

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

(Incorporated in Bermuda with limited liability)

(Stock Code: 491)

MAJOR TRANSACTION
IN RELATION TO TENANCY AGREEMENT OF A NEW CINEMA

On 20 December 2022, Emperor Cinemas Beijing as Tenant entered into the Tenancy Agreement with the Landlord in relation to the tenancy of a new cinema located in Changsha, PRC.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the aggregated value of the right-of-use asset of the Premises under the Tenancy Agreement exceed 25% but is less than 100%, the transaction contemplated thereunder constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company has obtained a written approval from its controlling Shareholder holding more than 50% of the voting rights as at the date of this announcement, on the lease transaction under the Tenancy Agreement and the transaction contemplated thereunder in lieu of holding a general meeting of the Company.

The Board announces the execution of the Tenancy Agreement with the following particulars:-

THE TENANCY AGREEMENT

Date:	20 December 2022
Landlord:	Wharf (Changsha) Estates Co. Limited* (九龍倉 (長沙) 置業有限公司)
Tenant:	Emperor Cinemas Beijing
Premises:	A new cinema located at Shops L501 and L601 on 5th Floor and 6th Floor of Changsha International Finance Square, Furong District, Changsha, Hunan, PRC

Usage:	Cinema operation and related business
Lease term:	6 years from the Lease Commencement Date
Rent:	<p>The annual rent payable shall consist of (i) the base rent or the box office turnover rent, whichever is higher; and (ii) the sales turnover rent</p> <p>The aggregate amount of the base rent covering the whole of lease term under the Tenancy Agreement (inclusive of value added tax) is approximately RMB27.6 million (equivalent to approximately HK\$30.0 million). The box office turnover rent is calculated as certain percentage of the Box Office Turnover. The sales turnover rent is calculated as certain percentage of the Sales Turnover. The rent shall be paid monthly and in the event of the rent paid to the Landlord in a calendar year exceeds the annual rent payable, the Landlord shall return the difference to the Tenant pursuant to the Tenancy Agreement and vice versa</p>
Rent-free period:	Within the first 4 months from the Lease Commencement Date or the day immediately prior to the commencement of business after fitting-out of the Premises, whichever is earlier
Right-of-use asset value:	A total of approximately RMB22.6 million (equivalent to approximately HK\$24.6 million) covering whole of lease term

The value (unaudited) of the right-of-use asset to be recognised by the Group under the Tenancy Agreement is approximately RMB22.6 million (equivalent to approximately HK\$24.6 million) which is the present value of lease payments throughout the lease term under the Tenancy Agreement, discounted using the increment borrowing rate and adjustment to fair value at initial recognition of refundable rental deposit and provision for reinstatement costs in accordance with HKFRS 16. Incremental borrowing rate of the lease liability is determined with reference to the prevailing interest rate of the Group's external borrowings.

INFORMATION ON THE LANDLORD

The Landlord is a company with limited liability registered as a wholly foreign owned enterprise under PRC law. The Landlord is principally engaged in property-related business.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Landlord and its ultimate beneficial owners are Independent Third Parties.

REASONS AND BENEFITS FOR ENTERING INTO THE TENANCY AGREEMENT

The Company is an investment holding company and its subsidiaries are principally engaged in entertainment, media and cultural development businesses which include cinema operation and investments in films. Emperor Cinemas Beijing is an indirect wholly-owned subsidiary of the Company and is principally engaged in cinema related business in the PRC.

By opening a new cinema, the Board is of the view that entering into the Tenancy Agreement is an opportunity for the Group to further expand its cinema network in the PRC which is in line with the overall business development direction of the Group.

The terms and conditions of the Tenancy Agreement, including the rent, are arrived at after arm's length negotiation. The Directors considers that the terms and conditions of the Tenancy Agreement are fair and reasonable and the transaction is on normal commercial terms, in the ordinary and usual course of business and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

In accordance with HKFRS 16 "Leases", the Group will recognise right-of-use assets in the consolidated financial statements of the Company in connection with the tenancy of the Premises. Accordingly, the lease transaction under the Tenancy Agreement will be regarded as acquisition of assets by the Group for the purpose of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the aggregated value of the right-of-use asset of the Premises under the Tenancy Agreement exceed 25% but is less than 100%, the transaction contemplated thereunder constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution(s) for approving the Tenancy Agreement and the transaction contemplated thereunder if the Company was required to convene a general meeting for the approval of the Tenancy Agreement and the transaction contemplated thereunder. The Company has obtained a written approval from Emperor Culture Group Holdings Limited, being the controlling Shareholder holding 2,371,313,094 shares of the Company, representing approximately 73.80% of the issued shares of the Company as at the date of this announcement, for the Tenancy Agreement and the transaction contemplated thereunder in lieu of holding a general meeting of the Company under Rule 14.44 of the Listing Rules. Accordingly, no general meeting of the Company shall be convened to approve the Tenancy Agreement and the transaction contemplated thereunder.

GENERAL

A circular containing, among other things, further information of the Tenancy Agreement and the transaction contemplated thereunder, will be despatched to the Shareholders on or before 13 January 2023.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, unless the context otherwise requires, capitalized terms used shall have the following meanings:-

“Board” or “Directors”	board of directors of the Company
“Box Office Turnover”	the net amount of all sums received (after deducting all film-related taxes and film special fund payable to the government) from box office directly or indirectly throughout the Premises
“Company”	Emperor Culture Group Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Emperor Cinemas Beijing” or “Tenant”	Emperor Cinemas (Beijing) Company Limited* (英皇電影城(北京)有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“Landlord”	Wharf (Changsha) Estates Co. Limited*(九龍倉(長沙)置業有限公司), a company with limited liability registered as a wholly foreign owned enterprise under PRC law, and is an indirect wholly-owned subsidiary of The Wharf (Holdings) Limited (Stock Code: 0004), being an Independent Third Party
“Lease Commencement Date”	the actual delivery date of the Premises from the Landlord to the Tenant
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China

“Premises”	a new cinema located at Shops L501 and L601 on 5th Floor and 6th Floor of Changsha International Finance Square, Furong District, Changsha, Hunan, PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sales Turnover”	the gross amount of all sums received or to be received in the course of the Tenant’s business at the Premises other than Box Office Turnover
“Shareholder(s)”	holder(s) of the ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 20 December 2022 entered into between the Tenant and the Landlord in respect of the lease of the Premises
“%”	per cent

** English translation is directly translated from Chinese and for identification purpose only*

Note: for illustrative purpose of this announcement only, conversion of RMB into HK\$ is made at the rate of RMB1.00 = HK\$1.0874.

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

Hong Kong, 20 December 2022

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

Executive Directors:

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

Independent Non-executive Directors:

- Ms. Chan Sim Ling, Irene
- Mr. Ho Tat Kuen
- Ms. Tam Sau Ying