



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 REPORT

EMPEROR  CINEMAS

英皇戲院

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RESULTS SUMMARY

The board of directors (the “**Board**” or “**Directors**”) of Emperor Culture Group Limited (the “**Company**”) presents 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**”).

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

MANAGEMENT DISCUSSION AND ANALYSIS

The details of the cinema network as at 31 December 2021 are as follows:

	No. of houses	No. of seats
Mainland China		
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
Hong Kong		
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
Macau		
15. Lisboeta Macau *	9	1,245
Malaysia		
16. R&F Mall, Johor Bahru	8	743
Total	130	17,421

* 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 Lisboa 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).

MANAGEMENT DISCUSSION AND ANALYSIS

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, its subsidiaries and its investments (collectively 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 this 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

		Six months ended 31 December 2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
	Notes		
REVENUE	4	180,984	72,099
Cost of sales		(73,180)	(32,457)
Gross profit		107,804	39,642
Other income and gains	5	1,886	11,323
Selling, marketing and other cinema operating expenses		(156,564)	(126,371)
General and administrative expenses		(23,157)	(21,716)
Finance costs	7	(29,909)	(31,009)
LOSS BEFORE TAX	6	(99,940)	(128,131)
Income tax	8	—	—
LOSS FOR THE PERIOD		(99,940)	(128,131)
OTHER COMPREHENSIVE INCOME			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		4,734	19,988
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		4,734	19,988
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(95,206)	(108,143)
LOSS FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the parent		(95,399)	(123,430)
Non-controlling interests		(4,541)	(4,701)
		(99,940)	(128,131)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2021

		Six months ended 31 December 2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
	Note		
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the parent		(90,630)	(103,971)
Non-controlling interests		(4,576)	(4,172)
		(95,206)	(108,143)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	10	HK\$(0.03)	HK\$(0.04)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

		As at 31 December 2021 (Unaudited) HK\$'000	30 June 2021 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	11	579,930	555,590
Right-of-use assets		960,493	1,016,049
Investment in a joint venture	12	250	–
Prepayments, deposits and other receivables		45,616	43,552
Total non-current assets		1,586,289	1,615,191
CURRENT ASSETS			
Inventories		2,136	1,751
Trade receivables	13	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
Total current assets		205,563	110,556
CURRENT LIABILITIES			
Trade payables, other payables and accruals	14	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	–
Total current liabilities		260,517	199,127
NET CURRENT LIABILITIES		(54,954)	(88,571)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,531,335	1,526,620

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	As at	
	31 December 2021 (Unaudited) HK\$'000	30 June 2021 (Audited) HK\$'000
NON-CURRENT LIABILITIES		
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
Total non-current liabilities	1,573,516	1,473,595
Net assets/(liabilities)	(42,181)	53,025
EQUITY		
Equity attributable to owners of the parent		
Issued capital	32,133	32,133
Reserves	(25,897)	64,733
	6,236	96,866
Non-controlling interests	(48,417)	(43,841)
Total equity	(42,181)	53,025

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2021

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Issued capital	Share premium	Capital redemption reserve	Contributed surplus	Exchange fluctuation reserve	Accumulated losses	Total	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2020 (Audited)	32,133	912,843	50	58,658	(15,369)	(694,642)	293,673	257,547
Loss for the period	-	-	-	-	-	(123,430)	(123,430)	(128,131)
Other comprehensive income for the period:								
Exchange differences related to foreign operations	-	-	-	-	19,459	-	19,459	19,988
Total comprehensive income/(loss) for the period	-	-	-	-	19,459	(123,430)	(103,971)	(108,143)
At 31 December 2020 (Unaudited)	32,133	912,843	50	58,658	4,090	(818,072)	189,702	149,404
At 1 July 2021 (Audited)	32,133	912,843	50	58,658	7,599	(914,417)	96,866	53,025
Loss for the period	-	-	-	-	-	(95,399)	(95,399)	(99,940)
Other comprehensive income/(loss) for the period:								
Exchange differences related to foreign operations	-	-	-	-	4,769	-	4,769	4,734
Total comprehensive income/(loss) for the period	-	-	-	-	4,769	(95,399)	(90,630)	(95,206)
At 31 December 2021 (Unaudited)	32,133	912,843	50	58,658	12,368	(1,009,816)	6,236	(42,181)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2021

