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ALLEGRO CULTURE LIMITED

律齊文化有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock code: 550)

(1) CONTINUING CONNECTED TRANSACTIONS PROMOTION COOPERATION FRAMEWORK AGREEMENT; AND (2) CONTINUED SUSPENSION OF TRADING

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



Alliance Capital Partners Limited

同人融資有限公司

PROMOTION COOPERATION FRAMEWORK AGREEMENT

References are made to the announcements of the Company dated 14 March 2025 and 26 March 2025 respectively in relation to, among others, the business development update that the Company is considering to further develop the Services (as defined below) in the PRC to broaden the income sources of the Group. The Board is pleased to announce that, on 15 April 2025 (after trading hours), SZ Allegro (a direct non-wholly owned subsidiary of the Company), being the Service Provider, and the Service Receiver entered into the Promotion Cooperation Framework Agreement, pursuant to which the Service Provider shall provide advertising and promotional services to the Service Receiver.

LISTING RULES IMPLICATIONS

As at the date of this announcement, (i) Mr. Chen is indirectly holding 123,037,657 Shares (approximately 27.55% of the total issued share capital of the Company); and (ii) Mr. Chen's father is the controlling shareholder of Kingkey Group. As such, Kingkey Group is a connected person of the Company and the transactions contemplated under the Promotion Cooperation Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the annual caps for the Services under the Promotion Cooperation Framework Agreement exceeds 5%, the provision of the Services shall be subject to the reporting, announcement, circular (including the independent financial advice), annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

PROMOTION COOPERATION FRAMEWORK AGREEMENT

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Principal Terms of the Promotion Cooperation Framework Agreement

Principal terms of the Promotion Cooperation Framework Agreement are set out as follows:

Date:	15 April 2025
Parties:	(1) SZ Allegro (as the Service Provider) (2) Kingkey Group (as the Service Receiver)
Term:	From the date on which the Promotion Cooperation Framework Agreement becomes effective and ending on 31 December 2027, which is renewable for further period of three (3) years subject to compliance with applicable requirements of the Listing Rules
Scope of service:	The Service Provider shall provide a wide range of advertising and promotional services (the “ Services ”) to the Service Receiver in relation to projects (the “ Project(s) ”) developed or in the course of development by the Service Receiver from time to time within the term of the Promotion Cooperation Framework Agreement, including but not limited to: (i) organising promotional work for specific Projects both offline and online; and (ii) identifying suitable external service providers for the implementation of the relevant promotion activities.

The Service Provider and the Service Receiver will enter into separate written confirmations to confirm the proposals in relation to the advertising and promotional services to be provided by the Service Provider in relation to respective Project(s).

Conditions precedent:

The Promotion Cooperation Framework Agreement will become effective upon:

- (1) the passing by the Independent Shareholders at the SGM to approve the Promotion Cooperation Framework Agreement and the transactions contemplated hereunder; and
- (2) all necessary consents, authorisations and approvals required to be obtained on the part of the parties thereof in respect of the Promotion Cooperation Framework Agreement having been obtained

None of the above conditions could be waived. If the conditions set out above have not been satisfied on or before 31 May 2025 (or such other date as the Service Provider and the Service Receiver may agree), the Promotion Cooperation Framework Agreement shall cease and terminate and the parties shall no longer have any obligations and liabilities towards each other under the Promotion Cooperation Framework Agreement save for any antecedent breaches of the terms thereof.

Pricing basis:

The Service Fee to be paid by the Service Receiver to the Service Provider shall be determined between the Service Provider and the Service Receiver on normal commercial terms after arm's length negotiations on a cost-plus basis, taking into consideration the cost to be borne by the Service Provider with a reasonable profit margin and the prevailing market rate for providing similar services.

