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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)

SUPPLEMENTAL ANNOUNCEMENT TO THE CIRCULAR DATED 5 JULY 2022

Reference is made to the circular of the Company dated 5 July 2022 (the “**Circular**”) in relation to, among other things, the proposed adoption of the New Share Option Scheme and the Notice of the Annual General Meeting. Unless otherwise defined, capitalized terms used herein shall have the same meanings as defined in the Circular.

The Board wishes to provide Shareholders and potential investors of the Company with supplemental information as follows:

THE NEW SHARE OPTION SCHEME

Eligible Participants

As set out on pages 12 and 19 of the Circular, the Eligible Participants include full-time or part-time employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Company or any Subsidiary) (the “**Employees**”) and any suppliers, consultants, agents and advisers or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group are eligible for Options under the New Share Option Scheme.

The reason for including non-employees of the Group (the “**Non-Employees**”) (including but not limited to suppliers, consultants, agents and advisers) as Eligible Participants is because they take an equally important role as directors and employees in promoting the development and success of the Group. The inclusion of Non-Employees as Eligible Participants can also align their interests with that of the Group. For instance, the New Share Option Scheme may incentivise (a) suppliers to offer more economic and quality supplies to the Group, (b) consultants and advisers to provide better service to the Group in terms of special skills or technical knowledge or otherwise, (c) agents to introduce more potential business opportunities to the Group; and (d) other persons who do not fall within the scope of the above (such as contract staff) to contribute to the success of the Group. Hence, the Directors consider that the inclusion of Non-Employees as part of the Eligible Participants may bring various benefits to the Group and achieve the purpose of the New Share Option Scheme which is to incentivise, reward, remunerate and compensate Non-Employees for promoting the success and development of the Group.

In determining whether a Non-Employee has contributed or will contribute to the Group, the Board will take into account the following factors: the scale of their business dealings with the Group (in terms of sales or purchases attributable to them, if applicable), the length and nature of business, commercial or advisory relationships (as the case may be) between them and the Group, the positive impacts or benefits they have brought to the Group’s business development in light of the Group’s current and future business plans. In granting Options to Non-Employees, the Board shall be satisfied that they have contributed or may contribute to the Group.

There is no sub-limit of the scheme limit for the grant of Options to Non-Employees. The Board does not consider it appropriate to separate the pool of Options available to Employees and Non-Employees as this will limit the flexibility for administering the New Share Option Scheme as the New Share Option Scheme has already provided that the number of Shares issued or to be issued upon exercise of the Options granted to each Eligible Participant (whether Employees or Non-Employees) (including both exercised and outstanding Options) in any 12-month period shall not exceed one per cent. (1%) of the Shares in issue in compliance with the Listing Rules. As at the date of this supplemental announcement, the Company does not have any intention to grant Options to any Non-Employees in the next 12 months under the New Share Option Scheme.

Further Information on the New Share Option Scheme

As disclosed on pages 12 and 22 of the Circular, the Board may offer to grant any Options subject to such terms and conditions in relation to the minimum period of the Options to be held and/or the performance targets to be achieved before such Options can be exercised and/or any other terms as the Board may determine in its absolute discretion. The Directors consider that the flexibility given to the Board to impose such minimum period and/or other conditions that have to be achieved before the Options can be exercised for each grant (instead of, for example, an uniform minimum holding period under the scheme) will allow the Company to impose more tailored conditions according to the situation of the respective grantee(s).

Separately, the Board has sought advice from its Hong Kong legal adviser and understand the adoption of the New Share Option Scheme does not constitute an offer of shares or debentures under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32 of the Laws of Hong Kong) (“**CWUMPO**”) and therefore the prospectus requirements under CWUMPO are not applicable to the adoption of the New Share Option Scheme. The Company will continue to observe the requirements under CWUMPO and ensure any grant of share options under the New Share Option Scheme does not constitute an offer of shares or debentures under CWUMPO or qualify as an exemption thereof.

Definition of Grant Date

The Company clarifies that all references to “Offer Date” in the Circular shall be replaced with “Grant Date”. The definition of “Grant Date” shall be “in relation to an Option, the date (which must be a Business Day) on which an Eligible Participant is granted such Option”.

Save as disclosed above, all other contents in the Circular remain unchanged and shall continue to be valid for all purposes. This supplemental announcement is supplemental to and should be read in conjunction with the Circular.

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

Hong Kong, 20 July 2022

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.