

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 2023

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 2023, together with the comparative figures for the corresponding period in 2022 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

		2023	2022
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
			(Restated)
CONTINUING OPERATIONS			
REVENUE	5	44,228	37,102
Cost of sales		<u>(32,649)</u>	<u>(35,007)</u>
Gross profit/(loss)		11,579	2,095
Other income and gains		4,304	116
Selling and distribution expenses		(5,036)	(8,208)
Administrative expenses		(12,310)	(15,006)
Change in fair value of financial and derivative financial liabilities		(2,672)	(5,988)
Finance costs		(10,801)	(16,315)
Other expenses		<u>(10,484)</u>	<u>(9,891)</u>
(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS			
	6	(25,420)	(53,197)
Income tax credit/(expense)	7	<u>–</u>	<u>24</u>
(LOSS) FOR THE PERIOD		<u>(25,420)</u>	<u>(53,173)</u>

		2023	2022
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
Attributable to:			
Owners of the parent		(25,270)	(53,169)
Non-controlling interests		<u>(150)</u>	<u>(4)</u>
		<u>(25,420)</u>	<u>(53,173)</u>
 (LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
	9		
 Basic and diluted			
– For loss for the period		<u>HK(3.07) cents</u>	<u>HK(6.46) cents</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
(LOSS) FOR THE PERIOD	<u>(25,420)</u>	<u>(53,173)</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>(2,202)</u>	<u>(1,319)</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u>(2,202)</u>	<u>(1,319)</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	<u>(2,202)</u>	<u>(1,319)</u>
TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD	<u>(27,622)</u>	<u>(54,492)</u>
Attributable to:		
Owners of the parent	<u>(27,471)</u>	<u>(54,481)</u>
Non-controlling interests	<u>(151)</u>	<u>(11)</u>
	<u>(27,622)</u>	<u>(54,492)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

		30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		551	885
Right-of-use assets		1,779	1,631
Prepayments, other receivables and other assets		298,232	297,224
Investment in film and television programs and program rights		11,757	11,718
		<u>312,319</u>	<u>311,458</u>
Total non-current assets			
CURRENT ASSETS			
Trade receivables	10	11	4,054
Prepayments, other receivables and other assets		95,545	102,701
Contract assets		12,167	3,135
Investment in film and television programs and program rights		33,538	65,954
Cash and cash equivalents		52,873	79,420
		<u>193,134</u>	<u>255,264</u>
Total current assets			
CURRENT LIABILITIES			
Other payables and accruals		213,842	210,515
Contract liabilities		37,608	64,499
Interest-bearing bank and other borrowings and film investment loans		369,259	379,553
Derivative financial liabilities		14,055	13,808
Financial liabilities at fair value through profit or loss		187,489	184,351
Amount due to a shareholder		1,080	1,132
Lease liabilities		1,220	1,715
Tax payable		39,376	41,561
		<u>39,376</u>	<u>41,561</u>

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
Notes		
Total current liabilities	<u>863,929</u>	<u>897,134</u>
NET CURRENT (LIABILITIES)	<u>(669,795)</u>	<u>(641,870)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>(357,476)</u>	<u>(330,412)</u>
NON-CURRENT LIABILITIES		
Lease liabilities	<u>683</u>	<u>125</u>
Net (liabilities)	<u>(358,159)</u>	<u>(330,537)</u>
EQUITY		
Equity attributable to owners of the parent		
Share capital	82,356	82,356
Reserves	<u>(440,011)</u>	<u>(412,540)</u>
Equity attributable to owners of the Company	<u>(357,655)</u>	<u>(330,184)</u>
Non-controlling interests	<u>(504)</u>	<u>(353)</u>
Total (deficiency in net assets)	<u><u>(358,159)</u></u>	<u><u>(330,537)</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

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 1002, 10/F., China Huarong Tower, 60 Gloucester Road, Wanchai, Hong Kong.

During the six months period ended 30 June 2023, 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 People’s Republic of China (the “PRC”). In the opinion of the Directors, as of 30 June 2023, the Company has no controlling shareholder.

* *The English names of the entities registered in 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. The English translation of the name is for identification purposes only.*

2. 2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 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 2022.

