eSun Holdings Limited
豐德麗控股有限公司
(Incorporated in Bermuda with limited liability)

Stock Code: 571

ANNUAL REPORT

Year ended 31 July 2024

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PS5
CALL OF DUTY
MODERN WARFARE III
Xbox Series X
STARFIELD
18+
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PS5
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BANDAI NAMCO
SNK

CORPORATE INFORMATION

PLACE OF INCORPORATION

Bermuda

BOARD OF DIRECTORS

Executive Directors

Yang Yiu Chong, Ronald Jeffrey *(Chief Executive Officer)*
Cheung Sum, Sam *(Group Chief Financial Officer)*
Lam Hau Yin, Lester *(also alternate director to U Po Chu)*
Yip Chai Tuck

Non-executive Director

U Po Chu

Independent Non-executive Directors

Low Chee Keong *(Chairman)*
Lo Kwok Kwei, David
Ng Lai Man, Carmen
Poon Kwok Hing, Albert
Alfred Donald Yap

AUDIT COMMITTEE

Ng Lai Man, Carmen *(Chairwoman)*
Low Chee Keong
Alfred Donald Yap

NOMINATION COMMITTEE

Low Chee Keong *(Chairman)*
Cheung Sum, Sam
Yang Yiu Chong, Ronald Jeffrey
Lo Kwok Kwei, David
Alfred Donald Yap

REMUNERATION COMMITTEE

Low Chee Keong *(Chairman)*
Cheung Sum, Sam
Yang Yiu Chong, Ronald Jeffrey
Ng Lai Man, Carmen
Alfred Donald Yap

AUTHORISED REPRESENTATIVES

Cheung Sum, Sam
Yang Yiu Chong, Ronald Jeffrey

COMPANY SECRETARY

Wong Lai Chun

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL OFFICE

11th Floor, Lai Sun Commercial Centre
680 Cheung Sha Wan Road
Kowloon, Hong Kong

Tel: (852) 2741 0391
Fax: (852) 2785 2775

SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

MUFG Fund Services (Bermuda) Limited
4th Floor North, Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Tengis Limited
17/F., Far East Finance Centre
16 Harcourt Road
Hong Kong

INDEPENDENT AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited

LISTING INFORMATION

Shares

The issued shares of the Company are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited

Stock Code/Board Lot

571/2,000 shares

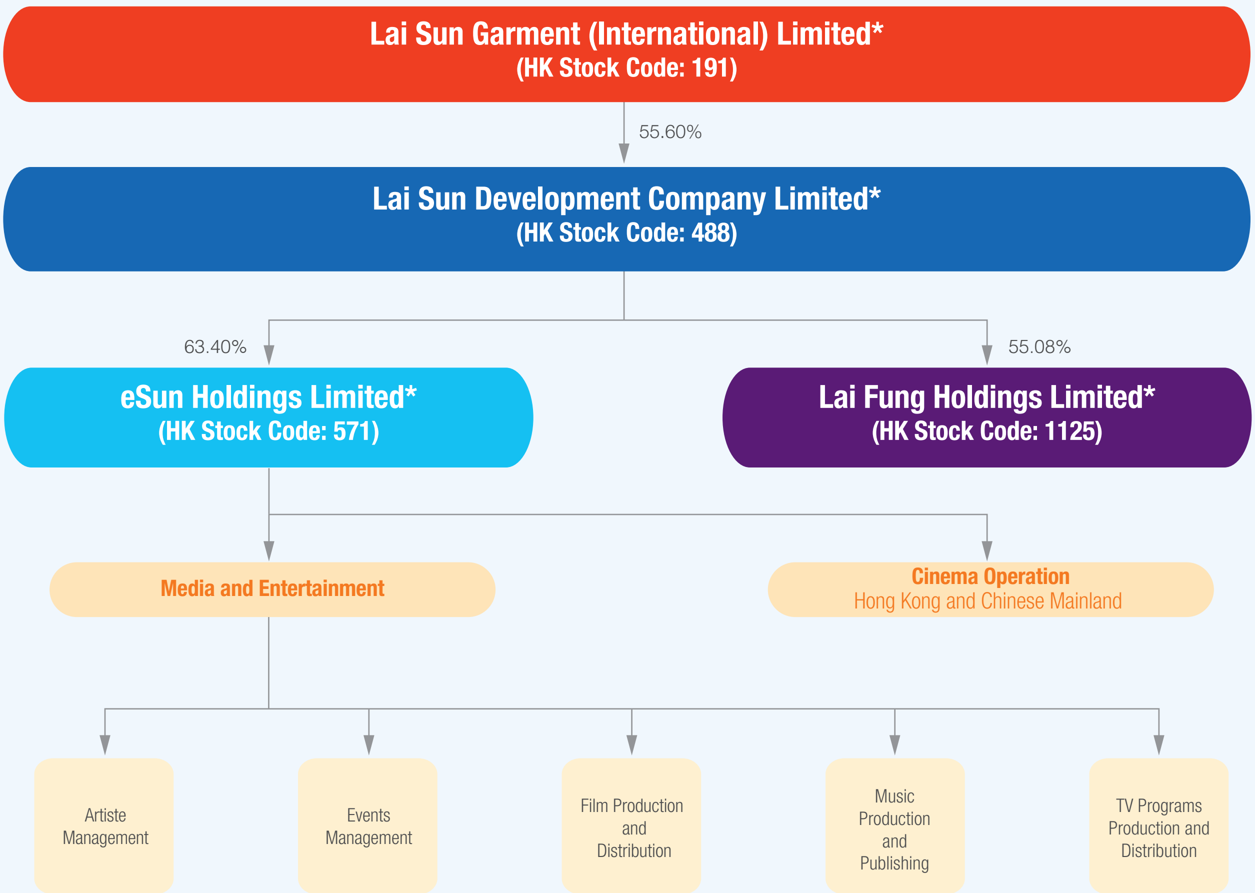
WEBSITE

www.esun.com

INVESTOR RELATIONS

Tel: (852) 2853 6106
Fax: (852) 2853 6651
E-mail: ir@esun.com

CORPORATE PROFILE



* *Listed on the Main Board of The Stock Exchange of Hong Kong Limited*

Corporate Structure as at 15 October 2024

eSun Holdings Limited (“**Company**”) is a member of the Lai Sun Group which was established in Hong Kong in 1947. The Company acted as an investment holding company and the principal activities of its subsidiaries include the production and distribution of films and TV programs, music production and publishing, management and production of concerts, artiste management and cinema operation.

Since 16 March 2023, Media Asia Group Holdings Limited (“**MAGHL**”, formerly known as “Rojam Entertainment Holdings Limited”) has become a wholly-owned subsidiary of the Company. MAGHL is one of the leading Chinese language entertainment groups in the Greater China. The principal activities of MAGHL and its subsidiaries include the production and distribution of films and TV programs, music production and publishing, management and production of concerts as well as artiste management.

Since November 2018, Intercontinental Group Holdings Limited (“**IGHL**”, formerly known as “Kadokawa Intercontinental Group Holdings Limited”) has become a 95%-owned subsidiary of the Company. IGHL is one of the leading film distribution companies and one of the leading multiplex cinema operators in Hong Kong.

CHAIRMAN'S STATEMENT

Low Chee Keong
Chairman

I am pleased to present the audited consolidated results of eSun Holdings Limited ("**Company**") and its subsidiaries (collectively, "**Group**") for the year ended 31 July 2024.

OVERVIEW OF ANNUAL RESULTS

The Group's operations include the production and distribution of films and TV programs, music production and publishing, management and production of concerts, artiste management and cinema operation.

For the year ended 31 July 2024, the Group recorded turnover of HK$1,167.5 million (2023: HK$1,013.9 million), representing an increase in revenue of approximately 15.1%. The increase was primarily driven by the growth in revenue from film and TV programs, as well as from the media and entertainment, while being partially offset by the weaker than expected income from cinema operation during the year as compared to last year.

Revenue from film and TV programs witnessed a significant increase of approximately 201.4% as compared to last year. This growth was mainly attributed to the increase in income from distribution commission, licence fee, sale of film and TV program products and film rights during the year under review. Notably, the Group's invested and produced film, namely *"Twilight of the Warriors: Walled In"*, achieved a record-breaking performance at the Hong Kong box office upon its theatrical release during the year under review. Also, the revenue increase from film and TV programs is a testament on our strategic focus on smaller investments in films and securing investments via pre-selling TV program rights before the Group commits to production for TV programs. Furthermore, revenue from media and entertainment recorded a growth of approximately 3.9% compared to last year. The growth was primarily driven by the organisation and investment in concerts featuring our local and Asian renowned artistes by the Group.

Revenue from cinema operation declined by approximately 16.3% as compared to last year, which was primarily due to unfavourable conditions faced by the Hong Kong box office. These unfavourable conditions include factors such as lack of blockbusters titles, citizens traveling abroad, northbound visits, unfavourable economic situation and a shift in consumers' behaviour towards streaming platforms. Whilst operational performance has been variable at best during the year under review, blockbusters titles such as "*Twilight of the Warriors: Walled In*" demonstrated their clout and helped the cinemas to charter its course through these rough waters. The Group is actively engaging in cost optimisation for the cinema operation. The gross profit decreased by approximately 5.3% to HK$451.1 million (2023: HK$476.5 million).

The net loss attributable to owners of the Company for the year ended 31 July 2024 was approximately HK$510.9 million (2023: net loss of HK$198.8 million). The increase in consolidated loss for the year was primarily due to an increase in the impairment of assets during the year under review. Net loss per share attributable to owners of the Company was HK$0.291 (2023: net loss of HK$0.126 per share).

Equity attributable to owners of the Company as at 31 July 2024 amounted to HK$118.5 million (31 July 2023: HK$635.1 million). Net asset value per share attributable to owners of the Company as at 31 July 2024 was HK$0.067 per share (31 July 2023: HK$0.362 per share).

FINAL DIVIDEND

The board of directors of the Company ("**Board**") does not recommend the payment of a dividend for the year ended 31 July 2024 (2023: Nil).

