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(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 3636)

DISCLOSEABLE TRANSACTIONS ARTWORK FINANCING AGREEMENTS

ARTWORK FINANCING AGREEMENTS

The Board announces that, Poly North America (a subsidiary of the Company) and Shenzhen Huaxi entered into four Artwork Financing Agreements (collectively referred to as “**Financing Activities**”) respectively on 23 September 2015, 26 January 2016, 5 April 2016 and 15 June 2016.

IMPLICATIONS UNDER THE LISTING RULES

According to the requirements of Chapter 14 of the Listing Rules, the transactions under the four Artwork Financing Agreements do not constitute discloseable transactions of the Company on a stand-alone basis. However, pursuant to Rule 14.22 of the Listing Rules, on relevant aggregated basis, the highest applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Financing Activities are higher than 5% but lower than 25%, therefore the Financing Activities constitute discloseable transactions of the Company and are subject to notice and announcement requirements, but are exempted from the Shareholders’ approval under Chapter 14 of the Listing Rules.

DISCLOSEABLE TRANSACTIONS

Artwork Financing Agreements

The Board announces that, Poly North America (a subsidiary of the Company) and Shenzhen Huaxi entered into four Artwork Financing Agreements respectively on 23 September 2015, 26 January 2016, 5 April 2016 and 15 June 2016.

Key terms of the four Artwork Financing Agreements are substantially the same, the details of which are as follows:

Name of the Agreements	Artwork Sale, Purchase and Repurchase Agreement	Artwork Sale, Purchase and Repurchase Agreement	Artwork Sale, Purchase and Repurchase Agreement	Artwork Sale and Purchase Agreement, and Artwork Repurchase Agreement
Signing Dates of the Agreements	23 September 2015	26 January 2016	5 April 2016	15 June 2016
Parties	Lender: Poly North America Financing Party: Shenzhen Huaxi			
Financing Amount (USD in millions)	2.83	5.00	20.5	20.6
Interest Rate of Financing	10%	10%	9%	9%
Term of Borrowing	Two years from the date of entering into the corresponding Artwork Financing Agreements			
Guarantor	Shenzhen Zhengde ⁽¹⁾	Shenzhen Zhengde ⁽¹⁾	Shenzhen Zhengde	Guangdong Zhengde
Scope of Guarantee	Payment obligation of Shenzhen Huaxi to Poly North America under the corresponding Artwork Financing Agreements			
Guaranteed Liability	Irrevocable joint liability			
Guarantee Period	From the effective dates of corresponding Artwork Financing Agreements until 2 years after the expiry of the last payment period of Shenzhen Huaxi as specified in such agreements			

Note 1: Shenzhen Zhengde’s registered company name was “Shenzhen Guangmao Investment Co., Ltd.” when it signed the relevant guarantee agreement. In January 2016, its registered company name was changed to “Shenzhen Zhengde Group Co., Ltd.”.

Financing Mode

Shenzhen Huaxi transferred the subject artworks listed under each of the Artwork Financing Agreements (“**Subject Artworks**”) to Poly North America (the ownership of the Subject Artworks will be transferred to Poly North America from the date when Shenzhen Huaxi delivers the Subject Artworks to Poly North America), and undertook to repurchase these Subject Artworks that had been transferred to Poly North America as agreed and pay the corresponding repurchase consideration to Poly North America as scheduled after these Subject Artworks had been transferred to Poly North America (the ownership of the Subject Artworks will be transferred to Shenzhen Huaxi from the date when Shenzhen Huaxi settles the full repurchase consideration to Poly North America).

Pricing Policy

The financing consideration was determined based on certain discount to the values of the Subject Artworks of each of the Artwork Financing Agreements under the Financing Activities. The value appraisal agency of the Subject Artworks was Poly Art Centre, a company incorporated in China with limited liability on 16 March 2007, which is a wholly-owned subsidiary established and funded by the Company. Poly Art Centre is principally engaged in artwork operation, appraisal, identification and repair of antique, technical consultancy of antique, organizing cultural and art exchanges, exhibition of artworks and artist brokerage. The value appraisal report and authenticity-appraisal opinion issued by it is sufficient to give a true and fair picture of the values of the Subject Artworks, and is in line with the interests of the Company and its Shareholders as a whole.

Implications under the Listing Rules

According to the requirements of Chapter 14 of the Listing Rules, the transactions under the four Artwork Financing Agreements do not constitute discloseable transactions of the Company on a stand-alone basis. However, pursuant to Rule 14.22 of the Listing Rules, on relevant aggregated basis, the highest applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Financing Activities are higher than 5% but lower than 25%, therefore the Financing Activities constitute discloseable transactions of the Company and are subject to notice and announcement requirements, but are exempted from the Shareholders' approval under Chapter 14 of the Listing Rules. At the time of signing the last artwork financing agreement, the Financing Activities constituted discloseable transactions of the Company on the relevant aggregated basis under the Listing Rules, however, the Company did not disclose the relevant information on Financing Activities in a timely manner at that time in accordance with Rule 14.34 of the Listing Rules. Thus the Financing Activities are hereby disclosed.

The Company will continue to closely monitor the similar transactions, strengthen mechanism for managing major transactions within the Company, and disclose them in a timely manner in accordance with the Listing Rules in the future.

