Starrise Media Holdings Limited
星 宏 傳 媒 控 股 有 限 公 司
(formerly known as "Silverman Holdings Limited 銀仕來控股有限公司")
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1616)

COMPLETION OF ISSUE OF NEW SHARES UNDER GENERAL MANDATE AND ADJUSTMENT TO THE CONVERSION PRICE OF CONVERTIBLE BONDS

Reference is made to the announcement (the "**Announcement**") of Starrise Media Holdings Limited (the "**Company**") dated 17 January 2018 in relation to the subscription of an aggregate of 209,000,000 new shares in the share capital of the Company under general mandate. Unless the contexts require otherwise, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

COMPLETION OF THE SUBSCRIPTION

The Board is pleased to announce that all the Conditions have been fulfilled and the Completion took place on 5 February 2018 in accordance with the terms and conditions of the Subscription Agreement. 209,000,000 new Shares, representing (i) approximately 19.99% of the issued share capital of the Company immediately before the Completion; and (ii) approximately 16.66% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares as at the date of this announcement, have been allotted and issued by the Company to the Subscriber at the Subscription Price of HK$0.74 per Subscription Share under the General Mandate.

Immediately after the Completion and as at the date of this announcement, the Company has 1,254,749,656 Shares in issue.

ADJUSTMENT TO THE CONVERSION PRICE OF THE CONVERTIBLE BONDS

Reference is made to the announcements of the Company dated 3 October 2016 and 14 October 2016 in relation to the issuance of the First CB, and the announcements of the Company dated 22 December 2016 and 28 February 2017 and circular dated 17 January 2017 in relation to the issuance of the Second CB.

Upon Completion, the Adjustments took effect pursuant to the terms and conditions of the First CB and the Second CB as a result of the Subscription. The respective conversion price of the Convertible Bonds have been adjusted in the following manner:

	Conversion price	
	before Completion	**after Completion**
	(HK$)	*(HK$)*
First CB	1.21	0.74
Second CB	1.21	0.74

The First CB

Regarding the First CB, as at the date of this announcement, the Company has outstanding convertible bonds in the aggregate principal amount of HK$200,000,000.

As previously disclosed in the Announcement, the maximum number of Shares issuable by the Company under the 2016 General Mandate upon full conversion of the First CB is 209,149,931. Following the Adjustments, in the event of full conversion of the First CB pursuant to the terms and conditions of the First CB, a total of 209,149,931 new Shares will be allotted and issued under the 2016 General Mandate based on the new conversion price of HK$0.74 per conversion share (the "**First CB Issuance**"). Such new Shares represent:

(i) approximately 16.67% of the issued share capital of the Company as at the date of this announcement; and

(ii) approximately 14.29% of the issued share capital of the Company as enlarged by the First CB Issuance (assuming that there is no change in the issued share capital of the Company other than the First CB Issuance from the date of this announcement and up to the date of the First CB Issuance).

In addition, the Board has decided to exercise its Cash Settlement Option pursuant to the terms of the First CB for any First CB Conversion Shares which fall outside the limit of the 2016 General Mandate.

The Second CB

Regarding the Second CB, as at the date of this announcement, the Company has outstanding convertible bonds in the aggregate principal amount of HK$300,000,000.

Following the Adjustments, in the event of full conversion of the Second CB pursuant to the terms and conditions of the Second CB, a total of 405,405,405 new Shares will be allotted and issued under the 2017 Specific Mandate based on the new conversion price of HK$0.74 per conversion share (the "**Second CB Issuance**"). Such new Shares represent:

(i) approximately 32.31% of the issued share capital of the Company as at the date of this announcement; and

(ii) approximately 24.42% of the issued share capital of the Company as enlarged by the Second CB Issuance (assuming that there is no change in the issued share capital of the Company other than the Second CB Issuance from the date of this announcement and up to the date of the Second CB Issuance).

Save for the above adjustments, no changes or amendments have been made to the terms and condition of the Convertible Bonds.

SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the shareholding structure of the Company (i) immediately before the Completion; (ii) immediately after the Completion; (iii) immediately after the Completion and full conversion of the First CB at the conversion price of HK$0.74; (iv) immediately after the Completion and full conversion of the Second CB at the conversion price of HK$0.74; and (v) immediately after the Completion and full conversion of the Convertible Bonds at the conversion price of HK$0.74 is set out as follows:

