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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)

**2021/2022 INTERIM RESULTS ANNOUNCEMENT**

The board of directors (the “**Board**” or “**Directors**”) of Emperor Culture Group Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 31 December 2021 (the “**Period**”).

**FINANCIAL SUMMARY**

|                       | <b>For the six months ended</b> |                    | <b>Changes</b> |
|-----------------------|---------------------------------|--------------------|----------------|
|                       | <b>31 December</b>              |                    |                |
|                       | <b>2021</b>                     | <b>2020</b>        |                |
|                       | <b>(Unaudited)</b>              | <b>(Unaudited)</b> |                |
|                       | <b>HK\$'000</b>                 | <b>HK\$'000</b>    |                |
| Revenue               | <b>180,984</b>                  | 72,099             | +151.0%        |
| Gross profit          | <b>107,804</b>                  | 39,642             | +171.9%        |
| (Loss) for the period | <b>(99,940)</b>                 | (128,131)          | N/A            |
| (Loss) per share      | <b>HK\$(0.03)</b>               | HK\$(0.04)         | N/A            |

## MANAGEMENT DISCUSSION AND ANALYSIS

### RESULTS

During the Period, the Group's total revenue increased by 151.0% to HK\$181.0 million (2020: HK\$72.1 million), which was mainly attributable to the Group's improving business performances due to the easing of social distancing measures in mainland China and Hong Kong, in contrast to the same period of the previous year when several cinemas were closed for some time, as well as the release of more blockbuster movies.

Riding on the revival of consumption sentiment, the Group has strived to enhance the customer experience and launched various promotional programs to increase the number of patrons. With the increase in the total revenue during the Period, net loss for the Period was narrowed to HK\$99.9 million (2020: HK\$128.1 million). Basic loss per share was HK\$0.03 (2020: HK\$0.04).

### BUSINESS REVIEW

The Group principally engages in entertainment, media and cultural development businesses, which include (i) cinema operation; and (ii) investments in films and a variety of cultural events.

#### Cinema Operation

Revenue from the cinema operation segment increased by 151.0% to HK\$181.0 million (2020: HK\$72.1 million), which mainly included the revenue of box office takings amounted to HK\$160.0 million (2020: HK\$63.5 million) accounting for 88.4% (2020: 88.1%) of the cinema operation revenue. In respect of the Hong Kong market, significant improvement was observed and hence revenue from the Hong Kong market increased to HK\$101.1 million (2020: HK\$19.2 million), accounting for 55.9% (2020: 26.6%) of the cinema operation revenue.

As at 31 December 2021, the Group had 16 (30 June 2021: 14) cinemas in mainland China, Hong Kong, Macau and Malaysia under *Emperor Cinemas*, offering a total of 130 (30 June 2021: 116) houses with approximately 17,400 (30 June 2021: 15,300) seats, all of which are situated in strategic locations providing premium entertainment services. The details of the cinema network as at 31 December 2021 are as follows:

|  | <i>No. of houses</i> | <i>No. of seats</i> |
|--|----------------------|---------------------|
| <b>Mainland China</b>                    |                      |                     |
| 1. Shin Kong Place, Chongqing            | 18                   | 2,298               |
| 2. MixC, Hefei                           | 13                   | 1,980               |
| 3. Wenjiang Shin Kong Place, Chengdu     | 10                   | 1,836               |
| 4. Shanshan Outlet Plaza, Ganzhou        | 9                    | 1,500               |
| 5. Emperor Group Centre, Beijing         | 10                   | 1,154               |
| 6. PAFC Mall, Shenzhen                   | 7                    | 984                 |
| 7. Shengjing Long City, Shenyang         | 8                    | 966                 |
| 8. East Pacific Shopping Mall, Shenzhen  | 9                    | 449                 |
| <b>Hong Kong</b>                         |                      |                     |
| 9. iSQUARE, Tsim Sha Tsui                | 5                    | 979                 |
| 10. Times Square, Causeway Bay *         | 5                    | 917                 |
| 11. The LOHAS, Tseung Kwan O             | 6                    | 885                 |
| 12. Citywalk, Tsuen Wan                  | 5                    | 687                 |
| 13. MOSTown, Ma On Shan                  | 4                    | 435                 |
| 14. New Town Commercial Arcade, Tuen Mun | 4                    | 363                 |
| <b>Macau</b>                             |                      |                     |
| 15. Lisboeta Macau *                     | 9                    | 1,245               |
| <b>Malaysia</b>                          |                      |                     |
| 16. R&F Mall, Johor Bahru                | 8                    | 743                 |
| <b>Total</b>                             | <b>130</b>           | <b>17,421</b>       |

