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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)

EXTENSION OF MATURITY DATE OF CONVERTIBLE BONDS; AND ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE CONSTITUTING CONNECTED TRANSACTION

Reference is made to:

- (a) the circular of the Company dated 17 January 2017 (the “**Initial Circular**”);
- (b) the announcements of the Company dated 22 December 2016, 30 December 2016 and 28 February 2017 (the “**Initial Announcements**”), in relation to, among other things, the issuance of the Bonds in the aggregate principal amount of HK\$300,000,000 to Dragon Capital, the corporate guarantee executed by Aim Right and the personal guarantee executed by Mr. Liu in favour of Dragon Capital;
- (c) the announcements of the Company dated 17 January 2018, 5 February 2018 and 19 January 2021 (the “**Price Adjustment Announcements**”) in relation to, among other things, the adjustments in the conversion price of the Bonds to HK\$0.156 per Conversion Share (the “**Adjusted Conversion Price**”);
- (d) the circular of the Company dated 20 March 2019 (the “**1st Extension Circular**”), in relation to, among other things, the extension of the maturity date of the Bonds in the aggregated principal amount of HK\$180,000,000 held by Dragon Capital and the creation of the 2019 Share Charge by Aim Right over the Aim Right Shares in favour of Dragon Capital;
- (e) the circular of the Company dated 24 March 2020 (together with the Initial Circular and the 1st Extension Circular, the “**Circulars**”), in relation to, among other things, the 2nd Extension of the maturity date of the Bonds in the aggregated principal amount of HK\$120,000,000 held by Dragon Capital and the entering into of the 1st Deed of Amendment to the 2019 Share Charge in favour of Dragon Capital;

- (f) the announcements of the Company dated 23 and 24 April 2020 (the “**BeiTai Transfer Announcements**”) in relation to, among other things, the transfer of the Bonds in the aggregated principal amount of HK\$20,000,000 (the “**BeiTai Bonds**”) from Dragon Capital to BeiTai;
- (g) the announcement of the Company dated 25 February 2021 (together with the BeiTai Transfer Announcements, the “**BeiTai Announcements**”) in relation to the full conversion of the BeiTai Bonds; and
- (h) the announcements of the Company dated 26 February 2021 and 24 March 2021 (together with the Initial Announcements, the Price Adjustment Announcements and the BeiTai Announcements, the “**Announcements**”) in relation to, inter alia, the potential 3rd Extension of the Maturity Date and the potential Transfer of the Outstanding Bonds in the aggregate principal amount of HK\$50,000,000 held by Dragon Capital.

Capitalised terms used herein shall have the same meanings as those defined in the Circulars and the Announcements unless stated otherwise.

EXTENSION OF MATURITY DATE OF CONVERTIBLE BONDS

On 12 April 2021, the Company redeemed the Bonds in the aggregate principal amount of HK\$50,000,000 held by Dragon Capital (the “**Partial Redemption**”). The Partial Redemption was funded by the net proceeds of approximately HK\$15.73 million raised from completion of the placing of Shares under general mandate in January 2021 (which was utilised as intended) and other internal resources of the Group. After completion of the Partial Redemption, the Bonds in aggregate principal amount of HK\$50,000,000 remain outstanding, all of which are the Bonds held by Dragon Capital.

The Board is pleased to announce that on 7 May 2021 (after trading hours), the Company and Dragon Capital entered into the 3rd Extension Agreement, pursuant to which the Company and Dragon Capital conditionally agreed that the Maturity Date of the Outstanding Bonds shall be further extended to 30 June 2021.

A summary of the principal terms of the 3rd Extension Agreement is set out below.

The 3rd Extension Agreement

Date: 7 May 2021 (after trading hours)

Parties: (1) The Company (as the issuer); and
(2) Dragon Capital (as the holder of the Outstanding Bonds)

Pursuant to the terms of the 3rd Extension Agreement, the Company and Dragon Capital conditionally agreed to further extend the Maturity Date of the Outstanding Bonds to 30 June 2021 on the Terms of 3rd Extension set out below:

- (a) at any time during the 3rd Extended Period, the Company may, at its sole and absolute discretion, redeem all or part of the Outstanding Bonds at the Base Redemption Amount together with any accrued and unpaid amounts owing to the Bondholder(s) in connection with the then outstanding Bonds by serving a notice to the Bondholder(s);
- (b) at any time during the 3rd Extended Period, the Bondholder(s) may, by giving notice to the Company, require the Company to redeem all of the then outstanding Bonds at the Base Redemption Amount together with any accrued and unpaid amounts owing to the Bondholder(s) in connection with the outstanding Bonds; and
- (c) the Maturity Date may be extended up to the fifth anniversary of the issue date of the Bonds if agreed between the Company and the holder(s) of the Bonds provided that, at the time of each extension, the Company has sufficient mandate, on the basis of (i) the then effective general mandate granted by the Shareholders at the then most recent annual general meeting of the Company or (ii) the specific mandate granted by the Shareholders at the general meeting, to issue such number of new Shares to cover the exercise of all of the then outstanding Conversion Rights.

