## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **Emperor Entertainment Group Limited**, you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

# EEG

# EMPEROR ENTERTAINMENT GROUP LIMITED

# 英皇娛樂集團有限公司*

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 8078)

## CONNECTED TRANSACTION

**Financial adviser to the Company**

**Emperor Capital Limited**

**Independent financial adviser to the Independent Board Committee and Independent Shareholders**

**Hantec Capital Limited**

A letter from the board of directors of Emperor Entertainment Group Limited is set out on pages 3 to 6 of this circular. A letter from the independent board committee of Emperor Entertainment Group Limited containing its advice to the independent shareholders of Emperor Entertainment Group Limited in connection with the Acquisition is set out on page 7 of this circular. A letter from Hantec Capital Limited, the independent financial adviser to the independent board committee and the independent shareholders of Emperor Entertainment Group Limited, containing its advice to the independent board committee and the independent shareholders of Emperor Entertainment Group Limited in connection with the Acquisition is set out on pages 8 to 14 of this circular.

A notice convening a special general meeting of Emperor Entertainment Group Limited to be held at 11:00 a.m. on 18 April 2005 at 28th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong is set out on pages 24 to 25 of this circular. A form of proxy for use at the special general meeting is enclosed. If you are unable to attend and vote at the special general meeting or any adjourned meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the principal office of Emperor Entertainment Group Limited at 28th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding such meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjourned meeting should you so wish.

*This circular will remain on the GEM website at www.hkgem.com on the "Latest Company Announcement" page for at least 7 days from the date of its posting.*

* *for identification purposes only*

31 March 2005

# CHARACTERISTICS OF GEM

**GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

**The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.**

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meaning:*

| | |
|---|---|
| "Acquisition" | the acquisition in perpetuity of the sole and exclusive rights of distribution and exploitation in the motion picture, "New Police Story", in the Territory under the Acquisition Agreement |
| "Acquisition Agreement" | the agreement dated 7 March 2005 made between GPP and JCE pursuant to which GPP agreed to acquire and JCE agreed to sell in perpetuity the sole and exclusive rights of distribution and exploitation in the motion picture, "New Police Story", in the Territory at a cash consideration of US$1.7 million |
| "Announcement" | the announcement of the Company dated 9 March 2005 in relation to the Acquisition |
| "AY Trust" | The Albert Yeung Discretionary Trust of which Mr. Albert Yeung is the founder |
| "Board" | the board of Directors |
| "Company" | Emperor Entertainment Group Limited, a company incorporated in Bermuda with limited liabilities, the securities of which are listed on GEM |
| "Director(s)" | director(s) of the Company |
| "Distribution Agreements" | the agreement and the supplemental agreement both dated 31 October 2003 made between EMP and JCE pursuant to which EMP was appointed by JCE to distribute the licensed rights of "New Police Story" worldwide for a period from 31 October 2003 to 31 March 2006, subject to (a) renewal at the option of EMP for a period from 1 April 2006 to 31 March 2009 and (b) automatic renewal for a period of 3 years upon expiry of such renewed term or any subsequent term (as the case may be) unless the Distribution Agreements are terminated by either party in writing 3 months in advance prior to the expiry of such term |
| "EMP" | Emperor Motion Picture Limited, a company incorporated in Hong Kong and an indirect wholly owned subsidiary of the Company |
| "GEM" | the Growth Enterprise Market of the Stock Exchange |
| "GEM Listing Rules" | the Rules Governing the Listing of Securities on GEM of the Stock Exchange |
| "GPP" | Golden Port Productions Limited, a company incorporated in the Republic of Ireland and an indirect wholly owned subsidiary of the Company |
| "Group" | the Company and its subsidiaries |

| | |
|---|---|
| "Hantec" | Hantec Capital Limited, which is licensed to carry out Types 1 and 6 regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in connection with the Acquisition |
| "Hong Kong" | the Hong Kong Special Administrative Region of the People's Republic of China |
| "Independent Board Committee" | the independent board committee to be formed by the independent non-executive Directors of the Company to advise the Independent Shareholders on the Acquisition |
| "Independent Shareholders" | Shareholders other than Surplus Way and its associates |
| "JCE" | JCE Movies Limited, a company incorporated in Hong Kong and is ultimately beneficially owned as to (a) 50% by the AY Trust, of which Mr. Albert Yeung is the founder; (b) 2.475% by Mr. Jackie Chan, who was a former non-executive director of the Company (ceased to be a non-executive director since 19 July 2004); (c) 22.5% by Mr. Chan Chi Ping who is the father of Mr. Jackie Chan; and (d) 25.025% by other independent third parties (as defined in the GEM Listing Rules) |
| "Latest Practicable Date" | 29 March 2005, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular |
| "Mr. Albert Yeung" | Mr. Yeung Sau Shing Albert, a deemed substantial shareholder of the Company and his spouse, Ms. Luk Siu Man Semon, is a Director |
| "Mr. Jackie Chan" | Mr. Chan Kong Sang, Jackie |
| "SFO" | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| "SGM" | the special general meeting of the Company to be held at 11:00 a.m. on Monday, 18 April 2005 |
| "Shareholder(s)" | holder(s) of the share(s) of the Company |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "Surplus Way" | Surplus Way Profits Limited, a company indirectly owned by the AY Trust and a controlling shareholder of the Company |
| "Territory" | United States (including but not limited to, Guam, Midway Island, Trust Territory Islands, the Virgin Islands, Bahamas Islands, Puerto Rico, Bermuda and Saipan), Australia and New Zealand |
| "HK$" | Hong Kong dollars |
| "US$" | United States dollars |