2.2 PRIOR PERIOD ADJUSTMENTS ON COMPARATIVE FIGURES

The Group had identified prior year errors resulting from omission of receipt transactions of a bank account held by the Group which were not properly recorded in the previously issued consolidated financial statements for the year ended 31 December 2021 and for the six months period 30 June 2022. These include refund of prepayments, settlement of previously impaired trade receivables and contract assets, refund of over-accrued operating expenses and advance from customers for potential film investments. Consequently, the amounts presented in the Group's interim condensed consolidated statement of profit or loss and statement of other comprehensive income in respect of the six months period ended 30 June 2022 have been restated to correct the errors identified. In particular, in the condensed consolidated statement of profit or loss, amount of HK\$52,000 was increased in other income and gains which was then restated as HK\$116,000 (previously HK\$64,000), which led to the amount of loss before taxation restated as HK\$53,197,000 (previously HK\$53,249,000), the loss for the period restated as HK\$53,173,000 (previously HK\$53,225,000), and loss attributable to owners of the parent restated as HK\$53,169,000 (previously HK\$53,221,000).

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 2022, 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.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The adoption of the above new and revised HKFRSs has had no significant financial effect on the Group's condensed consolidated interim financial information.

4. OPERATING SEGMENT INFORMATION

Six months ended 30 June 2023

	Media and culture business HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment assets	<u>506,603</u>	<u>506,603</u>
Total assets		<u><u>506,603</u></u>
Segment liabilities	<u><u>(864,762)</u></u>	<u><u>(864,762)</u></u>

Year ended 31 December 2022

	Media and culture business HK\$'000 (Audited)	Total HK\$'000 (Audited)
Segment assets	<u>566,722</u>	<u>566,722</u>
Total assets		<u><u>566,722</u></u>
Segment liabilities	<u><u>(897,259)</u></u>	<u><u>(897,259)</u></u>
Total liabilities		<u><u>(897,259)</u></u>

5. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers</i>	<u>44,228</u>	<u>37,102</u>

Disaggregated revenue information for revenue from contracts with customers

For the six months period ended 30 June 2023

Segments

	Media and culture business (Unaudited) HK\$'000
Types of goods or services	
Revenue from motion pictures	<u>44,228</u>
Total revenue from contracts with customers	<u>44,228</u>
Geographical markets	
United States of America	<u>44,228</u>
Total revenue from contracts with customers	<u>44,228</u>
Timing of revenue recognition	
At a point in time	<u>44,228</u>
Total revenue from contracts with customers	<u>44,228</u>

For the six months period ended 30 June 2022

Segments

	Media and culture business (Unaudited) HK\$'000
Types of goods or services	
Revenue from motion pictures	37,102
Total revenue from contracts with customers	<u>37,102</u>
Geographical markets	
United States of America	37,102
Total revenue from contracts with customers	<u>37,102</u>
Timing of revenue recognition	
At a point in time	37,102
Total revenue from contracts with customers	<u>37,102</u>

6. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of sales*	32,649	35,007
Amortisation of investment in film and television programs and program rights*	32,649	35,007
Depreciation of property, plant and equipment	340	434
Depreciation of right-of-use assets	983	1,359
Exchange differences, net	1,037	1,979

* Amortisation of investment in films and television programs and program rights are included in "Cost of sales" in the consolidated statement of profit or loss.

7. INCOME TAX (CREDIT) 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 2023 and 2022. 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 2023 and 2022. 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 2023 and 2022.

	For the six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current – USA	–	(24)
Deferred	–	–
Total tax (credit)/charge for the period from continuing operations	–	(24)

8. DIVIDENDS

No interim dividend has been paid or declared during each of the periods ended 30 June 2023 and 2022. The board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

9. (LOSS) 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\$25,270,000 (30 June 2022: HK\$53,169,000), and the weighted average number of ordinary shares of 823,564,799 (30 June 2022: 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 2023 (30 June 2022: Nil).

10. 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:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Within 6 months	–	4,042
Over 18 months but less than 24 months	–	–
Over 24 months	11	12
	11	33,650

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATION REVIEW

In recent years, the media business of the Group has been affected by the COVID-19 pandemic which has spread all over the world in the year of 2019. Delays in distribution, settlement as well as receipt of income of TV drama and film investments of the Company significantly and negatively affected the operating results regarding these investments, which has been reducing the amount of revenue and gross profit recognized for a few years. The slow-down of business activities and postponement of some of the film and TV drama projects developed by the Group in prior years have impacted on the financial results of the Group.

