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英皇文化產業集團有限公司
Emperor Culture Group Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 491)

CONTINUING CONNECTED TRANSACTIONS

The Group has been purchasing furniture and obtaining furniture procurement consultancy services for its cinema operation from Ulferts Group. Ulferts International is a connected person of the Company and accordingly, the Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

It comes to the attention of the Directors that the aggregate of purchase consideration and consultancy fee paid/payable by the Group to Ulferts Group within a 12-month period and for the year ending 30 June 2018 are expected to exceed HK\$3 million. Hence, the Company is required to comply with the relevant requirements under the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules) calculated with reference to the Purchase Annual Caps and the Consultancy Annual Caps are more than 0.1% but less than 5%, the Transactions are subject to the announcement, reporting and annual review requirements, but exempt from the Shareholders' approval requirement under the Listing Rules.

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THE MASTER AGREEMENT

Pursuant to the Master Agreement dated 15 January 2018 entered into between AY Holdings and Ulferts International, Ulferts Group shall (i) sell products and provide furniture procurement consultancy services to members of Emperor Group (including the Group) in relation to their projects and investments, or for their own consumption; (ii) sell furniture coupons to members of Emperor Group for their own consumption and for the consumption of their clients as a marketing strategy of their projects and (iii) provide such other types of ancillary services and any transaction of revenue nature in the ordinary course of business of Ulferts Group, commencing from 29 January 2018 and up to 31 March 2020. The Services provided or to be provided by Ulferts Group to the Group are governed by the Master Agreement.

The price and other specific terms of the Services shall be set out in the purchase order or service agreement, on an order by order basis with reference to the quantity, delivery timing, the type of products and services or the complexity of the projects, the expiry dates and the restrictions of the coupons for determining the discount on the face value of the coupons and other relevant factors. The price and terms for products, services and coupons shall be on normal commercial terms, negotiated on an arm's length basis and at prices and terms no less favourable to Emperor Group (including the Group) than those to be provided to independent third parties. Members of Emperor Group (including the Group) shall have an option to obtain from third party suppliers other than Ulferts Group the Services and Ulferts Group is not bound to accept any order or provide any service from / to Emperor Group.

HISTORICAL TRANSACTION AMOUNTS

Set out below are the historical transaction amounts paid/payable by the Group to Ulferts Group in relation to the purchase of furniture and the obtaining of furniture procurement consultancy services for the two financial years ended 30 June 2017 and the period from 1 July 2017 up to the date of this announcement:

	For the year ended 30 June		From 1 July 2017 up to the date of this announcement
	2016	2017	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Purchase of furniture	-	-	899
Obtaining of furniture procurement consultancy services	813	774	1,279

The historical transaction amounts paid/payable by the Group in relation to the purchase of furniture and the obtaining of furniture procurement consultancy services from Ulferts Group were, in aggregate, within the de minimis threshold under Chapter 14A of the Listing Rules and hence were exempt from announcement, reporting, annual review and Shareholders' approval requirements of the Listing Rules.

PURCHASE ANNUAL CAPS AND CONSULTANCY ANNUAL CAPS

Set out below are the Purchase Annual Caps and the Consultancy Annual Caps for the Transactions for each of the years ending 30 June 2018, 2019 and 2020:

	For the year ending 30 June		
	2018	2019	2020
	HK\$'000	HK\$'000	HK\$'000
Purchase Annual Caps	4,000	12,000	10,000
Consultancy Annual Caps	4,000	5,000	6,000
	<u>8,000</u>	<u>17,000</u>	<u>16,000</u>

Basis of the Purchase Annual Caps and the Consultancy Annual Caps

In determining the Purchase Annual Caps and the Consultancy Annual Caps for the Transactions, the following principal factors have been taken into consideration:

- (i) the size and scale of the Group's existing cinema operation and the historical transaction amounts paid/payable to Ulferts Group for the purchase of furniture and the obtaining of furniture procurement consultancy services during the financial years ended 30 June 2016 and 2017 and the period from 1 July 2017 up to the date of this announcement; and
- (ii) the expected number of cinemas of the Group to be opened in different locations including but not limited to Hong Kong and the PRC during the years ending 30 June 2018, 2019 and 2020 (2018: 4 cinemas; 2019: 8 cinemas; 2020: 9 cinemas). The purchase amount of furniture and consultancy fee to be paid for each of the years ending 30 June 2018, 2019 and 2020 will also be affected by the design and size of the cinemas as well as the pricing, quantity and type of products and services to be provided/rendered.