EEG

# EMPEROR ENTERTAINMENT GROUP LIMITED
# 英皇娛樂集團有限公司*

*(Incorporated in Bermuda with limited liability)*
(Stock Code: 8078)

*Directors:*
Luk Siu Man, Semon* *(Chairperson)*
Ng Sui Wan alias Ng Yu *(Chief Executive Officer)*
Wong Chi Fai
Fan Man Seung, Vanessa
So Shu Fai*
Wong Ching Yue**
Chu Kar Wing**
Wong Tak Ming, Gary**

* *Non-executive Director*
** *Independent non-executive Director*

*Registered office:*
Clarendon House,
Church Street,
Hamilton HM 11,
Bermuda

*Principal Office:*
28th Floor,
Emperor Group Centre,
288 Hennessy Road,
Wanchai,
Hong Kong

31 March 2005

*To the Shareholders*

Dear Sir/Madam,

## CONNECTED TRANSACTION

### INTRODUCTION

As set out in the Announcement, GPP, an indirect wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with JCE on 7 March 2005 pursuant to which GPP agreed to acquire and JCE agreed to sell in perpetuity the sole and exclusive rights of distribution and exploitation in the motion picture, "New Police Story", of which JCE is the producer, in the Territory at a cash consideration of US$1.7 million (equivalent to approximately HK$13,260,000).

The purpose of this circular is to provide you with (i) information on the Acquisition; (ii) a letter from Hantec setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition; (iii) a letter from the Independent Board Committee setting out its advice to the Independent Shareholders in respect of the Acquisition; and (iv) a notice of the SGM at which an ordinary resolution will be proposed to seek the Independent Shareholders' approval for the Acquisition.

* *for identification purposes only*

**ACQUISITION AGREEMENT**

GPP, an indirect wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with JCE on 7 March 2005 pursuant to which GPP agreed to acquire and JCE agreed to sell in perpetuity the sole and exclusive rights of distribution and exploitation in the motion picture, "New Police Story", of which JCE is the producer, in the Territory at a cash consideration of US$1.7 million (equivalent to approximately HK$13,260,000), of which US$510,000 has been paid in mid January 2005 and US$1,190,000 shall be paid within 30 days after the delivery of the motion picture which shall be on or before 21 April 2005. The settlement of the consideration will be funded by the internal resources of the Group.

The Company is an investment holding company with its subsidiaries principally engaged in the entertainment business specialising in music production and distribution, motion picture and television programme production and distribution, artiste management and event production. JCE is engaged in the business of motion picture and television programme production and investment while GPP is engaged in the business of production and distribution of films, licensing of distribution rights and provision of distribution services. The Acquisition is in the ordinary and usual course of business of GPP as GPP is engaged in the films distribution business as aforesaid. The terms of the Acquisition Agreement including the consideration were negotiated on arm's length basis and based on the industry standard as well as professional experiences of the management of the Company and GPP which have taken into the account of the casting and the box-office of the motion picture and the past transactions which the management of the Company and GPP have handled.

JCE is ultimately owned as to (a) 50% by the AY Trust, of which Mr. Albert Yeung is the founder; (b) 2.475% by Mr. Jackie Chan, who was a former non-executive Director (ceased to be a non-executive Director since 19 July 2004); (c) 22.5% by Mr. Chan Chi Ping who is the father of Mr. Jackie Chan; and (d) 25.025% by other independent third parties (as defined in the GEM Listing Rules). Since the AY Trust is also interested in 78.08% of the issued share capital of the Company, the Acquisition constitutes a connected transaction for the Company under the GEM Listing Rules. The aforesaid connected transaction will be subject to the reporting, announcement and independent shareholders requirements set out in the GEM Listing Rules. The SGM will be held to approve the Acquisition by the Independent Shareholders by poll and Surplus Way and its associates will abstain from voting at the SGM.

The Directors would like to refer to the Company's announcement dated 10 November 2004 in relation to the Distribution Agreements made between EMP and JCE pursuant to which EMP was appointed by JCE to distribute the licensed rights of "New Police Story" worldwide. As a result of the Acquisition, JCE is no longer liable to pay the agency fees to EMP under the Distribution Agreements in respect of the provision of the sales agency services by EMP in the Territory.

**Reasons for entering into the Acquisition Agreement**

GPP considers that "New Police Story" is a movie with famous cast, good box-office and notable awards. It was first published on 24 September 2004 in the People's Republic of China (including Hong Kong), Indonesia, Malaysia, Singapore and Thailand and has been released in Japan, Middle East, Russia, South Korea and Taiwan but not the Territory. As set out above, GPP is engaged in the films distribution business. By making use of GPP's well-established distribution capability and resources, GPP should be

able to license the sole and exclusive rights of distribution and exploitation in "New Police Story" at a profit. Accordingly, the Directors consider that it is fair and reasonable, in the best interest of the Company and its shareholders as a whole and a normal business practice for GPP to enter into the Acquisition Agreement.

**SPECIAL GENERAL MEETING**

The SGM will be held at 28th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong at 11:00 a.m. on Monday, 18 April 2005. A notice convening the SGM is set out on pages 24 to 25 of this circular. An ordinary resolution will be proposed at the SGM for the Independent Shareholders to approve the Acquisition by way of poll. Surplus Way and its associates will abstain from voting at the SGM on such resolution. The poll results of the SGM will be published after the SGM.

