

**Emperor Culture Group Limited** (“Company”) and its subsidiaries (collectively referred to as “Group”) principally engages in entertainment, media and cultural development businesses, which mainly include the operation of cinemas under *Emperor Cinemas Group*.

## RESULTS

During the six months ended 31 December 2024 (“Period”), global headwinds continued impacting the macro economy. As a result of weak consumption sentiment and the lack of blockbusters, the Group’s total revenue decreased to HK\$243.1 million (2023: HK\$267.2 million) during the Period, which mainly included revenue from box office takings amounting to HK\$196.5 million (2023: HK\$220.0 million), accounting for 80.8% (2023: 82.3%) of the total revenue. In terms of revenue by geographical segment, revenue from the Hong Kong market increased by 2.7% to HK\$141.0 million (2023: HK\$137.3 million) and accounted for 58.0% (2023: 51.4%) of the total revenue, while revenue from the Mainland China market was HK\$90.1 million (2023: HK\$117.3 million) and accounted for 37.0% (2023: 43.9%) of the total revenue. During the Period, due to the gain relating to leases and effective cost control measures, the Group’s earnings before interest, tax, depreciation and amortisation increased significantly to HK\$50.5 million (2023: HK\$5.5 million). Taking into account the depreciation and finance costs, the Group’s net loss was HK\$56.8 million (2023: HK\$143.2 million). Basic loss per share was HK\$0.018 (2023: HK\$0.045).

## BUSINESS REVIEW

During the Period, one *Emperor Cinemas* was newly opened in Sanlitun, Beijing, China. Sanlitun is a signature landmark within the capital city, and is a popular destination for shopping, dining, and entertainment. As at 31 December 2024, the Group had a total of 24 cinemas in Mainland China, Hong Kong and Macau under the *Emperor Cinemas* and *Emperor Cinemas Plus+* brands, offering a total of 180 houses with over 25,000 seats.

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® and CINITY theatre systems, 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.

## **PROSPECTS**

Subsequent to the Period, ongoing financial and political concerns continue to cloud the economic outlook, leading to a subdued consumption sentiment. Nevertheless, 2025 Chinese Spring Festival box office revenue in Mainland China hit record high of over RMB10 billion. In addition, it is expected that in 2025 the Central Government will continue implementing stimulus policies to spur economic growth, which will boost domestic consumption and serve as a boost for the film exhibition market.

In recent years, changes in consumer habits and competition from streaming platforms have contributed to the transformation of cinemas – from merely the traditional function of showing films to integrated modern lifestyle hubs, providing movie-goers a one-stop affordable entertainment experience. Leveraging its “Emperor” brand established over the past decades, the Group will continue strengthening its core competencies in order to seize the opportunities arising from the increasing disposable income and living standards in Mainland China as well as the consolidation of the film exhibition industry in Hong Kong, with an aim of becoming the local market leader and bringing sustainable returns to its shareholders.

## **OTHER FINANCIAL INFORMATION**

### **Liquidity and Financial Resources**

As at 31 December 2024, the Group’s cash and cash equivalents amounted to HK\$67.2 million (30 June 2024: HK\$84.6 million), which were mainly denominated in Hong Kong dollars and Renminbi.

To finance its operations and capital expenditure, the Group utilises cash flows generated from operations and from loan facilities granted by a related party and a bank. As at 31 December 2024, the Group had total borrowings of HK\$1,024.7 million (30 June 2024: HK\$977.0 million), which comprised a loan from a related party of HK\$954.4 million (30 June 2024: HK\$889.7 million), amount due to non-controlling interest of HK\$70.3 million (30 June 2024: HK\$70.3 million) and zero balance of bank loan (30 June 2024: HK\$17.0 million). Except for the amount due to non-controlling interest, which was unsecured and interest-free, all these borrowings were unsecured, interest-bearing and had fixed repayment terms.

Having considered the business performance of 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 Macau Pataca. As most of the Group's external monetary assets, liabilities and related 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 that would have material impacts on its financial performance.