

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)

DISCLOSEABLE TRANSACTION
IN RELATION TO TENANCY AGREEMENTS OF NEW CINEMAS

On 15 August 2023, Emperor Cinemas Beijing as tenant entered into the Chengdu Tenancy Agreement with the Chengdu Landlord in relation to the tenancy of a cinema located in Chengdu, PRC.

Within the period of 12 months immediately preceding and up to the date of the Chengdu Tenancy Agreement, Emperor Cinemas Chongqing as tenant entered into the Chongqing Tenancy Agreement with the Chongqing Landlord in relation to the tenancy of a cinema located in Chongqing, PRC. As the Landlords are associated with each other and the terms of the Tenancy Agreements are negotiated at the same time, the transactions contemplated thereunder are required to be aggregated pursuant to Rule 14.22 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 assets of the Premises under the Tenancy Agreements exceed 5% but is less than 25%, the transactions contemplated thereunder constitute a discloseable transaction of the Company and are subject to the announcement requirement but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Board announces the execution of the Tenancy Agreements with the following particulars:

THE CHENGDU TENANCY AGREEMENT

Date: 15 August 2023

Chengdu Landlord: Longjin Development (Chengdu)

Tenant: Emperor Cinemas Beijing

Chengdu Premises: A cinema located at Shop L614 on the 6th Floor, Chengdu International Finance Square, No.1 Hongxing Road Section 3, Jinjiang 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 Chengdu Tenancy Agreement (inclusive of value added tax) is approximately RMB30.3 million (equivalent to approximately HK\$32.8 million). The box office turnover rent is calculated as 15% of the Box Office Turnover for the 1st to 36th month from the Lease Commencement Date, 16% of the Box Office Turnover for the 37th to 72nd month from the Lease Commencement Date, 17% of the Box Office Turnover for the 73rd to 108th month from the Lease Commencement Date and 18% of the Box Office Turnover for the 109th to 120th month from the Lease Commencement Date. The sales turnover rent is calculated as 13% of the Sales Turnover

The base rent shall be payable monthly in advance on or before the first business day of each calendar month and the box office turnover rent (if payable pursuant to the terms and conditions of the Chengdu Tenancy Agreement) and sales turnover rent shall be payable monthly in arrears

Rent-free period: Within the first 6 months from the Lease Commencement Date

Deposit: Approximately RMB868,000 (equivalent to approximately HK\$938,000) payable on or before the execution of the Chengdu Tenancy Agreement and shall be refundable after the lease term pursuant to the terms and conditions of the Chengdu Tenancy Agreement

Right-of-use asset value: A total of approximately RMB22.0 million (equivalent to approximately HK\$23.8 million) covering whole of lease term

THE CHONGQING TENANCY AGREEMENT

Date: 7 August 2023

Chongqing Landlord: Chongqing Jiayi Commercial Management

Tenant: Emperor Cinemas Chongqing

Chongqing Premises:	A cinema located at Shops L231, L231a on the 2nd Floor, Shops L2MP01 to L2MP06 on the 2M Floor and Shop L180 on the 1st Floor, Chongqing International Finance Square, No. 38 North Avenue Jiangbeicheng, Jiangbei District, Chongqing, PRC
Usage:	Cinema operation and related business
Lease term:	7 years and 6 months from the Lease Commencement Date
Rent:	The annual rent payable shall be (i) approximately RMB0.5 million (equivalent to approximately HK\$0.5 million) in the event the annual box office is less than RMB10.0 million; or (ii) approximately RMB1.0 million (equivalent to approximately HK\$1.1 million) in the event the annual box office is equal to or greater than RMB10.0 million. The rent shall be payable monthly in advance on or before the first business day of each calendar month
Rent-free period:	Within the first 3 months from the Lease Commencement Date
Deposit:	Approximately RMB1.0 million (equivalent to approximately HK\$1.1 million) payable on or before the execution of the Chongqing Tenancy Agreement and shall be refundable after the lease term pursuant to the terms and conditions of the Chongqing Tenancy Agreement
Right-of-use asset value:	A total of approximately RMB4.9 million (equivalent to approximately HK\$5.3 million) covering whole of lease term

The aggregate value (unaudited) of the right-of-use asset to be recognised by the Group under the Tenancy Agreements is approximately RMB26.9 million (equivalent to approximately HK\$29.1 million) which is the present value of lease payments throughout the lease term under the Tenancy Agreements, 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 LANDLORDS

The Chengdu Landlord is a company with limited liability registered under the PRC laws and is principally engaged in property related business.