Enclosed is a form of proxy for use at the SGM. If you are unable to attend and vote at the SGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the principal office of the Company at 28th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding such meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish.

**PROCEDURES BY WHICH A POLL MAY BE DEMANDED**

Pursuant to the Bye-laws, at any general meeting, a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

(a) by the chairman of such meeting; or

(b) by at least three members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or

(c) by a member or members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or

(d) by a member or members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A demand by a person as proxy for a member or in the case of a member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a member.

A poll demanded on the election of a chairman, or on a question of adjournment, shall be taken forthwith at the general meeting. Other issues shall be voted by poll at such time and place (being not later than 30 days after the date of the demand) to be decided by the chairman, and the meeting can go on with discussion of other matters. The result of such voting by poll shall also be regarded as the resolution adopted at the meeting. A person who has made a request for voting by poll and, with the consent of the chairman, may withdraw it.

**RECOMMENDATION**

An Independent Board Committee has been formed to advise the Independent Shareholders in connection with the Acquisition. Hantec has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the same. Hantec considers the terms of the Acquisition fair and reasonable so far as the Independent Shareholders are concerned and is in the interest of the Company and the Shareholders as a whole. The text of the letter of the advice from Hantec containing its recommendation in respect of the Acquisition is set out on pages 8 to 14 of this circular.

The Independent Board Committee, having taken into account the advice of Hantec, considers the Acquisition fair and reasonable and is in the interest of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution set out in the notice of SGM to approve the Acquisition. The full text of the letter from the Independent Board Committee is set out on page 7 of this circular.

**ADDITIONAL INFORMATION**

Your attention is also drawn to the additional information set out in the Appendix to this circular.

By Order of the Board
**Emperor Entertainment Group Limited**
**Luk Siu Man, Semon**
*Chairperson*

EEG

**EMPEROR ENTERTAINMENT GROUP LIMITED**

**英皇娛樂集團有限公司** *

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 8078)

31 March 2005

*To the Independent Shareholders*

Dear Sir or Madam,

## CONNECTED TRANSACTION

We have been appointed as members of the Independent Board Committee to advise you in connection with the Acquisition, details of which are set out in the letter from the Board in a circular dated 31 March 2005 to the Shareholders (the "Circular"), of which this letter forms a part. Terms used in this letter shall have the same meaning as defined in the Circular unless the context otherwise requires.

Hantec has been appointed to advise us and the Independent Shareholders on whether the Acquisition is fair and reasonable as far as the Independent Shareholders are concerned and is in the interest of the Company and the Shareholders as a whole. Details of its advice is set out on pages 8 to 14 of the Circular. Your attention is also drawn to the letter from the Board set out on pages 3 to 6 of the Circular.

Having considered the advice and recommendation of Hantec, we consider the Acquisition fair and reasonable so far as the Independent Shareholders are concerned and is in the best interests of the Company and the Shareholders as a whole. We, therefore, recommend the Independent Shareholders to vote in favour of the relevant ordinary resolution to be proposed at the SGM to approve the Acquisition.

Yours faithfully

**Emperor Entertainment Group Limited**

**Wong Ching Yue** **Chu Kar Wing** **Wong Tak Ming, Gary**

*Independent Board Committee*

* *for identification purposes only*

*The following is the text of a letter from Hantec to the Independent Board Committee and the Independent Shareholders in relation to the connected transaction for the purpose of incorporation in this circular.*



**Hantec Capital Limited**
Hantec Capital Limited
45th Floor, COSCO Tower
183 Queen's Road Central
Hong Kong

31 March 2005

*To the Independent Board Committee and the Independent Shareholders of*
***Emperor Entertainment Group Limited***

Dear Sirs and Madams,

## CONNECTED TRANSACTION

### INTRODUCTION

We refer to the circular dated 31 March 2005 (the "Circular") issued by the Company to the Shareholders of which this letter forms part and to our appointment as independent financial adviser to the Independent Board Committee and the Independent Shareholders with respect to the Acquisition, details of which are set out in the letter from the Board (the "Board's Letter") contained in the Circular. Capitalised terms used in this letter without definitions shall have the same meanings set out in the Circular unless the context otherwise requires.

JCE is ultimately owned as to (a) 50% by AY Trust, of which Mr. Albert Yeung is the founder; (b) 2.475% by Mr. Jackie Chan, who was a former non-executive Director (ceased to be a non-executive Director since 19 July 2004); (c) 22.5% by Mr. Chan Chi Ping who is the father of Mr. Jackie Chan; and (d) 25.025% by other independent third parties (as defined in the GEM Listing Rules). Since AY Trust is also interested in 78.08% of the issued share capital of the Company, the Acquisition constitutes a connected transaction for the Company under the GEM Listing Rules. Accordingly, the Acquisition is subject to approval of the Independent Shareholders at the SGM by poll in accordance of the GEM Listing Rules in which Surplus Way and its associates will abstain from the voting on the resolution to be proposed at the SGM.

Our scope of work under this engagement is to assess the fairness and reasonableness of the terms of the Acquisition Agreement insofar as the Independent Shareholders are concerned and whether the Acquisition is in the interest of the Company and the Independent Shareholders as a whole.

**BASIS OF OUR ADVICE**

In arriving at our recommendation, we have relied on the information and facts including, but not limited to, the Acquisition Agreement and have assumed that any representations made to us are true, accurate and complete. We have also relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information, representations and opinions which have been provided by the Directors and management of the Company for which they are solely responsible, are true and accurate at the time they were made and will continue to be accurate at the date of the despatch of the Circular.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by the Directors and management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group.

**PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, we have taken the following principal factors and reasons into consideration:

**1. Background**

The Company is an investment holding company with its subsidiaries principally engaged in the entertainment business specialising in music production and distribution, motion picture and television programme production and distribution, artiste management and event production.

As stipulated in the Board's Letter, the Directors announced that GGP, an indirect wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with JCE on 7 March 2005 pursuant to which GPP agreed to acquire and JCE agreed to sell in perpetuity the sole and exclusive rights of distribution and exploitation in the motion picture, "New Police Story", of which JCE is the producer, in the Territory.

As stated in the announcement of the Company dated 10 November 2004, EMP entered into the Distribution Agreements with JCE pursuant to which EMP was appointed by JCE as the sales agent of "New Police Story" for a period commencing from 31 October 2003 to 31 March 2006, which are subject to renewal arrangements. Under the Distribution Agreements, JCE granted EMP and EMP accepted the sole and exclusive rights to distribute the licensed rights of "New Police Story" worldwide in all language

versions dubbed and subtitled at the agency fee rates of (a) 2% for distribution in North America and Hong Kong in respect of theatrical rights and worldwide by sub-sales agents and (b) 12% for distribution in other places. As a result of the Acquisition, JCE is no longer liable to pay the agency fees to EMP under the Distribution Agreements in respect of the provision of the sales agency services by EMP in the Territory.

**2. Reasons for the Acquisition**

*Focus line of business*

The Directors consider that the Acquisition is in line with the Group's business. As stipulated in the Board's Letter, GPP is engaged in the business of production and distribution of films, licensing of distribution rights and provision of distribution services.

As GPP is engaged in the business of production and distribution of films, licensing of distribution rights and provision of distribution services and it is the intention of GPP to acquire the sole and exclusive rights of distribution and exploitation in "New Policy Story" for licensing purpose, the Directors consider that the Acquisition is in the ordinary and usual course of business of GPP. In view that the business scope of the Group includes distribution of films, licensing of distribution rights and provision of distribution services, we concur with the Directors' view that the Acquisition is in line with the business of the Group.

*Benefit of the Acquisition*

The Directors are of the view that "New Police Story" is a movie with famous cast, good box-office and notable awards. "New Police Story" was first published on 24 September 2004 in the People's Republic of China (the "PRC") (including Hong Kong), Indonesia, Malaysia, Singapore and Thailand. It has also been released in Japan, the Middle East, Russia, South Korea and Taiwan but not in the Territory.

"New Police Story" is directed by the acclaimed action filmmaker Mr. Benny Chan（陳木勝）with well-known casts including Mr. Jackie Chan, Mr. Nicholas Tse（謝霆鋒）, Ms. Charlie Young（楊采妮）, Ms. Charlene Choi（蔡卓妍）, Mr. Daniel Wu（吳彥祖）and Mr. Wang Chieh（王傑）.

The awards and nominations received by "New Police Story" in the PRC, Taiwan and Hong Kong are as follows:

| Film Festivals/ Film Awards | Date of Awards | Awards/nominations |
|---|---|---|
| 7th Changchun China Film Festival, the PRC | 10 January 2005 to 12 January 2005 | *Awards*<br>第七屆長春電影節 金鹿獎票房價值獎 (Box-office Award) |
| 41st Taipei Golden Horse Film Festival, Taiwan | 4 December 2004 | *Awards*<br>Best Supporting Actor<br>Best Visual Effect<br>Best Action Choreography<br>Audience Choice Award<br><br>*Nominations*<br>Best Film Editing<br>Best Sound Effects<br>Best Art Direction |
| 10th Golden Bauhinia Awards, Hong Kong | 6 March 2005 | *Awards*<br>Ten Best Chinese Films<br><br>*Nominations*<br>Best Actor<br>Best Supporting Actor |
| 24th Hong Kong Film Awards, Hong Kong | 27 March 2005 | *Nominations*<br>Best Film<br>Best Director<br>Best Actor<br>Best Supporting Actor<br>Film Editing<br>Action Choreography<br>Sound Design<br>Visual Effects |

As GPP considers that "New Police Story" is a movie with famous cast, good box-office and notable awards and GPP has established its own distribution capability and resources, the Directors are confident that GPP should be able to license the sole and exclusive rights of distribution and exploitation in "New Police Story" at a profit.

In determining the Group's capability to license the sole and exclusive rights of distribution and exploitation in "New Police Story" at a profit, we have obtained from the Group the distribution/licensing records of the Group for a motion picture (the "Motion Picture") and the past distribution/licensing

records of "New Police Story". We have compared the amount of the distribution/licensing records of the Motion Picture and "New Police Story" in eight identical territories and also reviewed the distribution/licensing records of the Motion Picture in the United States, being one of the Territory. Based on the comparison between the past distribution/licensing records of the Motion Picture with "New Police Story" and taken into account of the consideration paid by the Group for the sole and exclusive rights of distribution and exploitation in "New Police Story" in the Territory, we consider that the Group should have sufficient capability to license the sole and exclusive rights of distribution and exploitation in "New Police Story" in the Territory at a profit. Notwithstanding the Company's significant potential to license the sole and exclusive rights of "New Police Story" at a profit, we would like to draw your attention that there may be limitations associated with the comparables of past distribution/licensing records of the Motion Picture and "New Police Story" including (i) uniqueness in casting and features in each movies; (ii) preference of audiences from different geographical locations and cultural background and (iii) the market conditions.

