities	11,616	25,462	4,951	42,029
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>567,776</u>
Total liabilities				<u>609,805</u>

Year ended 31 December 2018 (Continued)

	Media and culture business <i>HK\$'000</i>	Entertainment and gaming business <i>HK\$'000</i>	Chemical products, and energy conservation and environmental protection products <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Other segment information					
Depreciation and amortisation	18,782	601	209	46	19,638
Gain on derecognition of a promissory note measured at amortised cost	–	–	–	(5,377)	(5,377)
Loss on disposal of subsidiaries	–	–	–	722	722
Loss on change in fair value of derivative financial liabilities	–	–	–	(36,153)	(36,153)
Impairment losses/(reversal of impairment losses) on financial and contract assets, net	1,142	(3,184)	215	–	(1,827)
Impairment loss on film prepayments	1,921	–	–	–	1,921
Impairment loss on property, plant and equipment	–	262	445	–	707
Impairment loss on goodwill	54,827	–	–	–	54,827
Impairment loss on film investments	10,356	–	–	–	10,356
Impairment loss on a film product	17,018	–	–	–	17,018
Change in fair value of financial assets at fair value through profit or loss	–	–	–	797	797
Change in fair value of a promissory note	–	–	–	(91,431)	(91,431)
Change in fair value of contingent consideration payable	–	–	–	(1,563)	(1,563)
Finance costs	–	–	–	99,700	99,700
Capital expenditure	665	622	–	6	1,293

Geographical information

(a) *Revenue from external customers*

	2019 <i>HK\$'000</i>	2018 HK\$'000
United States of America	143,532	55,404
Mainland China	183,533	17,687
Australia	–	318
Panama	–	76
	<u>327,065</u>	<u>73,485</u>

The revenue information above is based on the locations of the customers.

(b) *Non-current assets*

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
United States of America	5,894	–
Mainland China	1,732	937
Hong Kong	499	1,202
Australia	–	8,503
	<u>8,125</u>	<u>10,642</u>

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

Information about major customers

Revenue from major customers contributing over 10% to the total revenue of the Group is set out below:

	2019 HK\$'000	2018 HK\$'000
Customer A	127,476	–
Customer B	53,342	55,404
Customer C	52,938	–
Customer D	41,689	–
Customer E	–	14,110
	275,445	69,514

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2019 HK\$'000	2018 HK\$'000
<i>Revenue from contracts with customers</i>	327,065	73,485

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2019

Segments	Media and culture business HK\$'000	Entertainment and gaming business HK\$'000	Chemical products, and energy conservation and environmental protection products HK\$'000	Total HK\$'000
Type of goods or services				
Revenue from film and TV drama series investments and products	196,473	–	–	196,473
Sale of film and TV drama series*	127,476	–	–	127,476
Sale of goods	–	–	3,116	3,116
Total revenue from contracts with customers	<u>323,949</u>	<u>–</u>	<u>3,116</u>	<u>327,065</u>
Geographical markets				
United States of America	143,532	–	–	143,532
Mainland China	<u>180,417</u>	<u>–</u>	<u>3,116</u>	<u>183,533</u>
Total revenue from contracts with customers	<u>323,949</u>	<u>–</u>	<u>3,116</u>	<u>327,065</u>
Timing of revenue recognition				
At a point in time	<u>323,949</u>	<u>–</u>	<u>3,116</u>	<u>327,065</u>

* During the year ended 31 December 2019, sale of film and TV drama series included the net gain of approximately HK\$127,476,000 as revenue from sale of TV drama series. The Group was entitled to proceeds from sale of certain TV drama series of approximately HK\$446,521,000 (including tax) based on the sales agreements.

