

*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  
FRAMEWORK AGREEMENT**

On 18 May 2023, the Company entered into the Framework Agreement with EMP in relation to 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 applicable percentage ratios (as defined in the Listing Rules) calculated with reference to each Film Rental Licence Annual Cap and Film Promotion Annual Cap are less than 25% and the total consideration is less than HK\$10,000,000, each Film Rental Licence Transactions and 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.

**INTRODUCTION**

The Board announces that on 18 May 2023, the Company entered into the Framework Agreement with EMP, whereby any member(s) of the Group may, from time to time, enter into Definitive Agreement(s) in relation to any Film Rental Licence Transactions and Film Promotion Transactions with any member(s) of EMP Group for the purpose of Film Exhibition in the cinemas operated by member(s) of the Group and relevant Promotional Activities.

**FRAMEWORK AGREEMENT**

**Date**

18 May 2023

**Parties**

- (1) the Company; and
- (2) EMP

## **Term**

Subject to the terms and conditions set out in the Framework Agreement, the Term shall be a period commencing from and including 1 July 2022 up to and including 30 June 2025 or such other duration (subject to a maximum period of 3 years) as agreed between the parties from time to time.

## **General terms of the Framework Agreement**

### *Film Rental Licence Transactions*

Pursuant to the Framework Agreement, relevant member(s) of EMP Group (as licensor) and the relevant member(s) of the Group (as licensee) entered, and may from time to time enter, into Definitive Agreement(s) in relation to the Film Rental Licence Transactions upon and subject to the terms and conditions as may be agreed between the relevant member(s) of each party for the purpose of Film Exhibition in the cinemas operated by member(s) of the Group, provided that:

- (a) the relevant member(s) of EMP Group warrants and undertakes that it has the right to grant the licence in respect of the Film Rental Licence Transactions to the relevant member(s) of the Group as contemplated thereof and shall provide all such positive print, advertising materials, trailer prints and other materials as necessary;
- (b) the Films shall be exhibited to the general public for commercial purposes in the designated cinemas operated by the Group during such specified performance showtime;
- (c) the licence fee shall be calculated as per an agreed percentage based on the type of Film, gross box office income, period of the Film Rental Licence Transaction and any other relevant factors;
- (d) the relevant member(s) of the Group shall return each of the positive print received with reels and containers furnished therewith to the relevant member(s) of EMP Group within a specified time;
- (e) the relevant member(s) of the Group shall agree to pay such sum as agreed within the specific period;
- (f) the payment of fees is subject to the general right of set-off and lien of such party;
- (g) the relevant parties may share certain expenses, fees and costs incurred thereof as per the terms set out in the relevant Definitive Agreement; and
- (h) any other specific conditions as agreed by the relevant parties.

### *Film Promotion Transactions*

Pursuant to the Framework Agreement, relevant member(s) of EMP Group (as promotion appointor) and the relevant member(s) of the Group (as promotion service provider) entered, and may from time to time enter, into Definitive Agreement(s) in relation to the Film Promotion Transactions upon and subject to the terms and conditions as may be agreed between the relevant member(s) of each party for the purpose of providing Promotional Activities as required from time to time, provided that:

- (a) the relevant member(s) of the Group shall:
- (i) provide such required Promotional Activities;
  - (ii) accept movie vouchers or exchange coupons for redeeming movie tickets at the designated cinemas operated by relevant member(s) of the Group, provided that such exchange or redemption of the relevant movie vouchers or exchange coupons shall be subject to the terms and conditions as stated thereof, including and specifically, the restrictions on the maximum value of movie ticket which can be redeemed and such permitted cinemas at which redemption can take place; and
  - (iii) furnish such other advertising and selling programmes assistance as required.
- (b) the fees for Film Promotion Transactions shall be calculated with reference to the actual services performed, the face value and number of the movie vouchers or exchange coupons actually redeemed within the specified period, and any other mechanism as agreed by the relevant parties;
- (c) such member(s) of EMP Group shall agree to pay such sum as agreed within the specified period;
- (d) the payment of fees is subject to the general right of set-off and lien of such party; and
- (e) any other specific conditions as agreed by the relevant parties.

For all the existing and future Film Rental Licence Transactions and/or Film Promotion Transactions contemplated under Definitive Agreement(s), all Film Rental Licence Transactions and/or Film Promotion Transactions shall be conducted in the usual and ordinary course of business of both EMP Group and the Group, and are in the interests of the Shareholders as a whole and the terms of each of the Film Rental Licence Transactions and/or Film Promotion Transactions shall be arrived at after arm's length negotiation and on normal commercial terms or on terms which are no less favourable than those offered by or to independent third parties.

