

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

2023/2024 ANNUAL RESULTS ANNOUNCEMENT
AND
CHANGE IN COMPOSITION OF BOARD COMMITTEE

I. ANNUAL RESULTS

The board of directors (“**Board**” or “**Directors**”) of Emperor Culture Group Limited (“**Company**”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as “**Group**”) for the year ended 30 June 2024 (“**Year**”).

	For the year ended 30 June	
	2024 HK'000	2023 HK'000
Revenue	494,541	456,197
<i>Box office takings</i>	401,873	389,086
<i>Others</i>	92,668	67,111
Gross profit	295,778	271,866
Impairment allowances	430,511	144,610
Net loss	715,149	316,984

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

As a result of the recovery of the film industry in Mainland China as well as the increase in the total number of its cinemas, the Group's revenue increased by 8.4% to HK\$494.5 million (2023: HK\$456.2 million) during the Year, which mainly included the revenue from box office takings amounting to HK\$401.9 million (2023: HK\$389.1 million), accounting for 81.3% (2023: 85.3%) of the cinema operation revenue. In terms of revenue by geographical segment, revenue from the Mainland China market increased by 55.0% to HK\$207.7 million (2023: HK\$134.0 million) and accounted for 42.0% (2023: 29.4%) of the cinema operation revenue, while revenue from the Hong Kong market was HK\$264.3 million (2023: HK\$295.8 million) and accounted for 53.4% (2023: 64.8%) of the cinema operation revenue. During the Year, the Group recorded a net loss of HK\$715.1 million (2023: HK\$317.0 million), which was mainly attributable to the recognition of the impairment allowances on the right-of-use assets and property, plant and equipment. Basic loss per share was HK\$0.22 (2023: HK\$0.10).

MARKET REVIEW

In Mainland China, pandemic containment measures were lifted in early 2023, plus several Chinese-made blockbusters launched, and a substantial revival in consumer spending was seen from the second quarter of 2023 onwards. Against this backdrop, annual box office sales in Mainland China increased by 34.7% to RMB52.6 billion during the Year, as compared with the previous year. On the other hand, annual box office sales in Hong Kong decreased slightly, mainly due to the lack of overseas blockbusters showing in Hong Kong.

BUSINESS REVIEW

The Group engages in entertainment, media and cultural development businesses, which mainly include the operation of cinemas under *Emperor Cinemas Group*.

During the Year, two *Emperor Cinemas* were newly opened, in Chongqing and Chengdu, in Mainland China, and two *Emperor Cinemas Plus+* were newly opened, in The Wai, Tai Wai and THE SOUTHSIDE, Wong Chuk Hang, in Hong Kong. As at 30 June 2024, the Group had a total of 25 cinemas in Mainland China, Hong Kong and Macau under the *Emperor Cinemas* and *Emperor Cinemas Plus+*, as well as *MCL Cinemas Plus+* brands, offering a total of 187 houses with over 27,000 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

The film exhibition industry has been undergoing market consolidation since the onset of the pandemic. Although business operating environments had improved in 2023 due to the removal of pandemic containment measures, the recent macroeconomic headwinds such as sustained inflation and high unemployment rate, have been affecting consumption sentiment, and the growth momentum of the film exhibition industry in Hong Kong and Mainland China has moderated subsequent to the Year.

That said, cinemas are located in most of the new and large shopping malls, which are regarded as integrated modern lifestyle hubs nowadays, providing shoppers a one-stop affordable entertainment experience. According to the “Global Entertainment and Media Industry Outlook 2023-2027” report released by PwC in 2023, China and the United States are the world’s two largest film markets, with China’s share of film market revenues projected to continue expanding to account for 27.0% of global revenues in 2027, and projected to overtake the United States during 2024-2025 to become the world’s largest market. As disposable income and living standards in Mainland China continue growing, the Group is confident there will be room for further development of the film industry in the long run.