Revenue from its media and culture business for the six months period ended 30 June 2023 was approximately HK\$44.2 million, compared with approximately HK\$37.1 million for the corresponding period of 2022. Notwithstanding the increase in revenue and reduction of expenses, the Group suffered losses from operation for both periods and reported a net loss attributable to owners of the Company of approximately HK\$25.3 million for the six months period ended 30 June 2023. (2022: approximately HK\$53.2 million.)

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\$343.5 million as at 30 June 2023 (31 December 2022: approximately HK\$374.9 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\$238,532,921.

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\$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

Malignant is a 2021 American horror film directed by James Wan from a screenplay by Akela Cooper, based on a story by Wan, Ingrid Bisu, and Cooper. The film stars Annabelle Wallis as a woman who begins to have visions of people being murdered, only to realize the events are happening in real life. Maddie Hasson, George Young, Michole Briana White, and Jacqueline McKenzie also star. Malignant was theatrically released in the United States on September 10, 2021, by Warner Bros. Pictures simultaneously streamed on HBO Max for one month. It is streaming on YouTube, Apple TV, Google Play Movies & TV, Vudu, Amazon Prime Video, YouTube TV and Hulu now.

Posted to his Twitter handle, Stephen King, the legendary horror author praises Wan's Malignant. In one short sentence, King sums up his feelings, saying, "I watched MALIGNANT on HBO and thought it was brilliant." King's tweet already has over 2,461 retweets and 33,000 likes. While critics and fans seem mixed over Wan's new horror movie, King sincerely feels the film is brilliant. Given King's expertise in all things horror, receiving praise from the author must feel like a high honor. For many fans who have yet to see Malignant, King's high praise is sure to peak their interest.

Malignant was released to high reviews and good word of mouth. David Stratton from The Australian mentioned that “Wan cheerfully draws on the extreme work of horror film aficionados such as David Cronenberg and Dario Argento as he piles on the bloody violence.” Becca James from Chicago Reader mentioned that “Malignant is the type of movie that requires viewers to strap in and shut up from the onset.” A.A. Dowd from AV Club mentioned that “There’s no way to watch this deranged follow-up and not conclude that Wan’s back where he belongs.” Alison Shoemaker from Fox 10 Phoenix mentioned that “Wan’s final twist is so maniacal and so (and this is a compliment) deeply and thoroughly stupid that it more than makes up for the minor missteps along the way.” Perri Nemiroff from YouTube mentioned that “James Wan swings for the fences and it pays off big time. Malignant is a bonkers and bloody delight that showcases a multitude of different skills and styles Wan’s honed through his horror films over the years.” The IMDb rating of Malignant is 6.3/10. And, the Tomatometer of Malignant reaches 76%.

Malignant won the ReFrame Stamp for Best Feature at ReFrame 2022. It was also nominated for 1) BloodGuts UK Horror Awards at BloodGuts UK Horror Awards 2022 2) Best CCA Super Awards at Critics Choice Super Awards 2022 3) Dorian Award at GALECA: The Society of LGBTQ Entertainment Critics 2022 4) HFCS Award at Hawaii Film Critics Society 2022 5) HCA Award at Hollywood Critics Association 2022 6) HCA Awards At Hollywood Critics Association 2021 7) INOCA at International Online Cinema Awards (INOCA) 2022 8) MCFCA Award at the Music City Film Critics’ Association Awards 2022 9) PCC Award at the Phoenix Critics Circle 2021 10) PCA Award at the Portland Critics Association Awards 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.

Umma

“Umma” is a film that stands out for its fusion of horror with a poetic and lyrical representation of Asian culture. The film was distributed by Sony Pictures on March 15, 2022. It was produced by the renowned horror maestro Sam Raimi, who is known for his work on the “Spider-Man” series and “The Evil Dead” series. The director and writer of the film, Iris K. Shim, had previously been acclaimed for her documentary “The House of Suh,” which won six awards. The lead role in “Umma” was played by the talented Sandra Oh, who was celebrated as the first Asian actress to win a Golden Globe in 40 years. Her collaboration with Sam Raimi and Iris K. Shim brought a fresh and innovative perspective to Hollywood horror. It garnered interest from major studios and was praised for its unique blend of horror with an intimate portrayal of East Asian culture. With the backing of Sony Pictures, “Umma” made a significant impact in the film industry upon its release in 2022 and won the ReFrame Stamp award.