Save for the 3rd Extension and the Terms of 3rd Extension, all other terms and conditions of the Outstanding Bonds as set out in the Circulars shall remain unchanged. The Company will apply to the Stock Exchange for its approval of the 3rd Extension pursuant to Rule 28.05 of the Listing Rules.

Conditions Precedent

The 3rd Extension will become effective subject to the fulfilment of, inter alia, the following conditions:

- (a) the Stock Exchange having approved the 3rd Extension in accordance with the Listing Rules;
- (b) Aim Right having executed a deed of amendment to the 2019 Share Charge (as amended and supplemented by the 1st Deed of Amendment), in form and substance satisfactory to Dragon Capital, in favour of Dragon Capital pursuant to which Aim Right shall continue to provide a charge over the Aim Right Shares as security for the due performance of the Company's obligations under the conditions of the Outstanding Bonds during the 3rd Extended Period until Dragon Capital ceases to hold any of the Outstanding Bonds;
- (c) all necessary consents and approvals required to be obtained on the part of the Company in respect of the 3rd Extension having been obtained;

- (d) the Company having complied with all applicable requirements under the Listing Rules (including the obtaining of the approval of shareholders of the Company at a general meeting held in respect of the grant of a new Extension Specific Mandate regarding the 3rd Extension), and/or having completed, obtained and fulfilled all necessary approvals, notices and clearances of any relevant regulatory authorities or other relevant third parties as required in respect of the 3rd Extension, if applicable; and
- (e) Dragon Capital having obtained a legal opinion addressed to Dragon Capital on the 3rd Extension, in such form and substance satisfactory to Dragon Capital.

Each of the conditions set out in (a) to (e) above is not waivable under any circumstances.

The Share Charge and the Guarantees

As disclosed in the Circulars, the Dragon Capital Corporate Guarantee and the Dragon Capital Personal Guarantee (collectively, the “**Dragon Capital Guarantees**”) were executed by Aim Right and Mr. Liu, respectively, in favour of Dragon Capital on the Issue Date. The Dragon Capital Corporate Guarantee and the Dragon Capital Personal Guarantee shall remain effective and unchanged during the 3rd Extended Period notwithstanding the 3rd Extension.

As a condition precedent to the 3rd Extension, the 2nd Deed of Amendment to the 2019 Share Charge (as amended and supplemented by the 1st Deed of Amendment) shall be executed by Aim Right over all of the Aim Right Shares as security for the due performance of the Company’s obligations under the conditions of the Outstanding Bonds during the 3rd Extended Period until Dragon Capital ceases to hold any of the Outstanding Bonds.

As at the date of this announcement, Aim Right is an investment holding company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Liu.

Reasons and benefits of the 3rd Extension

As mentioned above, the Outstanding Bonds matured on 28 February 2021. As disclosed in the Company’s announcements dated 26 February 2021 and 24 March 2021, the Company had been engaging in negotiations with Dragon Capital on, inter alia, the potential extension of the Maturity Date of the Outstanding Bond which leads to Dragon Capital issuing a notice to the Company confirming the 3rd Extension on terms subject to the entering into of a legally binding agreement between the relevant parties. Pursuant to the terms of the 3rd Extension Agreement, the 3rd Extension would allow the Company to arrange for repayment of its debts under the Outstanding Bonds on essentially the same terms but on a much later date, and would therefore effectively provide the Group with flexibility in relation to the Group’s deployment of its financial resources to fund its operation and development as well as the planning of its working capital requirements.

Without the 3rd Extension, the Company would have to apply substantial cash resources for the redemption of the Outstanding Bonds on maturity. Save for the 3rd Extension and the Terms of 3rd Extension, no other term or condition of the Bonds would be amended further to the 2nd Extension, which was been approved by ordinary resolution(s) duly passed by the Shareholders at an extraordinary general meeting held on 9 April 2020. Accordingly, the Directors (including the independent non-executive Directors) consider that the 3rd Extension is fair and reasonable, and is in the interests of the Company and its Shareholders as a whole.

ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

The Board wishes to announce that on 7 May 2021 (after trading hours), the Company, Dragon Capital and Aim Right entered into the Transfer Agreement in relation to the Transfer of the Outstanding Bonds held by Dragon Capital to Aim Right.

A summary of the principal terms of the Transfer Agreement is set out below.

The Transfer Agreement

Date: 7 May 2021 (after trading hours)

Parties:

- (1) Dragon Capital (as the vendor);
- (2) Aim Right (as the purchaser); and
- (3) The Company (as the issuer)

Under the terms of the Transfer Agreement, Dragon Capital as vendor conditionally agreed sell, and Aim Right as purchaser conditionally agreed to purchase, the Outstanding Bonds for the consideration of HK\$50,000,000.