## HISTORICAL TRANSACTION AMOUNTS

Set out below are the historical transaction amounts (i) paid/payable from the Group to EMP Group in relation to the Films Exhibition; and (ii) received/receivable by the Group from EMP Group in relation to the provision of Promotional Activities for the financial years ended 30 June 2020, 2021 and 2022 and the period from 1 July 2022 to 31 March 2023:

	For the year ended 30 June			From 1 July
	2020	2021	2022	2022 to 31
	HK\$'000	HK\$'000	HK\$'000	March 2023
				HK\$'000
i. Fee paid / payable for Film Exhibition to EMP Group	197	417	460	2,954
ii. Fee received / receivable for Promotional Activities from EMP Group	155	1,390	81	673

## FILM RENTAL LICENCE ANNUAL CAP AND FILM PROMOTION ANNUAL CAP

Set out below are the Film Rental Licence Annual Cap and the Film Promotion Annual Cap for the Film Rental Licence Transactions and Film Promotion Transactions for each of the year ending 30 June 2023, 2024 and 2025:

	For the year ending 30 June		
	2023	2024	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Film Rental Licence Annual Cap	9,800	9,800	9,800
Film Promotion Annual Cap	3,000	5,000	6,000

The Film Rental Licence Annual Cap and the Film Promotion Annual Cap are determined with reference to (i) historical amounts of film rental licence fee paid/payable to EMP Group; (ii) historical amounts of promotion fee received/receivable from EMP Group; (iii) the gradual recovery of box office after the pandemic; (iv) the expected film rental licence fee payable and promotion fee receivable for respective financial years set out above; and (v) a reasonable buffer to allow for the business development plan of the Group to expand its cinema network.

## CONTROL PROCEDURES TO ASSESS FILM RENTAL LICENCE TRANSACTIONS AND FILM PROMOTION TRANSACTIONS

In addition to compliance with the requirements on annual review by external auditors and independent non-executive Directors under the Listing Rules in respect of the Group's continuing connected transactions, the Company has established the following internal control measures to ensure that the pricing mechanism and the terms of the continuing connected transactions contemplated under the Framework Agreement and the Definitive Agreements are fair and reasonable and no less favourable than the terms offered to the Company from independent third parties:

1. For connected transactions and continuing connected transactions of the Company, the Company has set up a compliance committee, which comprises representatives from operations, finance and accounts department and legal and secretarial department, to monitor the compliance by the Company in accordance with Chapter 14A of the Listing Rules. In particular, the management of the Company will review the Definitive Agreements entered into/to be entered into between the Group and EMP Group regularly and compare the specific terms of the Film Rental Licence Transactions and Film Promotion Transactions under the Definitive Agreements with the terms of similar transactions entered into between the Group and independent third parties to ensure that (i) the pricing and other contractual terms for the Film Rental Licence Transactions and Film Promotion Transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) the continuing connected transactions are conducted in accordance with the Framework Agreement and Definitive Agreements and in compliance with the applicable laws and regulations; and
2. The finance and accounts department of the Company will perform monthly review on the Film Rental Licence Transactions and Film Promotion Transactions and the fee payable and/or receivable to ensure compliance with the Framework Agreement and that the Film Rental Licence Annual Cap and Film Promotion Annual Cap will not be exceeded.

Accordingly, the Directors consider that the internal control mechanism is effective to ensure that the Film Rental Licence Transactions and Film Promotion Transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

## **REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS**

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.

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 Rental Licence Transactions and Film Promotion Transactions with EMP Group throughout the years which are ordinary and usual course of business of the Group. EMP Group is one of the prominent film distributors in the market and is the sole distributor of several major film production studios. The Directors considered that the ongoing business arrangements between the Group and EMP Group will increase the Group's revenue either by increasing box office income as a result of Film Exhibition or 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 Rental Licence Transactions and Film Promotion Transactions are on normal commercial terms determined / to be determined on an arm's length basis; and 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 approximate 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.

As the applicable percentage ratios (as defined in the Listing Rules) calculated with reference to each Film Rental Licence Annual Cap and Film Promotion Annual Cap are less than 25% and the total consideration is less than HK\$10,000,000, each Film Rental Licence Transactions and 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 in respect of the Film Rental Licence Transactions and/or the Film Promotion Transactions which may from time to time be entered into between member(s) of the Group and member(s) 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 member(s) of EMP Group have the authority and right to grant any exhibition licence or rental rights to member(s) 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 member(s) of EMP Group to member(s) 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 Agreements
“Film Rental Licence Annual Cap”	the maximum amount under the Definitive Agreements for Film Rental Licence Transactions paid and payable by member(s) of the Group as a whole to member(s) of EMP Group for each financial year of the Company during the Term

“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 Agreements
“Framework Agreement”	the framework agreement dated 18 May 2023 entered into between the Company and EMP
“Group”	the Company and its subsidiaries
“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, 18 May 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