

*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**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1159)**

## **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021**

### **INTERIM RESULTS**

The board (the “Board”) of directors (the “Directors”) of Starlight Culture Entertainment Group Limited (the “Company”) hereby presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2021, together with the comparative figures for the corresponding period in 2020 as follows:

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

		<b>2021</b>	2020
		<b>(Unaudited)</b>	(Unaudited)
	Notes	<b>HK\$'000</b>	HK\$'000
<b>CONTINUING OPERATIONS</b>			
REVENUE	5	<b>1,384</b>	53,154
Cost of sales		<u>(19,768)</u>	<u>(10,345)</u>
Gross (loss)/profit		<b>(18,384)</b>	42,809
Other income and gains		<b>2,692</b>	1,903
Administrative expenses		<b>(14,397)</b>	(15,031)
Impairment loss on investment in film and television programs and program rights		–	(3,179)
Change in fair value of derivative financial liabilities		<b>(1,054)</b>	–
Finance costs		<b>(5,830)</b>	(5,191)
Other expenses		<u>(5,506)</u>	<u>–</u>
<b>(LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>6</b>	<b>(42,479)</b>	21,311
Income tax expense	7	<u>–</u>	<u>(9,325)</u>
<b>(LOSS)/PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>(42,479)</b>	11,986
<b>DISCONTINUED OPERATIONS</b>			
Loss for the period from discontinued operations	8	<u>–</u>	<u>(21)</u>
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		<u><b>(42,479)</b></u>	<u>11,965</u>

		<b>2021</b>	2020
		<b>(Unaudited)</b>	(Unaudited)
	Notes	<b>HK\$'000</b>	HK\$'000
Attributable to:			
Owners of the parent		<b>(42,430)</b>	12,079
Non-controlling interests		<b>(49)</b>	(114)
		<b>(42,479)</b>	11,965
<b>(LOSS)/EARNINGS PER SHARE</b>			
<b>ATTRIBUTABLE TO ORDINARY</b>			
<b>EQUITY HOLDERS OF THE PARENT</b>			
	10		
Basic and diluted			
– For (loss)/profit for the period		<b><u>HK(5.15) cents</u></b>	<b><u>HK1.47 cents</u></b>
– For (loss)/profit for continuing operations		<b><u>HK(5.15) cents</u></b>	<b><u>HK1.47 cents</u></b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2021*

	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
(LOSS)/PROFIT FOR THE PERIOD	<u>(42,479)</u>	<u>11,965</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	<u>2,096</u>	<u>(6,357)</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u>2,096</u>	<u>(6,357)</u>
 OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	<u>2,096</u>	<u>(6,357)</u>
 TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	<u>(40,383)</u>	<u>5,608</u>
 Attributable to:		
Owners of the parent	<u>(40,333)</u>	5,718
Non-controlling interests	<u>(50)</u>	<u>(110)</u>
	<u>(40,383)</u>	<u>5,608</u>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

		<b>30 June 2021 (Unaudited) HK\$'000</b>	31 December 2020 (Audited) HK\$'000
	Notes		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>1,597</b>	1,781
Right-of-use assets		<b>5,062</b>	4,384
		<hr/>	<hr/>
Total non-current assets		<b>6,659</b>	6,165
<b>CURRENT ASSETS</b>			
Trade receivables	11	<b>34,818</b>	67,233
Prepayments, other receivables and other assets		<b>503,844</b>	404,567
Contract assets		<b>88,348</b>	94,025
Investment in film and television programs and program rights		<b>301,446</b>	301,062
Cash and cash equivalents		<b>96,899</b>	142,837
Assets of a disposal group classified as held for sale		<b>–</b>	2,568
		<hr/>	<hr/>
Total current assets		<b>1,025,355</b>	1,012,292
<b>CURRENT LIABILITIES</b>			
Other payables and accruals		<b>169,653</b>	156,656
Contract liabilities		<b>93,132</b>	92,618
Interest-bearing bank and other borrowings		<b>369,242</b>	184,830
Derivative financial liabilities		<b>18,999</b>	17,945
Promissory notes		<b>–</b>	1,000
Lease liabilities		<b>2,910</b>	1,938
Tax payable		<b>38,489</b>	38,056
Liabilities directly associated with the assets classified as held for sale		<b>–</b>	4,833
		<hr/>	<hr/>