Pursuant to the terms of the Bonds, prior written consent from the Company is required where the holder of the Bonds proposed to assign any of its rights or transfer by novation any of its rights and obligations of the Bonds (or any part thereof) to any person (except its Affiliates).

Conditions Precedent

The Transfer will become effective subject to the fulfilment of, inter alia, the following conditions:

- (a) each party having obtained all necessary consents, approvals authorisations required for the execution of, and performance of its respective obligations, under the Transfer Agreement;
- (b) the 3rd Extension becoming effective;
- (c) the Company having consented to, and complied with all applicable requirements under the Listing Rules (including the obtaining of the approval of shareholders of the Company at a general meeting held in respect of the grant of new specific mandate regarding the 3rd Extension and the issuance of the Aim Right Bonds to Aim Right), and obtained all necessary consents, approvals and authorisations in relation to, the transactions contemplated under the Transfer Agreement; and
- (d) all other necessary consents, approvals, licenses, permits and authorisations from any governmental and regulatory bodies in Hong Kong, China and other relevant jurisdictions in relation to the transactions contemplated under the Transfer Agreement having been obtained and made.

Dragon Capital, Aim Right and the Company shall use its reasonable endeavours to procure that all conditions above are satisfied on or before 30 June 2021 (the “**Long Stop Date**”). Each of the conditions set out above is not waivable under any circumstances.

If the conditions precedent set out above are not fulfilled or waived before the Long Stop Date (or such other date as the parties may agree in writing), the Transfer Agreement shall lapse and become null and void and the parties shall be released from all obligations thereunder save for liabilities for any antecedent breaches thereof.

Subject to the terms and conditions of the Transfer Agreement, the Aim Right Bonds will be issued to Aim Right in place of the Outstanding Bonds on the same terms upon completion of the Transfer Agreement.

THE OUTSTANDING BONDS AND THE AIM RIGHT BONDS

As mentioned above, the Bonds in the principal amount of HK\$50,000,000, being the Outstanding Bonds held by Dragon Capital, remain outstanding as at the date of this announcement.

Subject to the terms and conditions of the Outstanding Bonds, the Outstanding Bonds would be convertible into 320,512,820 Conversion Shares at the Adjusted Conversion Price of HK\$0.156 per Conversion Share, which represents: (a) approximately 19.47% of the issued share capital of the Company as at the date of this announcement; and (b) approximately 16.30% of the issued share capital of the Company as enlarged by the issuance of such Conversion Shares.

Principal terms of the Outstanding Bonds and the Aim Right Bonds

The principal terms of the Outstanding Bonds (as amended by the Price Adjustment, the 1st Extension, the 2nd Extension, the 3rd Extension, the Terms of 1st Extension, the Terms of 2nd Extension and the Terms of 3rd Extension), which are equivalent to the principal terms of the Aim Right Bonds, are summarised below:

Aggregate principal amount	:	HK\$50.00 million
Maturity Date	:	30 June 2021
Conversion Price	:	HK\$0.156 per Conversion Share (subject to further adjustment(s), if any)
Interests	:	5% per annum payable in advance every three calendar months
Default interests	:	If an event of default occurs, interest shall accrue on the then outstanding principal amount of the outstanding Bonds from and including the date of occurrence of such event of default at an interest rate of 25% per annum and shall be payable on demand.

Conversion Period	:	The period from the date of issuance of the outstanding Bonds up to the Maturity Date (both days inclusive).
Conversion Rights	:	<p>Subject to the terms and conditions of the outstanding Bonds, a Bondholder shall have the right, exercisable during the Conversion Period, to convert the whole or any part (in integral multiples of HK\$5,000,000) of the outstanding principal amount of the outstanding Bonds held by such bondholder into such number of Conversion Shares as will be determined by dividing the principal amount of the outstanding Bonds to be converted by the Conversion Price in effect on the date of conversion.</p> <p>If a Mandatory Conversion Event Trigger occurs, the Company shall issue a conversion notice to the Bondholder(s) to, subject to the terms and conditions of the outstanding Bonds, require the Bondholder to convert all or part of the outstanding Bonds held by the Bondholder(s) at that time. The Bondholder(s) shall at all times have the discretion to determine the amount of outstanding Bonds to be converted (provided that such amount is more than HK\$5,000,000 and is an integral multiple of HK\$5,000,000). Each conversion following a Mandatory Conversion Event Trigger may only occur once a year.</p>
Ranking	:	Shares converted upon exercise of the Conversion Rights shall rank pari passu in all respects with all other Shares in issue at the date of conversion and all Conversion Shares shall include rights to participate in all dividends and other distributions.
Transferability	:	The outstanding Bonds may be transferred to an Affiliate of the Bondholder(s) without consent from the Company and may be transferred to any other person after receiving prior written consent from the Company.
Adjustment of the Conversion Price	:	<p>The Conversion Price shall from time to time be adjusted upon:</p> <ul style="list-style-type: none"> (i) consolidation or sub-division; (ii) capitalisation of profits or reserves; (iii) capital distributions; (iv) rights issues of Shares or options over Shares;

- (v) issuance of Shares or any options, warrants or other rights to subscribe for or purchase Shares wholly for cash at less than 90% of the Current Market Price; or
- (vi) other issues of Shares at less than 90% of the Current Market Price.

