

*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)

## CONTINUING CONNECTED TRANSACTIONS

The Board announces that the Company has appointed Vinco Capital as the IFA to provide an independent opinion in relation to the Tenancy Agreements, without prejudice to the Previous Opinion, pursuant to Rule 14A.52 of the Listing Rules solely for the Company.

References are made to the announcements (the “**Joint Announcements**”) jointly issued by Emperor Culture Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) and Emperor International Holdings Limited (“**Emperor International**”) dated (a) 5 May 2017 in relation to the tenancy agreement (“**Tenancy Agreement A**”) in respect of the partial floor of each of B1, B2M, B2, Emperor Group Centre, D12 Jianguomenwai Dajie, Chaoyang District, Beijing, the PRC (“**Premises A**”) and (b) 24 August 2017 in relation to the another tenancy agreement (“**Tenancy Agreement B**”) in respect of Shop Nos. 301 & 302 (known as The Cinema Space) and Shop Nos. 305B & 305C, Second Floor (Level 3) of New Town Mansion, No. 2 Tuen Lee Street, Tuen Mun, New Territories, Hong Kong (“**Premises B**”). Tenancy Agreement A and Tenancy Agreement B are collectively referred as “**Tenancy Agreements**”. Capitalised terms used in this announcement shall have the same meanings as those defined in the Joint Announcements, unless otherwise specified herein.

Pursuant to Rule 14A.52 of the Listing Rules, the Company and Emperor International have jointly appointed Beijing Securities as the independent financial adviser (“**IFA**”) to confirm that it is a normal business practice for the Company and Emperor International to enter into the Tenancy Agreements which are of a duration longer than 3 years and to explain the reasons why the Tenancy Agreements require such longer period. The relevant opinion of Beijing Securities (“**Previous Opinion**”) has been stated in the Joint Announcements.

The board of directors of the Company (the “**Board**”) announces that the Company has appointed Vinco Capital Limited (“**Vinco Capital**”) as the IFA to provide an independent opinion in relation to the Tenancy Agreements, without prejudice basis to the Previous Opinion, pursuant to Rule 14A.52 of the Listing Rules solely for the Company.

## **Opinion for Tenancy Agreement A and Tenancy Agreement B**

Vinco Capital has taken into account the following factors when formulating its independent opinion pursuant to Rule 14A.52 of the Listing Rules:

- (a) the Company is an investment holding company and its subsidiaries are principally engaged in entertainment, media and cultural development business, particularly in Greater China, which include (i) cinema development and operation; (ii) investment and/or production of films, TV programmes and other media related projects; (iii) investment in a variety of cultural events; and (iv) investment in securities;
- (b) both the Premises A and Premises B shall be used for cinema operation and related businesses, including sale of food and beverage and related products e.g. books, music, art pieces, souvenirs and publications;
- (c) for the year ended 30 June 2017, the Company's revenue from cinema operation accounted for approximately 70.8% of its total revenue. The entering of the Tenancy Agreements therefore could provide a platform for the further development of the Group's business in cinema development and operation;
- (d) it is beneficial for the Group to enter longer term lease as it expects to incur significant initial investment and set up cost for establishing a cinema with premium facilities which includes but not limited to sound systems, seats, digital cinema projector systems, screen, interior decoration and other auxiliary services in the cinema. Longer lease term allows the Group to invest in the cinema and attract customers with conducive environment;
- (e) the future rental expenses for premises under the Tenancy Agreements can be locked in and the risk of rising rental price can be eliminated; and
- (f) cinema is a unique entertainment facility for people of all age group and customers are normally willing to spend more time in the entertainment complex facilitated with cinema which will bring stable customer traffic flow. In the long run, longer lease term can build up customer loyalty which can generate stable revenue for the Group.

## **As to Tenancy Agreement A**

Vinco Capital has reviewed sample copies of other leasing agreements entered into between the Group and other independent third parties and noted that all of the leasing agreements regarding cinema operations consist of a duration term longer than 3 years. Furthermore, Vinco Capital conducted its own research regarding other companies listed on the Stock Exchange which operates similar cinema business as the Company. Vinco Capital noted from the announcement of Orange Sky Golden Harvest Entertainment (Holding) Limited (Stock code: 1132), a company principally engaged in the production, financing, distribution and theatrical exhibition of motion pictures and having operated 107 cinemas with 781 screens across PRC, Hong Kong, Taiwan and Singapore that as at 31 December 2016, such company has entered into a lease agreement for its cinema operation

for a period of 12 years which exceeded a duration of 3 years.

In view of the above principle factors, Vinco Capital is of the view that it is reasonable for the Group to enter the Tenancy Agreement A which is of a duration longer than 3 years as having a longer lease term is a normal industry practice for contracts similar to the Tenancy Agreement A and is beneficial to the Company having leases longer than 10 years for cinema operations.

### **As to Tenancy Agreement B**

Vinco Capital has reviewed sample copies of other leasing agreements entered into between the Group and other independent third parties and noted that all of the leasing agreements regarding cinema operations consist of a duration term longer than 3 years. Furthermore, Vinco Capital conducted its own research regarding other companies listed on the Stock Exchange which operates similar cinema business as the Company. Vinco Capital noted from the announcement of Pegasus Entertainment Holdings Limited (Stock code: 1326), a company principally engaged in film and television series production, distribution and licensing of film rights, film exhibition, post-production, as well as advertising, marketing and publication that such company leases property for cinema operations with the connected parties for a period of 15 years which also exceeded a duration of 3 years.

In view of the above principle factors, Vinco Capital is of the view that it is reasonable for the Group to enter into the Tenancy Agreement B which is of a duration longer than 3 years as having a longer lease term is a normal industry practice for contracts similar to the Tenancy Agreement B and is beneficial to the Company having leases longer than 10 years for cinema operations.

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

Hong Kong, 13 October 2017

As at the date hereof, the Board comprises:

*Executive Directors:*

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

*Independent Non-executive Directors:*

Mr. Ng Hoi Yue  
Ms. Chan Sim Ling, Irene  
Mr. Ho Tat Kuen