Reasons for and Benefits of Entering into the Financing Activities

Artwork operation and auction segment is one of the three major business segments of the Company. The Company has developed an integrated platform covering auction, artwork operation, artwork investment consulting and other services, via which the Company provides different customer groups with a full range of services covering all key parts of the value chain of the artwork industry, including identification, appraisal, auction, sales, investment and financing.

The daily operation of the Company creates relatively sufficient capital reserves for it. Without affecting the operational liquidity of the Company, the artwork financing business carried out by the Company (through its subsidiary Poly North America) with Shenzhen Huaxi will facilitate the development of artwork operation business, enhance the utilization of capital and increase revenue of the Company. In addition, the financing amount under the Financing Activities was determined with

reference to the value appraisal report and authenticity-appraisal opinion issued by Poly Art Centre. Therefore, the Directors believe that the Artwork Financing Agreements under the Financing Activities were entered into in the usual and ordinary course of business of the Company on normal commercial terms and in line with the interests of the Company and its Shareholders as a whole.

Information of the Company

The Company is a joint stock limited company incorporated in the PRC with limited liability on 14 December 2010 and a leading diversified culture and art enterprise of China. The Company is mainly engaged in artwork operation and auction, performance and theater management, and cinema investment management.

Information of the Parties

Information of Poly North America

Poly North America is a company incorporated in Canada with limited liability on 19 January 2015 as a professional operation platform of the Company in North America. The principal businesses of Poly North America include providing support for the Company's collection, procurement and auction of artwork in North America; seeking for opportunities for Poly theater network to purchase and invest in overseas plays and to promote excellent domestic plays overseas; and providing support for the Company to enter into movie business cooperation in North America.

Information of Shenzhen Huaxi

Shenzhen Huaxi is a company incorporated in the PRC with limited liability on 21 January 2015. The principal businesses of Shenzhen Huaxi include: investment and establishment of entities, venture investment business, entrusted management of venture investment business of institutions and individuals such as venture investment companies, venture investment consulting business, provision of investment management service to venture companies, participation in the setting up of venture investment and companies and the start-up of business.

Shenzhen Huaxi is a wholly-owned subsidiary of Guangdong Zhengde, which is a substantial shareholder of two subsidiaries of the Company (collectively the "**Relevant Companies**"). Based on aggregated calculation, the relevant percentage ratios of the consolidated total assets, profits and income of the Relevant Companies for the latest financial year, in comparison with those of the Company, are lower than 5% pursuant to paragraphs (1) and (2) of Rule 14A.09 of the Listing Rules, thus the Relevant Companies are non-significant subsidiaries of the Company. Therefore, pursuant to Rule 14A.09 of the Listing Rules, Guangdong Zhengde and its wholly-owned subsidiary Shenzhen Huaxi do not constitute connected persons of the Company and therefore are not subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Information of the Guarantors

Shenzhen Zhengde is a company incorporated in China with limited liability in March 2009. The principal business of Shenzhen Zhengde is domestic and foreign trade. Guangdong Zhengde is a company incorporated in China with limited liability in April 2007. The principal business of Guangdong Zhengde is real estate development and operation. Shenzhen Zhengde is a fellow subsidiary of Guangdong Zhengde, therefore Shenzhen Zhengde is an associate of Guangdong Zhengde. As described above, although Guangdong Zhengde is a substantial shareholder of the Relevant Companies, the Relevant Companies are non-significant subsidiaries of the Company pursuant to Rule 14A.09 of the Listing Rules, Guangdong Zhengde and its associate Shenzhen Zhengde do not constitute connected persons of the Company and therefore are not subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, the following expressions in this announcement shall have the following meanings:

“Artwork Financing Agreements”	each of the artwork financing agreements between Poly North America and Shenzhen Huaxi dated 23 September 2015, 26 January 2016, 5 April 2016 and 15 June 2016, respectively.
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	Poly Culture Group Corporation Limited (保利文化集團股份有限公司), a joint stock limited company incorporated in the PRC on 14 December 2010, the H shares of which are listed on The Stock Exchange of Hong Kong Limited with the stock code of 3636
“Director(s)”	director(s) of the Company
“Guangdong Zhengde”	Guangdong Zhengde Real Estate Group Co., Ltd. (廣東正德置業集團有限公司)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Poly Art Centre”	Beijing Poly Art Centre Co., Ltd. (北京保利藝術中心有限公司)
“Poly North America”	Poly Culture (North America) Investment Co., Ltd. (保利文化北美投資有限公司)

“PRC” or “China”	People’s Republic of China
“RMB”	the lawful currency of the PRC
“Shareholder(s)”	shareholders of the Company
“Shenzhen Huaxi”	Shenzhen Huaxi South Investment Development Co., Ltd. (深圳市華熙南方投資發展有限公司)
“Shenzhen Zhengde”	Shenzhen Zhengde Group Co., Ltd. (深圳正德集團有限公司)
“Substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“USD”	the lawful currency of the United States of America
“%”	percent

By order of the Board
Poly Culture Group Corporation Limited
Xu Niansha
Chairman

Beijing, the PRC
10 May 2017

As at the date of this announcement, the executive Directors of the Company are Mr. Xu Niansha, Mr. Zhang Xi, Mr. Jiang Yingchun and Mr. Hu Jiaquan; the non-executive Directors are Mr. Wang Lin and Mr. Wang Keling; and the independent non-executive Directors are Mr. Li Boqian, Ms. Li Xiaohui and Mr. Yip Wai Ming.