

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 LETTER OF INTENT OF A TENANCY OF A CINEMA

On 9 January 2023, Emperor Cinemas Beijing as Tenant entered into the Letter of Intent with Leasing Agent on behalf of the Landlord in relation to the tenancy of a cinema located in Chengdu, 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 assets of the Premises under the Letter of Intent 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 Letter of Intent and the transaction contemplated thereunder in lieu of holding a general meeting of the Company.

The Board announces the execution of the Letter of Intent with the following particulars:-

THE LETTER OF INTENT

Date: 9 January 2023

Landlord: Chengdu Zhen Tian Yi

Leasing Agent: Guangzhou Junzhao

Tenant: Emperor Cinemas Beijing

Premises:	A cinema located at Shops 515 and 606 on 5th Floor and 6th Floor of Chengdu U Fun, Gaoxin District, Chengdu, PRC
Usage:	Cinema operation and related business
Lease term:	10 years from the Lease Commencement Date
Rent:	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 The aggregate amount of the base rent covering the whole of lease term under the Letter of Intent (inclusive of value added tax) is approximately RMB37.4 million (equivalent to approximately HK\$40.7 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 base rent shall be paid monthly in advance. In the event of the annual box office turnover rent exceeds the base rent paid, the Tenant shall pay the difference to the Leasing Agent pursuant to the terms and conditions of the Letter of Intent
Right-of-use asset value:	A total of approximately RMB27.5 million (equivalent to approximately HK\$29.9 million) covering whole of lease term

The value (unaudited) of the right-of-use asset to be recognised by the Group under the Letter of Intent is approximately RMB27.5 million (equivalent to approximately HK\$29.9 million) which is the present value of lease payments throughout the lease term under the Letter of Intent, 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.

Subject to the terms and conditions of the Letter of Intent and mutually agreed by the parties, the parties shall enter into a tenancy agreement.

INFORMATION ON THE LANDLORD AND THE LEASING AGENT

The Landlord is a company with limited liability enterprise registered under the PRC laws and is principally engaged in property development.

The Leasing Agent is a branch under a company with limited liability registered as a Chinese-foreign joint ventures enterprise under the PRC laws. It is principally engaged in property investment.

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

REASONS AND BENEFITS FOR THE LETTER OF INTENT

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.

The Board is of the view that entering into the Letter of Intent is an opportunity for the Group to expand the cinema network of *Emperor Cinemas* in the PRC which is in line with the overall business development direction of the Group.

The terms and conditions of the Letter of Intent, including the rent, are arrived at after arm's length negotiation. The Directors considers that the terms and conditions of the Letter of Intent 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 Letter of Intent 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 of the Premises under the Letter of Intent 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 Letter of Intent and the transaction contemplated thereunder if the Company was required to convene a general meeting for the approval of the Letter of Intent 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 Letter of Intent 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 Letter of Intent and the transaction contemplated thereunder.

GENERAL

A circular containing, among other things, further information of the Letter of Intent and the transaction contemplated thereunder, will be despatched to the Shareholders on or before 2 February 2023.

TERMS USED IN THIS ANNOUNCEMENT

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

“Board” or “Director(s)”	the board of directors of the Company
“Box Office Turnover”	the net amount of all sums received (after deducting discount, refund, film-related taxes and film development fund payable to the government) from box office throughout the Premises
“Chengdu Zhen Tian Yi” or “Landlord”	Chengdu Zhen Tian Yi Business Service Co., Ltd* (成都市臻天怡商務服務有限公司), a company with limited liability registered under the PRC laws, and is an indirect wholly-owned subsidiary of KWG Group Holdings Limited (Stock Code: 1813), being an Independent Third Party
“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 PRC laws and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries from time to time
“Guangzhou Junzhao” or “Leasing Agent”	Guangzhou Junzhao Real Estate Management Co., Ltd Chengdu Branch*(廣州市君兆物業經營有限公司成都分公司), a branch under a company with limited liability registered as a Chinese-foreign joint ventures enterprise under the PRC laws, and is an indirect wholly-owned subsidiary of KWG Group Holdings Limited (Stock Code: 1813), being an Independent Third Party
“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)
“Lease Commencement Date”	the day immediately after the completion of the 1st fitting-out period pursuant to the terms and conditions of the Letter of Intent, the 1st fitting-out period being not more than 60 days immediately after the actual delivery date of the Premises from the Leasing Agent to the Tenant

“Letter of Intent”	the letter of intent dated 9 January 2023 entered into between the Tenant and the Leasing Agent on behalf of the Landlord in respect of the lease of the Premises
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Premises”	a cinema located at Shops 515 and 606 on 5th Floor and 6th Floor of Chengdu U Fun, Gaoxin District, Chengdu, PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sales Turnover”	the net amount of all sums received (after deducting discount, refund and taxes) from the sale of confectionery food and drinks
“Shareholder(s)”	holder(s) of the ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	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, 9 January 2023

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