BUSINESS REVIEW AND OUTLOOK

Whilst the Hong Kong economy has been showing signs of post-COVID recovery with some success, the progress is still lagging behind expectations. Local consumption is dampened by sluggish economic outlook, subdued property market, lackluster stock market performance, and relatively high funding costs, to name a few. Although the number of visitors increased to approximately 21 million in the first half of 2024, marking a significant 64% year-on-year increase, the corresponding economic impact fell short of expectations. The northbound visits to the Greater Bay Area, such as Shenzhen, have diverted some support away from Hong Kong. We must continue to adapt to the change in consumers' behaviour and lifestyle to ensure the long-term success of the Group.

Although there has been a revival of social and economic activities since the reopening of borders and the return of tourists, consumer sentiment dampened by Hong Kong's worse-than-expected economic outlook. The Hong Kong box office has experienced a decline due to factors such as lack of blockbusters titles, citizens traveling abroad, northbound visits, unfavourable economic situation and a shift in consumers' behaviour towards streaming platforms. These unfavourable conditions have contributed to the challenged performance of our cinema operation. Moreover, in view of the market condition and economic uncertainty, the Zhongshan Mayflower Cinema City in Chinese Mainland and the MCL South Horizons Cinema in Hong Kong were closed during the year under review. Whilst operational performance has been variable at best during the year under review, blockbusters titles such as "*Twilight of the Warriors: Walled In*" demonstrated their clout and helped the cinemas to charter its course through these rough waters. The Group is closely monitoring the market conditions and will continue to improve its overall operating efficiency. The Group will take a prudent approach in evaluating opportunities for further expansion of its footprint.

Media Asia Group Holdings Limited ("**MAGHL**", an indirect wholly-owned subsidiary of the Company), being the media and entertainment arm of the Group, will continue to produce high quality and commercially viable products.

"Twilight of the Warriors: Walled In", the martial art film produced by the Group, has become Hong Kong's second-biggest domestic hit ever and most-watched film in the cinemas with almost 1.7 million viewers. The film has grossed over USD110 million at the global box office since its premiere on 1 May 2024. The film was selected for the Official Selection (Midnight Screening) at the 2024 Cannes Film Festival in May and was recently nominated as Hong Kong's entry for the Best International Feature Film category at the 2025 Academy Awards.

The Group will continue to invest in original productions of quality films with Chinese themes and the next upcoming pipeline includes crime thriller *"Octopus with Broken Arms"* and mystery-comedy *"Detective Chinatown 1900"*, produced by Chen Sicheng, one of Chinese Mainland's most consistently successful writer-director-producer.

During the Hong Kong Filmart in March 2024, the Group has announced its strategic alliance with Alibaba Digital Media & Entertainment Group including Youku and Alibaba Pictures. The co-operation includes co-production and investment in film and TV drama and artiste management. The alliance enables the Group access to valuable channels securing investment and distribution of our production projects.

The Group continues to produce engaging TV drama series in response to the ongoing strong demand for quality programs from TV stations and online video websites in Chinese Mainland. The drama series *"Heir to the Throne"* and *"Dead Ringer"* broadcasted in Alibaba's Youku and TVB during the year have generated satisfactory viewership for the two platforms. The Group is in discussion with various Chinese partners for new project development in TV drama production.

The distribution licence of music products with Tencent Music Entertainment (Shenzhen) Co., Ltd. and Warner Music continue to provide stable income to the Group.

The recent *"You & Mi Sammi Cheng World Tour - Hong Kong 2023"* (rescheduled performances in 2024) and *"Tsai Chin Live in Hong Kong 2024"* have earned good reputation and public praises. The Group will continue to work with prominent local and Asian artistes for concert promotion and the upcoming events include concerts of Tsai Chin, Grasshopper, Ekin Cheng and Jay Fung.

Looking ahead, we believe that the Group's integrated media platform comprising movies, TV programs, music, artiste management and live entertainment put it in a strong position to capture the opportunities of entertainment market by a balanced and synergetic approach and the Group will continue to explore cooperation and investment opportunities to enrich its portfolio, broaden its income stream and maximise value for its shareholders.

Other Business Updates

The net proceeds received by the Company from the clawback offer ("**Clawback Offer**") and the placing ("**Placing**") in relation to the loan capitalisation proposal jointly announced by the Company together with MAGHL, Lai Sun Development Company Limited and Lai Sun Garment (International) Limited on 6 November 2020 are approximately HK$126.3 million, after deducting the direct transaction costs incurred in the Clawback Offer and the Placing. The Group placed the net proceeds together with the net proceeds of HK$1,515.9 million from the disposal of all shares of Lai Fung Holdings Limited owned by the Company as disclosed in the circular of the Company dated 24 April 2020. Up to 31 July 2024, all the net proceeds have been utilised. Approximately HK$1,473.4 million have been used for development and enhancement of cinema operation, repayment of bank loans and shareholder's loans, film and TV programs production, distribution and media and entertainment businesses and privatisation of MAGHL, while approximately HK$168.8 million have been used for general corporate uses.

As at 31 July 2024, the Group's consolidated cash and bank deposits amounted to HK$354.3 million (31 July 2023: HK$660.3 million). After netting off total borrowings of HK$239.7 million as at 31 July 2024 (31 July 2023: HK$233.1 million), the Group had net cash of HK$114.6 million as at 31 July 2024 (31 July 2023: net cash of HK$427.2 million). The Group is in net cash position, therefore gearing ratio of the Group, being the net borrowings (total borrowing minus cash and bank deposits) to net assets attributable to the owners of the Company, is not applicable. The Group will continue its prudent and flexible approach in managing its financial position.

APPRECIATION

Looking back on this financial year, I would like to thank my Board colleagues, the senior management team, our partners and everyone who worked with us during the year for their loyalty, support and outstanding teamwork.

I firmly believe that through the concerted efforts of our staff and with the support of all our stakeholders, we will continue to grow the Group going forward in a prudent and sustainable manner.

Low Chee Keong
Chairman
Hong Kong
15 October 2024

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited consolidated financial statements of the Group, is set out below:

Results

	Year ended 31 July				
	2024 HK$'000	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000
CONTINUING OPERATIONS:					
TURNOVER	**1,167,538**	1,013,860	830,237	835,303	929,156
LOSS BEFORE TAX	**(524,348)**	(221,687)	(406,869)	(399,845)	(922,949)
Tax	**(1,381)**	(1,258)	37,023	(8,398)	(79,262)
LOSS FOR THE YEAR	**(525,729)**	(222,945)	(369,846)	(408,243)	(1,002,211)
DISCONTINUING OPERATIONS:					
Loss for the year from discontinued operations	**—**	—	—	—	(8,150,401)
	(525,729)	(222,945)	(369,846)	(408,243)	(9,152,612)
Attributable to:					
Owners of the Company	**(510,882)**	(198,763)	(328,732)	(351,126)	(8,585,404)
Non-controlling interests	**(14,847)**	(24,182)	(41,114)	(57,117)	(567,208)
	(525,729)	(222,945)	(369,846)	(408,243)	(9,152,612)

Assets, Liabilities and Non-controlling Interests

	As at 31 July				
	2024 HK$'000	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000
Property, plant and equipment	**107,323**	168,262	208,957	266,715	257,425
Right-of-use assets	**280,157**	614,189	758,895	883,505	786,397
Film rights	**22,092**	24,366	19,162	15,109	7,055
Film and TV program products	**61,431**	61,059	61,174	54,838	65,121
Music catalogs	**—**	—	663	3,124	8,584
Goodwill	**—**	—	10,000	10,000	10,000
Investments in joint ventures	**56,189**	39,943	30,729	20,461	15,979
Financial assets at fair value through profit or loss (classified as non-current assets)	**96,048**	64,897	111,878	35,308	37,793
Long-term deposits, prepayment, other receivables and other assets	**123,425**	158,800	131,398	119,037	98,663
Deferred tax assets	**246**	79	517	516	2,121
Current assets	**1,089,392**	1,379,394	1,837,311	2,308,488	2,580,584
TOTAL ASSETS	**1,836,303**	2,510,989	3,170,684	3,717,101	3,869,722
Current liabilities	**(922,895)**	(880,332)	(991,194)	(1,057,216)	(1,026,294)
Non-current liabilities —					
Long-term creditors, accruals, lease liabilities and bank and other borrowings	**(865,314)**	(1,052,645)	(1,177,021)	(1,333,890)	(1,273,094)
Deferred tax liabilities	**(16)**	(45)	(87)	(2,629)	(101)
TOTAL LIABILITIES	**(1,788,225)**	(1,933,022)	(2,168,302)	(2,393,735)	(2,299,489)
NON-CONTROLLING INTERESTS	**70,395**	57,145	(37,225)	(59,986)	27,200
Equity attributable to owners of the Company	**118,473**	635,112	965,157	1,263,380	1,597,433

Financial Highlights

		Year ended 31 July 2024	Year ended 31 July 2023
Turnover	(HK$M)	**1,167.5**	1,013.9
Gross profit	(HK$M)	**451.1**	476.5
Gross profit margin	(%)	**38.6%**	47.0%
Operating loss	(HK$M)	**(434.8)**	(160.4)
Loss attributable to owners of the Company	(HK$M)	**(510.9)**	(198.8)
Basic loss per share *(Note 1)*	(HK$)	**(0.291)**	(0.126)
Net assets attributable to owners of the Company	(HK$M)	**118.5**	635.1
Total borrowings	(HK$M)	**239.7**	233.1
Net asset value per share *(Note 2)*	(HK$)	**0.067**	0.362
Share price as at 31 July	(HK$)	**0.052**	0.250
Gearing — net debt to equity ratio	(%)	**Net cash**	Net cash
Current ratio	(times)	**1.2**	1.6
Discount to net asset value	(%)	**22.4%**	30.9%