PROPOSED ANNUAL CAPS AND BASIS

In accordance with the Promotion Cooperation Framework Agreement, the proposed annual caps for the Services during the term of the Promotion Cooperation Framework Agreement are as follows:

	From 1 May 2025 to 31 December 2025	From 1 January 2026 to 31 December 2026	From 1 January 2027 to 31 December 2027
<i>(RMB)</i>	10,500,000	16,000,000	16,000,000

The Annual Caps for the Services are determined with reference to the historical incurred cost of advertising and promotional services work of Kingkey Group's five major shopping malls in the PRC for the two financial years ended 31 December 2024 with details as follows:

	The incurred cost of advertising and promotional services work of Kingkey Group for the two financial years ended 31 December 2024 <i>(RMB)</i>
Shopping mall A	6,110,000 <i>(Note 1)</i>
Shopping mall B	6,110,000 <i>(Note 2)</i>
Shopping mall C	4,090,000 <i>(Note 3)</i>
Shopping mall D	11,890,000 <i>(Note 4)</i>
Shopping mall E	4,080,000 <i>(Note 5)</i>
The total incurred cost for the two financial year ended 31 December 2024	32,280,000 <i>(Note 6)</i>
The average incurred cost for a financial year	16,140,000 <i>(Note 7)</i>

Notes:

1. The amount represents the aggregate of the actual promotion service expenses of approximately RMB3.0 million for the financial year ended 31 December 2023 ("FY2023"); and approximately RMB3.1 million for the financial year ended 31 December 2024 ("FY2024") for Shopping mall A.
2. The amount represents the aggregate of the actual promotion service expenses of approximately RMB2.9 million for FY2023; and approximately RMB3.2 million for FY2024 for Shopping mall B.
3. The amount represents the aggregate of the actual promotion service expenses of approximately RMB1.9 million for FY2023; and approximately RMB2.2 million for FY2024 for Shopping mall C.

4. The amount represents the aggregate of the actual promotion service expenses of approximately RMB7.3 million for FY2023; and approximately RMB4.6 million for FY2024 for Shopping mall D.
5. The amount represents the aggregate of the actual promotion service expenses of approximately RMB2.0 million for FY2023; and approximately RMB2.08 million for FY2024 for Shopping mall E.
6. The amount represents the sum of the actual promotional services expenditure for the two financial years ended 31 December 2024 for Shopping malls A, B, C, D and E.
7. The amount represents the average of the sum of the actual promotional services expenses of Shopping malls A, B, C, D and E for the two financial years ended 31 December 2024 (i.e. RMB32.28 million ÷ 2).

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROMOTION COOPERATION FRAMEWORK AGREEMENT

As disclosed in the Announcement, the Company has been developing its business in the advertising and promotional segment in the PRC through providing advertising and promotional services to Kingkey Group, while the Company is satisfied with the progress of the development. Given the success of the previous arrangement, the Company would like to expand its advertising and promotional business in the PRC further. In light of the number of Projects held by Kingkey Group, the Promotion Cooperation Framework Agreement serves as a great opportunity for the Company to further develop its market in the PRC. On the other hand, upon considering (i) the Group's experience and good reputation in the advertising and promotional industry; (ii) the heightened standard of corporate governance and compliance adopted by SZ Allegro, being a subsidiary of a listed company in Hong Kong, when comparing with other service providers in the industry; (iii) the good track record in the previous cooperation between SZ Allegro and Kingkey Group, an efficient communication channel has been established between SZ Allegro and Kingkey Group; and (iv) no extra tendering is required for Kingkey Group to identify suitable service provider, Kingkey Group is of the view that the Promotion Cooperation Framework Agreement and the transactions contemplated thereunder is beneficial to Kingkey Group.

Having considered the factors above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Promotion Cooperation Framework Agreement and the relevant annual caps are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms or better and that the entering into of the Promotion Cooperation Framework Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

The Company

The Group is principally engaged in investment holding while the subsidiaries of the Company are principally engaged in (i) the provision of advertising and promotional services; and (ii) sale of household and personal care products to e-commerce platform.

The Service Provider

The Service Provider is a direct non-wholly owned subsidiary of the Company, which is principally engaged in the provision of advertising and promotional services.

The Service Receiver

The Service Receiver is principally engaged in high-end technology investment, real estate, properties & hotel management, tourism, energy, transportation, food & beverages and other general entertainment businesses.

