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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)

PROFIT WARNING

This announcement is made by Emperor Culture Group Limited (the “**Company**”) (together with its subsidiaries collectively referred to as the “**Group**”) pursuant to rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders and potential investors of the Company that based on the preliminary review on the latest available financial information of the Group, the Group expects to record a net loss for the year ended 30 June 2020 (the “**Year**”) of not more than HK\$385.0 million (2019: net loss of HK\$134.3 million). Such significant increase in net loss was mainly attributable to:

- (i) a substantial amount of provision for impairment made in accordance with Hong Kong Accounting Standard 36 to certain cinema assets due to consideration of COVID-19 pandemic (the “**Pandemic**”) and such amount is estimated to be not more than HK\$120.0 million;
- (ii) an increase in operating expenses resulting from opening of six new cinemas during the Year; and
- (iii) despite the increase in the number of cinemas during the Year, a drop of approximately 13% in the film exhibition revenue as a result of the suspension of cinema operations across the Mainland China, Hong Kong and Malaysia amid the Pandemic.

As the Group’s audited annual results for the Year have not yet been finalized, the information contained in this announcement is only a preliminary assessment by management of the Company based on the latest financial information available and have not been audited by the auditors of the Company or reviewed by the audit committee of the Company. Shareholders and potential investors of the Company are advised to refer to the annual results announcement of the Company for the Year which will be released in due course.

Reference is made to the announcements of the Company dated 26 February 2020, 25 March 2020, 24 April 2020, 25 May 2020, 26 June 2020 and 24 July 2020 (the “**Rule 3.7 Announcements**”) in relation to, among other things, the Possible Acquisition and/or the Possible Voluntary Offer (both as defined in the Rule 3.7 Announcements). The profit warning included in this announcement (the “**Profit Warning**”) constitutes a profit forecast under Rule 10 of The Code on Takeovers and Mergers of Hong Kong (the “**Takeovers Code**”) and should be reported on by the Company’s financial advisers and auditors or accountants in accordance with Rule 10.4 of the Takeovers Code. In view of the requirements of timely disclosures of the inside information under Rule 13.09 of the Listing Rules and the Inside Information Provisions, the Company is required to issue this announcement as soon as practicable and given the time constraints, the Company has encountered genuine practical difficulties (time-wise or otherwise) in meeting the reporting requirements set out in Rule 10.4 of the Takeovers Code.

Under Rule 10.4 of the Takeovers Code, if the Profit Warning is published first in an announcement, it must be repeated in full, together with the reports from the Company’s financial advisers and auditors or accountants on the said profit forecast, in the next document to be sent to the shareholders of the Company (the “**Shareholders’ Document**”). However, if the final results announcement of the Company for the Year has been published by the time of release of the next Shareholders’ Document and the relevant results together with the notes to the financial statements are included in the next Shareholders’ Document, the requirements to report on the Profit Warning under Rule 10.4 of the Takeovers Code will be superseded.

Shareholders and potential investors of the Company should note that the Profit Warning has not been reported on in accordance with the requirements under Rule 10 of the Takeovers Code and does not meet the standard required by Rule 10 of the Takeovers Code.

Shareholders and potential investors of the Company should therefore exercise caution in placing reliance on the Profit Warning in assessing the merits and demerits of the Possible Acquisition and/or the Possible Voluntary Offer.

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

Hong Kong, 7 August 2020

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

Independent Non-executive Directors:

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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirms, having made all reasonable enquiries, that to the best of their knowledge, opinion expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.