

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 30 January 2024, Emperor Cinemas Beijing as Tenant entered into the Tenancy Agreement with the Landlord in relation to the tenancy of a new cinema located in Beijing, 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 Tenancy Agreement exceed 25% but are less than 100%, the transaction contemplated thereunder constitutes a major transaction of 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:

TENANCY AGREEMENT

Date: 30 January 2024

Landlord: Beijing Sanlitun

Tenant: Emperor Cinemas Beijing

Premises: A cinema located at Shops SLG18 and SB2-01 at 19 Sanlitun Road, Chaoyang District, Beijing, PRC

Usage:	Cinema operation and related business
Lease term:	10 years from the Lease Commencement Date
Rent:	The monthly rent payable shall consist of the base rent and the turnover rent The aggregate amount of the base rent covering the whole of lease term under the Tenancy Agreement (exclusive of value added tax) is approximately RMB69.6 million (equivalent to approximately HK\$75.5 million). The turnover rent is the amount of the excess of a fixed percentage of monthly turnover over the base rent. The base rent shall be payable monthly in advance and the turnover rent (if any) shall be payable monthly in arrears
Rent-free period:	Within the first 6 months from the Lease Commencement Date
Deposit:	Approximately RMB2.2 million (equivalent to approximately HK\$2.4 million) payable upon the execution of the Tenancy Agreement and shall be refundable after the lease term pursuant to the terms and conditions of the Tenancy Agreement
Right-of-use asset value:	A total of approximately RMB52.8 million (equivalent to approximately HK\$57.3 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 Agreement is approximately RMB52.8 million (equivalent to approximately HK\$57.3 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 HKFRS16. 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 incorporated in the PRC and 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 Landlord and its respective ultimate beneficial owners are Independent Third Parties.

REASONS AND BENEFITS FOR THE ENTERING INTO TENANCY AGREEMENT

The Company is an investment holding company. The Group principally engages in entertainment, media and cultural development businesses, which mainly include cinema operation. 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 Tenancy Agreement is an opportunity for the Group to further 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 Agreement, including the base rent and turnover rent rate percentages, 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 lease, number of seats in the houses and the estimated attendance rate of the Premises. The Directors consider that the terms and conditions of the Tenancy Agreement are fair and reasonable and the transaction contemplated thereunder 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 Group in connection with the tenancy of the Premises. Accordingly, the lease transactions 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 of the Premises under the Tenancy Agreement exceed 25% but are less than 100%, the transaction contemplated thereunder constitutes a major transaction of 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 22 February 2024.

TERMS USED IN THIS ANNOUNCEMENT

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

“Beijing Sanlitun” or “Landlord”	Beijing Sanlitun South Property Management Company Limited* (北京三里屯南區物業管理有限公司), a company incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of Swire Properties Limited (Stock Code: 1972), being an Independent Third Party
“Board” or “Director(s)”	the board of 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
“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
“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 actual handover date of the Premises from the Landlord to the Tenant as determined in accordance with the terms and conditions of the Tenancy Agreement
“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 SLG18 and SB2-01 at 19 Sanlitun Road, Chaoyang District, Beijing, PRC
“RMB”	Renminbi, the lawful currency of the PRC

“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 30 January 2024 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\$1.0850

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

Hong Kong, 30 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