LISTING RULES IMPLICATIONS

As at the date of this announcement, (i) Mr. Chen Jiajun (“**Mr. Chen**”) is indirectly holding 123,037,657 Shares (approximately 27.55% of the total issued share capital of the Company); and (ii) Mr. Chen’s father is the controlling shareholder of Kingkey Group. As such, Kingkey Group is a connected person of the Company and the transactions contemplated under the Promotion Cooperation Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the annual caps for the Services under the Promotion Cooperation Framework Agreement exceeds 5%, the provision of the Services shall be subject to the reporting, announcement, circular (including the independent financial advice), annual review and the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The SGM will be held for the Independent Shareholders to consider and approve the Promotion Cooperation Framework Agreement.

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in relation to the Promotion Cooperation Framework Agreement and the related proposed annual caps. Alliance Capital Partners Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders of the same.

A circular containing, among other matters, (i) further information on the Promotion Cooperation Framework Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee; (iii) a letter from the Independent Financial Adviser; and (iv) the notice convening the SGM and a form of proxy will be despatched to the shareholders of the Company after the publication of this announcement on or before 15 May 2025, so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange of Hong Kong Limited has been suspended with effect from 9:00 a.m. on Tuesday, 2 April 2024 and will remain suspended until further notice.

Shareholders and potential investors should accordingly exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Announcement”	the announcement of the Company dated 14 March 2025 in relation to, among other things, the business update of the Company
“Board”	the board of Directors
“Company”	Allegro Culture Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 550)
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“connected transaction(s)”	has the same meaning as ascribed to it under the Listing Rules
“controlling shareholder”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong ”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the board, comprising all the independent non-executive Directors and established to advise the Independent Shareholders of the terms of the Promotion Cooperation Framework Agreement and the related proposed annual caps and the transactions contemplated thereunder

“Independent Financial Adviser”	Alliance Capital Partners Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in connection with the Promotion Cooperation Framework Agreement and the related proposed annual caps
“Independent Shareholder(s)”	the shareholders of the Company who are not required to abstain from voting at the SGM for the relevant resolution with respect to the Promotion Cooperation Framework Agreement and the transactions contemplated thereunder in accordance with the Listing Rules
“Independent Third Party(ies)”	person(s) or company(ies) who by themselves and together with their ultimate beneficial owner(s) (as the case may be) which is/are independent of and not connected with any of the Directors, chief executives, substantial shareholders of the Company or any of its subsidiaries or any of their respective associates
“Kingkey Group/Service Receiver”	Kingkey Group Holdings Limited* (京基集團有限公司), a company incorporated in the PRC with limited liability and a company majority-owned by the father of a substantial shareholder of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratio”	has the same meaning as ascribed to it under the Listing Rules
“PRC”	The People’s Republic of China
“Promotion Cooperation Framework Agreement”	the promotion cooperation framework agreement dated 15 April 2025 entered into between the Service Provider and Service Receiver with respect to the provision of promotion services by the Service Provider to the Service Receiver
“RMB”	Renminbi, the lawful currency of the PRC
“Service Fee”	the service fee to be paid by the Service Receiver to the Service Provider for the promotion services pursuant to the Promotion Cooperation Framework Agreement

“SGM”	the special general meeting of the Company to be convened to consider, if thought fit, approve the Promotion Service Agreement and the proposed Annual Caps, including any adjournment thereof
“Share(s)”	the ordinary shares of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of shares of the Company
“Substantial Shareholder(s)”	has the same meaning as ascribed to it under the Listing Rules
“SZ Allegro/Service Provider”	Shenzhen Allegro Culture Limited* (深圳市律齊文化有限公司), a company incorporated in the PRC with limited liability and a direct non-wholly owned subsidiary of the Company
“%”	per cent

By order of the Board
Allegro Culture Limited
Yiu Sze Wai
Executive Director

Hong Kong, 15 April 2025

As at the date of this announcement, the Board comprises Ms. Yiu Sze Wai as executive Director; Ms. Chung Anita Mei Yiu and Ms. Sun Jing as non-executive Directors; and Ms. Tang Po Lam Paulia, Mr. Chan Chiu Hung, Alex, Mr. Li Chaobo and Ms. Yang Wanning, as independent non-executive Directors.

* For identification purpose only