The Chongqing Landlord is a joint venture with limited liability registered under the PRC laws and 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 Chengdu Landlord and Chongqing Landlord and their respective ultimate beneficial owners are Independent Third Parties.

REASONS AND BENEFITS FOR THE TENANCY AGREEMENTS

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 and Emperor Cinema Chongqing are indirect wholly-owned subsidiaries of the Company and are principally engaged in cinema related business in the PRC.

The Board is of the view that entering into the Tenancy Agreements 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 Tenancy Agreements, including the base rent and turnover rent rate percentages (if applicable), are arrived at after arm's length negotiation with reference to (i) the existing tenancies of other cinemas that the Group has entered into; and (ii) the attributes of the Premises such as geographical location, term of the tenancy, number of houses seats and the estimated attendance of the Premises. The Directors consider that the terms and conditions of the Tenancy Agreements are fair and reasonable and the transactions are 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 Group in connection with the tenancy of the Premises. Accordingly, the lease transactions under the Tenancy Agreements will be regarded as acquisition of assets by the Group for the purpose of the Listing Rules.

Within the period of 12 months immediately preceding and up to the date of the Chengdu Tenancy Agreement, Emperor Cinemas Chongqing as tenant entered into the Chongqing Tenancy Agreement with the Chongqing Landlord in relation to the tenancy of a cinema located in Chongqing, PRC. As the Landlords are associated with each other and the terms of the Tenancy Agreements are negotiated at the same time, the transactions contemplated thereunder are required to be aggregated pursuant to Rule 14.22 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 Tenancy Agreements exceed 5% but is less than 25%, the transactions contemplated thereunder constitute a discloseable transaction of the Company and are subject to the announcement requirement but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

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 all film related taxes and film fund payable to the government) from box office directly or indirectly through the Chengdu Premises
“Chengdu Premises”	a cinema located at Shop L614 on the 6th Floor, Chengdu International Finance Square, No.1 Hongxing Road Section 3, Jinjiang District, Chengdu, PRC
“Chengdu Tenancy Agreement”	the tenancy agreement dated 15 August 2023 entered into between the Emperor Cinemas Beijing and the Chengdu Landlord in respect of the lease of the Chengdu Premises
“Chongqing Jiayi Commercial Management” or “Chongqing Landlord”	Chongqing Jiayi Commercial Management Co., Ltd.* (重慶嘉益商業管理有限公司), a joint venture with limited liability registered under the PRC laws and is indirectly owned as to 50% by The Wharf (Holdings) Limited (Stock Code: 004) and 50% by China Overseas Land & Investment Ltd. (Stock Code: 688), being the Independent Third Parties
“Chongqing Premises”	a cinema located at Shops L231, L231a on the 2nd Floor, Shops L2MP01 to L2MP06 on the 2M Floor and Shop L180 on the 1st Floor, Chongqing International Finance Square, No. 38 North Avenue Jiangbeicheng, Jiangbei District, Chongqing, PRC
“Chongqing Tenancy Agreement”	the tenancy agreement dated 7 August 2023 entered into between Emperor Cinemas Chongqing and the Chongqing Landlord in respect of the lease of the Chongqing 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”	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
“Emperor Cinemas Chongqing”	Emperor Cinemas (Chongqing) Company Limited* (英皇電影城(重慶)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
“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)
“Landlords”	Chengdu Landlord and Chongqing Landlord
“Lease Commencement Date”	the actual delivery date of the respective Premises from the landlord to the tenant pursuant to the terms and conditions of the respective Tenancy Agreements
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longjin Development (Chengdu)” or “Chengdu Landlord”	Longjin Development (Chengdu) Co. Ltd.* (龍錦綜合開發(成都)有限公司), a company with limited liability registered under the PRC laws and is a wholly-owned subsidiary of The Wharf (Holdings) Limited (Stock Code: 004), being an Independent Third Party
“PRC”	The People’s Republic of China
“Premises”	Chendgu Premises and Chongqing Premises
“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 Chengdu 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 Agreements”	Chengdu Tenancy Agreement and Chongqing Tenancy Agreement

“0%” 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 RMB1.0 = HK\$1.0810

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

Hong Kong, 15 August 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