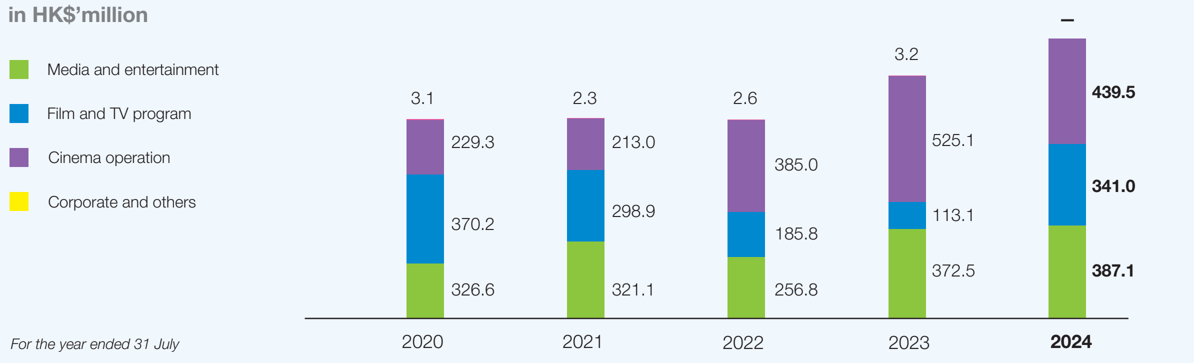
Notes:

1. *Calculated based on the loss attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year.*

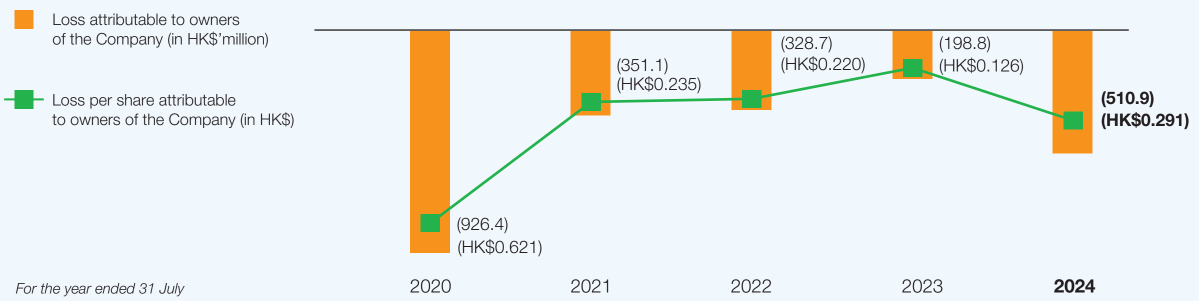
2. *Calculated based on the number of ordinary shares in issue as at the end of respective financial years.*

FINANCIAL SUMMARY AND HIGHLIGHTS

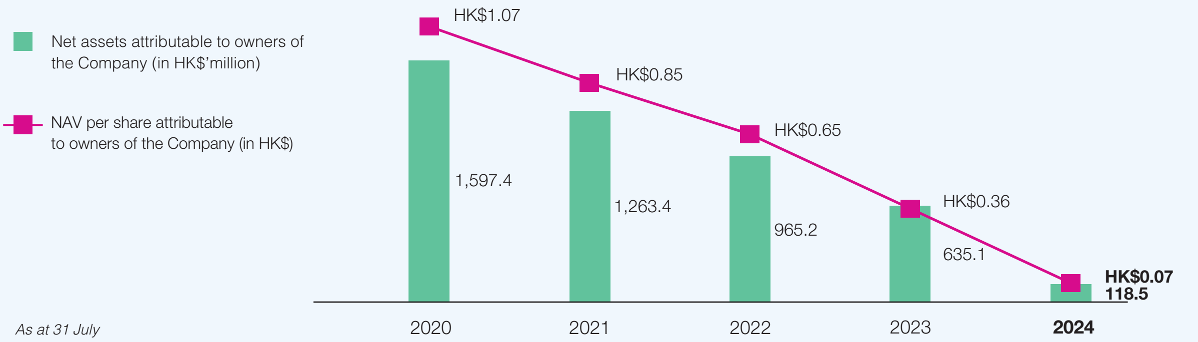
TURNOVER BY SEGMENT



LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY



NET ASSETS & NET ASSET VALUE ("NAV") PER SHARE



OVERVIEW

Cinema Operation

For the year ended 31 July 2024, this segment recorded a turnover of HK$439.5 million (2023: HK$525.1 million) and segment results of a loss of HK$351.5 million (2023: a loss of HK$25.9 million). As at the date of this Annual Report, the Group operates sixteen cinemas in Hong Kong (including one joint venture project) and one cinema in Chinese Mainland. Details on the number of screens and seats of each existing cinema are disclosed in below table. Besides, the Group has extended its cinema network through two 50% joint ventures with Emperor Cinemas Group, namely Emperor Cinemas Plus+ (The Wai) (opened in July 2023) and Emperor Cinemas Plus+ (The Southside) (opened in June 2024), which are managed by Emperor Cinemas Group.

Cinema (managed by the Group)	Attributable interest to the Group (%)	No. of screens *(Note)*	No. of seats *(Note)*
Chinese Mainland			
Suzhou Grand Cinema City	100	10	1,440
Subtotal		**10**	**1,440**
Hong Kong			
K11 Art House	100	12	1,708
Movie Town (including MX4D theatre)	100	7	1,702
MCL AIRSIDE Cinema	100	7	944
MCL The ONE Cinema	100	6	831
MCL Cyberport Cinema	100	4	818
MCL Citygate Cinema	100	4	673
MCL Amoy Cinema	100	3	603
Festival Grand Cinema	95	8	1,196
MCL Telford Cinema (including MX4D theatre)	95	6	789
MCL Metro City Cinema	95	6	690
STAR Cinema	95	6	622
Grand Kornhill Cinema (including MX4D theatre)	95	5	706
MCL Cheung Sha Wan Cinema	95	4	418
MCL Green Code Cinema	95	3	285
Grand Windsor Cinema	95	3	246
MCL Cinemas Plus+ Plaza Hollywood	50	6	1,595
Subtotal		**90**	**13,826**
Total		**100**	**15,266**

Note: On 100% basis

Media and Entertainment

For the year ended 31 July 2024, this segment recorded a turnover of HK$387.1 million (2023: HK$372.5 million) and segment results of an increased profit to HK$35.1 million from that of HK$13.3 million last year.

Events Management

During the year under review, the Group organised and invested in 77 (2023: 93) shows by popular local and Asian renowned artistes, including Sammi Cheng, Leon Lai, Andy Lau, Grasshopper, Mayday, Dear Jane, Ekin Cheng, On Chan, NCT Dream, Jan Lamb, Yoga Lin, Crowd Lu, YEAHS, Waa Wei, Tsai Chin and Woo Fung.

Music Production, Distribution and Publishing

During the year under review, the Group released 14 (2023: 7) albums, including titles by Sammi Cheng, Jay Fung, Richie Jen, On Chan, Cloud Wan, ILUB, Feanna Wong, Andy Leung and various artistes. The Group expects to continue to increase its music licensing revenue from the exploitation of the music library through new media distribution.

Artiste Management

The Group has a strong artiste management team and a sizeable number of talents and will continue to expand its profile and in tandem with our growing TV drama production and film production businesses. The Group currently has 20 artistes under its management.

Film and TV Program Production and Distribution

For the year ended 31 July 2024, this segment recorded a turnover of HK341.0 million (2023: HK$113.1 million) and segment results of a decreased loss to HK$21.9 million (2023: loss of HK$48.6 million).

During the year under review, a total of 3 (2023: 6) films and 3 (2023: nil) TV programs produced/invested by the Group were theatrically released, namely "*Twilight of the Warriors: Walled In*", "*Love at First Lie*", "*The Grey Men*", "*Dead Ringer*", "*Bazaar Beloved Birds*" and "*The Heir to the Throne*". The Group also distributed 42 (2023: 32) films with high profile titles including "*Twilight of The Warriors: Walled In*", "*IF Imaginary Friends*", "*Lost in the Stars*", "*No More Bets*", "*In Broad Daylight*", "*Killers of The Flower Moon*" and "*The Boy and the Heron*".

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

Cash and Bank Balances

As at 31 July 2024, cash and bank balances held by the Group amounted to HK$354.3 million (2023: HK$660.3 million) of which around 75.4% was denominated in Hong Kong dollars and around 19.1% was denominated in Renminbi ("**RMB**"). The conversion of RMB denominated cash and bank balances into foreign currencies and the remittance of such foreign currencies denominated balances out of Chinese Mainland are subject to the relevant rules and regulations of foreign exchange control promulgated by the government authorities concerned. The Group does not have any derivative financial instruments or hedging instruments outstanding.

Borrowings

As at 31 July 2024, the Group had outstanding consolidated total borrowings in the amount of HK$239.7 million. The Group had unsecured other borrowings due to the late Mr. Lim Por Yen in the principal amount of HK$113.0 million which is interest-bearing at the HSBC prime rate per annum. The Group's recorded interest accruals were HK$126.7 million for the said unsecured other borrowings as at 31 July 2024. At the request of the Group, the joint executrixes of the estate of the late Mr. Lim Por Yen confirmed that no demand for the repayment of the outstanding other borrowings or the related interest would be made within one year from 31 July 2024.

Gearing

After netting off total borrowings, the Group had net cash of HK$114.6 million as at 31 July 2024. The Group is in net cash position, therefore gearing ratio of the Group, being the net borrowings (total borrowing minus cash and bank deposits) to net assets attributable to the owners of the Company, is not applicable.

