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KK CULTURE HOLDINGS LIMITED

KK 文化控股有限公司

(Continued in Bermuda with limited liability)

(Stock code: 550)

CONTINUING CONNECTED TRANSACTION LICENCE AGREEMENT

On 24 January 2019, the Company entered into a Licence Agreement with Kingkey Enterprise as Licensors with UKFM, a wholly owned subsidiary of the UKF, in respect of the leasing of certain area of the Premises.

As at the date of this announcement, Kingkey Enterprise is wholly-owned by Mr. Chen Jiarong, the substantial Shareholder of the Company, holding 21.28% interest of the Company and also a substantial shareholder of UKF, therefore Kingkey Enterprise and UKF are connected persons of the Company. Accordingly, the transaction contemplated thereby constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated under the Listing Rules, in respect of the aggregate annual rental chargeable under the Licence Agreement, is more than 0.1% and less than 5%, the transaction contemplated under the Licence Agreement is subject to reporting, annual review and announcement requirements but exempt from circular (including independent financial advice) and Shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

THE LICENCE AGREEMENT

The Company entered into a Licence Agreement with Kingkey Enterprise as Licensors with UKFM, a wholly owned subsidiary of the UKF, in respect of the leasing of certain area of the Premises. The principal terms of the Licence Agreement are as follows:

Date:	24 January 2019
Parties:	(i) The Company and Kingkey Enterprise together as Licensors; and (ii) UKFM as licensee
Licensed area:	6,093 square feet (usable) of 44th floor, Office Tower, Convention Plaza, No.1 Harbour Road, Hong Kong
Term of licence:	From 24 January 2019 to 15 May 2020 (both days inclusive)
Rent:	HK\$580,000 per month (exclusive of Government rates, management fees and air-conditioning charges), payable on or before the 15th day of each month
Deposit:	Nil
Use:	To be used as offices for the licensee and its group's business.
Government rates:	UKFM shall bear the portion of the rates being assessed in proportion to the licensed area of the Premises, which is currently estimated to be HK\$147,600 per quarter in total.
Management Fee and Air-Conditioning Charge:	UKFM shall bear the portion of the building management and air-conditioning charge being assessed in proportion to the licensed area of the Premises, which is currently estimated to be HK\$95,349.80 per month in total.

Such licensing was permitted by the tenancy agreement dated 9 June 2017 which the Licensors entered into with the landlord of the Premises.

REASONS FOR ENTERING INTO THE LICENCE AGREEMENT

The Group is principally engaged in provision of advertising services and property investment in the past.

As disclosed in the 2018 interim report of the Company, its advertising business has been encountering challenges due to the adverse business environment in China as a result of trade war and economic downturn. In light of this, the demand for working area decreases and the Directors believe that it would be beneficial to the Company and its Shareholders as a whole to licence certain area of its office premises to lower its operating expenses until the term of the lease expires.

The terms of the Licence Agreement were negotiated on an arm's length basis and the rental chargeable under the Licence Agreement was determined after taking into account the prevailing market rental rates as advised by an independent surveyor engaged by the Company.

The Directors (including the independent non-executive Directors) consider that the Licence Agreement is entered into in the ordinary and usual course of business of the Company, and its terms are on normal commercial terms and are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Kingkey Enterprise is wholly-owned by Mr. Chen Jiarong, the substantial Shareholder of the Company, holding 21.28% interest of the Company and also a substantial shareholder of UKF, therefore Kingkey Enterprise and UKF are connected persons of the Company. Accordingly, the transaction contemplated thereby constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated under the Listing Rules, in respect of the aggregate annual rental chargeable under the Licence Agreement, is more than 0.1% but less than 5%, the transaction contemplated under the Licence Agreement is subject to reporting, annual review and announcement requirements but exempt from circular (including independent financial advice) and Shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

DEFINITIONS

“Board”	the board of Directors
“Company”	KK Culture Holdings Limited, a company continued in Bermuda with limited liability, the issued shares of which are primary listed on the Main Board of the Stock Exchange (Stock Code: 550)
“connected person”	has the same meaning as ascribed thereto in the Listing Rules
“Directors”	the directors of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Kingkey Enterprise”	Kingkey Enterprise Hong Kong Limited (京基實業香港有限公司), a company incorporated in Hong Kong with limited liability which is wholly-owned by Mr. Chen Jiarong, the substantial Shareholder of the Company
“Licence Agreement”	the Licence Agreement entered into between the Company and Kingkey Enterprise and UKFM, in relation to the leasing of the Premises on 24 January 2019
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Premises”	44th floor, Office Tower, Convention Plaza, 1 Harbour Road, Hong Kong

“Licensors”	Kingkey Enterprise and the Company
“Shares(s)”	The issued shares of the Company
“Shareholder(s)”	holder(s) of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“UKFM”	UKF Management Limited, a subsidiary wholly owned by UKF (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are primary listed on the Main Board of the Stock Exchange (Stock Code: 1468)
“%”	per cent.

By order of the Board
KK CULTURE HOLDINGS LIMITED
Tsang Hing Bun
Executive Director

Hong Kong, 24 January 2019

As at the date of this announcement, the Board comprises Mr. Tsang Hing Bun as executive Director; Mr. Yiu Yu Cheung as non-executive Director; and Mr. Chan Siu Lun, Mr. William Keith Jacobsen and Mr. Chan Chiu Hung, Alex, as independent non-executive Directors.