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.

Under the agreements, the Group has developed 44 feature projects, 38 among which have developed completed scripts.

Here are the projects developed under Development/Production Financing Agreements:

James Wan (9)	Malignant, Sentinel, Alien Santa, Golden, Roswell, The Magnificent Theater of Enchanted Puppet, The Call of Cthulhu, Mass Extinction, Border Patrol
Jon M. Chu (6)	Here and Now and Then, The Godfather, Sophia of Silicon Valley, Human Error, Cul-De-Sac, Project Human
Sam Raimi (7)	The Procession, Untitled Rob Savage Project, Bedtime Story, Umma, Sword of the Dead, Smooth Stones and Empty Bones, Little Snake
Nattawut Poonpiriya (2)	The Innkeeper, Homelands
Robert Zemeckis (2)	The Prisoner in His Palace, Empress Wu
Alan Taylor (2)	Gold Mountain, Stone Junction
Roland Emmerich (2)	Dreamland, Emergence
Jonathan Liebesman (1)	Scorpion
Sylvester Stallone (10)	Tier 1, Scavenger Hunt, Bellhop, Arcane, Dark Waters, Hunter, The Line that Held Us, Perfect Horse, Ghost, Safecracker
F Gary Gray (3)	Saints Row, Untitled Golf Action Comedy, Echo

Meanwhile, the Group has jointly developed 12 projects with A-list talents through collaboration, including: The Burden, GMO, Hunting Season, The Troop, The Devil Came to Saint Louis, The Monkey, The Fortunate Sons, The Pigeon, In the Shadow of the Mountain, Down Range, and RIP.

For these projects, the Group will take a diversified project structuring approach, including Films suitable for streaming platforms will be redirected towards them, which allows for relatively quick cost recovery, name recognition, increased exposure, and visibility through the widespread coverage of streaming platforms. Additionally, we will explore various channels for financing, such as international sales, tax refunds, minimum guarantees in North America, and derivative applications in the metaverse (NFT/digital collectible releases, metaverse construction, blockchain games), converting a portion of the budget allocated for visual effects into investments. By retaining the copyright, we aim to establish a new ecosystem.

The Group will be able to generate revenue from these projects and IPs through the following ways: recouping development costs plus a profit; getting producers fees and backend, investment payback, online distribution, theatrical releases, IP licensing, merchandising, web3 and metaverse monetization.

Media and culture operating results

During the six months ended 30 June 2023, the Group's revenue generated from media and culture business amounted to approximately HK\$44.2 million (six months ended 30 June 2022: HK\$37.1 million), with a gross profit of approximately HK\$11.6 million (six months ended 30 June 2022: HK\$2.1 million).

In recent years, the media business of the Group has been affected by the COVID-19 pandemic which has spread all over the world in the year of 2019. Business activities slowed down and some of the film and TV drama projects being developed by the Group have been postponed. 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 recent years.

FINANCIAL REVIEW

The Group reported a net loss attributable to owners of the Company of approximately HK\$25,270,000 for the six months period ended 30 June 2023 (for the six months ended 30 June 2022: restated as approximately HK\$53,169,000).

The Board considers that while the Group recorded a reduction in net loss for the first half of 2023 compared to first half of 2022, the slow-down of business activities and postponement of some of the film and TV drama projects being developed by the Group in recent years due to the impact of COVID-19 continued to affect the financial results of the Group during the year ending 31 December 2023.

Basic loss per share for the six months period ended 30 June 2023 amounted to approximately 3.07 HK\$ cents (six months period ended 30 June 2022: as approximately 6.46 HK\$ cents).

Net deficit of the Group were approximately HK\$358,159,000 (31 December 2022: approximately HK\$330,537,000).

FUTURE PLANS AND PROSPECTS

Up to the date of this results announcement, the COVID-19 epidemic seems to be almost over and the related restrictions upon travelling and social activities are for most of the part lifted. It can be reasonably foreseen that the business activities of the media and culture business of the Group would resume to a normal level in the long term.