Taking into account the amount of cash being held as at the end of the reporting period, the available facilities to the Group and the recurring cash flows from the Group's operating activities, the Group believes that it would have sufficient liquidity for its present requirements to finance its existing operations and projects underway.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 July 2024. Details of contingent liabilities of the Group as at 31 July 2023 are set out in Note 40 to the financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 July 2024, the Group employed a total of around 470 (2023: 530) employees. The Group recognises the importance of maintaining a stable staff force in its continued success. Under the Group's existing policies, employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Discretionary bonuses are granted to employees based on their merit and in accordance with industry practice. Other benefits including share option scheme, mandatory provident fund scheme, free hospitalisation insurance plan, subsidised medical care and sponsorship for external education and training programs are offered to eligible employees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

The Company is delighted to publish its annual Environmental, Social and Governance ("**ESG**") report, summarising the ESG management approach, strategies and performance of the Company and its subsidiaries (together, "**Group**") in accordance with the ESG Reporting Guide contained in Appendix C2 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"). This report complies with the four reporting principles listed in the Stock Exchange ESG Reporting Guide, including materiality, quantitative, balance and consistency for report disclosure and historical data comparison. Our report discloses the climate actions with reference to the Task Force on Climate-related Financial Disclosures ("**TCFD**") to build a climate resilience strategy. We also mapped our strategies and initiatives with the United Nations' Sustainable Development Goals ("**SDGs**"). 8 of the 17 SDGs, which are most relevant to our business profile, were mapped into our contribution in respective chapters of this ESG report.

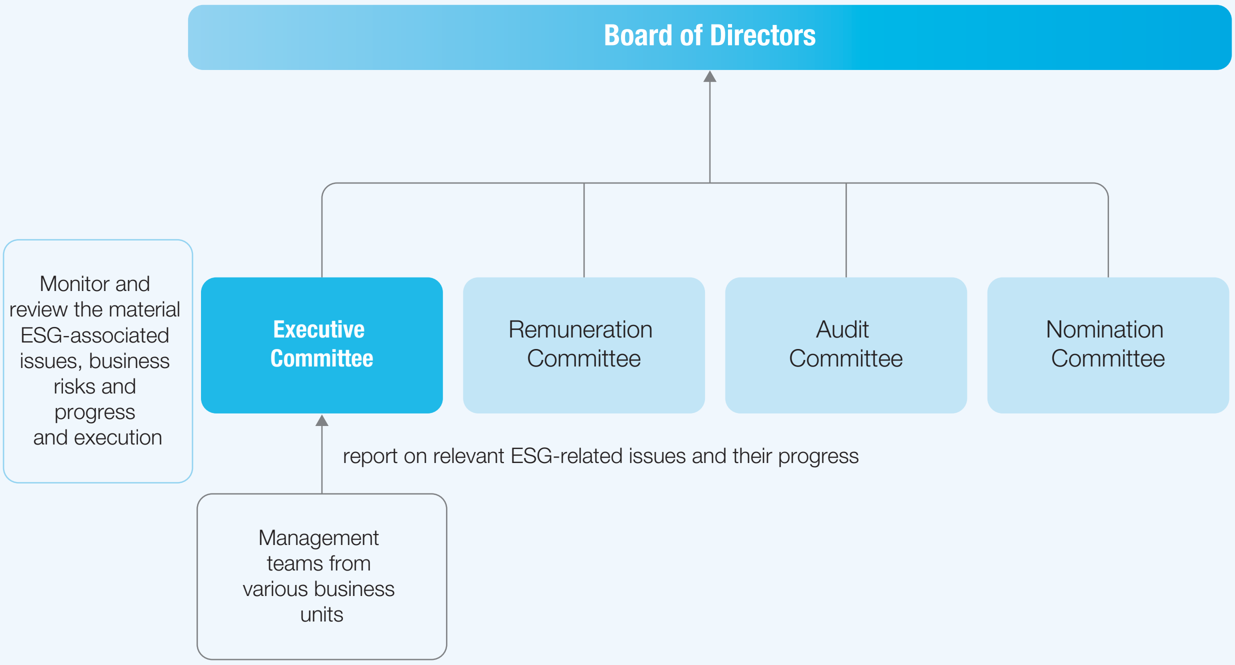
Unless otherwise specified, this report covers the ESG management and performance of the Group from 1 August 2023 to 31 July 2024. The reporting boundary of this ESG report comprises properties under the Group's cinema, media and entertainment businesses in Hong Kong and Chinese Mainland. For further details of the specific properties covered in the reporting scope, please refer to the section on Summary of Environmental Performance. This ESG report has been approved by the management team and the board of directors of the Company ("**Board**").

ESG GOVERNANCE

Board Statement

The Group recognises the importance of tackling ESG issues to pave the way for long-lasting business success. The Board holds the responsibility for endorsing the ESG report, prioritising and overseeing the key ESG issues including material ESG risks related to the business operations and their alignment with the Group's ESG strategies, policies, procedures and initiatives.

The Executive Committee of the Company ("**Committee**") is appointed by the Board to assess the management and implementation efficacy of relevant ESG issues encompassing the achievement of goals and targets. The Committee also arranges regular briefing sessions for the Board to support their monitoring and evaluation of the ESG material issues, associated business risks and the progress and implementation of ESG policies, procedures, and initiatives. The Group's environmental targets that have been assented by the Board will be reviewed by the Committee annually. Given the Group's diversified business portfolios, each business unit is responsible for reporting its performance and ESG issues to the Committee on a regular basis. ESG issues have been incorporated to the Group's enterprise risk management ("**ERM**") framework. The Group systematically assesses ESG-related risks, formulates risk mitigation plans, and provides regular updates to the Board and the audit committee of the Company as part of the broader ERM process to build resilience in ESG management. For more details on the risk management, please refer to the Risk Management and Internal Control section in Corporate Governance Report of this Annual Report.



Following the stakeholder engagement exercises conducted in the financial year 2020/2021, the material ESG issues identified are reviewed annually and authenticated by the Board before being incorporated into the Group's ESG management approaches to underpin the strategy. For more details on the materiality analysis of ESG issues, please refer to the Materiality Analysis section in this ESG report.

Stakeholder Engagement

The Group strives to uphold a deep-rooted relationship with stakeholders and maximises value creation by refining our sustainability programs based on stakeholders' views gained through different engagement channels. Stakeholders were engaged in identifying the potentially material ESG issues and risks to the Group, by providing feedback via online surveys, which was conducted by an independent consultant. The gathered inputs from stakeholders allow the Group to meet stakeholders' needs and expectations in a continuous sense.

Materiality Analysis

The Group undertakes the constant review on the pertinence of the ESG issues to our business and stakeholders to formulate well-defined ESG management and strategies for informed decisions. A four-step materiality assessment approach is implemented to identify and evaluate the material ESG issues in our business operations.

1. Identification

Identify ESG issues that are considered as material to the Group in reference to peer benchmarking results.

2. Prioritisation

Conduct regular stakeholder online surveys to gather feedback. The results of peer benchmarking and stakeholder engagement exercises are examined and consolidated based on their significance to stakeholders and to the Group's business advancement to determine the overall materiality level of each ESG issue.

3. Validation

The results of previous steps are further reviewed and validated by the Board.

4. Review

Conduct yearly review on the ESG issues to affirm their relevance and materiality to the Group's strategic business development.

During the reporting year, the Group conducted peer benchmarking and reviewed its material issues. This ongoing process ensures that the Group's sustainability focus remains aligned with evolving market trends, stakeholder expectations, and industry best practices, thereby allowing the Group to strengthen and further develop its ESG management practices. A range of ESG issues that are regarded material to our stakeholders and the Group are listed as follows:

Aspects		ESG Issues	Cinema	Entertainment
Environment		Energy	✔	✔
		Waste management	✔	✔
Social	People	Employee engagement	✔	✔
		Wellbeing, occupational health and safety	✔	✔
		Training and development	✔	✔
		Equal opportunities	✔	✔
	Operating practices	Supply chain management	✔	✔
		Customer satisfaction	✔	✔
		Product/service quality and safety	✔	✔
		Customer/tenant privacy	✔	✔
		Anti-corruption	✔	✔
	Community	Community investment	✔	✔

The list of material ESG issues has remained unchanged from the previous year given the stability of the Group's business operations where the Group's business operations have not undergone any substantial shifts.

ENVIRONMENT

Integrating Environmental Sustainability into Our Operations

The Group aims to conduct our businesses in an environmentally sustainable manner while reducing our environmental impacts. Aside from adopting effective management of the Group's carbon emissions, waste generation, consumption of water and energy, we have also committed to integrating environmental considerations into our business planning and decision-making procedures.

The Group regularly assesses the effectiveness of our environmental initiatives and monitors our environmental performance to ensure full compliance with all relevant laws and regulations. During the reporting year, there was no case of non-compliance with environmental legislation as stated in the List of Significant Laws and Regulations section in this ESG report.

Responding to Climate Change

In 2024, HKEX published the new climate-related disclosure requirements. The updated requirements closely mirror the IFRS S2 standard and the four core pillars of the TCFD recommendations, namely Governance, Strategy, Risk Management and Metrics and Targets. To enhance our response to climate change and better align with the forthcoming regulatory changes, this ESG report has been prepared with reference to TCFD recommendations and we are in preparation to comply with the new requirements.

Governance

The Group recognises the significance of addressing ESG challenges to ensure long-term corporate success. The Board oversees the management of significant ESG concerns such as material ESG risks, and any climate-related risks and opportunities relevant to company operations and their integration with the Group's ESG plans, policies, processes, and activities. The Committee reviews and monitors the effectiveness of managing relevant ESG-related issues, including climate change, relevant business risks, progress and execution of ESG policies, processes and initiatives. For more details, please refer to the Board Statement section in this ESG report.

Strategy

In light of the considerable risks posed by climate change on a worldwide scale, the Group has improved our management practices to strengthen our climate resilience and adaptation capability. To assist in establishing climate risk mitigation plans, a third-party consultant was appointed to conduct a climate risk assessment in the fiscal year 2020/2021 to identify and analyse potential hazards in our operations.

Physical Risk

Tropical cyclones represent the most significant climate-related risk to our activities in terms of physical risk exposure, with the potential for catastrophic property destruction and economic loss. Our climate risk assessment results also showed that our operations in Hong Kong and Southern China could be considerably impacted by floods due to their proximity to coastal areas. However, the flood risk for our operations in Eastern China is limited. In particular, our physical risk exposure is low for our offices and cinemas located in indoor buildings and shopping malls.

Transition Risk

Policy and legal risks are considered as material transition risks to the Hong Kong and Chinese Mainland operations. It is expected that more stringent policies and initiatives are likely to be implemented by the government to meet carbon emission reduction targets and net zero commitments, resulting in higher operating costs. Replacement of equipments with higher efficiency models is also expected down the line to ensure future compliance with the regulations.