\* Newly opened during the Period

Located in either large-scale commercial and entertainment complex or upscale residential areas, the cinemas of the Group are positioned as high-end premium cinemas equipped with advanced technologies including IMAX® theatre system, ScreenX, 4DX or MX4D motion systems, D-Box seats and Dolby Atmos audio system. They also feature VIP houses and VIP lounges, where the audiences can enjoy premium and exclusive entertainment services.

During the Period, an *Emperor Cinemas* was newly opened in Times Square, Hong Kong, in December 2021. Located at the core area of Causeway Bay, it is the largest cinema in the district, boasting five houses spanning three floors, including two Dolby Atmos-equipped houses. Deliberately reorganised and refurbished, the lobby has become more spacious, and the enlarged waiting zone is equipped with a VIP ticketing counter, and a bigger-than-ever snack corner to offer audiences a cosy, relaxing start to their cinema experience. In addition, this is Hong Kong's first cinema in which all seats feature wireless charging mobile phone mounts. The Group is dedicated to elevating the cinema experience for its audiences, by offering the most thoughtful and detail-oriented services.

Besides, the Group has newly opened its first *Emperor Cinemas* in Macau in November 2021. Situated at Lisboeta Macau, it offers 9 houses with approximately 1,200 seats. Brand-new experiences include Macau's first IMAX® theatre with "IMAX® with Laser" projection technology and 12.0 surround sound system, as well as the MX4D Motion EFX Theatre developed by American firm MediaMation, and it is Macau's one-and-only theatre with Dolby Atmos® panoramic sound system. Apart from these, the VIP House – the CORONET is also available, providing first-class services and a luxurious viewing treat to its audiences.

### **Investments in Films and Cultural Events**

As at 31 December 2021, the Group had investments in certain film productions at the fair value of HK\$5.1 million (30 June 2021: HK\$5.5 million).

### **PROSPECTS**

According to figures published by the China Film Administration, China's movie box office revenue reached RMB47.2 billion in 2021, with over RMB40.0 billion of the revenue contributed by movies produced in China, representing 84.7% of the total movie box office revenue. China once again surpassed the United States in annual box office revenue, and remained the world's largest movie market for the second consecutive year. Recently, the China Film Administration has laid out a five-year plan to help the country keep the top spot, including by releasing 50 films per year and expanding the number of houses from 70,000 to 100,000 over the next five years. In addition, with a number of blockbusters by major studios potentially coming in 2022, the Group believes that China movie industry will maintain the recovery momentum in the near term.

On the other hand, the prevalence of the Omicron variant of Covid-19 has been affecting the world and is driving the number of cases to new highs. Local Omicron cases were also identified in mainland China and Hong Kong, which hindered the recovery of the movie industry. In light of this, the Group will closely monitor the market conditions and promptly respond as appropriate. Amid the volatile economic environment, the Group will seize the opportunities to enlarge its business network in order to expand the revenue base. Customers' habits and tastes are ever-changing, and the Group will continue to enhance the offerings of its cinemas in order to provide patrons with the best cinematic experience. With its long-established *Emperor* brand label, the Group will strive to strengthen its core competency as well as its position in the industry.

### **EVENT AFTER THE REPORTING PERIOD**

Subsequent to the Period, the Company has proposed to acquire the entire equity interest of and the loan due from the target company at an aggregate consideration of HK\$4.0 from a company which is indirectly controlled by the Company's substantial shareholder (the "**Vendor**"). The target company and its subsidiaries (the "**Target Group**") are principally engaged in cinema operation, which covers one cinema in Hong Kong and eight cinemas in mainland China. Details of the proposed acquisition were disclosed in the Company's announcement dated 31 January 2022.

### **OTHER FINANCIAL INFORMATION**

#### **Liquidity and Financial Resources**

As at 31 December 2021, the Group's cash and cash equivalents amounted to HK\$135.8 million (30 June 2021: HK\$56.9 million), which are mainly denominated in Hong Kong dollars and Renminbi.

