

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.



Starrise Media Holdings Limited

星宏傳媒控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1616)

INSIDE INFORMATION – ISSUE OF NEW BONDS

This announcement is made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions of Part XIVA of the SFO.

On 10 May 2018 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Company agreed to issue, and the Subscriber agreed to subscribe for, the New Bonds in an aggregate principle amount of HK\$235.5 million. As all of the Conditions Precedent have been fulfilled, the Completion took place on the same day as the date of the Subscription Agreement.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions of Part XIVA of the SFO.

THE SUBSCRIPTION AGREEMENT

On 10 May 2018 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Company agreed to issue, and the Subscriber agreed to subscribe for, the New Bonds in an aggregate principle amount of HK\$235.5 million.

Date: 10 May 2018

Parties: The Company (as the issuer)

Bison Global Investment SPC (as the Subscriber)

To the best of the knowledge, information and belief of the Board having made all reasonable inquiries, the Subscriber is an Independent Third Party.

CONDITIONS PRECEDENT

Completion of the Subscription was conditional upon the fulfilment of the following Conditions Precedent:

- (a) the Board and the Shareholders (if required under the Listing Rules) having approved the terms and authorised the execution of and performance by the Company of its obligations under the Subscription Agreement and the other Transaction Documents;
- (b) the board of directors of the Subscriber having approved the terms and authorised the execution of and performance by the Subscriber of its obligations under the Subscription Agreement and the other Transaction Documents; and
- (c) all other necessary consents, approvals, permits or licences from the relevant governmental or regulatory authorities or other third parties in relation to the transactions contemplated under the Subscription Agreement having been obtained.

COMPLETION

As all of the Conditions Precedent have been fulfilled, the Completion took place on the same day as the date of the Subscription Agreement, being 10 May 2018, in accordance with the terms and conditions of the Subscription Agreement.

PRINCIPAL TERMS OF THE NEW BONDS

The principal terms of the New Bonds were arrived at after arm's length negotiations between the Company and the Subscriber and are summarised below:

Principal amount	:	HK\$235.5 million
Maturity date	:	9 May 2020 or, if extended by the Company at its sole discretion pursuant to the terms of the New Bonds, up to 9 May 2023
		The maturity date may be extended up to three times, each time by one additional year upon written request submitted by the Company to the New Bondholder(s)
Interest rate	:	6% per annum, to be accrued on a daily basis and is payable annually in arrears on the 30th calendar day after each anniversary of the Completion Date

Form	:	The New Bonds will be issued in registered form
Ranking	:	The New Bonds will constitute direct, unconditional and unsubordinated obligations of the Company and shall at all times <i>rank pari passu</i> and without any preference among themselves
Transferability	:	<p>The New Bondholder may transfer by novation all (but not part only) of its rights and obligations under the New Bonds to:</p> <ul style="list-style-type: none"> (i) any Affiliate without prior written consent from the Company; and (ii) any person at its discretion, with prior written consent from the Company <p>To the best of the knowledge of the Directors, the Subscriber currently has no plans to transfer the New Bonds to any connect person of the Company and the Company currently has no intention to allow any such transfer. In any event, the Company shall ensure that it shall have fully complied with the requirements of Chapter 14A of the Listing Rules before consenting to a transfer of the New Bonds to a connected person of the Company.</p>
Redemption	:	<p>Unless the Company has exercised its right of early redemption, the New Bonds shall be redeemed on the Maturity Date.</p> <p>The Company may, on any date falling more than 12 months after the Completion Date, redeem all of the New Bonds or such number of New Bonds with an aggregate principal amount of no less than HK\$10 million at their redemption price. The redemption price of the New Bonds shall be their principal amount together with the interest accrued to such date of redemption.</p>
Listing	:	No application will be made for the listing of the New Bonds.
No conversion	:	The New Bonds are not convertible into any equity securities of the Company.

