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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)

DISCLOSEABLE TRANSACTION
IN RELATION TO
SUPPLEMENTAL TENANCY AGREEMENT OF A CINEMA

On 8 May 2025, Emperor Cinemas Chengdu as Tenant entered into the Supplemental Tenancy Agreement with 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 additional right-of-use assets of the Premises under the Supplemental Tenancy Agreement exceed 5% but are less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction of the Company and is subject to the announcement requirement but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

BACKGROUND

On 2 November 2017, the Tenant and the Landlord entered into the Original Tenancy Agreement in relation to the tenancy of Premises for 15 years commencing from the Lease Commencement Date and pursuant to the Original Tenancy Agreement, the Tenant may, at its discretion, postpone the Lease Commencement Date to a date when the occupancy rate of Shin Kong Place has reached 70%.

As informed by the Landlord, the occupancy rate of Shin Kong Place has reached 70% on 15 May 2024. The Tenant exercised its discretion to change the Lease Commencement Date pursuant to the Original Tenancy Agreement and accordingly, on 8 May 2025, the Tenant and the Landlord entered into the Supplemental Tenancy Agreement by which both parties agreed and confirmed that the lease term shall be 15 years commencing from 15 May 2024.

Save and except for the change of the Lease Commencement Date and other miscellaneous amendments, all terms and conditions of the Original Tenancy Agreement shall remain unchanged and continue in full force and effect.

THE TENANCY AGREEMENT

Date:	2 November 2017 (as supplemented by the Supplemental Tenancy Agreement dated 8 May 2025)
Landlord:	Xinyue Department Store Chengdu
Tenant:	Emperor Cinemas Chengdu
Premises:	A cinema located on the 6th to 7th Floor and the mezzanine on 7th Floor at Shin Kong Place
Usage:	Cinema operation and related business
Lease term:	15 years from the Lease Commencement Date (i.e. 15 May 2024 as agreed by both parties pursuant to the Supplemental Tenancy Agreement)
Soft opening period:	the period from the commencement date of the cinema operation and related business at the Premises up to but excluding the Lease Commencement Date (i.e. 15 May 2024)
Rent:	<p>The monthly rent payable shall consist of the base rent and the turnover rent during the lease term (for the avoidance of doubt, excluding the soft opening period)</p> <p>The monthly base rent ranges from approximately RMB206,000 (equivalent to approximately HK\$218,000) to approximately RMB425,000 (equivalent to approximately HK\$450,000) throughout the lease term. The aggregate amount of the base rent (inclusive of tax) covering the entire lease term is approximately RMB56.8 million (equivalent to approximately HK\$60.2 million). The turnover rent is the amount of the excess of a fixed percentage (ranging from 12% to 15% throughout the lease term) of annual turnover over the annual base rent. The monthly base rent shall be payable monthly in advance and the turnover rent (if any) shall be payable annually in arrears</p> <p>The monthly rent payable for the soft opening period shall consist of base rent only and ranges from RMB40,000 (equivalent to approximately HK\$42,000) to RMB120,000 (equivalent to approximately HK\$127,000)</p>
Right-of-use asset value:	As the Original Tenancy Agreement was entered into prior to the effective date of HKFRS 16, no right-of-use asset in respect of the lease had been recognised according to the accounting standard in effect at that time until the Group adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 July 2019. As at 31 March 2025, the carrying amount of the right-of-use asset in relation to the Original Tenancy Agreement amounted to approximately RMB18.9 million (equivalent to approximately HK\$20.0 million)

An additional right-of-use asset value of approximately RMB11.5 million (equivalent to approximately HK\$12.2 million) will be recognised by the Group as a result of change in the Lease Commencement Date by the Supplemental Tenancy Agreement

In accordance with HKFRS 16, the change in the Lease Commencement Date under the Supplemental Tenancy Agreement would constitute a lease modification. The aggregate value (unaudited) of the additional right-of-use asset to be recognised by the Group under the Supplemental Tenancy Agreement is approximately RMB11.5 million (equivalent to approximately HK\$12.2 million), being the difference between (a) the present value of lease payments throughout the lease term from the Lease Commencement Date 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; and (b) the carrying amount of the right-of-use asset in relation to the Original Tenancy Agreement 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 commercial property development, leasing and management.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Landlord and its ultimate beneficial owner are Independent Third Parties.