To finance its operations and capital expenditure, the Group utilises cash flow generated from operations and from loan facilities granted by a related party and a bank. As at 31 December 2021, the Group had total borrowings of HK\$481.1 million (30 June 2021: HK\$333.0 million), which comprise a loan from a related party of HK\$417.5 million (30 June 2021: HK\$282.4 million), bank loan of HK\$20.0 million (30 June 2021: HK\$7.0 million) and amount due to non-controlling interests of HK\$43.6 million (30 June 2021: HK\$43.6 million), respectively. Except for the amount due to non-controlling interests, which is unsecured, interest-free and was provided with an agreement not to demand repayment within 12 months from the date of the end of the Period, all these borrowings are unsecured, interest-bearing and had fixed repayment terms. The gearing ratio of the Group (expressed as a percentage of total borrowings over total assets) was 26.8% (30 June 2021: 19.3%) as at 31 December 2021.

Management has closely monitored the development of the Covid-19 pandemic and its impact on the current and anticipated liquidity of the Group in the future. Having considered the existing improvement measures implemented by the Group and the available loan facilities granted by the related party and the bank, the Directors believe that the Group will have sufficient financial resources to satisfy its future working capital and other financing requirements for the foreseeable future.

#### **Exposure to Fluctuation in Exchange Rates and Related Hedges**

The Group's cash and bank balances, income and expenditure are primarily denominated in Hong Kong dollars, Renminbi and Malaysian Ringgit. As most of the Group's assets, liabilities and transactions were transacted at and denominated in the functional currency of its foreign operations, the Group was not exposed to significant fluctuation in foreign exchange rates during the Period.

#### **EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2021, the Group's number of employees was 498 (30 June 2021: 436). Total staff costs including the Directors' remuneration and other staff costs for the Period were HK\$37.1 million (2020: HK\$27.6 million). Each employees' remuneration was determined in accordance with individual's responsibilities, competence and skills, experience and performance, as well as market pay levels. Staff benefits include medical and life insurance, provident funds and other competitive fringe benefits.

To provide incentive or rewards to staff, the Company has adopted a share option scheme, particulars of which will be set out in the section headed "Share Options" of the Company's interim report.

#### **INTERIM DIVIDEND**

The Board has resolved not to declare any interim dividend for the Period (2020: Nil).

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 31 December 2021*

|   | <i>Notes</i> | <b>Six months ended 31 December</b> |                  |
|---|--------------|-------------------------------------|------------------|
|   |              | <b>2021</b>                         | 2020             |
|   |              | <b>(Unaudited)</b>                  | (Unaudited)      |
|   |              | <b>HK\$'000</b>                     | HK\$'000         |
| <b>REVENUE</b>  | 4            | <b>180,984</b>                      | 72,099           |
| Cost of sales   |              | <u>(73,180)</u>                     | <u>(32,457)</u>  |
| Gross profit  |              | <b>107,804</b>                      | 39,642           |
| Other income and gains  | 5            | <b>1,886</b>                        | 11,323           |
| Selling, marketing and other cinema operating expenses  |              | <b>(156,564)</b>                    | (126,371)        |
| General and administrative expenses   |              | <b>(23,157)</b>                     | (21,716)         |
| Finance costs   | 7            | <b>(29,909)</b>                     | (31,009)         |
| <b>LOSS BEFORE TAX</b>  | 6            | <b>(99,940)</b>                     | (128,131)        |
| Income tax  | 8            | –                                   | –                |
| <b>LOSS FOR THE PERIOD</b>  |              | <u><b>(99,940)</b></u>              | <u>(128,131)</u> |
| <b>OTHER COMPREHENSIVE INCOME</b>   |              |                                     |                  |
| <i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i> |              |                                     |                  |
| Exchange differences on translation of foreign operations   |              | <b>4,734</b>                        | 19,988           |
| <b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>  |              | <u><b>4,734</b></u>                 | <u>19,988</u>    |
| <b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>  |              | <u><b>(95,206)</b></u>              | <u>(108,143)</u> |