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

The Company is an investment holding company and its subsidiaries are principally engaged in entertainment, media and cultural development business, particularly in the Greater China, which include (i) cinema development and operation; (ii) investment and production of films, TV programmes and other media related projects; (iii) investment in a variety of cultural events including music concerts, live shows and theatrical performance; and (iv) investment in securities.

Ulferts International is an investment holding company and its subsidiaries are principally engaged in the retailing of imported furniture. In addition, Ulferts Group is also involved in the special project business which provides services from planning, design, procuring custom-made furniture to final installation for corporate customers, as well as consultation and liaison services with furniture manufacturers.

The Directors consider that the Transactions are consistent with the business and commercial objectives of the Group, and are carried out in the ordinary and usual course of business of Group and were/will be conducted on normal commercial terms determined/to be determined on an arm's length basis. It is expected that a number of cinemas of the Group will be opened in different locations including but not limited to Hong Kong and the PRC in each of the years ending 30 June 2018, 2019 and 2020 and there will be a continuing demand for cinema chairs, furniture and other ancillary items for its cinema operation.

The Directors (including the independent non-executive Directors) are of the view that the Transactions have been entered into in the ordinary and usual course of business of the Group and the terms of the Master Agreement and the Transactions are on normal commercial terms; and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Company and Ulferts International are both indirectly controlled by the AY Trust. Under Chapter 14A of the Listing Rules, Ulferts International is a connected person of the Company and accordingly, the Transactions constitute continuing connected transactions for the Company.

Mr. Yeung Ching Loong, Alexander, an executive Director of the Company, did abstain from voting on the relevant board resolution(s) of the Company in view of his deemed interest in the Transactions by virtue of being one of the eligible beneficiaries of the AY Trust.

As the applicable percentage ratios (as defined in the Listing Rules) calculated with reference to the Purchase Annual Caps and Consultancy Annual Caps are more than 0.1% but less than 5%, the Transactions are subject to the announcement, reporting and annual review requirements, but exempt from the Shareholders' approval requirement under the Listing Rules.

TERMS USED IN THIS ANNOUNCEMENT

“AY Holdings”	Albert Yeung Holdings Limited, an investment holding company incorporated in the British Virgin Islands and held by STC International Limited, acting as trustee of the AY Trust
“AY Trust”	The Albert Yeung Discretionary Trust, a discretionary trust set up by Dr. Yeung Sau Shing, Albert
“Board” or “Directors”	the directors of the Company

“Company”	Emperor Culture Group Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consultancy Annual Caps”	the maximum amount of consultancy fee paid/payable to Ulferts Group under the Master Agreement for each of the years ending 30 June 2018, 2019 and 2020
“Emperor Group”	AY Holdings, its subsidiaries and associates (including the Group)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Master Agreement”	the agreement dated 15 January 2018 entered into between AY Holdings and Ulferts International pursuant to which Ulferts Group shall provide the Services to members of Emperor Group
“PRC”	The People’s Republic of China
“Purchase Annual Caps”	the maximum amount of purchase of furniture paid/payable to Ulferts Group under the Master Agreement for each of the years ending 30 June 2018, 2019 and 2020
“Services”	services including (i) selling products and provide furniture procurement consultancy services to members of Emperor Group (including the Group) in relation to their projects and investments, or for their own consumption; (ii) selling furniture coupons to members of Emperor Group for their own consumption and for the consumption of their clients as a marketing strategy of their projects and (iii) providing such other types of ancillary services and any transaction of revenue nature in the ordinary course of business of Ulferts Group
“Shareholder(s)”	the holder(s) of shares of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the transactions contemplated under the Master Agreement involving the purchase of furniture and the obtaining of furniture procurement consultancy services within the scope of the Services by the Group from Ulferts Group for the Group’s cinema operation
“Ulferts Group”	Ulferts International and its subsidiaries
“Ulferts International”	Ulferts International Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“%”	per cent

By Order of the Board
Emperor Culture Group Limited
Fan Man Seung, Vanessa
Chairperson

Hong Kong, 16 March 2018

As at the date of this announcement, the Board comprises:

Executive Directors:

Ms. Fan Man Seung, Vanessa
Mr. Wong Chi Fai
Mr. Yeung Ching Loong, Alexander
Ms. Shirley Percy Hughes

Independent Non-executive Directors:

Mr. Ng Hoi Yue
Ms. Chan Sim Ling, Irene
Mr. Ho Tat Kuen