Risk Management

We strive to prevent and mitigate the effects of climate change in our business activities.

The Group has established typhoon and extreme weather condition work arrangement standards to standardise operating procedures during tropical cyclone alerts and adverse weather conditions. Emergency plans are also in place in the event of natural disasters, and inspections conducted regularly on critical machinery and equipment to ensure proper working conditions in the event of an emergency.

Metrics and Targets

No environmental targets are established during the reporting year for our cinema operation, however the Group will consider setting relevant targets in the future. For more details on our environmental initiatives, please refer to the sections as follows.

Waste and Air Emissions to the Environment

The Group is also conscious of the effects our operations have on the environment and makes every effort to reduce our air emissions, wastewater discharges and waste generation. We have already implemented a variety of group-wide and business unit-specific abatement procedures and control mechanisms. We have also implemented handling procedures for non-hazardous waste in the Group to ensure proper disposal of any waste produced. Furthermore, the Group has proactively responded to changes in operations in compliance with local legislation on single-use plastic products, and relevant waste policies.

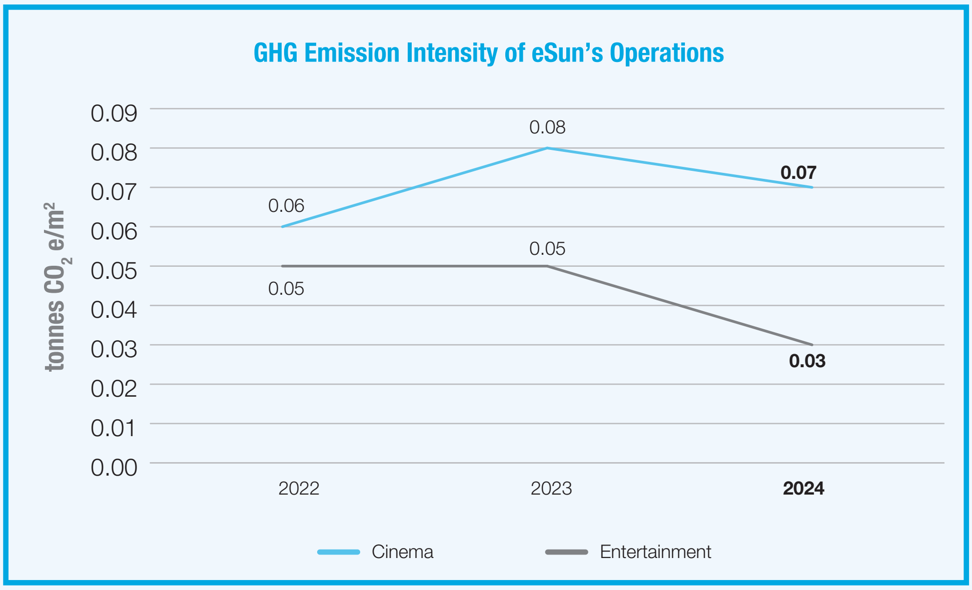
Minimising Waste in Media and Entertainment Business

Our media and entertainment operations have implemented several employee-centric initiatives to curtail waste. We promote eco-friendly practices such as cloud-sharing of work documents, employment of environmentally friendly paper, and adoption of double-sided printing to minimise paper usage in our offices. Furthermore, we encourage our staff to minimise the use of plastic disposable items whenever feasible.

Greenhouse Gas ("GHG") Emission and Energy

The Group strongly advocates for active energy management through the implementation of green policies and environmental initiatives aimed at reducing energy consumption, as well as GHG emissions. To achieve these goals, we have invested in energy-saving technologies to minimise our energy consumption and GHG emissions.

The GHG emission intensities of the Group's operations are as follows:



Note: *GHG emission intensity = The total (scopes 1 & 2) GHG emission of the year/gross floor area (tonnes CO_2 e/m^2)*

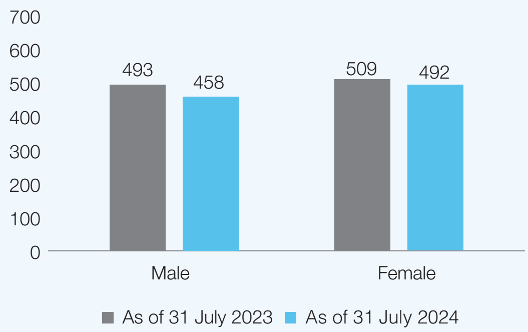
Managing Energy Use in Cinema Operation

We have implemented various management measures to control electrical consumption effectively. To maintain our high standards, the electricity consumption of cinemas is closely monitored on a regular basis. Furthermore, some of the Group's cinemas have taken a step further by adopting additional energy-saving measures, such as installing energy-efficient lighting and automated induction systems.

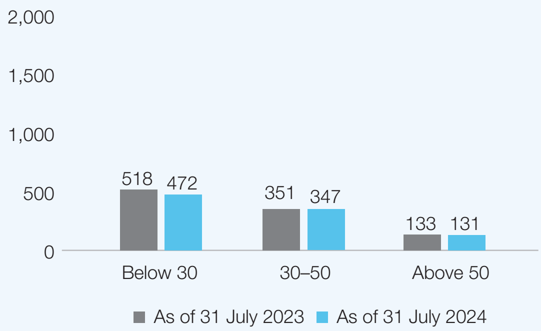
PEOPLE

Employment Practices

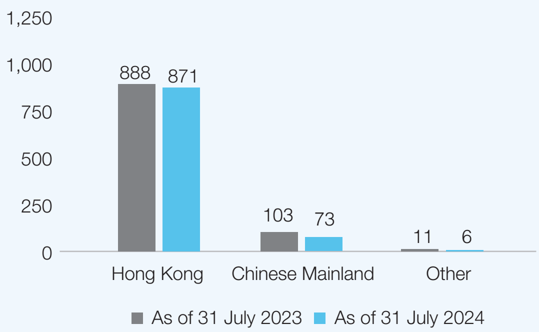
Number of Employees by Gender



Number of Employees by Age Group



Number of Employees by Geographical Region



Gender ratio
Male : Female = 1:1.07

Turnover rate
59%

The Group is committed to attracting, developing, and retaining talent as we acknowledge the importance of employees to a sustainable and successful business. We provide a supportive environment where employees can excel freely. We adhere to comprehensive policies regarding employment practices to ensure compliance with all applicable laws and regulations in Hong Kong and Chinese Mainland. Our staff handbook outlines all relevant terms and conditions, including employee benefits, compensation, dismissal procedures, working hours, leave entitlements, anti-discrimination measures, and the Group's standards for employees' work behaviour and conduct.

We have implemented effective policies and a grievance mechanism to foster inclusivity and diversity in a professional workplace. Employees are encouraged to report any misconduct or wrongdoing by referring to the Code of Conduct and staff handbook, with the assurance that their personal information will be kept confidential. Furthermore, the Group has established multiple communication channels such as daily emails, meetings, internal newsletters, Whatsapp groups, and social media platforms to maintain close relationships with employees and enhance employee engagement for a better workplace.

During the reporting year, there were no instances of non-compliance with employment laws and regulations.

Employee Welfare

By signing the Good Employer Charter of the Labour Department and complying with all relevant laws and regulations, the Group has further affirmed our commitment to building an all-around workplace that provides everything employees need to grow professionally and personally. We aim to create a workplace that offers care, benefits, and work-life balance. In addition to standardised welfare packages, we provide medical or commercial insurance, social security, and housing benefits to employees in each region.

We also offer well-being programs and value-added benefits to the employees. These include a variety of non-wage compensations, such as additional holidays and annual health check-ups. To foster balanced lifestyles, our full-time cinema staff is offered work flexibility and mobility, including overtime allowance, travel allowance, typhoon/rainstorm allowance, and attendance bonus. In Hong Kong, we arrange monthly "Lunch Talk" sessions on work ethics, DIY workshops, outings, and departmental annual gatherings to engage employees. We prepare festive gifts for all employees such as mooncakes for traditional celebrations and enhance their sense of belonging through birthday celebrations, staff-appreciation meetings, and Global Health Week that promotes physical and mental health. We also strengthen team bonding across our operations through activities such as movie screening, fitness programs and BBQ parties.

Health and Safety

Committed to safeguarding the health and safety of our employees, the Group strives to minimise any potential occupational safety risks. We achieve this by strictly adhering to guidelines and information stipulated by the Labour Department regarding occupational safety and health. The management teams of different business units are responsible for implementing health and safety measures and providing regular safety training to all staff. For example, we have appointed fire safety ambassadors to promote fire awareness, and report or abate fire hazards. Additionally, protective equipment is also provided for our employees at all premises to prevent any health and safety hazards.

The Group highly values its employees and views them as crucial assets for long-term business development. Various specialised workshops and events focused on employee health and safety are regularly conducted. Obtaining certification is a mandatory requirement for specific positions to ensure that individuals are equipped with necessary knowledge and skills for their work. During the reporting year, there were no non-compliance cases with health and safety laws and regulations as listed in the List of Significant Laws and Regulations section in this ESG report.

Development and Training

In an ever-evolving business environment, the Group recognises the importance of cultivating a lifelong learning culture to maximise employees' potential and align their skills with the latest market standards. Our staff handbook outlines the Group's progressive approaches towards employee development and training programs. A wide spectrum of on-the-job learning programs are made available for office and frontline employees to upskill their hands-on experience. To assist our officers and supervisory grade staff in improving their communication and other business abilities, staff members at officer grade and above can access the e-learning platform to learn about problem-solving skills and analyse on personality profile, which aid in enhancing teamwork and communication.

Beyond internal programs, we also provide financial support if our employees wish to obtain professional qualifications or attend programs that are held externally, as pursuing career interests is vital to one's professional development.