OTHER FINANCIAL INFORMATION

Liquidity and Financial Resources

As at 30 June 2024, the Group’s cash and cash equivalents amounted to HK\$84.6 million (2023: HK\$82.0 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 30 June 2024, the Group had total borrowings of HK\$977.0 million (2023: HK\$685.9 million), which comprised a loan from a related party of HK\$889.7 million (2023: HK\$595.6 million), bank loan of HK\$17.0 million (2023: HK\$20.0 million) and amount due to non-controlling interest of HK\$70.3 million (2023: HK\$70.3 million), respectively. Except for the amount due to non-controlling interest, which was unsecured and interest-free, all these borrowings were unsecured, interest-bearing and have 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 Year that would have material impacts on its financial performance.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, the number of the Group's employees was 776 (2023: 743). Total staff costs including the Directors' remuneration and other staff costs for the Year were HK\$127.3 million (2023: HK\$115.1 million). Each employee's 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 annual report.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2023: Nil).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 30 June 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
REVENUE	4	494,541	456,197
Cost of sales		<u>(198,763)</u>	<u>(184,331)</u>
Gross profit		295,778	271,866
Other income and gains	5	15,065	11,422
Gain/(loss) relating to leases, net	6	(230,356)	75,832
Selling, marketing and other cinema operating expenses		(411,117)	(422,464)
General and administrative expenses		(67,720)	(56,927)
Impairment of financial assets	6	(2,746)	–
Other expenses, net		(168,864)	(85,725)
Finance costs	7	(103,333)	(85,368)
Share of losses of joint ventures		<u>(41,856)</u>	<u>(25,620)</u>
LOSS BEFORE TAX	6	(715,149)	(316,984)
Income tax expense	8	<u>–</u>	<u>–</u>
LOSS FOR THE YEAR		<u>(715,149)</u>	<u>(316,984)</u>
Attributable to:			
Owners of the parent		(715,149)	(329,939)
Non-controlling interest		<u>–</u>	<u>12,955</u>
		<u>(715,149)</u>	<u>(316,984)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	10	<u>HK\$(0.22)</u>	<u>HK\$(0.10)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
LOSS FOR THE YEAR	<u>(715,149)</u>	<u>(316,984)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences:		
Exchange differences on translation of foreign operations	(4,153)	(10,915)
Release of exchange fluctuation reserve for loss of control of a foreign operation	<u>–</u>	<u>7,097</u>
	<u>(4,153)</u>	<u>(3,818)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u><u>(719,302)</u></u>	<u><u>(320,802)</u></u>
Attributable to:		
Owners of the parent	(719,302)	(334,828)
Non-controlling interest	<u>–</u>	<u>14,026</u>
	<u><u>(719,302)</u></u>	<u><u>(320,802)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	2024 HK\$'000	2023 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		216,138	428,759
Right-of-use assets		385,017	762,733
Prepayments, deposits and other receivables		64,387	50,627
Investments in joint ventures		18,711	21,313
Total non-current assets		684,253	1,263,432
CURRENT ASSETS			
Inventories		3,615	3,595
Trade receivables	11	29,166	24,521
Prepayments, deposits and other receivables		30,266	28,181
Amounts due from joint ventures		2,645	618
Amount due from a related company		2,274	–
Financial assets at fair value through profit or loss		–	63
Pledged bank deposits		1,932	–
Cash and cash equivalents		84,636	81,986
Total current assets		154,534	138,964
CURRENT LIABILITIES			
Trade payables, other payables and accruals	12	126,479	135,701
Contract liabilities		26,577	24,870
Interest-bearing bank borrowing		17,032	20,030
Lease liabilities		139,965	147,619
Amounts due to related companies		5,690	4,103
Amount due to a joint venture		250	250
Amount due to non-controlling interest		70,259	70,259
Total current liabilities		386,252	402,832
NET CURRENT LIABILITIES		(231,718)	(263,868)
TOTAL ASSETS LESS CURRENT LIABILITIES		452,535	999,564
NON-CURRENT LIABILITIES			
Provisions		60,890	61,761
Interest-bearing other borrowing		889,707	595,633
Lease liabilities		792,314	913,244
Total non-current liabilities		1,742,911	1,570,638
Net liabilities		(1,290,376)	(571,074)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

30 June 2024

	2024	2023
	HK\$'000	HK\$'000
EQUITY		
Equity attributable to owners of the parent		
Issued capital	32,133	32,133
Reserves	(1,319,715)	(600,413)
	(1,287,582)	(568,280)
Non-controlling interest	(2,794)	(2,794)
Total equity	(1,290,376)	(571,074)

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial assets which have been measured at fair value. The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern

The Group’s current liabilities exceeded its current assets by HK\$231.7 million as at 30 June 2024 and incurred a net loss of HK\$715.1 million for the year then ended. As at 30 June 2024, the Group’s current liabilities amounted to HK\$386.3 million, while its cash and cash equivalents, and pledged bank deposits totalled HK\$86.6 million. The Group’s current liquidity position may not be sufficient to finance its future working capital, capital expenditure and other investing and financing requirements in full as and when they fall due unless the Group is able to generate/receive sufficient net cash inflows from its operations and financing.