	Six months ended 31 December 2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Net cash from operating activities	13,298	1,212
Net cash used in investing activities	(47,133)	(61,315)
Net cash from financing activities	112,311	62,460
NET INCREASE IN CASH AND CASH EQUIVALENTS	78,476	2,357
Cash and cash equivalents at the beginning of the reporting period	56,858	40,625
Effect of foreign exchange rate changes, net	460	1,558
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD	135,794	44,540
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	135,794	44,540

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

1. BASIS OF PREPARATION (Continued)

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

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 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, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
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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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

Application of accounting policies in respect of investments in joint ventures (Continued)

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

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.

Information regarding the above segments is reported as below:

Segment revenue and results

For the six months ended 31 December 2021

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

3. OPERATING SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the six months ended 31 December 2020

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

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

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
Revenue from contracts with customers		
Income from cinema operation	180,984	72,099

(a) Disaggregated revenue information

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

4. REVENUE (Continued)

(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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

5. OTHER INCOME AND GAINS

	Six months ended 31 December	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	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
	1,886	11,323

- * 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

6. LOSS BEFORE TAX

	Six months ended 31 December	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	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^	(9,440)	(10,060)

* 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.

^ 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

7. FINANCE COSTS

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

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).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

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. MOVEMENT OF PROPERTY, PLANT AND EQUIPMENT

	HK\$'000
Carrying amount	
At 1 July 2021 (Audited)	555,590
Additions	59,710
Depreciation provided during the Period	(39,964)
Exchange realignment	4,594
At 31 December 2021 (Unaudited)	579,930

12. INVESTMENT IN A JOINT VENTURE

Investment in a joint venture represents the investment in a Hong Kong incorporated company in which the Group holds 50% equity interest. All decisions about the relevant activities of the joint venture require the unanimous consent of the joint venture partner. The principal activity of the joint venture is engaged in cinema operation in Hong Kong which is under development during the Period.

During the Period, the joint venture did not incur any profit or loss since it was newly incorporated near the end of the Period. So no share of results of the joint venture was recognised in the condensed consolidated statement of profit or loss and other comprehensive income for the Period (2020: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

13. TRADE RECEIVABLES

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

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	30 June
	2021	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
	16,750	8,065

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

14. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

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

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 (Unaudited) HK\$'000	30 June 2021 (Audited) HK\$'000
Within 3 months	26,434	13,523
Over 3 months	8,028	1,915
	34,462	15,438

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

15. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	As at 31 December 2021 (Unaudited) HK\$'000	30 June 2021 (Audited) HK\$'000
Contracted, but not provided for:		
Property, plant and equipment	—	18,489

16. RELATED PARTY TRANSACTIONS

The related parties referred herein or elsewhere in these condensed consolidated financial statements include (1) entities ultimately beneficially controlled by the relevant private discretionary trust(s) of which Dr. Yeung Sau Shing, Albert ("**Dr. Albert Yeung**"), being a deemed substantial shareholder of the Company, is the founder, whilst Mr. Yeung Ching Loong, Alexander ("**Mr. Alex Yeung**"), a Director, is one of the eligible beneficiaries; (2) an entity beneficially owned by a Director; (3) a deemed substantial shareholder of the Company; and (4) a family member of the deemed substantial shareholder of the Company and a Director.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

16. RELATED PARTY TRANSACTIONS (Continued)

- (a) In addition to the transactions, arrangements and balances detailed elsewhere in these condensed consolidated financial statements, the Group had the following significant transactions with related parties during the Period:

	Six months ended 31 December	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Company secretarial fee	100	100
Film rental expenses	535	3
Financial advisory fee	240	240
Interest expense on lease liabilities	2,526	2,651
Interest expense on other borrowing	3,121	2,357
Lease payments not included in the measurement of lease liabilities	844	22
Purchase of furniture	2,021	666
Reimbursement of administrative expenses	6,970	4,304
Sales of goods	795	105

- (b) Other borrowing with a carrying amount of HK\$417,486,000 (30 June 2021: HK\$282,365,000) from a family member of Dr. Albert Yeung and a Director is unsecured, bears interest at Hong Kong Interbank Offered Rate plus 2% per annum and has a fixed repayment term of which the lender has agreed not to demand repayment of the other loan together with all accrued interest and all outstanding amounts until 20 January 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

16. RELATED PARTY TRANSACTIONS (Continued)

- (c) The amount due from a fellow subsidiary is unsecured, interest-free and repayable on demand.
- (d) The amounts due to the related companies and the joint venture are unsecured, interest-free and repayable on demand.
- (e) The amount due to non-controlling interests is unsecured, interest-free and not repayable within 1 year from the end of the reporting period.
- (f) **Compensation of key management personnel of the Group**

	Six months ended 31 December	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Fees	830	830

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The carrying amount and fair value of the Group's financial instrument, other than those with carrying amounts that reasonably approximate to fair values, is as follows:

	Carrying amount at		Fair value at	
	31 December	30 June	31 December	30 June
	2021	2021	2021	2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Investments in film productions	5,114	5,489	5,114	5,489

For investments in film productions which were released for theatrical release in their primary markets, their fair values as at 31 December 2021 and 30 June 2021 were estimated with reference to the remaining net proceeds receivable from the exploitation of the films.

Below is a summary of significant unobservable inputs to the valuation of the financial instruments together with a quantitative sensitivity analysis as at 31 December 2021 and 30 June 2021:

Financial instruments	Fair value hierarchy	Valuation technique(s)	Significant unobservable input	Range	Sensitivity of fair value to the input
Investments in film productions	Level 3	Income approach, discounted cash flow method	Discount rates	6.50% (30 June 2021: 6.50%)	5% (30 June 2021: 5%) increase/decrease in discount rate would result in decrease/increase in fair value by HK\$7,000 (30 June 2021: HK\$11,000)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

The movements in fair value measurements within Level 3 during both periods are as follows:

	HK\$'000
Financial assets at FVPL	
At 1 July 2021 (Audited)	5,489
Total gains recognised in profit or loss	275
Settlements	(650)
At 31 December 2021 (Unaudited)	5,114
At 1 July 2020 (Audited)	6,222
Total gains recognised in profit or loss	78
At 31 December 2020 (Unaudited)	6,300

The Group did not have any financial liabilities measured at fair value as at 31 December 2021 and 30 June 2021.

During the Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2020: Nil).

18. 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 equity 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 report, 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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 31 December 2021, the following Directors and chief executives of the Company had or were deemed or taken to have interests and short positions in the following shares, underlying shares and debentures of the Company or its associated corporation(s) (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (“**Model Code**”):

(A) LONG POSITIONS INTERESTS IN THE COMPANY

Ordinary shares of HK\$0.01 each of the Company (the “Shares”)

Name of Director	Capacity/ Nature of interests	Number of issued Shares interested	% of issued voting Shares
Mr. Alex Yeung	Eligible beneficiary of a private discretionary trust	2,371,313,094	73.80%

Note: These Shares were held by Emperor Culture Group Holdings Limited, a wholly-owned subsidiary of Albert Yeung Entertainment Holdings Limited (“**AY Entertainment Holdings**”). AY Entertainment Holdings is held by Alto Trust Limited in trust for a private discretionary trust under which Mr. Alex Yeung is one of the eligible beneficiaries.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