The Group acknowledges a strong linkage between performance appraisals and employee motivation. Key Performance Indicators ("**KPIs**") have been established by most of the business units. To recognise valued performers, the annual performance assessments are conducted every year at year-end in Hong Kong, while two evaluations are held for Chinese Mainland employees every July and December. Employees with outstanding performance are offered job promotions and salary adjustments to ensure our workplace security.

Labour Standards

Creating an equitable, supportive, and motivating workplace is fundamental to our business. On top of the policies stipulated in the staff handbook, the Group upholds international labour standards to respect and protect the proclaimed human rights and dignity of our employees. Our Human Resources Departments are entrusted with the overall responsibility of overseeing employment-related issues and monitoring compliance with applicable laws. All potential candidates undergo a thorough screening process to ensure their background and relevant information meet the legal standards. The Group provides clear and well-defined employment and labour terms in the employment contract and does not hire employees aged under 15 to prevent forced or child labour within our operations.

Our Chinese Mainland operations also adhere strictly to laws and regulations related to forced and child labour and overtime work. In case of overtime, employees are compensated according to relevant legal policies. We also mandate that the Group's contractors comply with these stipulations. Emerging laws and regulations are closely monitored to ensure we are braced for any changes.

There were no non-compliance cases with relevant laws and regulations as listed in the List of Significant Laws and Regulations section in this ESG report during the reporting year.

OPERATING PRACTICES

Responsible and Ethical Practices

The Group takes the appropriate precautions to keep its consumers from receiving any materials containing misleading information. We make sure that all of our goods and services abide by the laws and rules pertaining to product responsibility that are included in the section under "List of Significant Laws and Regulations" in this ESG report.

Service Excellence

Ensuring Customer Satisfaction for Cinema Operation and Entertainment Business

The Group gathers feedback from customers of cinema and entertainment businesses through various channels, such as hotlines, emails, and social media platforms. All comments and complaints are handled by our customer service representatives. We also ensure that customers' enquiries are responded within a specified service target time. All communications with customers are overseen by the management team to ensure timely and reasonable responses.

In Hong Kong, the Group adheres to the Standard Operating Procedure to provide quality customer services. We provide customer service training for all employees including monthly complaint cases and guidelines, weekly site visits conducted by operation managers. Aside from a centralised hotline, our operation managers quickly respond to customer feedback on-site and, if necessary, escalate it to headquarters for further follow-up. During the reporting year, the Group received a total of 161 complaint cases related to cinema operation, priority concerning issues such as ticketing, membership schemes, incidence handling, staff or facility performance, and premium distribution. Our actions to prevent unsatisfactory services include monthly sharing of case studies, guidelines and suggestions across all cinemas, along with weekly site visits by Senior Assistant Operations Manager using a focused checklist based on previous complaint cases, and periodic training referencing case studies conducted to front line staff. There were no major complaint cases in the entertainment business received by the Group during the reporting year.

Customer Health and Safety

The Company understands the importance of safeguarding health and safety, and has taken various preventive actions. For instance, special technicians are employed for equipment maintenance and fire drills are held for tenants and employees.

Safety and Hygiene in Cinema Operation

Food safety is crucial to our cinema operation. To maintain a high standard of food hygiene, the management staff are appointed as hygiene supervisors in accordance with the Hygiene Manager and Hygiene Supervisor Scheme by the Food and Environmental Hygiene Department. The Group conducts frequent internal audits to monitor the quality of the food served to customers and provides staff with checklists on proper food handling procedures. The Group primarily purchases food from authorised suppliers to enhance source traceability and control. The Group stays informed about the latest government regulations and announcements, including the Notice of the Centre for Food Safety, and act swiftly to address relevant issues.

During the reporting year, there were no recorded incidents of non-compliance with food safety and hygiene regulations.

Data Protection and Privacy

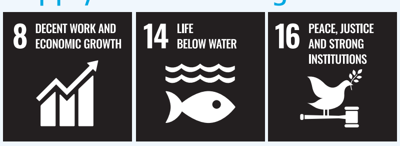
The Group endeavours to build a trusting relationship with its customers by protecting their privacy. When handling personal data and confidential data, the Group fully abides by Chapter 486 Personal Data (Privacy) Ordinance in Hong Kong and Cybersecurity Law of the People's Republic of China ("**PRC**") strictly. Personal and confidential data will be handled with caution, and the Group only collects personal data from its employees, suppliers or customers when necessary. Data providers are well-informed and required to sign a Personal Information Collection Statement before or when their personal information is collected. The practice is also communicated to our business partners and clients to avoid confusion. During the reporting year, there were no recorded incidents of non-compliance with data privacy.

Cinema Operation

While the Group provides personalised and superior services to customers, information security maintains the top priority. In our cinema operation, the customers' personal data, including their names, birth dates, emails and telephone numbers, is solely collected for necessary use to manage customer memberships. Customers' acknowledgement of the Personal Information Collection Statement Guide, and Privacy Policy Statement is required prior to their enrolment in the loyalty program. The statements outline appropriate steps and procedures for data collection and disposal for all relevant staff. No marketing materials will be sent to individuals who have not subscribed without their permission.

For our online ticketing system, access rights are strictly monitored and reviewed regularly, to ensure that only authorised personnel have access to the database. All data in the online ticketing system is stored in the head office's database to minimise access points. The Group collects only minimal personal information of customers for potential refunds and ticket redemption. After the service is completed, all personally identifiable information will be priority and securely destroyed.

Supply Chain Management



To ensure the quality of our products and services, the Group adheres to the principles of transparency and fairness in our tendering process, as well as supply chain operation and management. We achieve this by working closely with all business partners and selecting suppliers based on various attributes, such as their quality, strength and experience.

Responsible Food Sourcing in Cinema Operation

To fulfil the growing demand for healthy and sustainable food among the customers, priorities will be given to suppliers offering ASC (Aquaculture Stewardship Council), MSC (Marine Stewardship Council) or organic-certified food with ISO (International Organisation for Standardisation) or HACCP (Hazard Analysis Critical Control Points) certification to ensure responsible food sourcing. Healthiness, organic and fair trade are also considered when purchasing concession stand products for our cinema operations. Site visits with our current suppliers are also conducted regularly to monitor their environmental and social compliances and initiatives.

Integrity and Discipline

Being committed to upholding absolute integrity, fairness and discipline in the business, the Group expects its employees to strictly follow all rules and procedures in accordance with applicable laws and regulations. No fraud or corruption should, in any case, be tolerated regardless of the business segment, and we strive to prevent it at all costs.

Our staff handbook explicitly defines of "advantages" and outlines the procedures for employees to follow, to prevent any bribery, corruption, and conflicts of interest from happening. Our Anti-Fraud and Anti-Corruption Policy ensures that the Group operates with a high standard of integrity, openness and discipline. We also expect employees to declare or disclose presents and gifts they handle to the management as the action could be deemed suspicious and unethical. If misconduct is discovered, the person responsible will be subject to termination and legal consequences. Regular anti-fraud and anti-corruption trainings are provided to all employees including directors.

The Group has implemented designated training across our businesses, including anti-corruption training within our media operations.

Additionally, the Group also has a Whistleblowing Policy as a monitoring and control system to allow employees and relevant third parties such as customers, suppliers, creditors and debtors to report any concerns. The policy sets out how reports of inappropriate acts can be submitted, reviewed and investigated. The Group will handle all whistleblowing reports with care and treat the whistleblower's concerns fairly and properly. During the reporting year, there were no non-compliance cases in relation to bribery, extortion, fraud and money laundering in Hong Kong and Chinese Mainland. There were also no legal cases regarding corrupt practices brought against the Group or its employees during the reporting year.

Intellectual Property Rights

To safeguard all intellectual property rights, the Group has implemented appropriate security measures and confidentiality agreements. All collaboration agreements with third parties in all business segments and within the Group are reviewed by the Group's legal team to avoid infringements and breaches.

Respecting Creations in our Entertainment Business

The Group recognises the importance of intellectual property in the development of the entertainment business. The Group is committed to ensuring compliance with all relevant intellectual property laws and regulations, including but not limited to Chapter 559 Trade Marks Ordinance, Chapter 528 Copyright Ordinance and Chapter 544 Prevention of Copyright Piracy Ordinance. Before using or referencing any other creative works, the Group will ensure that the producers and their teams of films, TV programs and music productions are acquainted with the rights and have obtained clarifications. In case of any violations of relevant regulations and infringements, actions will be taken immediately to address the rights or related matters. During the reporting year, there were no non-compliance cases with the aforementioned laws and regulations.

COMMUNITY

17 PARTNERSHIPS FOR THE GOALS

As a responsible corporate, the Group recognises the significance of community engagement and its impact on sustainable development. We are committed to fulfilling our corporate social responsibilities by giving back to the communities in where we operate. We focus on supporting charitable organisations and the underprivileged through donations and voluntary activities. Additionally, we actively engage in local community activities to drive a positive change on a broader scale. The Group collaborates with various organisations and encourages its staff to participate in volunteering events. For example, our staff volunteers participated in elderly visit organised by the Hong Kong Young Women's Christian Association in Mid-Autumn Festival. Also, we continued the Serve360 Sustainability Program to provide aid and support to those in need, and participated in food donation projects. In particular, we volunteered alongside the non-governmental organisation Holy Café, distributing meal boxes and essential items to the elderly and individuals in need within our community.

Our participation demonstrates our commitment to giving back to the community and creating a positive impact on society.