However, the recent strikes of the Writers Guild of America and Screen Actors Guild-AFTRA which persist as at the date of this announcement has adversely affected the development, production and distribution of feature films and TV and streaming TV programming in the USA. The Company have been keeping close watch on the development and outcome of the strikes and assessing its impacts on the media and culture business of the Group, and measures would be made to ensure the adaptation to the changing circumstances.

Furthermore, as it takes time for the entire business cycle of the Group to be get back on track, it is probable that these negative impacts may continue to be reflected in the financial results of Group in the coming year(s).

The Company plans to utilize its existing Hollywood intellectual property resources to develop metaverse businesses, advance its digital product platform construction, and establish subsidiaries in Hong Kong and Mainland China to expand cross-border e-commerce operations. In light of and to support the implementation the above plans, the Company has appointed Mr. Chen, Lijun as the Chief Technology Officer of the Company, who will primarily lead the development and implementation of technology strategies to drive growth and innovation across the Company, and Mr. Guo Bingjun as the Chief Operating Officer of the Company, who will be responsible for coordinating and aligning the work of various departments and teams, as well as implementing strategies and initiatives to improve the Company's performance and growth, with effect from 24 March 2023.

On 8 May 2023, Star Media Digital Technology Group Limited (“**Star Media**”), an indirect wholly-owned subsidiary of the Company, entered into a reseller service agreement (the “**Reseller Service Agreement**”) with Alibaba Cloud (Singapore) Private Limited (“**Alibaba Cloud**”), being a global leader in cloud computing and artificial intelligence, pursuant to which Star Media as a partner, is entitled to distribute various products supplied by Alibaba Cloud, including but not limited to computing, container, storage, networking and content delivery network (CDN), security, middleware, and database.

The Directors are of the view that the entering of the Reseller Service Agreement enables the Group to commence distribution business of reliable and secure cloud computing and data processing. As such, the Directors believe that the Reseller Service Agreement could, on one hand, complement the business of the Group and, on the other hand, expand the client base of the Group. Accordingly, it will broaden the Group’s revenue base in the future and is expected to increase investment returns to the Shareholders.

With an aim to turnaround from the making of loss and safeguard a 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.

INTERIM DIVIDEND

The Directors do not recommend any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

CAPITAL STRUCTURE

Net deficit of the Group as at 30 June 2023 were approximately HK\$358,159,000 (31 December 2022: approximately HK\$330,537,000).

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operation by internally generated cash flow, interest-bearing bank and other borrowings, advance from shareholder(s), issuance of promissory notes and/or convertible bonds.

The major shareholders of the Company have been able to provide financial resources (in form of loan advance, equity finance etc.) to support the Group's operations. For example, the Group obtained an advance of HK\$472,229,000 (equivalent to RMB415,000,000) (“**Advance**”) from the then controlling shareholder (江陰星輝文化傳播有限公司) in the year of 2019. The Group has fully repaid the Advance and the then controlling shareholder also confirmed the full repayment of the Advance during the year of 2020. The Company believes that its shareholders will continue to provide financial support to the Group where necessary and in due course.

As at 30 June 2023, the Group's bank balances and cash amounted to approximately HK\$52,873,000 (31 December 2022: HK\$79,420,000).

As at 30 June 2023, current ratio was approximately 0.22 (31 December 2022: approximately 0.28) based on current assets of approximately HK\$194,134,000 (31 December 2022: HK\$255,264,000) and current liabilities of approximately HK\$863,929,000 (31 December 2022: HK\$897,134,000).

Further details regarding the liquidity of the Group are set out in “going concern assumption” of note 2.1 of the consolidated financial statements for the year ended 31 December 2022 in the 2022 annual report of the Company.

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 period. 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 13 (31 December 2022: 13) employees as at 30 June 2023. 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.

CORPORATE GOVERNANCE

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 2023.

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 2023, 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 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the Company's website (www.starlightcul.com.hk) and the Stock Exchange's website (<http://www.hkexnews.hk>). The 2023 Interim Report containing all the information required by the Listing Rules will be dispatched to the Shareholders and available on the same websites 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 2023

As at the date of this announcement, the Board comprises six executive directors, namely Mr. Tang Liang, Mr. Jing Xufeng, Mr. Chau Chit, Mr. Luo Lei, 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. Wu Hongliang.