	<b>30 June 2021 (Unaudited) HK\$'000</b>	31 December 2020 (Audited) HK\$'000
Notes		
Total current liabilities	<u>692,425</u>	<u>497,876</u>
<b>NET CURRENT ASSETS</b>	<u><b>332,930</b></u>	<u>514,416</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u><b>339,589</b></u>	<u>520,581</u>
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank and other borrowings	<b>184,712</b>	325,089
Amounts due to a shareholder	<b>1,203</b>	1,188
Lease liabilities	<b>2,510</b>	2,780
Deferred tax liabilities	<u><b>14,972</b></u>	<u>14,949</u>
Total non-current liabilities	<u><b>203,397</b></u>	<u>344,006</u>
Net assets	<u><b>136,192</b></u>	<u>176,575</u>
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	<b>82,356</b>	82,356
Reserves	<u><b>54,850</b></u>	<u>120,192</u>
	<b>137,206</b>	202,548
Non-controlling interests	<u><b>(1,014)</b></u>	<u>(25,973)</u>
Total equity	<u><b>136,192</b></u>	<u>176,575</u>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

## 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 period, the Company and its subsidiaries (the “Group”) were involved in media and culture business.

In the opinion of the directors of the Company (the “Directors”), the single largest shareholder of the Company is Timcha Investment Limited (formerly known as CICFH Innovation Investment Limited) (“Timcha”), a company wholly owned by 江陰星輝文化傳播有限公司 (Jiangyin Starlight Communications Co., Ltd.\*), a limited company incorporated in the PRC. In the opinion of the Directors, as of 30 June 2021, 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

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2020.

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform– Phase 2</i>
Amendment to HKAS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

The nature and the impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank and other borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate and the London Interbank Offered Rate ("LIBOR") as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the "economically equivalent" criterion is met.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the period ended 30 June 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the covid-19 pandemic. There was no reduction in the lease payments during the period and hence the amendment did not have any impact on the financial position and performance of the Group.

#### 4. OPERATING SEGMENT INFORMATION

##### Six months ended 30 June 2021

	<b>Media and culture business HK\$'000 (Unaudited)</b>	<b>Total HK\$'000 (Unaudited)</b>
<b>Segment assets</b>	<b>1,032,014</b>	<b><u>1,032,014</u></b>
Total assets		<b><u><u>1,032,014</u></u></b>
<b>Segment liabilities</b>	<b>(895,822)</b>	<b><u>(895,822)</u></b>
Total liabilities		<b><u><u>(895,822)</u></u></b>

Year ended 31 December 2020

	Media and culture business HK\$'000 (Audited)	Total HK\$'000 (Audited)
<b>Segment assets</b>	1,015,889	1,015,889
<b><u>Reconciliation:</u></b>		
Assets related to discontinued operations		<u>2,568</u>
Total assets		<u><u>1,018,457</u></u>
<b>Segment liabilities</b>	(837,049)	(837,049)
<b><u>Reconciliation:</u></b>		
Liabilities related to discontinued operations		<u>(4,833)</u>
Total liabilities		<u><u>(841,882)</u></u>

## 5. REVENUE

An analysis of revenue is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<i>Revenue from contracts with customers</i>	<u><u>1,384</u></u>	<u><u>53,154</u></u>

**Disaggregated revenue information for revenue from contracts with customers**

**For the six months period ended 30 June 2021**

**Segments**

	<b>Media and culture Business (Unaudited) HK\$'000</b>
<b>Types of goods or services</b>	
Revenue from motion pictures	<u>1,384</u>
Total revenue from contracts with customers	<u><u>1,384</u></u>
<b>Geographical markets</b>	
United States of America	<u>1,384</u>
Total revenue from contracts with customers	<u><u>1,384</u></u>
<b>Timing of revenue recognition</b>	
At a point in time	<u>1,384</u>
Total revenue from contracts with customers	<u><u>1,384</u></u>

For the six months period ended 30 June 2020

Segments

	Media and culture Business (Unaudited) HK\$'000
<b>Types of goods or services</b>	
Revenue from motion pictures	12,333
Film production services	22,173
Other services	<u>18,648</u>
Total revenue from contracts with customers	<u><u>53,154</u></u>
<b>Geographical markets</b>	
United States of America	<u>53,154</u>
Total revenue from contracts with customers	<u><u>53,154</u></u>
<b>Timing of revenue recognition</b>	
At a point in time	30,981
Services transferred over time	<u>22,173</u>
Total revenue from contracts with customers	<u><u>53,154</u></u>

## 6. (LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

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

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of services provided*	–	6,855
Amortisation of investment in film and television programs and program rights*	19,768	3,490
Depreciation of property, plant and equipment	387	564
Depreciation of right-of-use assets	1,293	1,417
Impairment losses on financial and contract assets, net	–	3,179
Exchange differences, net	(763)	(1,594)
	<u>                    </u>	<u>                    </u>

\* Cost of services provided and amortisation of investment in films and program rights are included in "Cost of sales" in the consolidated statement of profit or loss.