	Immediately before the Completion		Immediately after the Completion		Immediately after the Completion and full conversion of the First CB at the conversion price of HK$0.74 *(Note 1)*		Immediately after the Completion and full conversion of the Second CB at the conversion price of HK$0.74 *(Note 1)*		Immediately after the Completion and full conversion of the Convertible Bonds at the conversion price of HK$0.74 *(Note 1)*	
	No. of Shares	*Approximate %*	*No. of Shares*	*Approximate %*	*No. of Shares*	*Approximate %*	*No. of Shares*	*Approximate %*	*No. of Shares*	*Approximate %*
Non-public Shareholders										
Excel Orient Limited	273,609,836	26.16	273,609,836	21.81	273,609,836	18.69	273,609,836	16.48	273,609,836	14.64
Aim Right Ventures Limited	202,472,656	19.36	202,472,656	16.14	202,472,656	13.83	202,472,656	12.20	202,472,656	10.83
He Han	14,008,000	1.34	14,008,000	1.12	14,008,000	0.96	14,008,000	0.84	14,008,000	0.75
Public Shareholders										
The Subscriber	—	—	209,000,000	16.66	209,000,000	14.28	209,000,000	12.59	209,000,000	11.18
Other public Shareholders	555,659,164	53.14	555,659,164	44.28	555,659,164	37.96	555,659,164	33.47	555,659,164	29.73
First CB Bondholder(s)	—	—	—	—	209,149,931	14.29	—	—	209,149,931	11.19
Second CB Bondholder(s)	—	—	—	—	—	—	405,405,405	24.42	405,405,405	21.69
Total	1,045,749,656	100	1,254,749,656	100	1,463,899,587	100	1,660,155,061	100	1,869,304,992	100

Notes:

1. Assuming that there is no other issue of new Shares and no repurchase of existing Shares from the date of this announcement.

FURTHER INFORMATION ON THE COMPLETION GUARANTEE OPERATIONS

As set out in the Announcement, approximately HK$100,000,000 or 71.43% of the net proceeds of the Subscription will be used for paying up the registered capital of the subsidiary of the Company being set up for the Completion Guarantee operations of the Group and financing the development of such operations. The Company hereby provides further information regarding the Completion Guarantee operations.

Nature of the Completion Guarantee operations

In general, a Completion Guarantee is a form of guarantee, pursuant to which a completion guarantor company (which is usually a company engaging in film production or is familiar with film production) guarantees to the financier (which may include banks which provide production loans to the producers) of the film that:

(i) the producer will complete and deliver the film based on an agreed script, cast and budget;

(ii) the completion guarantor company shall procure or provide the funds that exceeds the agreed budget (if needed) to complete and deliver the film if the producer fails to do so;

(iii) if the producer, in extreme cases, fails to complete and deliver the film, the completion guarantor company shall take over the production of the film and complete and deliver the film; and

(iv) if the completion guarantor company, in extreme cases, fails to complete and deliver the film after taking over the film, the completion guarantor company shall make a payment to the financier of the film in the sum of the amount advanced by the financier to the producer and/or any agreed sum.

The completion guarantor company will receive from the guaranteed party, being the financier of the film, a percentage fee based on the budget of a film for providing Completion Guarantee to the financier should the producers complete and deliver the film in accordance to the agreed script, cast and budget. The market rate for such percentage fee is generally around 3% to 5% of the budget of film, and the actual rate may deviate based on the negotiations between the completion guarantor company and the financier.

If the completion guarantor company considers that the risk under a completion guarantee is high, the completion guarantor company may engage an insurance company to provide insurance cover over the maximum exposure of the completion guarantor company under such completion guarantee. Nonetheless, the actual terms of each completion guarantee will differ based on the negotiation among the parties to such guarantees.

Alternative form of investment in the film and drama development process

In engaging in the Completion Guarantee operation, generally, the Group shall arrange dedicated personnel to supervise the production process of the film to ensure the producers complete and deliver the film in accordance to the agreed script, cast and budget. The Group normally does not need to provide capital or resources of the Group in the actual film production. As such, the Completion Guarantee operations is different from the Group's existing operations in production and distribution of television drama series and films which is specialised in content production, project investment and consultation, operation of copyrights, film promotion, entertainment marketing, artist management and other businesses in the entire industry chain of the creative film and television industry.

The Directors are of the view that the development of the Completion Guarantee operations will enable the Group to broaden its income source and strengthen its market position in the media industry of the PRC.

As at the date of this announcement, the Group has not entered into any Completion Guarantee.

As the exact obligations under each completion guarantee are different, the completion guarantee may or may not form a transaction under Chapter 14 or Chapter 14A of the Listing Rules. The Company shall comply with the requirements of Chapter 14 or Chapter 14A when the Group enters into any completion guarantee which falls under the definition of transaction under Chapter 14 or 14A of the Listing Rules.

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

Shandong, the PRC, 5 February 2018

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

This announcement will be available for viewing on the website of the Hong Kong Exchange and Clearing Limited (www.hkexnews.hk).

This announcement is prepared in both Chinese and English. In the event of inconsistency, the English text of this announcement shall prevail over the Chinese text.