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 31 December 2021*

|   | <b>Six months ended 31 December</b> |                   |
|---|-------------------------------------|-------------------|
|   | <b>2021</b>                         | 2020              |
|   | <b>(Unaudited)</b>                  | (Unaudited)       |
| <i>Note</i>   | <b>HK\$'000</b>                     | HK\$'000          |
| <b>LOSS FOR THE PERIOD ATTRIBUTABLE TO:</b>                                 |                                     |                   |
| Owners of the parent  | <b>(95,399)</b>                     | (123,430)         |
| Non-controlling interests   | <b>(4,541)</b>                      | (4,701)           |
|   | <u><b>(99,940)</b></u>              | <u>(128,131)</u>  |
| <b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO:</b>             |                                     |                   |
| Owners of the parent  | <b>(90,630)</b>                     | (103,971)         |
| Non-controlling interests   | <b>(4,576)</b>                      | (4,172)           |
|   | <u><b>(95,206)</b></u>              | <u>(108,143)</u>  |
| <b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b> |                                     |                   |
| Basic and diluted   | <i>10</i> <u><b>HK\$(0.03)</b></u>  | <u>HK\$(0.04)</u> |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2021*

|   | <b>As at</b>   |  |
|---|--|--|
| <i>Notes</i>  | <b>31 December<br/>2021<br/>(Unaudited)<br/>HK\$'000</b> | <b>30 June<br/>2021<br/>(Audited)<br/>HK\$'000</b> |
| <b>NON-CURRENT ASSETS</b>                             |  |  |
| Property, plant and equipment                         | 579,930  | 555,590  |
| Right-of-use assets                                   | 960,493  | 1,016,049  |
| Investment in a joint venture                         | 250  | –  |
| Prepayments, deposits and other receivables           | 45,616   | 43,552   |
|   | <b>1,586,289</b>   | <b>1,615,191</b>                                   |
| <b>CURRENT ASSETS</b>                                 |  |  |
| Inventories   | 2,136  | 1,751  |
| Trade receivables                                     | 11 16,750  | 8,065  |
| Prepayments, deposits and other receivables           | 43,105   | 38,393   |
| Financial assets at fair value through profit or loss | 5,114  | 5,489  |
| Amount due from a fellow subsidiary                   | 2,664  | –  |
| Cash and cash equivalents                             | 135,794  | 56,858   |
|   | <b>205,563</b>   | <b>110,556</b>                                     |
| <b>CURRENT LIABILITIES</b>                            |  |  |
| Trade payables, other payables and accruals           | 12 97,885  | 67,888   |
| Contract liabilities                                  | 22,880   | 19,332   |
| Interest-bearing bank and other borrowings            | 20,022   | 7,008  |
| Lease liabilities                                     | 114,980  | 94,777   |
| Amounts due to related companies                      | 4,500  | 10,122   |
| Amount due to a joint venture                         | 250  | –  |
|   | <b>260,517</b>   | <b>199,127</b>                                     |
| <b>NET CURRENT LIABILITIES</b>                        | <b>(54,954)</b>  | <b>(88,571)</b>                                    |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          | <b>1,531,335</b>   | <b>1,526,620</b>                                   |



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

|  | As at            |                  |
|--|------------------|------------------|
|  | 31 December      | 30 June          |
|  | 2021             | 2021             |
|  | (Unaudited)      | (Audited)        |
|  | HK\$'000         | HK\$'000         |
| <b>NON-CURRENT LIABILITIES</b>                     |                  |                  |
| Provisions   | 51,207           | 46,211           |
| Interest-bearing bank and other borrowings         | 417,486          | 282,365          |
| Lease liabilities                                  | 1,061,234        | 1,101,430        |
| Amount due to non-controlling interests            | 43,589           | 43,589           |
|  | <u>1,573,516</u> | <u>1,473,595</u> |
| <b>Total non-current liabilities</b>               | <b>1,573,516</b> | <b>1,473,595</b> |
|  |                  |                  |
| <b>Net assets/(liabilities)</b>                    | <b>(42,181)</b>  | <b>53,025</b>    |
|  | <u>(42,181)</u>  | <u>53,025</u>    |
| <b>EQUITY</b>                                      |                  |                  |
| <b>Equity attributable to owners of the parent</b> |                  |                  |
| Issued capital                                     | 32,133           | 32,133           |
| Reserves   | (25,897)         | 64,733           |
|  | <u>6,236</u>     | <u>96,866</u>    |
| <b>Non-controlling interests</b>                   | <b>(48,417)</b>  | <b>(43,841)</b>  |
|  | <u>(48,417)</u>  | <u>(43,841)</u>  |
| <b>Total equity</b>                                | <b>(42,181)</b>  | <b>53,025</b>    |
|  | <u>(42,181)</u>  | <u>53,025</u>    |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the Period have been prepared in accordance with the Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). In addition, they have been prepared under the historical cost convention, except for certain financial assets which have been measured at fair value.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 30 June 2021.