For the year ended 31 December 2018

Segments	Media and culture business <i>HK\$'000</i>	Entertainment and gaming business <i>HK\$'000</i>	Chemical products, and energy conservation and environmental protection products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Type of goods or services				
Revenue from film				
investments	55,404	–	–	55,404
Sale of goods	–	–	17,687	17,687
Promotion commission	–	76	–	76
Rendering of services	–	318	–	318
Total revenue from contracts with customers	55,404	394	17,687	73,485
Geographical markets				
Australia	–	318	–	318
United States of America	55,404	–	–	55,404
Panama	–	76	–	76
Mainland China	–	–	17,687	17,687
Total revenue from contracts with customers	55,404	394	17,687	73,485
Timing of revenue recognition				
At a point in time	55,404	394	17,687	73,485

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the year ended 31 December 2019

Segments	Media and culture business <i>HK\$'000</i>	Entertainment and gaming business <i>HK\$'000</i>	Chemical products, and energy conservation and environmental protection products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from contracts with customers				
External customers	323,949	–	3,116	327,065

For the year ended 31 December 2018

Segments	Media and culture business <i>HK\$'000</i>	Entertainment and gaming business <i>HK\$'000</i>	Chemical products, and energy conservation and environmental protection products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from contracts with customers				
External customers	55,404	394	17,687	73,485

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Other income		
Management fee	5,450	–
Waiver of interest	7,005	–
Tax rebate	–	10,439
Bank interest income	36	24
Others	77	282
	<u>12,568</u>	<u>10,745</u>
Gains		
Foreign exchange gains	105	552
Compensation from litigation	–	6,957
Gain on derecognition of a promissory note measured at amortised cost	–	5,377
	<u>105</u>	<u>12,886</u>
	<u>12,673</u>	<u>23,631</u>

6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Cost of sales	95,618	35,503
Amortisation of film and TV drama series investments*	92,592	18,241
Depreciation of property, plant and equipment	1,213	1,397
Depreciation of right-of-use assets	2,608	–
Minimum lease payments under operating leases	–	4,871
Lease payments not included in the measurement of lease liabilities	1,058	–
Auditor's remuneration	1,934	810
Employee benefit expense (excluding directors' and chief executive's remuneration)		
Wages and salaries	8,437	10,480
Pension scheme contributions	278	664
	<u>8,715</u>	<u>11,144</u>
Foreign exchange difference, net	(105)	(552)
Impairment of financial and contract assets, net		
Impairment of trade receivables, net	2,606	164
Impairment of contract assets, net	963	554
Impairment of financial assets included in prepayments, other receivables and other assets, net	<u>–</u>	<u>(2,545)</u>
	<u>3,569</u>	<u>(1,827)</u>
Impairment loss on film prepayments	–	1,921
(Reversal of impairment loss)/impairment loss on film investments and film products	(10,356)	27,374
Impairment loss on property, plant and equipment	–	707
Impairment loss on goodwill	–	54,827
Fair value losses/(gains), net:		
Convertible bonds	547	–
Financial assets at fair value through profit or loss	–	797
Derivative financial liabilities	15,144	(36,153)
Gain on derecognition of a promissory note measured at amortised cost	–	(5,377)
Promissory note	–	(91,431)
Contingent consideration payable	–	(1,563)
Loss on disposal of subsidiaries	<u>14</u>	<u>722</u>

* The amortisation of film and TV drama series investments and products is included in "Cost of Sales" in the consolidated statement of profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Interest on bank loans and other borrowings (including convertible bonds)	22,363	98,332
Interest on lease liabilities	441	–
Interest expense on promissory notes	<u>15,871</u>	<u>1,368</u>
Total interest expense on financial liabilities not at fair value through profit or loss	<u><u>38,675</u></u>	<u><u>99,700</u></u>

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. No provision for Hong Kong profits tax was made as the Group did not generate any assessable profits in Hong Kong during the year ended 31 December 2019 (2018: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	–	–
Overprovision in prior years	–	–
Current – Elsewhere	47,531	–
Deferred	<u>3,072</u>	–
Total tax charge for the year	<u><u>50,603</u></u>	<u><u>–</u></u>

Income tax consists income tax charged on the Group in Mainland China, United States of America (“USA”) and Hong Kong. Provision for the PRC enterprise income tax is calculated based on the statutory tax rate of 25% on the assessable income of the PRC companies during the years ended 31 December 2019 and 2018. USA income tax applicable to the Group is charged at the federal tax rate of 21% and state tax rate, net of federal effect, of 7.0% during the years ended 31 December 2019 and 2018. The income tax applicable to Hong Kong profits was provided at a statutory tax rate of 16.5% during the years ended 31 December 2019 and 2018.

9. DIVIDENDS

No dividend has been paid or declared during each of the years ended 31 December 2019 and 2018. The directors do not recommend the payment of any dividend for 2019 (2018: nil).

