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LUMINA GROUP LIMITED

瑩嵐集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1162)

DISCLOSEABLE TRANSACTION FORMATION OF JOINT VENTURE COMPANY

FORMATION OF JOINT VENTURE COMPANY

On 9 January 2023 (after trading hours), Cool Studio, a non-wholly owned subsidiary of the Company, entered into the Joint Venture Agreement with the Joint Venture Partner under which the parties agreed to establish the Joint Venture Company to engage in short videos production and operation business.

Pursuant to the terms of the Joint Venture Agreement, the capital contribution amount of the Joint Venture Company will be RMB8,000,000 (equivalent to approximately HK\$9,150,000), among which Cool Studio will contribute RMB4,800,000 (equivalent to approximately HK\$5,490,000) and the Joint Venture Partner will contribute RMB3,200,000 (equivalent to approximately HK\$3,660,000). The Joint Venture Company will be owned as to 60% by Cool Studio and as to 40% by the Joint Venture Partner upon its establishment.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Company's investment in the Joint Venture Company exceeds 5% and all of the percentage ratios are less than 25%, the Joint Venture Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

FORMATION OF JOINT VENTURE COMPANY

On 9 January 2023 (after trading hours), Cool Studio, a non-wholly owned subsidiary of the Company, entered into the Joint Venture Agreement with the Joint Venture Partner under which the parties agreed to establish the Joint Venture Company.

The principal terms of the Joint Venture Agreement are set out below.

Subject matter

The Joint Venture Company will be a limited liability company to be established in accordance with the laws of the PRC and the provisions of the Joint Venture Agreement.

Purpose of the Joint Venture Company

The Joint Venture Company will be engaging in short videos production and operation business on platforms including TikTok, Kuaishou, WeChat Channels, YouTube, Instagram and others. It is expected that the first production will be released on TikTok.

Capital contribution

Pursuant to the terms of the Joint Venture Agreement, the capital contribution amount of the Joint Venture Company will be RMB8,000,000 (equivalent to approximately HK\$9,150,000). The initial capital injection amount to be contributed by the parties to the Joint Venture Agreement and the shareholding in the Joint Venture Company upon its establishment will be as follows:

Shareholder	Capital contribution (RMB)	Shareholding percentage
Cool Studio	4,800,000	60%
The Joint Venture Partner	3,200,000	40%
Total	8,000,000	100%

Under the Joint Venture Agreement, future capital needs of the Joint Venture Company will be financed by the revenue generated by the Joint Venture Company or other sources of financing as agreed by the parties.

The parties to the Joint Venture Agreement shall make their respective capital contribution in installments in the following manner:

- (1) the Joint Venture Partner shall make capital contribution in the amount of RMB2,000,000 (equivalent to approximately HK\$2,288,000) within two days after the date of the Joint Venture Agreement;
- (2) Cool Studio shall make capital contribution in the amount of RMB3,000,000 (equivalent to approximately HK\$3,431,000) within two days after the date of the Joint Venture Agreement; and
- (3) the remaining sum of the parties' capital contribution shall be paid in installments based on the subsequent project progress of the Joint Venture Company as determined by the board of directors of the Joint Venture Company.

The amount of capital contribution was determined after arm's length negotiations between the parties with reference to the initial capital requirement of the Joint Venture Company.

The Group intends to finance its investment in the Joint Venture Company from its internal resources.

Management of the Joint Venture Company

The Joint Venture Company will have a board of directors consisting of five directors, three of which will be nominated by Cool Studio and two of which will be nominated by the Joint Venture Partner. Material decisions of the Joint Venture Company shall be determined by its board of directors. The financial affairs of the Joint Venture Company will be determined and controlled by the personnel nominated by Cool Studio.

Whilst the Joint Venture Partner will be leading the production process of the Joint Venture Company's short videos, Cool Studio will have the right to monitor and participate in the production of short videos. Under the Joint Venture Agreement, the Joint Venture Partner has given a non-competition undertaking to the extent that the Joint Venture Company shall have the priority right over businesses falling under its scope of business and the scripts of short videos for its business, and the Joint Venture Partner will only take up such businesses or scripts when the Joint Venture Company decides not to proceed with such businesses or scripts.