Certain comparative figures have been reclassified to be consistent with the current period’s presentation.

The ongoing Covid-19 pandemic and the corresponding quarantine measures continued to disrupt the business operations and development of the Group. The Group has closely monitored the development of the Covid-19 pandemic and the extent of the impact depends on the duration of the pandemic and implementation of relevant policies and protective measures by respective governments. The Group has paid close attention to any significant changes of situation and has evaluated their impact on the Group’s consolidated financial position, financial performance and cash flows, as well as financial resources available to the Group in the short to medium term.

The Group had a net loss attributable to owners of the parent of HK\$95,399,000 (2020: HK\$123,430,000) for the Period and net current liabilities of HK\$54,954,000 (30 June 2021: HK\$88,571,000) and net liabilities of HK\$42,181,000 (30 June 2021: net assets of HK\$53,025,000) as at 31 December 2021. The Group’s net loss for the Period included certain non-cash expenses/charges in an aggregate amount of HK\$96,044,000 (2020: HK\$93,745,000). The Group had total cash and cash equivalents of HK\$135,794,000 (30 June 2021: HK\$56,858,000) as at 31 December 2021.

In preparing these condensed consolidated financial statements, the Directors have careful consideration to the current and anticipated future liquidity of the Group and the ability of the Group to attain growth and cash positive operations in the near future. Active cost-saving and financial resources improvement measurements to streamline/enhance the Group’s existing operations and to focus on improving the financial resources of the Group have been implemented/contemplated by the Group to control its operating expenses and cash outflows in the current and coming years and to enable the Group to revitalise itself to take advantage of any growth opportunities in the near future (the “**Improvement Measurements**”).

In addition, the Group has obtained a long term loan facility from a related party in amount of HK\$1,200,000,000 (the “**Other Loan Facility**”), of which an aggregate loan principal amount of HK\$407,000,000 was utilised as at 31 December 2021. The Group has also obtained a revolving loan facility from a bank in amount of HK\$20,000,000 (the “**Bank Loan Facility**”), of which the entire loan principal amount of HK\$20,000,000 was utilised as at 31 December 2021.

The Directors have evaluated relevant conditions and events that are known or could be reasonably forecasted/estimated. Based on such evaluation, the Directors are of the opinion that, in light of the measures/arrangements contemplated/implemented to date, including, inter alia, the Improvement Measures, and the availability of the Other Loan Facility and the Bank Loan Facility, the Group will have sufficient financial resources to satisfy its future working capital and other financing requirements for the foreseeable future and, accordingly, it is appropriate for the Group to continue to adopt the going concern basis in preparing these condensed consolidated financial statements for the Period.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Other than the changes in accounting policies resulting from application of amendments of Hong Kong Financial Reporting Standards (“HKFRSs”) effective as of 1 July 2021 issued by the HKICPA and in respect of investments in associates and joint ventures, the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the Period are consistent with those presented in the preparation of the Group’s annual consolidated financial statements for the year ended 30 June 2021.

### Application of amendments to HKFRSs

In the Period, the Group has applied, the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 July 2021 for the preparation of the Group’s interim condensed consolidated financial statements:

|  |   |
|--|---|
| Amendments to HKFRS 9, HKAS 39, HKFRS 7,<br>HKFRS 4 and HKFRS 16 | <i>Interest Rate Benchmark Reform – Phase 2</i> |
|--|---|

The application of the amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### Application of accounting policies in respect of investments in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group’s investments in joint ventures are stated in the condensed consolidated statement of financial position at the Group’s share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group’s share of the post-acquisition results and other comprehensive income of joint ventures is included in the condensed consolidated statement of profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the condensed consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group’s investments in the joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of joint ventures is included as part of the Group’s investments in joint ventures.