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 734,518,224 (2018: 673,564,799) in issue during the year.

The calculations of the basic and diluted earnings/(loss) per share are based on:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent	<u>98,181</u>	<u>(49,606)</u>
	2019	2018
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<u>734,518,224</u>	<u>673,564,799</u>

The Group had no potentially dilutive ordinary shares in issue during the period ended 31 December 2019.

No adjustment has been made to the basic earnings per share amount presented for the year ended 31 December 2018 in respect of a dilution as the impact of the convertible bonds outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

11. TRADE RECEIVABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade receivables	267,201	7,331
Impairment	<u>(9,238)</u>	<u>(6,633)</u>
	<u>257,963</u>	<u>698</u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit periods are usually from 30 to 90 days (2018: 30 to 180 days) for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group generally does not charge interest for credit granted. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice dates and net of loss allowance, is as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Within 1 month	257,963	–
1 to 3 months	–	34
Over 3 months	<u>–</u>	<u>664</u>
	<u>257,963</u>	<u>698</u>

12. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
1 to 3 months	–	21
Over 3 months	<u>3,162</u>	<u>3,198</u>
	<u><u>3,162</u></u>	<u><u>3,219</u></u>

The trade payables are unsecured, interest-free and normally settled based on the terms of the contract. The fair values of trade payables as at the end of the reporting period approximated to their corresponding carrying amounts due to their relatively short maturity terms.

13. SHARE CAPITAL

	2019		2018	
	Number of shares	Nominal value <i>HK\$'000</i>	Number of shares	Nominal value <i>HK\$'000</i>
Shares				
Authorised:				
Ordinary shares of HK\$0.1 each	<u>20,000,000,000</u>	<u>2,000,000</u>	<u>20,000,000,000</u>	<u>2,000,000</u>
Issued and fully paid:				
Ordinary shares of HK\$0.1 each	<u>823,564,799</u>	<u>82,356</u>	<u>673,564,799</u>	<u>67,356</u>

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital HK\$'000
At 1 January 2019	673,564,799	67,356
Shares issued upon conversion of convertible bonds (<i>note a</i>)	72,000,000	7,200
Shares issued upon share subscription (<i>note b</i>)	78,000,000	7,800
At 31 December 2019	823,564,799	82,356

Notes:

- (a) During the year ended 31 December 2019, the Tranche 2 Convertible Bonds were converted to a total of 72,000,000 ordinary shares in the Company. On the date of conversion, the fair value of the Tranche 2 Convertible Bonds was HK\$180,547,000. HK\$7,200,000 was transferred to share capital and a balance of HK\$173,347,000 was transferred to the share premium account.
- (b) During the year ended 31 December 2019, the Company issued 78,000,000 shares at HK\$2.5 per share for a total consideration of HK\$195,000,000, which was fully settled. HK\$7,800,000 was transferred to share capital and a balance of HK\$187,200,000 was transferred to the share premium account.

14. EVENTS AFTER THE REPORTING PERIOD

On 20 February 2020, the Company's board of directors decided to cease its business in the entertainment and gaming segment taken account of, among other factors, absence of revenue generated for over one year, the minimal assets kept and the hardship in keeping its operations. As at 31 December 2019, there were no long-term assets or liabilities directly associated with the entertainment and gaming business segment.

Subsequent to the year ended 31 December 2019, an outbreak of the coronavirus disease 2019 ("COVID-19") pandemic may impact the Group's business in the coming year.

The Group will continue to monitor the development of COVID-19 situation closely and assess its impacts on the financial position and operating results of the Group. Up to the date of the announcement, the assessment is still in progress.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATION REVIEW

The Group's business has achieved a turnaround with a net profit attributable to shareholders of approximately HK\$98.2 million during this year as revenue from its media and culture business amount to approximately HK\$323.9 million, compared with approximately HK\$55.4 million of last year.