REASONS AND BENEFITS FOR THE ENTERING INTO SUPPLEMENTAL 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 Chengdu is an indirect wholly-owned subsidiary of the Company and is principally engaged in cinema related business in the PRC.

Entering into the Supplemental Tenancy Agreement to supplement the Original Tenancy Agreement is mainly for the change of the Lease Commencement Date of the lease term. The Board is of the view that entering into the Supplemental Tenancy Agreement is an opportunity for the Group to maintain its market position through 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 Supplemental Tenancy Agreement are arrived at after arm's length negotiation with reference to (i) the Original Tenancy Agreement; (ii) the existing tenancies of other cinemas that the Group has entered into; and (iii) 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 Supplemental 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, the change in the Lease Commencement Date under the Supplemental Tenancy Agreement would constitute a lease modification. The Group will recognise an additional right-of-use assets in the consolidated financial statements of the Group in connection with the tenancy of the Premises. Accordingly, the lease modification under the Supplemental 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 additional right-of-use assets of the Premises under the Supplemental Tenancy Agreement exceed 5% but are less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction of the Company and is 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, capitalised terms used shall have the following meanings:

“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 Chengdu” or “Tenant”	Emperor Cinemas (Chengdu) Company Limited* (英皇電影城(成都)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 date immediately following the expiration of the decoration period or, at the Tenant’s discretion, such later date when the occupancy rate of Shin Kong Place has reached 70%
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Original Tenancy Agreement”	the tenancy agreement dated 2 November 2017 entered into between the Tenant and the Landlord (together with all its subsequent amendments and supplements made prior to the date of the Supplemental Tenancy Agreement) in respect of the Premises
“PRC”	The People’s Republic of China
“Premises”	a cinema located on the 6th to 7th Floor and the mezzanine on 7th Floor at Shin Kong Place
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the ordinary shares of the Company
“Shinkong Mitsukoshi”	Shinkong Mitsukoshi Department Store Co., Ltd, a company incorporated in Taiwan with limited liability and, according to the public available information, is ultimately owned by Isetan Mitsukoshi Holdings Limited, the shares of which are listed on Tokyo Stock Exchange (Stock Code: 3099), as to approximately 43.4%, being an Independent Third Party
“Shin Kong Place”	a shopping mall located at No. 1599, Section III of Guanghua Avenue, Wenjiang District, Chengdu, Sichuan Province, PRC* (中國四川省成都市溫江區光華大道三段1599號)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Tenancy Agreement”	the supplemental tenancy agreement dated 8 May 2025 entered into between the Tenant and the Landlord to supplement the Original Tenancy Agreement mainly for the change of the Lease Commencement Date of the lease term
“Tenancy Agreement”	the Original Tenancy Agreement (as supplemented by the Supplemental Tenancy Agreement)
“Xinyue Department Store Chengdu” or “Landlord”	Xinyue Department Store (Chengdu) Company Limited* (新越百貨(成都)有限公司), a company incorporated in the PRC with limited liability and is indirectly wholly-owned by Shinkong Mitsukoshi, being an Independent Third Party

“0%”

per cent.

Note: for illustrative purpose of this announcement only, conversion of RMB into HK\$ is made at the rate of RMB1.000 = HK\$1.059.

** English translation is directly translated from Chinese and for identification purpose only.*

By order of the Board
Emperor Culture Group Limited
Yeung Ching Loong, Alexander
Chairman

Hong Kong, 8 May 2025

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Yeung Ching Loong, Alexander
Ms. Fan Man Seung, Vanessa

Independent Non-executive Directors:

Ms. Chan Sim Ling, Irene
Mr. Ho Tat Kuen
Ms. Tam Sau Ying