## 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

- (a) Cinema operation
- (b) Investments in films and cultural events

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group’s profit/loss before tax except that bank interest income, unallocated gains, non-lease-related finance costs as well as unallocated corporate and other expenses are excluded from such measurement.

### 3. OPERATING SEGMENT INFORMATION (Continued)

Information regarding the above segments is reported as below:

#### Segment revenue and results

For the six months ended 31 December 2021

|  | Cinema<br>operation<br>(Unaudited)<br>HK\$'000 | Investments<br>in films and<br>cultural events<br>(Unaudited)<br>HK\$'000 | Total<br>(Unaudited)<br>HK\$'000 |
|--|--|---|----------------------------------|
| <b>Segment revenue (note 4)</b>                          |  |   |                                  |
| Sales to external customers                              | <u>180,984</u>                                 | <u>–</u>  | <u>180,984</u>                   |
| <b>Segment results</b>                                   | <b>(94,663)</b>                                | <b>266</b>  | <b>(94,397)</b>                  |
| <i>Reconciliation:</i>                                   |  |   |                                  |
| Bank interest income                                     |  |   | 32                               |
| Unallocated corporate and other expenses                 |  |   | (2,304)                          |
| Finance costs (other than interest on lease liabilities) |  |   | <u>(3,271)</u>                   |
| Loss before tax  |  |   | <u><b>(99,940)</b></u>           |

For the six months ended 31 December 2020

|   | Cinema<br>operation<br>(Unaudited)<br>HK\$'000 | Investments<br>in films and<br>cultural events<br>(Unaudited)<br>HK\$'000 | Total<br>(Unaudited)<br>HK\$'000 |
|---|--|---|----------------------------------|
| <b>Segment revenue (note 4)</b>   |  |   |                                  |
| Sales to external customers   | <u>72,099</u>                                  | <u>–</u>  | <u>72,099</u>                    |
| <b>Segment results</b>  | <b>(123,825)</b>                               | <b>69</b>   | <b>(123,756)</b>                 |
| <i>Reconciliation:</i>  |  |   |                                  |
| Bank interest income  |  |   | 33                               |
| Fair value gain on financial assets at fair value<br>through profit or loss (“FVPL”), net |  |   | 267                              |
| Unallocated corporate and other expenses  |  |   | (2,292)                          |
| Finance costs (other than interest on lease liabilities)                                  |  |   | <u>(2,383)</u>                   |
| Loss before tax   |  |   | <u><b>(128,131)</b></u>          |

No analysis of the Group's assets and liabilities by operating and reportable segments is disclosed as it is not regularly provided to management for review.

Other than the segment information disclosed above, there was no other information reviewed by management for both periods.

#### 4. REVENUE

An analysis of the Group's revenue is as follows:

|  | Six months ended 31 December |               |
|--|------------------------------|---------------|
|  | 2021                         | 2020          |
|  | (Unaudited)                  | (Unaudited)   |
|  | HK\$'000                     | HK\$'000      |
| <b>Revenue from contracts with customers</b> |                              |               |
| Income from cinema operation                 | <u>180,984</u>               | <u>72,099</u> |

##### (a) Disaggregated revenue information

| Segment                                     | Cinema operation             |               |
|---|------------------------------|---------------|
|   | Six months ended 31 December |               |
|   | 2021                         | 2020          |
|   | (Unaudited)                  | (Unaudited)   |
|   | HK\$'000                     | HK\$'000      |
| <b>Type of goods or services</b>            |                              |               |
| Box office takings                          | 159,997                      | 63,503        |
| Sale of concession goods                    | 7,752                        | 4,611         |
| Screen advertising services                 | 4,554                        | 1,913         |
| Others                                      | <u>8,681</u>                 | <u>2,072</u>  |
| Total revenue from contracts with customers | <u>180,984</u>               | <u>72,099</u> |
| <b>Geographical markets</b>                 |                              |               |
| Mainland China                              | 72,641                       | 52,804        |
| Hong Kong                                   | 101,123                      | 19,162        |
| Other regions in Asia Pacific               | <u>7,220</u>                 | <u>133</u>    |
|   | <u>180,984</u>               | <u>72,099</u> |

##### (b) Performance obligations

Information about the Group's performance obligations is summarised below:

###### *Box office takings*

The performance obligation is satisfied when the film is exhibited to the customer and payment in advance is normally required.