Given (i) the Acquisition being in line with the Group's business and (ii) the Group's capability to license the sole and exclusive rights of distribution and exploitation in "New Police Story" at a profit, we concur with the Directors that the entering into the Acquisition Agreement is a normal business practice and is in the interest of the Company and the Independent Shareholders as a whole.

**3. Consideration**

The consideration for the Acquisition amounted to US$1.7 million (equivalent to approximately HK$13,260,000) in cash. The Directors advise that the consideration for the Acquisition was negotiated on arm's length basis.

According to the management of the Company, the Group intends to license the sole and exclusive rights of distribution and exploitation in "New Police Story" in the Territory after the Acquisition. GGP is currently under negotiations with a potential licensee but no term has been finalised.

Taking into account of the casting and box-office of "New Police Story", the extensive experience of the Group's management and the well-established distribution capability and resources of the Group, the Directors believe GPP should be able to license the sole and exclusive rights of distribution and exploitation in "New Police Story" at a profit. As stated in the subparagraph headed "Benefit of the Acquisition" above, we are of the view that the Group has sufficient capability to license the sole and exclusive rights of distribution and exploitation in "New Police Story" in the Territory at a profit based on the comparison between the past distribution/licensing records of the Motion Picture with "New Police Story" and taken into account of the consideration paid by the Group for the sole and exclusive rights of distribution and exploitation in "New Police Story" in the Territory.

GPP has already paid US$510,000 to JCE and US$1,190,000 shall be paid within 30 days after the delivery of the motion picture which shall be on or before 21 April 2005. The settlement of the consideration will be funded by internal resources of the Group.

The Directors consider that the terms of the Acquisition Agreement are fair and reasonable and are in the interest of the Company and the Independent Shareholders. Having considered that (i) GPP is in negotiations with a potential licensee to license the sole and exclusive rights of distribution and exploitation of "New Police Story" in the Territory; (ii) the consideration for the Acquisition is based on the industry

standard as well as professional experiences of the management of the Company and GGP which have taken into the account of the casting and box-office of "New Police Story" and the past transactions which the management of the Company and GGP have handled including the Motion Picture and the consideration was negotiated on arm's length basis; (iii) GPP should be able to record profit in the licensing of the sole and exclusive rights of distribution and exploitation in "New Police Story" based on the comparison between the past distribution/licensing records of the Motion Picture with "New Police Story" and taken into account of the consideration paid by the Group under the Acquisition; and (iv) the experience of the Group's management is extensive and the connection of the Group in distribution of licensing rights of motion pictures is well-established, we are of the opinion that the consideration for the Acquisition is fair and reasonable and is in the interests of the Company and the Independent Shareholders as a whole.

**4. Financial effects of the Acquisition on the Group**

*Effect on bank balances and cash of the Group*

The total consideration of US$1.7 million (equivalent to approximately HK$13,260,000) will be satisfied by the Group's internal resources and be payable in cash. As disclosed in the interim report of the Company for the six months ended 30 September 2004, the unaudited bank balances and cash of the Group as at 30 September 2004 was approximately HK$28.7 million.

Based on the amount of cash balances of the Group, we are of the opinion that the Group has sufficient internal resources to settle the consideration for the Acquisition.

*Effect on net assets*

As the consideration for the Acquisition will be settled by cash and the relevant rights of distribution and exploitation in "New Police Story" to be acquired under the Acquisition Agreement will be booked as film rights at cost in the Group's account in accordance with the Statement of Standard Accounting Practice 29 for the year ending 31 March 2005 or Hong Kong Accounting Standard 38 for the year ending 31 March 2006, the Directors consider that the Acquisition will have no impact on the net asset value of the Group.

*Effects on earnings*

The Group's net profits for the year ended 31 March 2004 and the nine months ended 31 December 2004 were approximately HK$20.7 million and approximately HK$22.9 million respectively.

Given the extensive experience and connection of the Group in distribution of licensing rights of motion pictures, the Directors are of the view that the Acquisition will further enhance the Group's profit generating ability in addition to the strengthening of its status as one of the leading distributors in the film industry. We consider such enhancement of the Group's profit generating ability to be in the interest of the Company and the Independent Shareholders as a whole.

In view of the facts that (i) the Group has sufficient internal resources to settle the consideration for the Acquisition and (ii) the Acquisition will further enhance the Group's profit generating ability in addition to the strengthening of its status as one of the leading distributors in the film industry, we consider it a fair expectation that the Acquisition will have a positive impact on the earning base of the Group.

**RECOMMENDATION**

Having considered the above principal factors, in particular,

(i) the Acquisition is in line with the Group's business;

(ii) "New Police Story" is a movie with famous cast, good box-office and notable awards; and

(iii) the extensive experience of the Group's management and the Group's connection in distribution of licensing rights of motion pictures,

we consider that the Acquisition fair and reasonable so far as the interests of the Independent Shareholders are concerned. Accordingly, we advise the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolution in relation to the Acquisition to be proposed at the SGM.

Yours faithfully,
For and on behalf of
**Hantec Capital Limited**
**Thomas Lai**
*Director*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this circular is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this circular misleading; and (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

## 2. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors of listed companies, to be notified to the Company and the Stock Exchange, were as follows:

### (a) Long position in shares of the Company

| Name of director | Nature of interests | Number of ordinary shares held | Percentage holding |
|---|---|---|---|
| Ms. Luk Siu Man, Semon ("Ms. Semon Luk") *(Note)* | Family | 203,020,000 | 78.08% |

*Note:* The shares were registered in the name of Surplus Way. The entire issued share capital of Surplus Way was held by Jumbo Wealth Limited ("Jumbo Wealth") on trust for The A & A Unit Trust. The A & A Unit Trust was a unit trust under the AY Trust. Mr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the 203,020,000 shares held by Surplus Way. By virtue of the aforesaid interests of Mr. Albert Yeung, Ms. Semon Luk (spouse of Mr. Albert Yeung and a Director) was also deemed to be interested in the above 203,020,000 shares held by SurplusWay .