Media and Culture

The Group's movies and TV drama series investments and products, projects incubated by film directors and related prepayments amounted to approximately HK\$460 million as at 31 December 2019, and the followings are some highlights:

Media investments and products

Crazy Rich Asians

The movie was invested and released by Warner Bros. Pictures, co-invested by the Group and directed by director Jon M. Chu (who has entered into an agreement with the Group), and was released in August 2018. The film was adapted from a best-selling novel written by Kevin Kwan under the same title, which has a solid reader base. The movie stars Constance Wu, Henry Golding, Michelle Yeoh, and etc. The highly anticipated movie is the first major film that is not a period piece in Hollywood in two and a half decades to feature an all ethnically Asian cast. As the first adapted work of the novel series, there is also expectation for it to develop into commercially successful film series where the stories of the two sequels mainly take place in China. To date, according to box office mojo, its worldwide gross is US\$238,532,921.

Greta

The thriller/crime movie is directed by Neil Jordan who won the Academy Award for Best Original Screenplay and starring French actress Isabelle Huppert who has been nominated for the Academy Award for Best Actress. The international sales of the movie are undertaken by veteran sales agency Sierra/Affinity. To date, international sales are anticipated to be US\$9.5 million. The movie premiered at the Toronto International Film Festival in September 2018 and was released in March 2019.

Midway

The Group arranged the investment in the epic drama movie, directed by the well-known director Roland Emmerich (who has entered into an agreement with the Group), produced by Mark Gordon and starring Woody Harrelson, Mandy Moore and Luke Evans. It started principal photography in 2018 and was released on 8 November 2019. The movie is also the first World War II film of Roland Emmerich. It is adapted from the true stories of the Battle of Midway and tells rarely known stories of war heroes. The total budget is approximately US\$100 million. In terms of distribution, Summit Entertainment, LLC is responsible for the U.S., Bona Film Group is responsible for the Greater China area and Accelerate Global Content, LLC is responsible for overseas sales. The Deadline Magazine has provided extensive coverage in this regard and the commentary described the movie as “one of the biggest movies on-sale at Cannes”. During the pre-sales period, excluding the Greater China area, overseas pre-sales has exceeded US\$30 million.

The movie topped the North American box office only in its opening week. According to Box Office Mojo, its worldwide gross amounted to US\$125,675,266. In addition, the movie also enjoyed positive buzz among audiences since releasing, with being scored by up to 92% of audiences (Audience Score) on Rotten Tomatoes, a professional film critics website.

Scary Stories to Tell in the Dark

The movie is distributed in US by Lionsgate, co-financed by CBS Films, eOne, the Group and Rolling Hills and was released in August 2019. The film is adapted from a bestselling series of short horror stories, written by Alvin Schwartz under the same title. It is directed by André Øvredal, produced by Academy Award Winner Guillermo del Toro, written by Dan Hageman, Kevin Hageman, and Guillermo del Toro. Starring Zoe Margaret Colletti, Michael Garza, Gabriel Rush, etc., the movie’s international distributor is Entertainment One and Sierra/Affinity is the foreign sales agency of the picture. Produced for US\$25 million, the movie earned US\$21 million at the domestic box office in its opening weekend. To date, according to Box Office Mojo, its worldwide gross is US\$105,647,580.

Malignant

The movie is independently co-financed by the Group and Midas Innovation. The motion picture written by Akela Cooper, based on a story by James Wan and Ingrid Bisu and to be directed and produced by James Wan, is the first project to go into production since the development deal was inked. New Line has the exclusive right to distribute the picture throughout the world excluding mainland China but including Hong Kong, Macau and Taiwan. The movie is starred by Annabelle Wallis. Currently, it has finished its production work and is undergoing post production.

Marshall

The movie was obtained by the Group through acquisition. It is internationally distributed by Sony Pictures Worldwide Acquisitions Inc., and distributed by Open Road Films, LLC in North America. The movie is produced by Paula Wagner, an experienced Hollywood producer, and starring Chadwick Boseman, the leading actor of “Black Panther”, and Sterling K. Brown, an Emmy Award winner and the leading actor of “This Is Us”. The movie was nominated for Oscar Best Original Song (theme song: Stand Up For Something) and received Top Ten Films of African American Film Critics Association Awards, Audience Choice Award of Chicago International Film Festival, Annual Song Award of Hollywood Film Awards, Best Original Song Award of Annual Satellite Awards as well as 18 other internationally renowned awards nominations.

My Robot Boyfriend, an urban love sci-fi comedy directed by Lai Chun Tsang and starring Chao Jiang and Xiaotong Mao, which has been firstly broadcasted on Zhejiang Satellite TV on 21 October 2019 with concurrently releasing on Tencent Video and Mango TV.