###### *Sale of concession goods*

The performance obligation is satisfied at a point in time when the customer takes possession of the goods and payment is received upon delivery.

###### *Screen advertising services*

The performance obligation is generally satisfied over time when the customer simultaneously receives and consumes the benefits as the Group makes the cinema available for screening of advertisements over the period of the agreement, while certain payments in advance are normally required.

## 5. OTHER INCOME AND GAINS

|  | Six months ended 31 December |                         |
|--|------------------------------|-------------------------|
|  | 2021                         | 2020                    |
|  | (Unaudited)<br>HK\$'000      | (Unaudited)<br>HK\$'000 |
| Interest income from:  |                              |                         |
| – Bank balances  | 32                           | 33                      |
| – Deposits paid  | 1,188                        | 703                     |
| Fair value gain on financial assets at FVPL, net                   |                              |                         |
| – Mandatorily classified as such, including those held for trading | 275                          | 345                     |
| Foreign exchange gain, net   | –                            | 2,950                   |
| Government subsidies*  | 222                          | 6,982                   |
| Others   | 169                          | 310                     |
|  | <b>1,886</b>                 | <b>11,323</b>           |

- \* The government subsidies mainly represent subsidies received by certain subsidiaries from the local government authorities in the People's Republic of China (the "PRC") and Macau (2020: the PRC and Hong Kong), mainly as incentive to support the Group's relevant business development and to cope with the operating pressure caused by Covid-19. There were no unfulfilled conditions or contingencies relating to these government subsidies.

## 6. LOSS BEFORE TAX

|   | Six months ended 31 December |                         |
|---|------------------------------|-------------------------|
|   | 2021                         | 2020                    |
|   | (Unaudited)<br>HK\$'000      | (Unaudited)<br>HK\$'000 |
| The Group's loss before tax is arrived at after charging/(crediting): |                              |                         |
| Depreciation of property, plant and equipment*                        | 39,964                       | 37,565                  |
| Depreciation of right-of-use assets*                                  | 56,080                       | 56,180                  |
| Covid-19-related rent concessions from lessors <sup>^</sup>           | (9,440)                      | (10,060)                |
|   | <b>39,964</b>                | <b>37,565</b>           |

- \* Depreciation of property, plant and equipment of HK\$39,806,000 (2020: HK\$37,390,000) and depreciation of right-of-use assets of HK\$55,185,000 (2020: HK\$54,354,000) are included in "Selling, marketing and other cinema operating expenses" in the condensed consolidated statement of profit or loss and other comprehensive income.

- <sup>^</sup> An amount of HK\$9,380,000 (2020: HK\$9,867,000) is included in "Selling, marketing and other cinema operating expenses" in the condensed consolidated statement of profit or loss and other comprehensive income.

## 7. FINANCE COSTS

|                                       | Six months ended 31 December    |                                 |
|---------------------------------------|---------------------------------|---------------------------------|
|                                       | 2021<br>(Unaudited)<br>HK\$'000 | 2020<br>(Unaudited)<br>HK\$'000 |
| Interest on bank and other borrowings | 3,271                           | 2,383                           |
| Interest on lease liabilities         | 26,638                          | 28,626                          |
|                                       | <u>29,909</u>                   | <u>31,009</u>                   |

## 8. INCOME TAX

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the Period (2020: Nil).

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in Bermuda and the BVI.

No provision for PRC Enterprise Income Tax has been made in current and prior periods as the Group’s subsidiaries established in mainland China either had no assessable profits arising in mainland China or had available tax losses brought forward from previous years to offset their assessable profits generated during the current and prior periods.

No provision for Macau Complementary Income Tax and Malaysia Corporate Income Tax have been made as the Group had no assessable profits arising in Macau and Malaysia for both periods.

## 9. DIVIDENDS

The Board has resolved not to declare any interim dividend for the year ending 30 June 2022 (2020: Nil).