These conditions and the facts and circumstances summarised below indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group to continue as a going concern.

In preparing the consolidated financial statements, the Directors have given careful considerations to the current and anticipated future performance and liquidity of the Group and the ability of the Group to execute its plans to attain growth and cash positive operations in the future.

The outbreak of the novel coronavirus (“**Covid-19**”) had disrupted the business operations and developments of the Group in prior years and detrimentally affected its historical results and financial and liquidity positions. Against this backdrop, the Group has been able to progressively turnaround and targeted to eventually recover to pre-Covid-19 levels (the “**recovery**”). Following the significant increase in revenue in the prior year of close to 50% as compared to the year before that, the Group recorded an 8.4% increase in revenue to HK\$494.5 million during the current year as compared to the prior year. The pace and magnitude of the recovery have been affected by a production slowdown and the delay in the releases of several Hollywood’s titles due to the Hollywood’s Writers Guild and Screen Actors Guild strikes in 2023, and the delay in the releases of several Chinese domestic films. Management has expected the uncertainties regarding market supplies, film release schedules and consequential box office revenues for future periods will continue at least for the foreseeable future and will significantly affect the Group’s recovery and its financial performance and cash flows for the relevant periods.

To finance the Group’s businesses, the Group has obtained a long-term loan facility from a related party in the amount of HK\$1,200 million (the “**Other Loan Facility**”), of which an aggregate loan facility amount of HK\$810.5 million was utilised as at 30 June 2024, which is repayable on 20 January 2026 (the “**Maturity Date**”). The Group has also obtained a short-term revolving loan facility from a bank in the amount of HK\$20.0 million (the “**Bank Loan Facility**”), of which an aggregate loan facility amount of HK\$17.0 million was utilised as at 30 June 2024, which is repayable on demand.

1. BASIS OF PREPARATION *(continued)*

To improve the current and future financial performance and liquidity conditions, various financial performance and resources improvement plans and measures have been implemented/contemplated by the Group to focus on improving the financial performance and liquidity of the Group and to enable the Group to take advantage of any growth opportunities in the future.

The Directors have considered relevant available information and factors about the future and reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 30 June 2024. The Directors believe and assume the Other Loan Facility will continue to be available and no repayment of the loan drawn thereunder and the accrued interest will need to be made before the Maturity Date, as the Group will be dependent on such financing. Based on such, the Directors are of the opinion that, taking into account the anticipated cash flows to be generated from the Group's operations, the aforementioned financial performance and resources improvement plans and measures, and the availability of the Other Loan Facility and the Bank Loan Facility, the Group will be able to meet its financial obligations as and when they fall due for a period of not less than twelve months from the end of the reporting period.

Notwithstanding the above, material uncertainties exist as to whether the Group is able to generate/receive sufficient cash inflows from its operations and financing to maintain it as a going concern, including, but not limited to, whether it is able to successfully implement its various plans and measures as described above; whether it will continue to have sufficient external financing; and its operating cash flows are dependent on changing industry/market conditions. Should the Group be unable to maintain as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to reclassify its non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's consolidated financial statements.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rule</i>

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below: *(continued)*

- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's consolidated financial statements.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments did not have any significant impact on the financial position or performance of the Group upon initial application.
- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

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; and
- (b) investments in films

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, non-lease-related finance costs as well as unallocated corporate and other expenses are excluded from such measurement.

Segment assets exclude pledged bank deposits, cash and cash equivalents, investments in unlisted equity securities included in financial assets at fair value through profit or loss ("FVPL") and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

3. OPERATING SEGMENT INFORMATION (continued)
Year ended 30 June 2024/At 30 June 2024

	Cinema operation HK\$'000	Investments in films HK\$'000	Total HK\$'000
Segment revenue (note 4)			
Sales to external customers	494,541	–	494,541
Segment results	(662,381)	68	(662,313)
<i>Reconciliation:</i>			
Bank interest income			173
Unallocated corporate and other expenses			(3,586)
Finance costs (other than interest on lease liabilities)			(49,423)
Loss before tax			(715,149)
Segment assets	751,792	131	751,923
<i>Reconciliation:</i>			
Corporate and other unallocated assets			86,864
Total assets			838,787
Segment liabilities	1,221,308	95	1,221,403
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			907,760
Total liabilities			2,129,163
Other segment information			
Share of losses of joint ventures	41,856	–	41,856
Depreciation of property, plant and equipment	84,287	–	84,287
Depreciation of right-of-use assets	111,305	–	111,305
Fair value gains on financial assets at FVPL	–	68	68
Gain on lease modifications	(28,456)	–	(28,456)
Impairment of property, plant and equipment	168,953	–	168,953
Impairment of right-of-use assets	258,812	–	258,812
Impairment of financial assets	2,746	–	2,746
Investments in joint ventures	18,711	–	18,711
Capital expenditure [#]	42,268	–	42,268

[#] Capital expenditure consists of additions to property, plant and equipment.