REASONS FOR THE SUBSCRIPTION AND THE USE OF PROCEEDS

The principal business of the Company is investment holding. The Group is principally engaged in the business of (i) manufacturing of textile products and provision of related processing service; and (ii) television drama series and film production and distribution.

The Board has from time to time been reviewing the financing channels of the Group in order to improve the cash flow and operational efficiency of the Group. The net proceeds from the Subscription is currently intended to apply mainly to the redemption of the 2016 Convertible Bonds which are outstanding as at the date hereof, and the remaining proceeds are intended to be reserved as general working capital.

Having considered that:

- (i) the New Bonds carry a lower interest rate as compared to the 2016 Convertible Bonds; and
- (ii) the New Bonds will not lead to any contingent obligations on the part of the Company to issue any additional equity securities,

the Board is of the view that the Subscription provides a good opportunity to strengthen the Group's financial position and the terms of the Subscription are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

As the New Bonds would not be convertible into any equity securities of the Company, the Subscription will not have any dilution effect on the shareholding of the existing Shareholders.

As at the date hereof, the Company had not issued, to any of the relevant parties, any formal request for the early redemption of any of the Company's outstanding convertible debt securities. In the event that the Company shall proceed with the early redemption of its outstanding convertible debt securities, the Company will make further announcement and comply with the relevant requirements of the Listing Rules as and when necessary.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“2016 Convertible Bonds”	7% coupon convertible bonds due 2018 in an aggregate principle amount of HK\$200 million issued by the Company under general mandate on 14 October 2016;
“Affiliate”	any person, directly or indirectly, controlling, being controlled by or under direct or indirect common control with another person, and in the case of the New Bondholder, it also includes any entity managed or controlled by the New Bondholder as a general partner;
“Board”	the board of Directors;
“Business Day(s)”	a day(s) (other a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are opened for business in Hong Kong;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Company”	Starrise Media Holdings Limited, a company incorporated in the Cayman Islands on 24 February 2010 as an exempted company with limited liability, whose Shares are listed on the Main Board of the Stock Exchange;
“Completion”	completion of the Subscription in accordance with the terms of the Subscription Agreement;
“Completion Date”	the date of Completion, being 10 May 2018;
“Conditions Precedent”	the conditions precedent to the Subscription, details of which are set out in the paragraph headed “Conditions Precedent” of this announcement;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

“Independent Third Party(ies)”	a person independent of the Company and its connect person (as defined in the Listing Rules);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Maturity Date”	9 May 2020 or, if extended by the Company at its sole discretion pursuant to the terms of the New Bonds, up to 9 May 2023;
“New Bondholder(s)”	a person(s) who is for the time being the registered holder(s) of a New Bond;
“New Bonds”	6% coupon unsecured and unlisted bonds due 2020 to be issued by the Company in an aggregate principal amount of up to HK\$235.5 million;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of nominal value of US\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s) from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Bison Global Investment SPC, a segregated portfolio company incorporated in the Cayman Islands with limited liability;
“Subscription”	the issue of the New Bonds by the Company to the Subscriber in an aggregate principal amount of HK\$235.5 million pursuant to the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 10 May 2018 entered into between the Company and the Subscriber in relation to the Subscription;

“Transaction Documents”

collectively, the Subscription Agreement, the bond certificate (together with the terms and conditions thereof constituting the New Bonds) and any other documents designated as a Transaction Document by the Company and the Subscriber; and

“%”

per cent.

By order of the Board
Starrise Media Holdings Limited
LIU Dong
Chairman

Shandong, the PRC, 10 May 2018

As at the date of this announcement, the Board comprises eight directors of the Company, namely Mr. LIU Dong, Mr. LIU Zongjun, Ms. CHEN Chen, Mr. HE Han and Mr. TAN Bin as executive directors of the Company; and Mr. LAM Kai Yeung, Ms. LIU Chen Hong and Mr. WANG Liangliang as independent non-executive directors of the Company.