(B) LONG POSITIONS INTERESTS IN ASSOCIATED CORPORATIONS OF THE COMPANY

(i) Ordinary shares

Name of Director	Name of associated corporation	Capacity/Nature of interests	Number of ordinary shares interested	% of issued voting shares
Ms. Fan Man Seung, Vanessa	Emperor International Holdings Limited ("Emperor International")	Beneficial owner	10,500,000	0.29%
Mr. Alex Yeung	Emperor International	Eligible beneficiary of a private discretionary trust	2,747,610,489 (Note)	74.71%
	Emperor Entertainment Hotel Limited ("Emperor E Hotel")	Eligible beneficiary of a private discretionary trust	851,352,845 (Note)	71.11%
	Emperor Watch & Jewellery Limited ("Emperor W&J")	Eligible beneficiary of a private discretionary trust	4,298,610,000 (Note)	63.41%
	Ulferts International Limited ("Ulferts")	Eligible beneficiary of a private discretionary trust	600,000,000 (Note)	75.00%

Note: Emperor International, Emperor E Hotel, Emperor W&J and Ulferts are companies with their shares listed on the Stock Exchange. These shares were ultimately owned by respective private discretionary trusts. Mr. Alex Yeung had deemed interests in the same shares by virtue of being one of the eligible beneficiaries of such private discretionary trusts.

(ii) Debentures

Name of Director	Name of associated corporation	Capacity/Nature of interests	Amount of debentures held
Mr. Wong Chi Fai	Emperor International	Interest in a controlled corporation	HK\$2,000,000

Save as disclosed above, as at 31 December 2021, none of the Directors nor chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO).

OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

So far as is known to any Directors or chief executives of the Company, as at 31 December 2021, the persons or corporations (other than a Director or a chief executive of the Company) who had, or were deemed or taken to have an interest and short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO ("**DI Register**") were as follows:

LONG POSITIONS IN SHARES

Name	Capacity/ Nature of interests	Number of Shares interested	% of issued voting Shares
AY Entertainment Holdings	Interest in a controlled corporation	2,371,313,094	73.80%
Alto Trust Limited	Trustee of a private discretionary trust	2,371,313,094	73.80%
Dr. Albert Yeung	Founder of a private discretionary trust	2,371,313,094	73.80%
Ms. Luk Siu Man, Semon (" Ms. Semon Luk ")	Interest of spouse	2,371,313,094	73.80%

Note: These Shares were the same Shares of which Mr. Alex Yeung had deemed interests as set out under the Section (A) of "Directors' and Chief Executives' Interests in Securities" above. Ms. Semon Luk is the spouse of Dr. Albert Yeung.

Save as disclosed above, as at 31 December 2021, the Directors or chief executives of the Company were not aware of any other persons or corporations (other than the Directors and chief executives of the Company) who had, or were deemed or taken to have, any interests or short positions in any Shares or underlying Shares as recorded in the DI Register.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE OPTIONS

To enable the Group to attract, retain and motivate talent participants to strive for future developments and expansion of the Group, the Company was approved to adopt a share option scheme ("**Share Option Scheme**") at the annual general meeting of the Company held on 2 December 2021. No option was granted under the Share Option Scheme since its adoption.

CORPORATE GOVERNANCE CODE

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in the 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.

REVIEW OF INTERIM REPORT

The condensed consolidated financial statements of the Group for the Period as set out in this interim report have not been audited nor reviewed by the Company's auditor, Ernst & Young, but this report has been reviewed by the audit committee of the Company, which comprises the three independent non-executive Directors of the Company.

CHANGE OF INFORMATION OF DIRECTORS

The Company is not aware of any changes in the Directors' information which is required to be disclosed pursuant to Rule 13.51 (B) of the Listing Rules since the date of the 2020/2021 Annual Report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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.

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

This Interim Report (in both English and Chinese versions) is available to any shareholder of the Company either in printed form or on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.empculture.com>). In order to protect the environment, the Company highly recommends shareholders to elect to receive electronic copy of this Interim Report. Shareholders may have the right to change their choice of receipt of our future Corporate Communications at any time by reasonable notice in writing to the Company's Hong Kong Branch Share Registrar, Tricor Tengis Limited, by post at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong or by email at is-ecom@hk.tricorglobal.com.