3. OPERATING SEGMENT INFORMATION (continued)

Year ended 30 June 2023/At 30 June 2023

	Cinema operation HK\$'000	Investments in films HK\$'000	Total HK\$'000
Segment revenue (note 4)			
Sales to external customers	456,197	–	456,197
Segment results	(285,486)	(120)	(285,606)
<i>Reconciliation:</i>			
Bank interest income			103
Unallocated corporate and other expenses			(4,308)
Finance costs (other than interest on lease liabilities)			(27,173)
Loss before tax			(316,984)
Segment assets	1,320,053	63	1,320,116
<i>Reconciliation:</i>			
Corporate and other unallocated assets			82,280
Total assets			1,402,396
Segment liabilities	1,356,795	70	1,356,865
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			616,605
Total liabilities			1,973,470
Other segment information			
Share of losses of joint ventures	25,620	–	25,620
Depreciation of property, plant and equipment	94,285	–	94,285
Depreciation of right-of-use assets	118,356	–	118,356
Gain on lease modifications	(179,273)	–	(179,273)
Impairment of property, plant and equipment	41,169	–	41,169
Impairment of right-of-use assets	103,441	–	103,441
Loss on loss of control of a subsidiary attributable to the parent	41,827	–	41,827
Investments in joint ventures	21,313	–	21,313
Capital expenditure [#]	30,818	–	30,818

[#] Capital expenditure consists of additions to property, plant and equipment.

3. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Mainland China	207,698	133,987
Hong Kong	264,297	295,789
Macau	22,546	23,512
Other region in Asia Pacific	—	2,909
	<u>494,541</u>	<u>456,197</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Mainland China	317,981	448,538
Hong Kong	276,904	618,209
Macau	24,981	145,958
Other region in Asia Pacific	—	100
	<u>619,866</u>	<u>1,212,805</u>

The non-current asset information above is based on the locations of the assets and excludes non-current deposits and other receivables.

Information about major customers

Revenue from transactions with an external customer derived from the cinema operation segment contributing over 10% of the total revenue of the Group is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
An external customer	<u>54,235</u>	<u>51,555</u>

4. REVENUE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers		
Income from cinema operation	<u>494,541</u>	<u>456,197</u>
Revenue from contracts with customers		
<i>(a) Disaggregated revenue information</i>		
Segment	Cinema operation	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Types of goods or services		
Box office takings	401,873	389,086
Sale of concession goods	49,418	42,218
Screen advertising services	14,434	7,108
Others	<u>28,816</u>	<u>17,785</u>
Total revenue from contracts with customers	<u>494,541</u>	<u>456,197</u>
Geographical markets		
Mainland China	207,698	133,987
Hong Kong	264,297	295,789
Macau	22,546	23,512
Other region in Asia Pacific	<u>–</u>	<u>2,909</u>
	<u>494,541</u>	<u>456,197</u>

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Short-term advances received from customers:		
Cinema operation	<u>24,226</u>	<u>39,598</u>

4. REVENUE (continued)

Revenue from contracts with customers (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 arrangement, while certain payments in advance are normally required.

As a practical expedient, the transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are not disclosed because all the remaining performance obligations are part of respective contracts that have an original expected duration of one year or less.

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest income from:		
– Bank balances	173	103
– Deposits paid	2,238	1,875
Government subsidies	591	7,138
Management fee income	3,970	665
Derecognition of liabilities	4,528	–
Fair value gains on financial assets at FVPL	68	–
Others	3,497	1,641
	<u>15,065</u>	<u>11,422</u>

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cost of inventories sold [#]	11,719	9,925
Depreciation of property, plant and equipment ^{**}	84,287	94,285
Depreciation of right-of-use assets ^{**}	111,305	118,356
Gain on lease modifications [^]	(28,456)	(179,273)
Impairment of right-of-use assets [^]	258,812	103,441
Impairment of property, plant and equipment [*]	168,953	41,169
Impairment of financial assets	2,746	–
Loss on loss of control of a subsidiary attributable to the parent [*]	–	41,827
Loss/(gain) on disposal/written off of property, plant and equipment, net	(29)	65
Fair value gains on financial assets at FVPL		
– Mandatorily classified as such, including those held for trading	(68)	–

[#] Included in “Cost of sales” in the consolidated statement of profit or loss.