Restriction on subsequent transfer, sale or disposal

Both parties to the Joint Venture Agreement may transfer, sell or dispose of part of the rights and interests under the Joint Venture Agreement provided that such transfer, sale or disposal does not, in aggregate, involve more than 5% of the total investment amount and/or equity interest in the Joint Venture Company.

Information on the parties

Cool Studio, a non-wholly owned subsidiary of the Company, is an investment holding company. As at the date of this announcement, Cool Studio is indirectly owned as to 51% by the Company and 49% by Uni Power Limited, a Hong Kong company principally engaging in non-fungible token (NFT) artwork design and production, animation production and provision of naked-eye 3D, motion capture, VR, AR services, etc., whose ultimate beneficial owners are Mr. Pang Chung Yin and Mr. Ng Kwai Wah Sunny who are Independent Third Parties and leading a team with over 20 years of experience in computer graphics (CG) production, digital operation management and technology development, with a focus on formulating and implementing advanced technology that meets production and business requirements such as the production of movies, TV series and other digital media.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Joint Venture Partner is established in the PRC in 2018 with the business scope of technology development, transfer, consultation and services in the information technology industry. It is principally engaged in the advertising and graphic design and production. It also possesses expertise and experience in creating short videos and variety shows; (ii) as at the date of this announcement, the ultimate beneficial owner of the Joint Venture Partner is Zhang Wen (張雯), a businessperson; (iii) the Joint Venture Partner and its ultimate beneficial owner are Independent Third Parties.

REASONS FOR AND BENEFITS OF INVESTMENT IN THE JOINT VENTURE COMPANY

The Group is an established fire safety service provider in Hong Kong, focusing on building fire safety.

As disclosed in the 2022 interim report of the Company, the Group's principal business has been facing challenges posed by the continued outbreak of the COVID-19, keen competition in the market and general economic uncertainty. With this background, the Directors are well aware of the importance for the Group to continue identifying new business opportunities. To this end, the Directors believe that short videos on video-based social platforms have gained substantial popularity and have become a mainstream business model in the PRC in respect of entertainment, marketing, etc. Considering the business potential in short videos production and operation business in the PRC coupled with the resources, expertise and experience of the Joint Venture Partner in content creation, the Directors are of the view that the establishment of and investment in the Joint Venture Company will enable the Group to develop a new source of income and diversify its business operations, which will be conducive to the business sustainability of the Group.

Having considered the above potential benefits, together with the fact that the risk associated with the investment in the Joint Venture Company is limited given the relatively small amount of capital commitment under the Joint Venture Agreement, the Directors consider that the Company's investment in the Joint Venture Company and the terms of the Joint Venture Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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DEFINITIONS

In this announcement, unless the context otherwise requires, capitalised terms used shall have the following meanings:

“Board”	the board of Directors
“Company”	Lumina Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 1162)
“Cool Studio”	Cool Studio Limited, a company incorporated in Hong Kong with limited liability and a non-wholly owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected person(s) (having the meaning ascribed to it under the Listing Rules)
“Joint Venture Agreement”	the agreement dated 9 January 2023 entered into between Cool Studio and the Joint Venture Partner in relation to the formation and management of the Joint Venture Company
“Joint Venture Company”	the joint venture company to be established pursuant to the terms of the Joint Venture Agreement
“Joint Venture Partner”	Shanghai Ruqiong Network Technology Co., Ltd.* (上海儒瓊網絡科技有限公司), a company established in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board
Lumina Group Limited
Fok Hau Fai
Chairman and Chief Executive Officer

Hong Kong, 9 January 2023

As at the date of this announcement, the Board comprises (i) two Executive Directors, namely Mr. Fok Hau Fai and Mr. Sung Sing Yan; and (ii) three Independent Non-executive Directors, namely Mr. Hung Kin Sang, Mr. Lee Yin Sing and Mr. Wan Chun Kwan.

** For identification purposes only*

Conversions of RMB into HK\$ in this announcement is based on the approximate exchange rate of HK\$1 = RMB0.87431. This exchange rate is adopted for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates at all.