Listing : No application has been or will be made for the listing of the Outstanding Bonds and/or Aim Right Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in the Conversion Shares under the New Arrangement and the Aim Right Bonds.

Redemption : **Maturity:** Unless (i) the maturity of the outstanding Bonds is accelerated upon the occurrence of an event of default, or (ii) the outstanding Bonds are redeemed prior to the Maturity Date, the Company shall redeem all outstanding Bonds on the Maturity Date in the following manners:

- (1) if the Bondholder(s) has not exercised any of the Conversion Rights before the Maturity Date, the Bondholder shall redeem all of the outstanding Bonds at the Base Redemption Amount; or
- (2) if the Bondholder(s) has exercised all or a portion of the Conversion Rights before the Maturity Date, the Bondholder shall redeem all such outstanding Bonds at the Base Redemption Amount (but excluding the Premium).

No redemption: The outstanding Bonds may not be redeemed by the Company at any time prior to the Maturity Date, save that:

- (a) at any time during the first six months of the 1st Extended Period, the Company may, at its sole and absolute discretion, redeem all or part of the outstanding Bonds at the Base Redemption Amount together with any accrued and unpaid amounts owing to the Bondholder(s) in connection with the outstanding Bonds by serving a notice to the Bondholder(s);

- (b) at any time during the last six months of the 1st Extended Period, the Bondholder(s) may, by giving notice to the Company, require the Company to redeem all of the then outstanding Bonds at the Base Redemption Amount together with any accrued and unpaid amounts owing to the Bondholder(s) in connection with the outstanding Bonds;
- (c) at any time during the 2nd Extended Period, the Company may, at its sole and absolute discretion, redeem all or part of the outstanding Bonds at the Base Redemption Amount together with any accrued and unpaid amounts owing to the Bondholder(s) in connection with the then outstanding Bonds by serving a notice to the Bondholder(s);
- (d) at any time during the 2nd Extended Period, the Bondholder(s) may, by giving notice to the Company, require the Company to redeem all of the then outstanding Bonds at the Base Redemption Amount together with any accrued and unpaid amounts owing to the Bondholder(s) in connection with the outstanding Bonds;
- (e) at any time during the 3rd Extended Period, the Company may, at its sole and absolute discretion, redeem all or part of the outstanding Bonds at the Base Redemption Amount together with any accrued and unpaid amounts owing to the Bondholder(s) in connection with the then outstanding Bonds by serving a notice to the Bondholder(s); and
- (f) at any time during the 3rd Extended Period, the Bondholder(s) may, by giving notice to the Company, require the Company to redeem all of the then outstanding Bonds at the Base Redemption Amount together with any accrued and unpaid amounts owing to the Bondholder(s) in connection with the outstanding Bonds.

Mandatory redemption: Notwithstanding the other provisions of the conditions of the outstanding Bonds, if either of the Guarantors:

- (1) deceases or is incapacitated;
- (2) becomes of unsound mind, or is or becomes a patient for any purpose of any applicable laws relating to mental health; or
- (3) becomes insolvent or is unable to pay its debts as they mature or applies for or consents to the appointment of any administrator, liquidator or receiver of the whole or any material part of its undertaking, property, assets or revenues or enters into a general assignment or compromise with or for the benefit of its creditors,

the Company shall redeem all of the outstanding Bonds at the Base Redemption Amount after prior notice has been given by the Bondholder(s) not less than 20 Business Days prior to the intended date of redemption.

Event of default redemption: Upon the occurrence of any of the events of default, the Company shall have a period of one month starting from the date of receipt by the Bondholder(s) of the notice of event of default to remedy such event of default. If such event of default is not remedied within such period or if such event of default is incapable of remedy, the Bondholder(s) shall be entitled to require the Bonds registered in its name to be redeemed at the Base Redemption Amount.