SUMMARY OF ENVIRONMENTAL PERFORMANCE *Note 1*

Reporting Scope

Media & Entertainment	**Cinema**		
• Wyler Centre • Cheung Sha Wan Plaza*	• Movie Town • Festival Grand Cinema • MCL Metro City Cinema • MCL Telford Cinema • STAR Cinema • Grand Kornhill Cinema	• MCL South Horizons Cinema • MCL Green Code Cinema • Grand Windsor Cinema • MCL Cheung Sha Wan Cinema • MCL Cyberport Cinema • K11 Art House	• MCL Citygate Cinema • MCL Amoy Cinema • MCL The ONE Cinema* • MCL AIRSIDE Cinema* • MCL Cinema Plus+ Plaza Hollywood*

* *Newly added entity in financial year ended 31 July 2024*

Note:

1. *Calculations are based on method and conversion factor mentioned in "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs (version updated on 25 Mar 2022)" by the Stock Exchange and Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 edition), unless otherwise specified.*

	Unit	Total		Cinema Note 2		Entertainment Note 3	
		2024	**2023**	**2024**	**2023**	**2024**	**2023**
A1.1 The types of air emissions and respective emissions data							
Nitrogen oxides ("**NOx**") emissions	kg	1	2	0	0	1	2
Sulphur oxides ("**SOx**") emissions	kg	0.20	0.11	0	0	0.20	0.11
Particulate matter ("**PM**") emissions	kg	0.10	0.18	0	0	0.10	0.18
Total air emissions	**kg**	**1.30**	**2.29**	**0**	**0**	**1.30**	**2.29**
A1.2 GHG emissions in total and intensity							
Direct GHG emissions (Scope 1)	tonnes CO_2e	34	20	0	0	34	20
Indirect GHG emissions (Scope 2)	tonnes CO_2e	3,035	2,764	2,968	2,668	67	96
Total GHG emissions	**tonnes CO_2e**	**3,069**	**2,784**	**2,968**	**2,668**	**101**	**116**
GHG emissions intensity	**tonnes CO_2e/m^2**	**0.06**	**0.07**	**0.07**	**0.08**	**0.03**	**0.05**
A1.3 Total hazardous waste produced and intensity							
Total hazardous waste produced Note 4	**kg**	**144**	**163**	**128**	**124**	**16**	**39**
Percentage of hazardous waste recycled	**%**	**0**	**14**	**0**	**0**	**0**	**60**
Hazardous waste intensity	**kg/m²**	**0.003**	**0.004**	**0.003**	**0.004**	**0.01**	**0.02**
A1.4 Total non-hazardous waste produced and intensity							
Renovation waste disposed	tonnes	3	0	N/A	N/A	3	N/A
General waste disposed	tonnes	62	67	60	64	2	3
Total non-hazardous waste produced	**tonnes**	**65**	**67**	**60**	**64**	**5**	**3**
Total non-hazardous waste produced intensity	**kg/m²**	**1.35**	**1.80**	**1.32**	**1.84**	**1.78**	**1.19**
A2.1 Direct and/or indirect energy consumption by type in total and intensity							
Electricity consumption	mWh	6,946	6,143	6,773	5,897	173	246
Gasoline consumption	mWh	131	71	N/A	N/A	131	71
Total energy consumption	**mWh**	**7,077**	**6,214**	**6,773**	**5,897**	**304**	**317**
Energy consumption intensity	**kWh/m²**	**146**	**166**	**149**	**168**	**100**	**133**
A2.2 Water consumption in total and intensity							
Water consumption	m³	6,874	8,337 Note 5	6,874	8,337 Note 5	N/A	N/A
Water consumption intensity	**m³/m²**	**0.17**	**0.28** Note 5	**0.17**	**0.28** Note 5	**N/A**	**N/A**

Notes:

2. *Grand Kornhill Cinema and MCL Cyberport Cinema are excluded from the scope of both financial years as their water consumption is managed by the central management of the property and there is no separate water meter for the cinemas.*
3. *Water consumption is managed by the property management of the office building, and thus consumption values are not available for this ESG report.*
4. *Hazardous waste produced includes fluorescent lamp and toner cartridge waste.*
5. *Data is restated to reflect actual situation.*

SUMMARY OF SOCIAL PERFORMANCE

The Group Note 6	Unit	2024	2023
B1.1 Total workforce by gender, employment type, age group and geographical region (excluding contractors and subcontractors)			
Number of employees	No. of people	950	1,002
By gender			
Male	No. of people	458	493
Female	No. of people	492	509
By age group			
Below 30	No. of people	472	518
30—50	No. of people	347	351
Above 50	No. of people	131	133
By employment type			
Full time — Male	No. of people	239	267
Full time — Female	No. of people	226	256
Part time — Male	No. of people	219	226
Part time — Female	No. of people	266	253
By geographical region			
Hong Kong	No. of people	871	888
Chinese Mainland	No. of people	73	103
Others	No. of people	6	11
B1.2 Employee turnover rate by gender, age group and geographical region Note 7			
Total employee turnover rate	%	59	17
By gender			
Male	%	67	18
Female	%	52	17
By age group			
Below 30	%	83	13
30—50	%	39	23
Above 50	%	25	23
By geographical region			
Hong Kong	%	59	18
Chinese Mainland	%	64	9
Others	%	83	18

Notes:

6. *The reporting scope of the Summary of Social Performance includes all cinema and entertainment operations under the Company.*

7. *Turnover rate (in percentage) = Total number of employees leaving employment in the category/Total number of employees in the category × 100% for financial year 2022/2023 and 2023/2024 including all full-time and part-time employees.*

The Group Note 6	Unit	2024	2023
B2.1 Number and rate of work-related fatalities Note 8			
Number of work-related fatalities	No. of fatalities	0	0
Rate of work-related fatalities	%	0	0
B2.2 Lost days due to work injury			
Number of lost days	No. of lost days	45	15
Number of attendance by employees attended training by gender and employee category			
By employee category			
Senior management	No. of attendance	0	2
Middle management	No. of attendance	72	62
General staff	No. of attendance	346	224
By gender			
Male	No. of attendance	228	148
Female	No. of attendance	190	140
B3.2 The average training hours completed per employee by gender and employee category Note 9			
By employee category			
Senior management	No. of hours	0	0.04
Middle management	No. of hours	2	2.2
General staff	No. of hours	1	0.6
By gender			
Male	No. of hours	1	0.9
Female	No. of hours	1	0.7
B5.1 Number of suppliers by geographical region			
Hong Kong	No. of suppliers	700	791
Chinese Mainland	No. of suppliers	195	160
Others	No. of suppliers	43	51
B8.2 Resources contributed to community investment			
Cash donations and sponsorships	HKD	77,354	63,970 Note 5
Volunteering hours	Hours	8	0

Notes:

8. *Number and rate of work-related fatalities occurred in each of the past three years including the reporting year was 0.*

9. *Average number of training hours per employee = Total training hours in the category/Total workforce in the category.*

LIST OF SIGNIFICANT LAWS AND REGULATIONS

Environment

Aspect A1-A3: Environmental

Hong Kong:

- Chapter 311 Air Pollution Control Ordinance
- Chapter 358 Water Pollution Control Ordinance
- Chapter 354 Waste Disposal Ordinance
- Chapter 400 Noise Control Ordinance

Employee

Aspect B1: Employment

Hong Kong:

- Chapter 57 Employment Ordinance
- Chapter 282 Employees' Compensation Ordinance
- Chapter 608 Minimum Wage Ordinance
- Chapter 480 Sex Discrimination Ordinance
- Chapter 487 Disability Discrimination Ordinance
- Chapter 527 Family Status Discrimination Ordinance
- Chapter 602 Race Discrimination Ordinance

Chinese Mainland:

- Labour Law of the PRC
- Labour Contract Law of the PRC

Aspect B2: Health and Safety

Hong Kong:

- Chapter 509 Occupational Safety and Health Ordinance

Chinese Mainland:

- Work Safety Law of the PRC

Aspect B4: Labour Standards

Hong Kong:

- Chapter 57B Employment of Children Regulations
- Chapter 57C Employment of Young Persons (Industry) Regulations

Chinese Mainland:

- Labour Laws of the PRC
- Provisions on the Prohibition of Using Child Labour

Operating Practices

Aspect B6: Product Responsibility

Hong Kong:

- Chapter 362 Trade Descriptions Ordinance
- Chapter 392 Film Censorship Ordinance
- Chapter 486 Personal Data (Privacy) Ordinance
- Chapter 612 Food Safety Ordinance
- Chapter 528 Copyright Ordinance
- Chapter 544 Prevention of Copyright Piracy Ordinance
- Chapter 559 Trade Marks Ordinance
- Food Hygiene Code

Chinese Mainland:

- Food Safety Law of the PRC
- Food Hygiene Law of the PRC
- Law of the PRC on Protection of Consumer Rights and Interests
- Cybersecurity Law of the PRC

Aspect B7: Anti-corruption

Hong Kong:

- Chapter 201 Prevention of Bribery Ordinance

REFERENCES TO HKEX ESG REPORTING GUIDE

Subject Areas, Aspects, General Disclosure and KPIs		Sections/Remarks
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Integrating Environmental Sustainability into Our Operations; Waste and Air Emissions to the Environment
A1.1	The types of emissions and respective emissions data.	Summary of Environmental Performance
A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Summary of Environmental Performance
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Summary of Environmental Performance
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Summary of Environmental Performance
A1.5	Description of emission target(s) set and steps taken to achieve them.	Integrating Environmental Sustainability into Our Operations; Greenhouse Gas Emissions and Energy; Waste and Air Emissions to the Environment; No emission targets are in place during the reporting year, however the Group will consider setting relevant targets in the future.
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Integrating Environmental Sustainability into Our Operations; Waste and Air Emissions to the Environment; No waste targets are in place during the reporting year, however the Group will consider setting relevant targets in the future.

Subject Areas, Aspects, General Disclosure and KPIs		Sections/Remarks
Aspect A2: Use of Resources (1) — GHG Emissions and Energy		
General Disclosure	Policies on the efficient use of resources, including energy and other raw materials.	Integrating Environmental Sustainability into Our Operations; GHG Emissions and Energy
A2.1	Direct and/or indirect consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Summary of Environmental Performance
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Integrating Environmental Sustainability into Our Operations; Greenhouse Gas Emissions and Energy; No energy use efficiency targets are in place during the reporting year, however the Group will consider setting relevant targets in the future.
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The use of packaging materials for finished products is not applicable to majority of the Group's business.
Aspect A2: Water (2)		
General Disclosure	Policies on the efficient use of resources, including water.	Integrating Environmental Sustainability into Our Operations; Water
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Summary of Environmental Performance
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water consumption is not considered as material in relation to the Group's businesses, therefore no water efficiency targets are in place during the reporting year.
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Integrating Environmental Sustainability into Our Operations
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Integrating Environmental Sustainability into Our Operations; Waste and Air Emissions to the Environment; Greenhouse Gas Emissions and Energy
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Integrating Environmental Sustainability into Our Operations
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Integrating Environmental Sustainability into Our Operations

Subject Areas, Aspects, General Disclosure and KPIs		Sections/Remarks
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment Practices; Employee Welfare
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Summary of Social Performance
B1.2	Employee turnover rate by gender, age group and geographical region.	Summary of Social Performance
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Summary of Social Performance
B2.2	Lost days due to work injury.	Summary of Social Performance
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	During the reporting year, only the number of training attendees are being recorded and disclosed.
B3.2	The average training hours completed per employee by gender and employee category.	Summary of Social Performance
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
B4.2	Description of steps taken to eliminate such practices when discovered.	The Group does not tolerate any use of child or forced labour and has established procedures to ensure that no child or forced labour is engaged.