PROJECTS INCUBATING BY FILM DIRECTORS

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 8 film directors.

James Wan, Roland Emmerich, Jon M. Chu, Robert Zemeckis, Alan Taylor, Jonathan Liebesman, F. Gary Gray, Sylvester Stallone, Nattawut Poonpiriya and Sam Raimi 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. Reference may be made to the Company's announcement dated 20 March 2020 for details of the profile of some of the projects under development. With respect to those projects that have not been completed prior to the terminations of the development agreements with Jonathan Liebesman in November 2019 and Alan Taylor in December 2019, the Company and those two directors will continue to collaborate on the development of those projects.

During the year ended 31 December 2019, the Group's revenue generated from media and culture business amounted to approximately HK\$323.9 million (2018: HK\$55.4 million), with a gross profit of approximately HK\$231.3 million (2018: HK\$37.2 million).

Sale of Film and TV Drama Series

During the year ended 31 December 2019, sale of film and TV drama series included the net gain of approximately HK\$127,476,000 as revenue from sale of TV drama series. The Group was entitled to proceeds from sale of certain TV drama series of approximately HK\$446,521,000 (including tax) based on the sales agreements.

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

As the management has allocated more resources to media and culture segment which are the Group's major growth drivers, this segment shrank and its revenue and gross profit decreased to approximately HK\$3.1 million and approximately HK\$91,000 respectively in the year of 2019 (2018: revenue of HK\$17.7 million and gross profit of HK\$530,000).

Entertainment and Gaming

For the year ended 31 December 2019, the Group has not generated any revenue (2018: revenue of HK\$394,000 and gross profit of HK\$290,000) from entertainment and gaming business. In view of the continued tightened credit control policy of the Group and the poor results recorded in the previous reporting periods, the management was in the process of reviewing the future prospect and development of this segment as at 31 December 2019.

As disclosed in “**EVENTS AFTER THE REPORTING PERIOD**” below, on 20 February 2020, the board of directors of the Company decided to cease its business in the entertainment and gaming segment taken account of, among other factors, absence of revenue generated for over one year, the minimal assets kept and the hardship in keeping its operations. As at 31 December 2019, there were no long-term assets or liabilities in the entertainment and gaming business segment.

FINANCIAL REVIEW

The Group reported a profit attributable to owners of the Company of approximately HK\$98,181,000 for the year ended 31 December 2019 (2018: loss of approximately HK\$49,606,000).

The Board considers that the improvement in the overall performance of the Group was mainly attributable to the followings: (i) the increase in gross profit of approximately HK\$193.5 million; and (ii) the increase in income tax expenses of approximately HK\$50.6 million.

Basic earnings per share for the year amounted to approximately 13.37 HK cents (2018: loss per share 7.36 HK cents). Net assets of the Group were approximately HK\$309,552,000 (2018: net liabilities approximately HK\$163,352,000).

FUTURE PLANS AND PROSPECTS

The management will continue to allocate more resources to media and culture segment which are the Group's major growth drivers.

With an aim to safeguard a higher shareholder's return, the Group is in the process of reviewing the future prospect and development of its other business segments, and at the same time exploring new business opportunities and making more efforts to explore market opportunities in Mainland China.

MATERIAL ACQUISITION AND DISPOSAL

There is no material acquisition and disposal conducted by the Group during the year that should be notified to the shareholders of the Company.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2019 (31 December 2018: NIL).

CAPITAL STRUCTURE

As at 31 December 2019, the Company's equity attributable to its owners was approximately HK\$356,296,000 (2018: deficiency of approximately HK\$117,290,000).

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operation by internally generated cash flow, interest-bearing bank and other borrowing amount due to a holding company, and through issuance of promissory notes and convertible bonds.

Prudent financial management and selective investment criteria have enabled the Group to maintain a stable financial position. As at 31 December 2019, the Group's bank balances and cash amounted to approximately HK\$180,404,000 (2018: HK\$26,907,000).

As at 31 December 2019, the current ratio was approximately 1.65 (2018: approximately 0.88) based on current assets of approximately HK\$1,165,656,000 (2018: HK\$435,811,000) and current liabilities of approximately HK\$707,212,000 (2018: HK\$494,820,000).

