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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)

CONTINUING CONNECTED TRANSACTIONS
INCREASE OF FILM PROMOTION ANNUAL CAP
UNDER THE FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 18 May 2023 in relation to the Framework Agreement entered into between the Company and EMP in respect of any Film Rental Licence Transactions and Film Promotion Transactions for the purpose of Film Exhibition in the cinemas operated by member(s) of the Group and relevant Promotional Activities. As the Board anticipates that the fee receivable from Promotion Activities from EMP Group may exceed the existing Film Promotion Annual Cap, the Company proposes to increase the existing Film Promotion Annual Cap for each of the year ending 30 June 2024 and 2025 for the Film Promotion Transactions.

As the applicable percentage ratios (as defined in the Listing Rules) calculated with reference to revised Film Promotion Annual Cap are less than 25% and the total consideration is less than HK\$10,000,000, the Film Promotion Transactions is subject to the announcement, reporting and annual review requirements but exempt from Shareholders' approval under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 18 May 2023 in relation to the Framework Agreement entered into between the Company and EMP in respect of any Film Rental Licence Transactions and Film Promotion Transactions for the purpose of Film Exhibition in the cinemas operated by member(s) of the Group and relevant Promotional Activities. As the Board anticipates that the fee receivable from Promotion Activities from EMP Group may exceed the existing Film Promotion Annual Cap, the Company proposes to increase the existing Film Promotion Annual Cap for each of the year ending 30 June 2024 and 2025 for the Film Promotion Transactions.

INCREASE OF FILM PROMOTION ANNUAL CAP

Set out below are (i) the historical transactions amounts received by the Group from EMP Group in relation to the provision of Promotional Activities for the year ended 30 June 2023 and for the period from 1 July 2023 to 30 November 2023; (ii) the existing Film Promotion Annual Cap for each of the year ended/ending 30 June 2023, 2024 and 2025; and (iii) the proposed revised Film Promotion Annual Cap for each of the year ending 30 June 2024 and 2025:

	For the year ended 30 June 2023	For the period from 1 July 2023 to 30 November 2023	
	<i>HK\$'000</i>	<i>HK\$'000</i>	
(i) Fee received from Promotional Activities from EMP Group	653	3,482	

	For the year ended/ending 30 June		
	2023	2024	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(ii) Existing Film Promotion Annual Cap	3,000	5,000	6,000
(iii) Revised Film Promotion Annual Cap	N/A	9,800	9,800

The revised Film Promotion Annual Cap is determined with reference to (i) the historical amounts of promotion fee received from EMP Group, especially the amount for the period from 1 July 2023 to 30 November 2023 which represents approximately 69.6% of the existing Film Promotion Annual Cap for the year ending 30 June 2024; (ii) the expected growth in promotion fee receivable with the revival in consumption sentiment; (iii) the recent expansion of the Group's film exhibition network; and (iv) a reasonable buffer to allow for the business development plan of the Group to continue expand its cinema network.

REASONS FOR AND BENEFITS OF INCREASE OF FILM PROMOTION ANNUAL CAP

The Company is an investment holding company and the Group is principally engaged in entertainment, media and cultural development businesses which mainly include cinema operation.

EMP is an investment holding company and its subsidiaries are principally engaged in the investment, production, sales and distribution of motion pictures.

The Group has been carrying out the Film Promotion Transactions with EMP Group throughout the years which are ordinary and usual course of business of the Group. In view of the revival in consumption sentiment and the recent expansion of the Group's film exhibition network, the Board anticipates that the fee receivable from Promotion Activities from EMP Group may exceed the existing Film Promotion Annual Cap. The Directors considered that the ongoing business arrangements between the Group and EMP Group and the increase of Film Promotion Annual Cap allow the Group to increase its revenue by receiving promotion fee income from Film Promotion Transactions.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Framework Agreement are in the ordinary and usual course of business of the Group and the terms of the Framework Agreement and the Film Promotion Transactions are on normal commercial terms determined / to be determined on an arm's length basis; and the Film Promotion Transactions and the revised Film Promotion Annual Cap are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, EMP is an indirect wholly-own subsidiary of Albert Yeung Entertainment Holdings Limited, the controlling Shareholder which owns approximately 73.80% equity interest in the Company. As such, EMP is a connected person of the Company under Chapter 14A of the Listing Rules.

Mr. Yeung Ching Loong, Alexander, an executive Director, did abstain from voting on the relevant board resolution(s) of the Company in view of his deemed interest in the transactions by virtue of being one of the eligible beneficiaries of the private discretionary trust set up by Dr. Yeung that controls the Company and EMP respectively.

Ms. Fan Man Seung, Vanessa and Mr. Wong Chi Fai, being the executive Directors, did abstain from voting on the relevant board resolution(s) of the Company as they also take up a management role in both the Company and EMP.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company intends to revise annual caps for continuing connected transactions, the Company will be required to re-comply with relevant requirements of Chapter 14A of the Listing Rules in respect of the relevant continuing connected transactions.

As the applicable percentage ratios (as defined in the Listing Rules) calculated with reference to revised Film Promotion Annual Cap are less than 25% and the total consideration is less than HK\$10,000,000, the Film Promotion Transactions is subject to the announcement, reporting and annual review requirements but exempt from Shareholders' approval under Chapter 14A 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 “Directors”	the directors of the Company
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Definitive Agreement(s)”	the individual agreement(s) in respect of the Film Promotion Transactions which may from time to time be entered into between members of the Group and members of EMP Group pursuant to the Framework Agreement, including any agreement concluded in writing, orally, by conduct or by past dealings
“Dr. Yeung”	Dr. Yeung Sau Shing, Albert
“EMP”	Emperor Motion Picture Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of Albert Yeung Entertainment Holdings Limited
“EMP Group”	EMP and its subsidiaries from time to time
“Films”	such motion pictures which members of EMP Group have the authority and right to grant any exhibition licence or rental rights to members of the Group for the purpose of exhibition of the films and exploitation of such intellectual property rights associated with the motion pictures in the cinemas operated by the Group
“Film Exhibition”	licensing and exploitation of the exhibition rights of the Films
“Film Promotion Annual Cap”	the maximum amount under the Definitive Agreements for Film Promotion Transactions paid and payable by members of EMP Group to members of the Group as a whole for each financial year of the Company during the Term
“Film Promotion Transactions”	all existing and future transactions between member(s) of EMP Group (as promotion appointor) and member(s) of the Group (as promotion service provider) in relation to Promotional Activities required from time to time as contemplated under Framework Agreement and the relevant Definitive Agreement(s)
“Film Rental Licence Transactions”	all existing and future transactions between member(s) of EMP Group (as licensor) and member(s) of the Group (as licensee) in relation to Film Exhibition as contemplated under the Framework Agreement and the relevant Definitive Agreement(s)
“Framework Agreement”	the framework agreement dated 18 May 2023 entered into between the Company and EMP
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar, the lawful currency in Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Promotional Activities”	certain promotional activities of the Films, including any promotional and marketing activities, utilisation of movie vouchers or exchange coupons for redemption at cinemas operated by the Group and such other advertising and selling programmes services
“Shareholder(s)”	the holder(s) of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Term”	the term of the Framework Agreement
“%”	per cent.

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

Hong Kong, 19 January 2024

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

Independent Non-executive Directors: Ms. Chan Sim Ling, Irene
Mr. Ho Tat Kuen
Ms. Tam Sau Ying