Event of default	:	<p>If any of the following events (“Event of Default”) set out in the terms and conditions of the outstanding Bonds occurs and (if such event of default is capable of remedy) the relevant period for the Company to remedy such event of default expires, the Bondholder(s) may give notice to the Company that the outstanding Bonds together with any amount payable by the Company pursuant to the terms of the Bonds will become immediately due and repayable:</p> <ol style="list-style-type: none">(i) there is a failure by the Company to pay the principal, the Premium (if any), any interest due and payable on or any amount due and payable under any Bond(s) pursuant to the terms and conditions of the Bond(s);
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- (ii) there is a failure by the Company to deliver the Conversion Shares pursuant to the conditions of the Bond(s);
- (iii) the net asset value of the Company is less than RMB1 billion (without taking into account any of the direct or indirect effects of the Bond(s));
- (iv) an order is made or an effective resolution passed for winding-up or dissolution of the Company or any of its material subsidiaries, or the Company ceases or threatens to cease to carry on all or a material part of its business or operations, except for the purpose of and followed by a consolidation, amalgamation, merger or reorganisation;
- (v) an encumbrancer takes possession or a receiver is appointed of the whole or a material part of the assets or undertaking of the Company;
- (vi) a distress, execution or seizure before judgement is levied or enforced upon or sued out against a material part of the assets or undertaking or property of the Company is not discharged within seven days thereof;
- (vii) the Shares are suspended by the Stock Exchange for 10 consecutive trading days or listing of the Shares on the Stock Exchange are being revoked or withdrawn;
- (viii) there occurs any event that triggers cross default by the Company, the Guarantors or a material subsidiary of the Company under any financial indebtedness;
- (ix) the Company, the Guarantors or any of their material subsidiaries (where applicable) becomes insolvent or is unable to pay its debts as they mature, or in respect of the whole or any material part of its undertaking, property, assets or revenues, applies for or consents to the appointment of any administrator, liquidator or receiver, or enters into a general assignment, or comprises with or for the benefit of its creditors;

- (x) any representation, warranty, certification or statement made by or on behalf of the Company or the Guarantors in relation to any deeds, agreements, instruments executed or entered into in connection with the Bond(s) is incorrect, false incomplete or misleading on the date which it is made;
- (xi) any case, proceeding or other action being commenced by or against any of the Company and the Guarantors seeking for bankruptcy, insolvency, reorganisation, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other similar relief, or seeking to appoint a liquidator, administrator, administrative receiver, receiver, trustee, custodian, conservator or other similar officials for him or for all or any part of his assets unless such petition is frivolous or vexatious and is stayed or dismissed within 45 days of commencement;
- (xii) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any of the property, assets or revenues of the Company or other orders applied in excess of US\$20 million, which is not discharged, terminated or cancelled or stayed within 30 days of commencement;
- (xiii) there occurred any one or more events or changes that can reasonably cause or constitute or likely to cause or constitute a material adverse effect on the Company or the Guarantors;
- (xiv) the Company ceases or threatens to cease to carry on its business or any substantial part of its business as a whole;
- (xv) Aim Right creates or permits to subsist or arise any encumbrance over the whole or any part of the Aim Right Shares; or
- (xvi) the Company does not perform or comply with any one or more of its other obligations under the Bonds which default is incapable of remedy, or is not remedied within 5 Business Days of occurrence.

- Other undertakings
- (a) the Company will notify the Bondholder(s) in writing immediately upon becoming aware of the occurrence of any event of default;
 - (b) the Company shall at all times use its reasonable endeavours to ensure that the minimum public shareholding requirement of the Listing Rules is complied with;
 - (c) the Company shall at all times maintain its net asset value (by reference to the Company's latest interim or annual reports) at not less than RMB1,000,000,000;
 - (d) the Company shall at all times maintain its liability to asset ratio (by reference to the Company's latest interim or annual reports) at a level not higher than 50%; and
 - (e) Aim Right shall not, without the prior consent of the Bondholder, dispose any of the Aim Right Shares.

Conversion Price

Effective from 19 January 2021, the Conversion Price of the Bonds was adjusted from HK\$0.74 per Conversion Share to HK\$0.156 per Conversion Share pursuant to the terms and conditions of the Bonds following the issuance of 101,137,134 new Shares at HK\$0.156 per Share on such date.

The Adjusted Conversion Price of HK\$0.156 per Conversion Share represents:

- (1) a premium to approximately 11.43% to the closing price of HK\$0.140 per Share as quoted on the Stock Exchange on the date of the Transfer Agreement; and
- (2) a premium to approximately 10.64% to the average closing price of HK\$0.141 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Transfer Agreement.

EFFECT ON SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 1,646,254,080 Shares in issue. Set out below is a breakdown of the shareholding interests in the Company of the Shareholders as at (i) the date of this announcement; (ii) immediately after the completion of the issue of the Conversion Shares assuming the Conversation Rights under the Outstanding Bonds are exercised by Dragon Capital in full at the Adjusted Conversion Price of HK\$0.156 per Conversion Share prior to completion of the Transfer; and (iii) immediately after the completion of the issue of the Conversion Shares assuming the Conversation Rights under the Aim Right Bonds are exercised by Aim Right in full at the Adjusted Conversion Price of HK\$0.156 per Conversion Share after completion of the Transfer:

	As at the date of this announcement		Immediately after the completion of the issue of the Conversion Shares assuming the Conversation Rights under the Outstanding Bonds are exercised by Dragon Capital in full at the Adjusted Conversion Price of HK\$0.156 per Conversion Share prior to completion of the Transfer		Immediately after the completion of the issue of the Conversion Shares assuming the Conversation Rights under the Aim Right Bonds are exercised by Aim Right in full at the Adjusted Conversion Price of HK\$0.156 per Conversion Share after completion of the Transfer	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Cinedigm Corp.	366,590,397	22.27%	366,590,397	18.64%	366,590,397	18.64%
Excel Orient Limited	307,809,902	18.70%	307,809,902	15.65%	307,809,902	15.65%
Emerge Ventures Limited	171,926,000	10.44%	171,926,000	8.74%	171,926,000	8.74%
He Han	13,998,000	0.85%	13,998,000	0.71%	13,998,000	0.71%
Bondholders						
Dragon Capital	–	–	320,512,820	16.30%	–	–
Aim Right	202,472,656	12.30%	202,472,656	10.29%	522,985,476	26.59%
Public Shareholders	583,457,125	35.44%	583,457,125	29.67%	583,457,125	29.67%
Total	<u>1,646,254,080</u>	<u>100.00%</u>	<u>1,966,766,900</u>	<u>100.00%</u>	<u>1,966,766,900</u>	<u>100.00%</u>

Reasons and benefits of the Transfer and the issuance of Aim Right Bonds

As disclosed in the Company's announcement dated 24 March 2021, Dragon Capital had indicated to the Company their negotiations with Aim Right (a substantial shareholder of the Company holding approximately 12.30% of the total issued share capital of the Company as at the date of this announcement) regarding the potential Transfer of the Outstanding Bonds.

As disclosed above, prior written consent from the Company is required where the holder of the Bonds proposed to assign any of its rights or transfer by novation any of its rights and obligations of the Bonds (or any part thereof) to any person (except its Affiliates) pursuant to the terms of the Outstanding Bonds. Therefore, on 7 May 2021, the Company entered into the Transfer Agreement with Dragon Capital and Aim Right pursuant to which the Company's consent to be issued in compliance with all applicable requirements under the Listing Rules is required as one of the conditions precedent.

The terms of the Transfer Agreement and the Aim Right Bonds (including the conversion price and the interest rate) were determined based on arm's length negotiations between the parties with reference to the prevailing market price of the Shares as quoted on the Stock Exchange and market interest rates of unsecured loans. In view that (a) the Aim Right Bonds to be issued pursuant to the Transfer Agreement would be under the same terms and conditions as the Outstanding Bonds (including the 3rd Extension) and (b) no assets pledges nor charges is required as security for the due performance of the Company's obligations under conditions of the Aim Right Bonds, the Directors (excluding the independent non-executive Directors who have deferred the expression of their views pending the obtaining of advice from the Independent Financial Adviser) consider that the terms of the Transfer Agreement, the terms of the Aim Right Bonds (including the conversion price and the interest rate) and the transactions contemplated thereunder are fair and reasonable, and the entering into of the Transfer Agreement and the issuance of Aim Right Bonds are in the best interests of the Company and the Shareholders as a whole. None of the Directors has a material interest in the Transfer or the issuance of Aim Right Bonds and hence no Director is required to abstain from voting on the relevant board resolutions in accordance with the Listing Rules.

USE OF PROCEEDS FROM THE INITIAL ISSUANCE OF THE BONDS

As disclosed in the Circulars and the annual report of the Company for the year ended 31 December 2020, the net proceeds from the initial issuance of the Bonds (after deducting the professional fees and other costs) of approximately HK\$295.35 million were fully utilised.

FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

The following table summarises the equity fund raising activities of the Company for the twelve months immediately preceding the date of this announcement:

Date of announcement	Equity fund raising activity	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
5 January 2021	Subscription of 101,137,134 Shares by the Company under general mandate, which was completed on 19 January 2021	HK\$15.73 million	Settlement of principal and interest of the Bonds if the Company is called upon to redeem the Convertible Bonds without conversion or to apply for settlement of the Group's other debts and liabilities as they fall due, if the Convertible Bonds are converted without redemption	Utilised as intended

LISTING RULES IMPLICATIONS

The 3rd Extension

As stated in the Circulars, the Maturity Date may be extended if agreed between the Company and the holder(s) of the Bonds pursuant to the terms and conditions of the Outstanding Bonds.

Pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. The Company will apply to the Stock Exchange for the approval of the 3rd Extension pursuant to Rule 28.05 of the Listing Rules.

However, as the 3rd Extension would require mutual agreement between the holder(s) of the Bonds and the Company, the 3rd Extension would not take place automatically. Accordingly, the 3rd Extension would be treated as New Arrangements for the Company to issue the Outstanding Bonds to the respective holder(s) of the Bonds and the Company may not rely on the Previous Specific Mandates (as defined in the Circulars) for the New Arrangements and would be required to obtain a new Extension Specific Mandate from Shareholders for the New Arrangements pursuant to Rule 13.36(6) of the Listing Rules.