**(b) Long positions in shares of associated corporations**

| Name of associated corporation | Nature of interests | Number of ordinary share(s) held | Percentage holding |
|---|---|---|---|
| Surplus Way *(Note (1))* | Family | 1 | 100% |
| Jumbo Wealth *(Note (1))* | Family | 1 | 100% |
| Charron Holdings Limited ("Charron") *(Note (2))* | Family | 1 | 100% |
| Emperor International Holdings Limited ("Emperor International") *(Note (2))* | Family | 779,769,411 | 78.54% |

*Notes:*

(1) Surplus Way was the registered owner of 203,020,000 shares, representing 78.08% of the issued share capital of the Company. The entire issued share capital of Surplus Way was held by Jumbo Wealth on trust for The A & A Unit Trust. The A & A Unit Trust was a unit trust under the AY Trust. Mr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the share capital of Surplus Way. By virtue of the aforesaid interests of Mr. Albert Yeung, Ms. Semon Luk (spouse of Mr. Albert Yeung and a Director) was also deemed to be interested in the share capital of Surplus Way and Jumbo Wealth respectively.

(2) (a) 649,874,750 shares of Emperor International were registered in the name of Charron. The entire issued share capital of Charron was held by Jumbo Wealth on trust for The A&A Unit Trust. The A&A Unit Trust was a unit trust under the AY Trust. Mr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the 649,874,750 shares of Emperor International held by Charron.

(b) Pursuant to a sale and purchase agreement dated 15 February 2005 entered into between Worthly Strong Investment Limited, a wholly-owned subsidiary of Emperor International, as purchaser and Pleasure Road Profits Limited ("Pleasure Road") as vendor in relation to the sale and purchase of 104,409,000 shares of Emperor Entertainment Hotel Limited (the "Sale and Purchase Agreement"), Pleasure Road was interested in 129,894,661 new shares of Emperor International ("Consideration Shares") to be allotted to Pleasure Road upon completion of the Sale and Purchase Agreement. The entire issued share capital of Pleasure Road was indirectly held by Perpetual Wealth Investments Limited on trust for the A & S Unit Trust. The A & S Unit Trust was a unit trust under the AY Trust. Mr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the Consideration Shares to be allotted to Pleasure Road.

(c) By virtue of the aforesaid interests of Mr. Albert Yeung, Ms. Semon Luk (spouse of Mr. Albert Yeung and a Director) was also deemed to be interested in the above 649,874,750 shares of Emperor International held by Charron and the 129,894,661 Consideration Shares to be allotted to Pleasure Road.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors of listed companies to be notified to the Company and the Stock Exchange.

**(c) Other interests**

As at the Latest Practicable Date, certain Directors were materially interested in the following contracts or arrangement subsisting at the date of this circular:

| Name of counterparty | Nature of transaction | Terms |
|---|---|---|
| Strong Time Investments Limited *(Notes (1) and (4))* | Operating lease rentals paid | 20th January, 2003 to 31st March, 2005 at a monthly rental of HK$83,000 (exclusive of rates, management fees and other outgoings charges) |
| | Management fees paid | 20th January, 2003 to 31st March, 2005 at a monthly fee of HK$31,697 (subject to adjustment) |
| | Operating lease rentals paid | 1st September, 2002 to 31st March, 2005 at a monthly rental of HK$30,000 (exclusive of rates, management fees and other outgoing charges) |
| | Management fees paid | 1st September, 2002 to 31st March, 2005 at a monthly fee of HK$11,375.30 (subject to adjustment) |
| Emperor International *(Notes (2) and (4))* | Advertising fees paid | 1st October, 2002 to 31st March, 2005 based on the pricing policy of its subsidiaries operating in the publishing business |
| | Fee paid for back office support services (including accounting, tax and financial services, internal auditing, human resources and administrative services) | 1st October, 2002 to 31st March, 2005 based on the actual hours spent at a rate ranging from HK$180 to HK$1,000 per hour for accounting, tax and financial services and HK$180 per hour for other back office support services |
| | Fee paid for professional services (including information technology, legal and secretarial services) | 1st October, 2002 to 31st March, 2005 based on (i) HK$100 to HK$500 for each personal computer per month; (ii) HK$200 to HK$380 per hour; or (iii) HK$7,000 to HK$10,000 per month for different types of information technology services, and at a rate ranging from HK$800 to $2,000 per hour for legal and secretarial services |

| Name of counterparty | Nature of transaction | Terms |
|---|---|---|
| Headwise Investment Limited *(Note (3))* | Operating lease rentals paid | 1st November, 2002 to 31st March, 2005 at a monthly rental of HK$23,000 (exclusive of rates, management fees and other outgoings charges). |
| | Management fees paid | 1st November, 2002 to 31st March, 2005 at a monthly fee of HK$10,062.40 (subject to adjustment) |
| East Star Holding Limited *(Notes (3) and (4))* | Operating lease rentals paid | 1st November, 2002 to 31st March, 2005 at a monthly rental of HK$29,000 (exclusive of rates, management fees and other outgoing charges) |
| | Management fees paid | 1st November, 2002 to 31st March, 2005 at a monthly fee of HK$10,649.10 (subject to adjustment) |
| Active Pace Investment Limited *(Notes (3) and (4))* | Car park rentals paid | 1st September, 2002 to 31st March, 2005 at a monthly fee of HK$4,800 |
| | Car park rentals paid | 1st September, 2002 to 31st March, 2005 at a monthly fee of HK$3,800 |

*Notes:*

(1) Strong Time Investments Limited is the signing agent of Emperor International Exchange (Hong Kong) Company Limited, in which Ms. Semon Luk was 100% interested.