## 10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

### Basic

The calculation of the basic loss per share amounts for the Period is based on the loss for the Period attributable to ordinary equity holders of the parent of HK\$95,399,000 (2020: HK\$123,430,000), and the weighted average number of the ordinary shares of the Company of approximately 3,213,341,000 (2020: 3,213,341,000) in issue during the Period.

### Diluted

No adjustment has been made to the basic loss per share amounts presented for both periods as the Group had no potentially dilutive ordinary shares in issue during those periods.

## 11. TRADE RECEIVABLES

|                   | As at            |              |
|-------------------|------------------|--------------|
|                   | 31 December 2021 | 30 June 2021 |
|                   | (Unaudited)      | (Audited)    |
|                   | HK\$'000         | HK\$'000     |
| Trade receivables | 18,412           | 9,727        |
| Impairment        | (1,662)          | (1,662)      |
|                   | <u>16,750</u>    | <u>8,065</u> |

For the Group's box office takings and sale of concession goods and other products, payments on demand or in advance in cash or by major credit/debit cards or other electronic/mobile payment methods are normally required, with the settlements from the corresponding banks or other financial institutions normally within 2 to 30 days. The Group's trading term with its other customers are mainly on credit. The credit period is generally 1 month from the date of billing. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

|                | As at            |              |
|----------------|------------------|--------------|
|                | 31 December 2021 | 30 June 2021 |
|                | (Unaudited)      | (Audited)    |
|                | HK\$'000         | HK\$'000     |
| Within 1 month | 15,903           | 6,070        |
| 1 to 3 months  | 482              | 1,184        |
| Over 3 months  | 365              | 811          |
|                | <u>16,750</u>    | <u>8,065</u> |



## 12. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

|                | As at            |               |
|----------------|------------------|---------------|
|                | 31 December 2021 | 30 June 2021  |
|                | (Unaudited)      | (Audited)     |
|                | HK\$'000         | HK\$'000      |
| Trade payables | 34,462           | 15,438        |
| Accruals       | 10,369           | 11,953        |
| Other payables | 53,054           | 40,497        |
|                | <u>97,885</u>    | <u>67,888</u> |

An ageing analysis of the trade payables at the end of the reporting period, based on the invoice date, is as follows:

|                 | As at            |               |
|-----------------|------------------|---------------|
|                 | 31 December 2021 | 30 June 2021  |
|                 | (Unaudited)      | (Audited)     |
|                 | HK\$'000         | HK\$'000      |
| Within 3 months | 26,434           | 13,523        |
| Over 3 months   | 8,028            | 1,915         |
|                 | <u>34,462</u>    | <u>15,438</u> |

## 13. EVENT AFTER THE END OF THE REPORTING PERIOD

On 31 January 2022, the Group entered into sale and purchase agreements with the Vendor for acquisition of the entire interest of Tale Success Limited (“**Tale Success**”) and the loan due by Tale Success to the Vendor at an aggregate consideration of HK\$4.0. The Target Group is principally engaged in cinema operation, which covers one cinema in Hong Kong and eight cinemas in mainland China. At the date of this announcement, this acquisition is not yet completed and subject to the approval of the Company’s independent shareholders at a special general meeting to be held. Details of this proposed acquisition were disclosed in the Company’s announcement dated 31 January 2022.

## **REVIEW OF INTERIM RESULTS**

These condensed consolidated financial statements of the Group for the Period have not been audited nor reviewed by the Company's auditor, Ernst & Young, but have been reviewed by the audit committee of the Company, which comprises three independent non-executive Directors of the Company.

## **CORPORATE GOVERNANCE**

### **Corporate Governance Code**

The Company has complied throughout the Period with all code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules.

### **Model Code for Securities Transactions**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct regarding Directors' securities transactions. Having made specific enquiry to the Directors, all of them confirmed that they had complied with the required standard of dealings as set out in the Model Code throughout the Period.

Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with written guidelines in line with the Model Code. No incident of non-compliance by relevant employees was noted during the Period.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

## **PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND INTERIM REPORT**

The interim results announcement is published on the websites of the Stock Exchange at (<https://www.hkexnews.hk>) and the Company at (<https://www.empculture.com>). The interim report of the Company for the Period will be dispatched to the shareholders of the Company and will be available on the aforesaid websites in due course.

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

Hong Kong, 24 February 2022

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