^{*} Included in “Other expenses, net” in the consolidated statement of profit or loss.

[^] Included in “Gain/(loss) relating to leases, net” in the consolidated statement of profit or loss.

^{**} Depreciation of property, plant and equipment of HK\$84,193,000 (2023: HK\$94,149,000) and depreciation of right-of-use assets of HK\$110,037,000 (2023: HK\$117,088,000) are included in “Selling, marketing and other cinema operating expenses” in the consolidated statement of profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on bank and other borrowings	49,423	27,173
Interest on lease liabilities	53,910	58,195
	<u>103,333</u>	<u>85,368</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 Year (2023: Nil).

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

No provision for People's Republic of China Enterprise Income Tax has been made for the current and prior years 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 years.

No provisions for Macau Complementary Tax and Malaysia Corporate Income Tax have been made as the Group had no assessable profits arising in Macau and Malaysia for the current and prior years.

9. DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2023: Nil).

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

Basic

The calculation of the basic loss per share amount for the Year is based on the loss for the Year attributable to ordinary equity holders of the parent of HK\$715,149,000 (2023: HK\$329,939,000), and the weighted average number of ordinary shares of the Company of 3,213,340,890 (2023: 3,213,340,890) in issue during the Year.

Diluted

No adjustment has been made to the basic loss per share amounts presented for the years ended 30 June 2024 and 2023 as the Group had no potentially dilutive ordinary shares in issue during the years ended 30 June 2024 and 2023.

11. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	30,601	25,956
Impairment	<u>(1,435)</u>	<u>(1,435)</u>
	<u>29,166</u>	<u>24,521</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 corresponding banks or other financial institutions normally within 2 to 30 days. The Group's trading terms 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 as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 month	12,049	11,733
1 to 3 months	10,880	3,126
Over 3 months	<u>6,237</u>	<u>9,662</u>
	<u>29,166</u>	<u>24,521</u>

12. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables (<i>note (a)</i>)	59,638	60,857
Accruals	20,344	19,343
Other payables (<i>note (b)</i>)	46,497	55,501
	<u>126,479</u>	<u>135,701</u>

Notes:

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 month	12,717	16,459
1 to 2 months	9,914	9,088
2 to 3 months	7,144	8,785
Over 3 months	29,863	26,525
	<u>59,638</u>	<u>60,857</u>

The trade payables are non-interest-bearing and are normally settled on 2-month terms.

- (b) Other payables are non-interest-bearing and have an average term of 2 months.

SCOPE OF WORK OF MESSRS. ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Company's independent auditor, Messrs. Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the Year as approved by the Board on 26 September 2024. The work performed by Messrs. Ernst & Young in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Ernst & Young on the preliminary announcement.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

The Audit Committee of the Company had reviewed the Group's consolidated financial statements for the Year in conjunction with the Company's independent auditor, Messrs. Ernst & Young. Based on this review and discussion with the management of the Company, the Audit Committee was satisfied that the consolidated financial statements were prepared in accordance with applicable accounting standards and fairly presented the Group's financial position as at 30 June 2024 and the annual results for the Year.

CORPORATE GOVERNANCE

Corporate Governance Code

The Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities ("**Listing Rules**") on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") throughout the Year.

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 C3 to the Listing Rules as its code of conduct regarding securities transactions by Directors. Having made specific enquiry of all Directors, all of them confirmed that they had complied with the required standard of dealings as set out in the Model Code throughout the Year.

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 throughout the Year.

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 Year.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.EmpCulture.com>). The annual report of the Company will be published on the aforesaid websites in due course.

II. CHANGE IN COMPOSITION OF BOARD COMMITTEE

The Board announces that with effect from 3 December 2024, Mr. Yeung Ching Loong, Alexander, currently the Chairman of the Board and an Executive Director, will be appointed as a member of the Remuneration Committee of the Company in place of Mr. Wong Chi Fai who remains as Executive Director and a member of the Executive Committee of the Company.

By order of the Board
Emperor Culture Group Limited
Yeung Ching Loong, Alexander
Chairman

Hong Kong, 26 September 2024

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Yeung Ching Loong, Alexander
Ms. Fan Man Seung, Vanessa
Mr. Wong Chi Fai

Independent Non-executive Directors:

Ms. Chan Sim Ling, Irene
Mr. Ho Tat Kuen
Ms. Tam Sau Ying