(2) (a) 649,874,750 shares of Emperor International were registered in the name of Charron. The entire issued share capital of Charron was held by Jumbo Wealth on trust for The A&A Unit Trust. The A&A Unit Trust was a unit trust under the AY Trust. Mr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the 649,874,750 shares of Emperor International held by Charron.

(b) Pursuant to a sale and purchase agreement dated 15 February 2005 entered into between Worthly Strong Investment Limited, a wholly-owned subsidiary of Emperor International, as purchaser and Pleasure Road as vendor in relation to the sale and purchase of 104,409,000 shares of Emperor Entertainment Hotel Limited (the "Sale and Purchase Agreement"), Pleasure Road was interested in 129,894,661 new shares of Emperor International ("Consideration Shares") to be allotted to Pleasure Road upon completion of the Sale and Purchase Agreement. The entire issued share capital of Pleasure Road was indirectly held by Perpetual Wealth Investments Limited on trust for the A & S Unit Trust. The A & S Unit Trust was a unit trust under the AY Trust. Mr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the Consideration Shares to be allotted to Pleasure Road.

(c) By virtue of the aforesaid interests of Mr. Albert Yeung, Ms. Semon Luk (spouse of Mr. Albert Yeung and a Director) was also deemed to be interested in the above 649,874,750 shares of Emperor International held by Charron and the 129,894,661 Consideration Shares to be allotted to Pleasure Road.

(3) The counterparties are all indirect wholly-owned subsidiaries of Emperor International.

(4) New contracts or arrangement in respect of these transactions are under negotiations and the terms have not been finalised.

Save as disclosed above and the Acquisition Agreement and the Distribution Agreement, as at the Latest Practicable Date, none of the Directors was materially interested in any contracts or arrangement subsisting at the date of this circular which is significant in relation to the business of the Group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 March, 2004 (the date to which the latest published audited accounts of the Company were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) are proposed to be acquired or disposed of by; or (iv) are proposed to be leased to any member of the Group.

## 3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as known to any Directors or chief executives of the Company, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

**Long positions in shares of the Company**

| Name | Capacity/ Nature of interests | Number of ordinary shares held | Percentage holding |
|---|---|---|---|
| Surplus Way *(Note (1))* | Beneficial | 203,020,000 | 78.08% |
| Jumbo Wealth *(Note (1))* | Trustee | 203,020,000 | 78.08% |
| GZ Trust Corporation ("GZ Trust") *(Note (1))* | Trustee | 203,020,000 | 78.08% |
| Mr. Albert Yeung *(Note (1))* | Founder of the Trust | 203,020,000 | 78.08% |
| South China Finance and Management Limited | Beneficial | 19,950,000 | 7.67% |
| South China Brokerage Company Limited | Interest in a controlled corporation | 19,950,000 | 7.67% |
| East Hill Development Limited | Interest in a controlled corporation | 19,950,000 | 7.67% |
| Tek Lee Finance and Investment Corporation Limited | Interest in a controlled corporation | 19,950,000 | 7.67% |
| South China (BVI) Limited | Interest in a controlled corporation | 19,950,000 | 7.67% |
| South China Holdings Limited | Interest in a controlled corporation | 19,950,000 | 7.67% |
| Bannock Investment Limited | Interest in a controlled corporation | 19,950,000 | 7.67% |

| Name | Capacity/ Nature of interests | Number of ordinary shares held | Percentage holding |
|---|---|---|---|
| Earntrade Investments Limited | Interest in a controlled corporation | 19,950,000 | 7.67% |
| Parkfield Holdings Limited | Interest in a controlled corporation | 19,950,000 | 7.67% |
| Ronastar Investments Limited | Interest in a controlled corporation | 19,950,000 | 7.67% |
| Fung Shing Group Limited | Interest in a controlled corporation | 19,950,000 | 7.67% |
| Ms. Cheung Choi Ngor | Persons acting in concert | 19,950,000 | 7.67% |
| Mr. Richard Howard Gorges | Persons acting in concert | 19,950,000 | 7.67% |
| Mr. Ng Hung Sang, Robert ("Mr. Robert Ng") | Persons acting in concert | 19,950,000 | 7.67% |
| Ms. Ng Lai King, Pamela ("Ms. Pamela Ng") *(Note (2))* | Spouse | 19,950,000 | 7.67% |

*Notes:*

(1) The shares were registered in the name of Surplus Way. The entire issued share capital of Surplus Way was held by Jumbo Wealth on trust for The A & A Unit Trust. The A&A Unit Trust was a unit trust under the AY Trust. Mr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the 203,020,000 shares held by Surplus Way and held the entire issued share capital of Jumbo Wealth on trust for GZ Trust as trustee of the AY Trust. The above shares were the same shares as set out under section 2 (a) of "Long Position in Shares of the Company" above.