The Conversion Shares to be allotted and issued upon full conversion of the Outstanding Bonds at the Conversion Price of HK\$0.156 (subject to further adjustments) under the New Arrangements will be allotted and issued pursuant to the Extension Specific Mandate to be sought from the Shareholders at the EGM.

The Share Charge and the Guarantees

As at the date of this announcement, Mr. Liu through his wholly-owned subsidiary, Aim Right, is interested in 202,472,656 Shares (i.e. the Aim Right Shares), representing approximately 12.30% of the total issued share capital of the Company as at the date hereof. As such, Mr. Liu and Aim Right are each a substantial shareholder of the Company and therefore a connected person of the Company.

Each of (a) the Dragon Capital Guarantees provided by Aim Right and Mr. Liu in favour of Dragon Capital; and (b) the 2019 Share Charge (as amended and supplemented by the 1st Deed of Amendment and the 2nd Deed of Amendment) provided by Aim Right in favour of Dragon Capital would each be a form of financial assistance to the Company, and accordingly, constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As the Directors (including the independent non-executive Director) considered that each of the Dragon Capital Guarantees, the 2019 Share Charge, the 1st Deed of Amendment and the 2nd Deed of Amendment was and would be provided for the benefit of the Company on normal commercial terms or better and no security over the assets of the Group is granted thereunder, the Dragon Capital Guarantees, the 2019 Share Charge, the 1st Deed of Amendment and the 2nd Deed of Amendment would therefore be exempted from the reporting, announcement and independent Shareholders' approval requirements under the Listing Rules.

The Transfer and the issuance of Aim Right Bonds

As Aim Right is regarded as a connected person of the Company under Chapter 14A of the Listing Rules, the issuance of Aim Right Bonds pursuant to the Transfer Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the announcement, reporting and Independent Shareholder's approval requirements pursuant to the Listing Rules.

The Conversion Shares to be allotted and issued upon full conversion of the Aim Right Bonds at the Conversion Price of HK\$0.156 (subject to further adjustments) will be allotted and issued pursuant to the Aim Right Specific Mandate to be sought from the Independent Shareholders at the EGM.

EXTRAORDINARY GENERAL MEETING

The EGM will be held for the Shareholders to consider and, if thought fit, approve the ordinary resolutions in respect of the grant of the Extension Specific Mandate and the Aim Right Specific Mandate. To the best of the Directors' knowledge, information and belief, (a) no Shareholder is required to abstain from voting on the resolution(s) in respect of the Extension Specific Mandate at the EGM; and (b) Aim Right and its associates will be required to abstain from voting on the resolution(s) in respect of the Aim Right Specific Mandate at the EGM.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Lam Kai Yeung, Ms. Liu Chen Hong and Mr. Kwok Pak Shing, has been established to advise the Independent Shareholders regarding the terms of the Aim Right Bonds. An Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) details of the Extension Specific Mandate and the Aim Right Specific Mandate; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders regarding the terms of the Aim Right Bonds; (iii) a letter from the Independent Financial Adviser containing their advice to the Independent Board Committee and the Independent Shareholders regarding the terms of the Aim Right Bonds; (iv) a notice of the EGM; and (v) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 25 May 2021.

DEFINITIONS

The following terms have the following meanings in the announcement, unless the context otherwise requires:

“1st Deed of Amendment”	the deed of amendment to the 2019 Share Charge executed by Aim Right over all of the Aim Right Shares as security for the due performance of the Company’s obligations under the conditions of the then-outstanding Bonds held by Dragon Capital during the 2nd Extended Period
“1st Extended Period”	the period commenced on the second anniversary of the Issue Date and ending on the third anniversary of the Issue Date
“1st Extension”	the extension of the Maturity Date of the outstanding Bonds by one additional year to 28 February 2020
“2019 Share Charge”	a charge over the Aim Right Shares dated 28 February 2019 executed by Aim Right as security for the due performance of the Company’s obligations under the conditions of the outstanding Bonds during the 1st Extended Period
“2nd Deed of Amendment”	the deed of amendment to the 2019 Share Charge (as amended and supplemented by the 1st Deed of Amendment) executed by Aim Right over all of the Aim Right Shares as security for the due performance of the Company’s obligations under the conditions of the Outstanding Bonds during the 3rd Extended Period until Dragon Capital ceases to hold any of the Outstanding Bonds
“2nd Extended Period”	the period commenced on the third anniversary of the Issue Date and ending on the fourth anniversary of the Issue Date
“2nd Extension”	the extension of the Maturity Date of the outstanding Bonds by one additional year to 28 February 2021
“3rd Extended Period”	the period commenced on the fourth anniversary of the Issue Date and ending on 30 June 2021
“3rd Extension”	the extension of the Maturity Date of the Outstanding Bonds to 30 June 2021
“3rd Extension Agreement”	the amendment agreement dated 7 May 2021 entered into between the Company and Dragon Capital in relation to the 3rd Extension