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 year. The Group was not exposed to material foreign exchange risk and has not employed any financial instruments for hedging purposes.

EMPLOYEES AND REMUNERATION POLICIES

The Group employed 28 (2018: 35) employees as at 31 December 2019. 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.

EVENTS AFTER THE REPORTING PERIOD

On 20 February 2020, the board of directors of the Company decided to cease its business in the entertainment and gaming segment taken account of, among other factors, absence of revenue generated for over one year, the minimal assets kept and the hardship in keeping its operations. As at 31 December 2019, there were no long-term assets or liabilities in the entertainment and gaming business segment.

Subsequent to the year ended 31 December 2019, an outbreak of the coronavirus disease 2019 (“**COVID-2019**”) pandemic may impact the Group's business in the coming year.

The Group will continue to monitor the development of COVID-19 situation closely and assess its impacts on the financial position and operating results of the Group. Up to the date of the announcement, the assessment is still in progress.

Other than disclosed above, there is no major event after the reporting period that should be notified to the shareholders of the Company.

MAJOR VARIANCE BETWEEN AUDITED AND UNAUDITED ANNUAL RESULTS

Reference is made to the Company's announcement (“**Unaudited Results Announcements**”) dated 31 March 2020 regarding the unaudited annual results (“**Unaudited Results**”) of the Group for the year ended 31 December 2019.

The decreased profit for the year of approximately HK\$97,494,000 in this audited results announcement compared with the profit for the year of approximately HK\$115,457,000 in the Unaudited Results Announcement is attributable to the recognition of income tax expenses for a USA subsidiary of the Company in this audited results announcement.

For more details, please refer to **EMPHASIS OF MATTER – INCOME TAX AND DEFERRED TAX** of the **Unaudited Results Announcements**.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Directors consider that the Company has complied with all applicable provisions of the Corporate Governance Code contained in Appendix 14 (the “Code”) of the Listing Rules throughout the year ended 31 December 2019 except for deviations as 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 and the non-executive director were unable to attend the Company’s annual general meeting held on 21 June 2019.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors’ securities transactions on 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 such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the year ended 31 December 2019.

AUDIT COMMITTEE

As required by Rule 3.21 of the Listing Rules, the Company has established an Audit Committee with written terms of reference which deal clearly with its authority and duties. Its principal duties are to review and supervise the Group’s financial reporting process, risk management and internal control systems. The Audit Committee has discussed with the external auditors of the Company on the accounting principles and practices adopted by the Group and the consolidated results of the Group for the year ended 31 December 2019, and is of the opinion that the preparation of the consolidated results complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

SCOPE OF WORK OF ERNST & YOUNG

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been compared by the Group's auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by Ernst & Young in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

FURTHER DELAY IN DESPATCH OF 2019 ANNUAL REPORT

Due to restrictions in force in parts of China as well as other countries to combat the COVID-19 outbreak, the auditing process for the annual results and annual report for the year ended 31 December 2019 has been delayed.

As at the date of this announcement, the Company requires more time to prepare the Company's annual report for the year ended 31 December 2019 (the "**2019 Annual Report**"), and it is expected that, subject to no unforeseen circumstances, the 2019 Annual Report will be published on or before 26 May 2020. The Company has made an application to The Stock Exchange of Hong Kong Limited for the approval for the further delay in the publication of the 2019 Annual Report. Further announcement(s) will be issued by the Company as and when necessary if there are other material development in the publication of the 2019 Annual Report.

PUBLICATION OF RESULTS AND ANNUAL REPORT

The results announcement is available for reviewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk under “Latest Listed Companies Information” and the website of the Company at www.starlightcul.com.hk. The annual report will be dispatched to the shareholders and will also be available on these websites.

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. Fang Jun
Chairman

Hong Kong, 14 May 2020

As at the date of this announcement, the Board comprises eight executive directors, namely Mr. Fang Jun, Mr. Chau Chit, Mr. Luo Lei, Mr. Sang Kangqiao, Mr. Gao Qun, Mr. Chen Jie, Ms. Wu Xiaoli and Mr. Hung Ching Fung; and four independent non-executive directors, namely Mr. Wong Wai Kwan, Mr. Michael Ngai Ming Tak, Mr. Ma Runsheng and Mr. Wong Wai Hung.