## 7. INCOME TAX EXPENSE

No provision for Hong Kong profits tax was made as the Group did not generate any assessable profits in Hong Kong during each of the period ended 30 June 2021 and 2020. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Income tax consists income tax charged on the Group in Mainland China and United States of America ("USA"). Provision for the PRC enterprise income tax was calculated based on the statutory tax rate of 25% on the assessable income of the PRC companies during each of the periods ended 30 June 2021 and 2020. USA income tax applicable to the Group was charged at the federal tax rate of 21% and state tax rate, net of federal effect, of 7% during each of the periods ended 30 June 2021 and 2020.

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current – USA	–	2,105
Deferred	–	7,220
	<u>                    </u>	<u>                    </u>
Total tax charge for the period from continuing operations	<u>                    </u>	<u>                    </u>

## 8. DISCONTINUED OPERATION

On 20 February 2020, the Company's board of directors decided to cease its entertainment and gaming business to focus its resources on its media and culture business. All operations of the business were stopped during the period. As at 30 June 2020, the entertainment and gaming business was classified as a discontinued operation. With this business being classified as a discontinued operation, the gaming and entertainment business segment was no longer included in the note for operating segment information. As at 30 June 2021, the companies regarding gaming and entertainment business segment have all been dissolved/disposed of.

The results of entertainment and gaming business for the period are presented below:

	<b>For the six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Expense	—	(21)
Loss for the period from the discontinued operation	<u>—</u>	<u>(21)</u>

The net cash flows incurred by the gaming and entertainment business are as follows:

	<b>For the six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Operating activities	—	(89)
Net cash outflow	<u>—</u>	<u>(89)</u>
Loss per share:		
Basic, from the discontinued operation	<b>HK0 cents</b>	HK0.003 cents
Diluted, from the discontinued operation	<b>HK0 cents</b>	HK0.003 cents

## 9. DIVIDENDS

No interim dividend has been paid or declared during each of the periods ended 30 June 2021 and 2020. The board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

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

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent of HK\$42,430,000 (30 June 2020: profit of HK\$12,079,000), and the weighted average number of ordinary shares of 823,564,799 (30 June 2020: 823,564,799) in issue during the period, as adjusted to reflect the rights issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the period ended 30 June 2021 (30 June 2020: Nil).

**11. TRADE RECEIVABLES**

An 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:

	<b>30 June 2021 HK\$'000 (Unaudited)</b>	31 December 2020 HK\$'000 (Audited)
Over 3 months	<u>34,818</u>	<u>67,233</u>
	<b><u>34,818</u></b>	<b><u>67,233</u></b>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS AND OPERATION REVIEW**

The Group reported a net loss attributable to owners of the Company of approximately HK\$42.4 million for the six months period ended 30 June 2021 (six months period ended 30 June 2020: net profit of approximately HK\$12.1 million) as revenue from its media and culture business reduced to approximately HK\$1.4 million, compared with approximately HK\$53.2 million for the corresponding period of 2020.

Similar to the year of 2020, the media business of the Group was continuously affected by the COVID-19 pandemic which has spread all over the world during the first half of 2021. As the business activity slowed down and the film and TV drama projects currently being developed by the Group postponed, revenue from film investments for the first half of 2021 derived entirely from the media products already released/published in prior years.

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.

#### **Media and Culture**

The Group's movies and TV drama series products and investments, projects incubated by film directors and related prepayments amounted to approximately HK\$667.0 million as at 30 June 2021 (31 December 2020: approximately HK\$573.0 million), 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\$238,538,736.

## *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\$126,696,475. 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\$104,545,505.

### *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 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 is expected to be released in the second half of 2021.

### *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*

*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 or expirations of the development agreements, the Company and those directors will continue to collaborate on the development of those projects.

