

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*.

MARKET REVIEW

Facing competition from streaming platforms and changes in audience consumption habits, the overall film exhibition market was still under pressure. However, with support from several new releases of domestic and international movies in 2026, there were signs of improvement, and Hong Kong’s box office takings during the second half of the Year rose by 25% year-on-year. The strong cantonese titles, in particular, outperformed broader market weakness, which helped boost the overall box office.

On the other hand, the Chinese Mainland continued to be the world’s second-largest film market. Despite a wave of new releases, cautious consumer spending and changing entertainment preferences hindered the market development.

RESULTS

Despite the market challenges, the Group’s total revenue increased by 6.4% to HK\$511.4 million (2025: HK\$480.6 million) during the ended 30 June 2026 (“Year”), which included revenue from box office takings of HK\$407.2 million (2025: HK\$389.2 million), accounting for 79.6% (2025: 81.0%) of the total revenue, and other income of HK\$104.2 million (2025: HK\$91.4 million), accounting for 20.4% (2025: 19.0%) of the total revenue.

Attributable mainly to an increase in its total revenue and a reversal of impairment allowances, the Group achieved a turnaround and recorded a net profit of HK\$1.3 million (2025: net loss of HK\$141.6 million) during the Year. Basic earnings per share was HK0.04 cents (2025: basic loss per share of HK4.4 cents).

BUSINESS REVIEW

As at 30 June 2026, the Group had a total of 23 cinemas in Chinese Mainland, Hong Kong and Macau under the *Emperor Cinemas* and *Emperor Cinemas Plus+* brands, offering a total of 165 houses with approximately 24,000 seats. The Group has already secured a prime location in Beijing – Taikoo Place Beijing, where it will open its third cinema in the capital during 2027.

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 Laser IMAX projection system, CINITY projection system, Ultra 4DX or MX4D motion system, Screen X, and Dolby Vision and Atmos screening system. They also feature VIP houses and VIP lounges, where the audiences can enjoy premium and exclusive entertainment services.

In view of an intensified market landscape and a cautious consumption sentiment, the Group continued to elevate the cinema experience for its audiences by offering unique and detail-oriented services during the Year. The Group also strived to enhance its customer loyalty by enhancing customer relationship management, as well as expand its customer database by utilising social media platforms and implementing joint promotions with payment platforms and credit card issuers.

PROSPECTS

In recent years, experiential consumption has become one of the growth drivers in the retail industry, and cinemas have in turn transformed from mere screening venues into spaces that deliver experiences beyond typical film screenings. In view of the changing consumption patterns, the Group's cinemas will offer customers diverse experiences such as live broadcasts of concerts and sports games more proactively – bringing fans together in a space to enhance engagement and create a collective sense of immersion that cannot be replicated by televisions at homes.

Plus, the Group offers movie-related merchandise – such as posters and collectible cards – in its cinemas, to extend the customer experience, and introduces movie-watching challenges that allow customers to unlock special gifts, thereby increasing customer stickiness. Meanwhile, the Group will continue enhancing its software and hardware offerings to ensure customers enjoy the best experience throughout a visit to the cinema – from the variety and quality of food and beverages to seat comfort and audio-visual effects.

According to the Hong Kong Government's first Five-Year Plan (2026–2030), Hong Kong plays a vital role as the East-meets-West Centre for International Cultural Exchange, and is committed to developing cultural contents with Hong Kong characteristics. Furthermore, the recently released Policy Address proposed measures for advancing the development of the film industry, including a comprehensive review of the Film Development Fund to attract more private investment, as well as exploring the venue provision for construction of film sets to encourage local filming, thereby

maintaining the complete production chain of the local film industry. These favourable measures will provide strong support for the film industry and help drive the thriving and sustainable development of Hong Kong film industry. As one of Hong Kong's leading cinema operators, the Group will directly benefit from these measures, and remains optimistic regarding the long-term development of the film and cinema industries in the Chinese Mainland, Hong Kong, and Macau.

FINANCIAL INFORMATION

Liquidity and Financial Resources

As at 30 June 2026, the Group's cash and cash equivalents amounted to HK\$35.9 million (2025: HK\$49.8 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 facility granted by a related party. As at 30 June 2026, the Group had total borrowings of HK\$1,143.5 million (2025: HK\$1,066.0 million), which comprised a loan from a related party of HK\$1,073.2 million (2025: HK\$995.7 million) and amount due to non-controlling interests of HK\$70.3 million (2025: HK\$70.3 million). The Group did not have any bank borrowings (2025: Nil). Except for the amount due to noncontrolling interests, which was unsecured and interest-free, the borrowing was unsecured, interest-bearing and had fixed repayment terms.

Having considered the business performance of the Group and the available loan facility granted by the related party, 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 2026, the number of the Group's employees was 571 (2025: 585). Total staff costs including the Directors' remuneration and other staff costs for the Year were HK\$104.6 million (2025: HK\$101.9 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.