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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)

**Business Update - Cessation of business operation
of a non-wholly owned PRC Subsidiary
and
Announcement made pursuant to
Rules 13.51B(2) and 13.51(2)(I) of the Listing Rules**

This announcement is made by Emperor Culture Group Limited (the “Company”, together with its subsidiaries collectively referred to as the “Group”) pursuant to the requirements of Rules 13.09, 13.51B(2) and 13.51(2)(I) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 15 July 2022 and 26 July 2022 (collectively referred to as the “Announcements”), in relation to, *inter alia*, the Petition. Unless the context requires otherwise, all the terms defined in this announcement shall have the same meanings as in the Announcements when used herein.

**CESSATION OF BUSINESS OPERATION OF THE PRC SUBSIDIARY UNDER
EMPEROR UA**

英皇娛樂影院（廣東）有限公司 (Emperor UA Cinemas (Guangdong) Company Limited*, the “PRC Subsidiary”) is the wholly-owned operating company of Emperor UA. The Board wishes to inform the shareholders of the Company (“Shareholders”) that, on 21 November 2022, Emperor UA, being the sole shareholder of the PRC Subsidiary, as well as the shareholders of Emperor UA have respectively resolved to cease the entire operation of the PRC Subsidiary (the “Cessation of Business Operation”), to early dissolve the PRC Subsidiary and to voluntarily file a liquidation application to the PRC court in accordance with the laws of the People’s Republic of China (the “PRC”). Emperor UA is owned by the Company’s indirect wholly-owned subsidiary and UA Minority Shareholder as to 70% and 30% respectively.

The PRC Subsidiary is a company established in the PRC and is primarily engaged in the operation of 7 cinemas, which are located in Shanghai, Shenzhen, Chengdu, Foshan and Zhuhai of the PRC respectively.

** for identification purpose only*

REASONS FOR THE CESSATION OF BUSINESS OPERATION

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.

Since the PRC Subsidiary is facing the most difficult time and challenges since its commencement of business, after careful and due consideration, the shareholders of Emperor UA both agreed not to make additional investment in the PRC Subsidiary, and mutually reached a decision of the Cessation of the Business Operation.

For the year ended 30 June 2022, revenue from the PRC Subsidiary accounted for not more than 2.0% only of the Group's total revenue; as at 30 June 2022, the PRC Subsidiary recorded a net liability of approximately HK\$182.6 million, which however accounted for over 55.0% of the Group's net liabilities. Having assessed the actual contribution and financial position of the PRC Subsidiary, and the external environment factors, the Group believes that the Cessation of Business Operation will improve the financial position of the Group, which is in the interests of the Company and its Shareholders as a whole.

After the Cessation of Business Operation and as at the date of this announcement, the Group is operating a total of 17 wholly-owned "Emperor Cinemas", including 8 in mainland China, 7 in Hong Kong, 1 in Macau and 1 in Malaysia. The Group is also cooperating with MCL Cinemas recently in introducing the "Emperor Cinemas Plus+" and "MCL Cinemas Plus+" in Hong Kong, and the first "Emperor Cinemas Plus+" is expected to be opened in 2023. The Group remains positive about the long term prospects of the film exhibition market in mainland China and Hong Kong, and will continue to focus on strengthening its core competencies and identify premium locations in the future in order to seize the opportunities when the market recovers.

The Board considers that the Cessation of Business Operation does not have any material adverse impact on the business operation and financial position of the Group and is not aware of any other matters that need to be brought to the attention of the Shareholders.

ANNOUNCEMENT MADE PURSUANT TO RULES 13.51B(2) AND 13.51(2)(I) OF THE LISTING RULES

It is envisaged that the commencement of liquidation of the PRC Subsidiary will fall within 12 months after the cessation of Ms. Fan Man Seung, Vanessa ("Ms. Fan"), the Chairperson and an executive director of the Company, as a director of the PRC Subsidiary. Save as disclosed above, there is no other information relating to Ms. Fan that is required to be disclosed pursuant to the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules, and she is not aware of any other matters that need to be brought to the attention of the Shareholders.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 21 November 2022

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