During the six months ended 30 June 2021, the Group's revenue generated from media and culture business amounted to approximately HK\$1.4 million (six months ended 30 June 2020: HK\$53.2million), with a gross loss of approximately HK\$18.4 million (six months ended 30 June 2020: gross profit of HK\$42.8 million).

Similar to the year of 2020, the media business of the Group was continuously affected by the COVID-19 pandemic which has spread all over the world during the first half of 2021. As the business activity slowed down and the film and TV drama projects currently being developed by the Group postponed, revenue from film investments for the first half of 2021 derived entirely from the media products already released/published in prior years.

Delays in distribution, settlement as well as receipt of income of TV drama and film investments of the Company significantly and negatively affected the future cash flow projections regarding these investments, which in turn reduced the amount of revenue recognized during the period.

## **FINANCIAL REVIEW**

The Group reported a loss attributable to owners of the Company of approximately HK\$42,430,000 for the six months period ended 30 June 2021 (six months period ended 30 June 2020: profit of approximately HK\$12,079,000).

The Board considers that the retrogression in the overall performance of the Group was mainly attributable to the decrease in gross profit/increase in gross loss of approximately HK\$61.2 million, which was partly offset by the decrease in income tax expenses of approximately HK\$9.3 million.

Basic loss per share for the six months period ended 30 June 2021 amounted to approximately 5.15 HK cents (six months period ended 30 June 2020: basic earnings per share of approximately 1.47 HK cents). Net assets of the Group as at 30 June 2021 were approximately HK\$136,192,000 (as at 31 December 2020: approximately HK\$176,575,000).

## **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 period that should be notified to the shareholders of the Company.

## **PLEDGE OF ASSETS**

100% of the Group's equity interest in its wholly-owned subsidiary, namely Starlight Culture Entertainment Limited, was pledged to secure the bank loan of HK\$184,712,000 of the Group as at 30 June 2021.

## **INTERIM DIVIDEND**

The Directors do not recommend any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

## **CAPITAL STRUCTURE**

As at 30 June 2021, the Company's equity attributable to its owners was approximately HK\$137,206,000 (31 December 2020: approximately HK\$202,548,000).

## **LOSS ALLOWANCES OF TRADE RECEIVABLES**

The loss allowances on trade receivables amounted to approximately HK\$72.5 million as at 30 June 2021 (31 December 2020: approximately HK\$71.6 million).

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group generally finances its operation by internally generated cash flow, interest-bearing bank and other borrowing and amount due to a holding company.

Prudent financial management and selective investment criteria have enabled the Group to maintain a stable financial position. As at 30 June 2021, the Group's bank balances and cash amounted to approximately HK\$96,899,000 (31 December 2020: approximately HK\$142,837,000).

As at 30 June 2021, the current ratio was approximately 1.48 (31 December 2020: approximately 2.03) based on current assets of approximately HK\$1,025,355,000 (31 December 2020: HK\$1,012,292,000) and current liabilities of approximately HK\$692,425,000 (31 December 2020: HK\$497,876,000).

## **EXPOSURE TO FLUCTUATION IN EXCHANGE RATES**

Most of the Group's assets, liabilities and business transactions are denominated in Hong Kong dollars, Renminbi 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 27 (31 December 2020: 27) employees as at 30 June 2021. 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**

There is no major event after the reporting period that should be notified to the shareholders of the Company.

## **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 period ended 30 June 2021 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 were unable to attend the Company's annual general meeting held on 23 June 2021.

### **Code Provision E.1.2**

Under code provision E.1.2, chairman of the board should attend the annual general meeting. Due to other pre-arranged commitments, the then chairman of the Board was unable to attend the Company's annual general meeting held on 23 June 2021.

## **AUDIT COMMITTEE**

The audit committee, comprising all the three independent non-executive Directors, has discussed with the management 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 2021, 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 THE COMPANY'S LISTED SECURITIES**

During the six months period ended 30 June 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **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](http://www.hkex.com.hk) and the Company at [www.starlightcul.com.hk](http://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. Tang Liang**  
*Chairman*

Hong Kong, 31 August 2021

*As at the date of this announcement, the Board comprises six executive directors, namely Mr. Tang Liang, Mr. Chau Chit, Mr. Luo Lei, Mr. Zhou Jingbo, Mr. Sang Kangqiao and Ms. Wu Xiaoli; and three independent non-executive directors, namely Mr. Wong Wai Kwan, Mr. Michael Ngai Ming Tak, and Mr. Jing Xufeng.*