“Affiliate”	any person, directly or indirectly, controlling, controlled by or under direct or indirect common control with another person
“Aim Right”	Aim Right Ventures Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Liu as at the date of this announcement
“Aim Right Bonds”	the Bonds proposed to be issued by the Company in the aggregate principal amount of HK\$50,000,000 under the Transfer Agreement
“Aim Right Shares”	all Shares registered in the name and/or otherwise held by Aim Right, which amounted to 202,472,656 Shares and represented approximately 12.30% of the issued share capital of the Company as at the date of this announcement
“Aim Right Specific Mandate”	the authority to be sought from the Independent Shareholders at the EGM to authorise the Directors to allot and issue the Conversion Shares upon conversion of the Aim Right Bonds to be issued under the terms of the Aim Right Bonds
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“BeiTai”	BeiTai Investment LP, an exempted limited partnership established under the laws of the Cayman Islands
“Board”	the board of Directors
“Bonds”	the unlisted convertible bonds in an aggregate principal amount of HK\$300,000,000 issued by the Company on 28 February 2017 (or any part thereof)
“Business Day”	a day (excluding a Saturday, Sunday, public holiday or days on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong at 9:00 a.m.) on which banks in Hong Kong are open for business throughout their normal business hours
“Company”	Starrise Media Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange with stock code: 1616

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Conversion Rights”	the right(s) of a Bondholder to convert whole or part of the principal amount of any Bond into Shares subject to and in accordance with the terms and conditions of the Bonds
“Conversion Share”	the Share(s) to be issued and allotted upon conversion of the Bonds
“Dragon Capital”	Dragon Capital Entertainment Fund One LP, an exempted limited partnership registered in the Cayman Islands
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder
“Extension Specific Mandate”	the authority to be sought from the Shareholders at the EGM to authorise the Directors to allot and issue the Conversion Shares upon conversion of the Outstanding Bonds at the Conversion Price of HK\$0.156 (subject to further adjustments) under the New Arrangements
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors established to advise the Independent Shareholders in respect of terms of the Outstanding Bonds and the transactions contemplated thereunder
“Independent Financial Adviser”	Euto Capital Partners Limited, a licensed corporation to carry out Type 6 (advising on corporation finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Outstanding Bonds and the transactions contemplated thereunder

“Independent Shareholders”	Shareholders other than Aim Right, Mr. Liu and their respective associates
“Issue Date”	28 February 2017, being the date of issue of the Bonds
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	being the maturity date of the Bonds, which was initially 28 February 2019 (being the second anniversary of the Issue Date), which was further extended to 28 February 2021 pursuant to the 1st Extension and 2nd Extension; or if the 3rd Extension becomes effective, extended to 30 June 2021
“Mr. Liu”	Mr. Liu Zhihua (劉志華), a substantial shareholder of the Company
“New Arrangements”	the 3rd Extension and the transactions contemplated under the Outstanding Bonds after the 3rd Extension, which for the purposes of the Listing Rules would together be treated as new arrangements for the Company to issue the Outstanding Bonds
“Outstanding Bonds”	the Bonds in aggregate principal amount of HK\$50,000,000 which remain outstanding as at the date of this announcement or any part thereof
“PRC”	The People’s Republic of China
“Previous Specific Mandates”	the specific mandates previously granted by the Shareholders at the extraordinary general meetings of the Company held on (a) 6 February 2017 for the allotment and issue of the Conversion Shares upon full conversion of the Bonds at the initial Conversion Price of HK\$1.21; (b) 8 April 2019 for the grant of new specific mandate regarding the 1st Extension; and (c) 9 April 2020 for the grant of new specific mandate regarding the 2nd Extension
“Price Adjustment”	the adjustment to the Conversion Price of the Bonds from HK\$0.74 per Conversion Share to HK\$0.156 per Conversion Share which took effect from 19 January 2021, details of which are set out in the Price Adjustment Announcements
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Terms of 1st Extension”	the additional terms and conditions which are applicable to the Outstanding Bonds during the 1st Extended Period pursuant to the 1st Extension
“Terms of 2nd Extension”	the additional terms and conditions which are applicable to the Outstanding Bonds during the 2nd Extended Period pursuant to the 2nd Extension
“Terms of 3rd Extension”	the additional terms and conditions which are applicable to the Outstanding Bonds during the 3rd Extended Period as agreed between the Company and Dragon Capital
“Transfer”	the sale and purchase of the Outstanding Bonds by Aim Right pursuant to the Transfer Agreement
“Transfer Agreement”	the sale and purchase agreement dated 7 May 2021 between Dragon Capital, Aim Right and the Company in respect of the Transfer

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

Beijing, the PRC, 7 May 2021

As at the date of this announcement, the Board comprises seven Directors, namely Mr. LIU Dong, Mr. LIU Zongjun, Ms. CHEN Chen and Mr. HE Han as executive Directors; and Mr. LAM Kai Yeung, Ms. LIU Chen Hong and Mr. KWOK Pak Shing as independent non-executive Directors.