(2) Ms. Pamela Ng, spouse of Mr. Robert Ng, was also deemed to be interested in the 19,950,000 shares in which Mr. Robert Ng was interested by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or chief executives of the Company, no other person or corporation (other than Directors or chief executives of the Company) had any interests or short positions in shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

## 4. DIRECTORS' AND MANAGEMENT SHAREHOLDERS INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, the interests of Directors, management shareholders or their respective associates in the businesses which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group were as follows:

Mr. Jackie Chan, a former non-executive Director, is a director and shareholder of Climbing High Productions Limited, Jackie & Willie Productions Limited, Jackie & Willie Enterprises Limited and Filmtech Lighting Services Limited and also a director of Tai Wui Motion Pictures Company Limited (together referred as the "Movies Companies"), the business of which involves production and distribution of movies. Accordingly, the business of the Movies Companies may constitute competition with the business of the Group. Mr. Jackie Chan resigned as a non-executive Director with effect from 19 July, 2004.

The AY Trust, a discretionary trust set up by Mr. Albert Yeung, a management shareholder of the Company, indirectly held 50% of the shareholding of JCE, a company engaged in the production and distribution of movies. The AY Trust also indirectly held 100% interest in Prime Time (International) Entertainment Limited ("Prime Time"), a company engaged in the business of television programme production and artiste management. The AY Trust also indirectly held 79% shareholding of Great Creator Limited trading as Cool Factory Event Marketing and Talent Agency ("Cool Factory") which engaged in the business, inter alia, of event production. The businesses of JCE, Prime Time and Cool Factory may constitute competition with the business of the Group. By virtue of the AY Trust's interest in the aforesaid businesses, Ms. Semon Luk, spouse of Mr. Albert Yeung, is also deemed to be interested in the businesses. The Directors consider that since Ms. Semon Luk is a non-executive Director and will not exert management control over the Group, her aforesaid deemed interest in the businesses of JCE, Prime Time and Cool Factory will not materially affect the Group's business.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, management shareholders or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with business of the Group.

## 5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## 6. QUALIFICATIONS OF THE EXPERT

The following is the qualification of the expert who has been named in this circular or has given opinion or advice which are contained in this circular.

| Name | Qualification |
|---|---|
| Hantec | Licensed by the Securities and Futures Commission for Types 1 and 6 regulated activities under the SFO |

Hantec has given and has not withdrawn its written consent to the issue of the circular with the inclusion herein of its letter or its name in the form and context in which they respectively appear.

Hantec does not have has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Hantec does not have any direct or indirect interests in any assets which have been, since 31 March 2004 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

## 7. MATERIAL CHANGE

The Directors are not aware of as at the Latest Practicable Date any material adverse change in the financial or trading position of the Group since 31 March 2004, the date to which the latest published audited financial statements of the Group were made up.

## 8. MISCELLANEOUS

– The branch share registrar of the Company in Hong Kong is Secretaries Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

– The English text of this circular prevails over the Chinese text.

– The Acquisition Agreement is available for inspection during normal business hours at the principal office of the Company at 28th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong up to and including 18 April 2005.

EEG

# EMPEROR ENTERTAINMENT GROUP LIMITED

# 英皇娛樂集團有限公司*

*(Incorporated in Bermuda with limited liability)*
(Stock Code: 8078)

**NOTICE IS HEREBY GIVEN** that a special general meeting ("SGM") of Emperor Entertainment Group Limited (the "Company") will be held at 11:00 a.m. on Monday, 18 April 2005 at 28th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing with or without modification the following resolution of the Company:

## ORDINARY RESOLUTION

**"THAT** the agreement dated 7 March 2005 (a copy of which has been produced to the meeting and signed by the Chairman of the meeting for the purpose of identification) ("Acquisition Agreement") entered into between JCE Movies Limited and Golden Port Productions Limited ("GPP"), an indirect wholly-owned subsidiary of the Company, regarding the Acquisition (as defined in the circular of the Company dated 31 March 2005 ("Circular")) be approved and **THAT** the respective directors of the Company and GPP be and are hereby authorised on behalf of the Company and GPP respectively (a) to sign, seal, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as they may in their discretion consider necessary or desirable for the purpose of the implementation of the Acquisition Agreement; (b) to exercise or enforce all of the rights of GPP under the Acquisition Agreement; and (c) to complete the Acquisition Agreement in accordance with the terms therein."

By Order of the Board
**Emperor Entertainment Group Limited**
**Mok Fung Lin, Ivy**
*Company Secretary*

Hong Kong, 31 March 2005

*Principal office:*
28th Floor,
Emperor Group Centre,
288 Hennessy Road,
Wanchai,
Hong Kong

* *for identification purposes only*

*Notes:*

(1) A member of the Company entitled to attend and vote at the SGM is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company but must be present in person to represent the member. A form of proxy for use at the SGM is enclosed herewith.

(2) To be valid, the form of proxy together with any power of attorney or other authority under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited with the Company's principal office in Hong Kong at 28th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.

(3) In the case of joint registered holders of any share in the capital of the Company, any one of such persons may vote at the SGM, either personally or by proxy, in respect of such Shares as if he/she was solely entitled thereto, but if more than one of such joint registered holders is present at the SGM, either personally or by proxy, that one of the said persons so present whose name stands first on the registrar of the members of the Company in respect of such Share shall alone be entitled to vote in respect thereof.

(4) Completion and return of the form of proxy will not preclude members from attending and voting at the SGM or any adjourned meeting if you so wish. If a member attends the SGM after having deposited the form of proxy, his form of proxy will be deemed to have been revoked.

(5) The resolution will be voted by way of poll.