Subject Areas, Aspects, General Disclosure and KPIs		Sections/Remarks
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
B5.1	Number of suppliers by geographical region.	Summary of Social Performance
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Suppliers performance is monitored by operating teams based on relevant screening criteria.
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Responsible and Ethical Practices; Service Excellence; Customer Health and Safety; Data Protection and Privacy; Intellectual Property Rights
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable to the Group's businesses.
B6.2	Number of products and service related complaints received and how they are dealt with.	Service Excellence
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Rights
B6.4	Description of quality assurance process and recall procedures.	Service Excellence
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Data Protection and Privacy

Subject Areas, Aspects, General Disclosure and KPIs		Sections/Remarks
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Integrity and Discipline
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Integrity and Discipline
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Integrity and Discipline
B7.3	Description of anti-corruption training provided to directors and staff.	Integrity and Discipline
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community
B8.2	Resources contributed (e.g. money or time) to the focus area.	Summary of Social Performance

CORPORATE GOVERNANCE REPORT

The Company is committed to achieving and maintaining high standards of corporate governance and has established policies and procedures for compliance with the principles and code provisions set out from time to time in the Corporate Governance Code ("**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**" and "**Stock Exchange**", respectively).

(1) CORPORATE GOVERNANCE PRACTICES

The Company has complied with all applicable code provisions set out in the CG Code for the year ended 31 July 2024 ("**Year**").

(2) CORPORATE CULTURE AND STRATEGY

The Company embeds with a strong corporate culture for compliance, corporate governance and corporate social responsibilities, and at the same time, strives to provide high quality and reliable products and services, and to create values to the stakeholders through sustainable growth and continuous development.

The Company acts as an investment holding company and the principal activities of its subsidiaries (together with the Company, "**Group**") include the production and distribution of films and TV programs, music production and publishing, management and production of concerts, artiste management and cinema operation. As a group with diversified businesses, it is the role of the board of directors of the Company ("**Board**" and "**Directors**", respectively) to foster a corporate culture with the following principles to guide the conduct and behaviours of its employees, and ensure that the Company's vision, mission, policies and business strategies are aligned to it:

(i) Integrity — we strive to do what is right;

(ii) Excellence — we aim to deliver excellence;

(iii) Collaboration — we are always better together;

(iv) Accountability — we are accountable for delivering on our commitments;

(v) Empathy — we care about our stakeholders — employees, customers, supply chain and the community; and

(vi) Sustainability — we are committed to a sustainable future.

The Group continuously reviews and updates its strategies to provide better clarity on direction and business models. In addition, the Group takes active and prompt measures to meet market changes through adjustment of business strategy and control over costs for supporting continuous business development of the Group.

(3) BOARD OF DIRECTORS

(3.1) Responsibilities and Delegation

The Board oversees the overall management of the Company's businesses and affairs. The Board's primary duty is to ensure the viability of the Company and to ascertain that it is managed in the best interests of the shareholders of the Company ("**Shareholders**") as a whole while taking into account the interests of other stakeholders.

The Board has established specific committees with written terms of reference to assist it in the efficient implementation of its functions, namely the audit committee, the executive committee, the nomination committee and the remuneration committee of the Company ("**Audit Committee**", "**Executive Committee**", "**Nomination Committee**" and "**Remuneration Committee**", respectively). Specific responsibilities have been delegated to the above committees.

The Board has delegated the day-to-day management of the Company's businesses to the management and the Executive Committee comprising all executive Directors ("**EDs**"), and focuses its attention on matters affecting the Company's long-term objectives and plans for achieving these objectives, the Group's overall business and commercial strategy as well as overall policies and guidelines.

Decisions relating to the aforesaid matters and any acquisition or disposal of businesses, investments, or transactions or commitments of any kind where the actual or potential liability or value exceeds the threshold for discloseable transactions for the Company (as defined in the Listing Rules from time to time) are reserved for the Board; whereas decisions regarding matters set out in the terms of reference of the Executive Committee and those not specifically reserved for the Board are delegated to the Executive Committee and the management of the Company. The Board has also delegated the environmental, social and governance ("**ESG**") management to the Executive Committee in order to focusing on matters affecting the overall business strategy, and to review and monitor the Group's ESG management progress.

All Directors have been provided, on a monthly basis, with the Group's management information updates, giving a balanced and understandable assessment of the Group's performance, position, recent developments and prospects in sufficient detail to keep them abreast of the Group's affairs and facilitate them to discharge their duties under the relevant requirements of the Listing Rules.

(3.2) Composition of the Board

The Board currently comprises ten members, of whom four are EDs, one is non-executive Director ("**NED**") and the remaining five are independent non-executive Directors ("**INEDs**"). The Company has met at all times the requirements of Rule 3.10(1) and Rule 3.10A of the Listing Rules to have at least three INEDs and representing at least one-third of the Board. The Board will review the management structure regularly to ensure that it continues to meet the Group's objectives and is in line with the industry practices.

The Directors who served on the Board during the Year and up to the date of this Annual Report are as follows:

Executive Directors

Mr. Yang Yiu Chong, Ronald Jeffrey *(Chief Executive Officer)*	(appointed on 3 October 2023)
Mr. Cheung Sum, Sam *(Group Chief Financial Officer)*	(appointed on 1 August 2023)
Mr. Lam Hau Yin, Lester *(also alternate director to Madam U Po Chu)*	
Mr. Yip Chai Tuck	
Mr. Lui Siu Tsuen, Richard *(Chief Executive Officer)*	(resigned on 3 October 2023)

Non-executive Director

Madam U Po Chu

Independent Non-executive Directors

Mr. Low Chee Keong *(Chairman)*	
Mr. Lo Kwok Kwei, David	
Dr. Ng Lai Man, Carmen	
Mr. Poon Kwok Hing, Albert	(appointed on 1 August 2023)
Mr. Alfred Donald Yap	

A list of Directors and their respective roles and functions can also be found on the respective websites of Hong Kong Exchanges and Clearing Limited ("**HKEX**") at www.hkexnews.hk and the Company at www.esun.com. The brief biographical particulars of the Directors as at the date of this Annual Report are set out in the section headed "*Biographical Details of Directors*" of this Annual Report.

Mr. Lam Hau Yin, Lester ("**Mr. Lam**", an ED) is a grandson of Madam U Po Chu ("**Madam U**", a NED). Save as aforesaid and as disclosed in the "*Biographical Details of Directors*" section of this Annual Report, none of the Directors has any financial, business, family or other material/relevant relationships with one another.

Mr. Cheung Sum, Sam ("**Mr. Cheung**"), Mr. Poon Kwok Hing, Albert ("**Mr. Poon**") and Mr. Yang Yiu Chong, Ronald Jeffrey ("**Mr. Yang**"), who were appointed to the Board in August and October 2023 respectively, had obtained legal advice from a law firm qualified to advise on Hong Kong law pursuant to Rule 3.09D of the Listing Rules on 2 August and 3 October 2023 respectively. All of them have confirmed that they understood their obligations as Directors.

(3.3) Board Independence

The Board has established mechanisms to ensure independent views and input are available to the Board and such mechanisms will be reviewed annually by the Board. On 15 October 2024, the Board has reviewed the implementation and effectiveness of the following mechanisms at the Board meeting:

(a) Five out of the ten Directors are INEDs which exceeds the Listing Rules requirements to have more than three INEDs and comprises at least one-third of the Board. Chairpersons of major Board Committees are INEDs.

(b) The Nomination Committee will assess the independence of a candidate for a new INED appointment and also the continued independence of existing INEDs on an annual basis. All INEDs are required to submit a written confirmation to the Company annually to confirm the independence of each of them and their immediate family members, and their compliance with the requirements as set out in Rule 3.13 of the Listing Rules.

(c) External independent professional advice is available as and when required by individual Directors.

(d) All Directors are encouraged to express their views in an open and candid manner during the Board/Board Committees meetings.

(e) The Chairman of the Board will meet with INEDs at least annually without the presence of the EDs and NED.

(f) A Director (including INED) who has material interest in any contract, transaction or arrangement shall abstain from voting and not be counted in the quorum on any Board resolution approving the same.

(g) No equity-based remuneration with performance-related elements will be granted to INEDs.

In assessing the independence of INEDs, the Nomination Committee and the Board considered each individual Director's character and judgement as demonstrated by his/her commitment and contribution to the Board during his/her years of service and other relevant factors. Their length of service also means they have an in-depth understanding of the Company's operations and businesses. The Nomination Committee and the Board are of the view that the length of services would not affect their independent judgement as the INEDs (except Mr. Poon who was newly appointed an INED on 1 August 2023) have been providing objective view and independent opinion to the Company over the years, and have continued to demonstrate a firm commitment to their independent roles and to the Board that they are able to devote sufficient time and attention to the Company's affairs. The Board remains adamant that the board appointments should be based on merits and the length of time any Director has served is only one of many factors to be considered.

The Board concluded that the above mechanisms were implemented effectively.

(3.4) Attendance Record at Board Meetings

The Board meets at least four times a year with meeting dates scheduled prior to the beginning of the year. Additional Board meetings will be held when warranted. Directors also participate in the consideration and approval of matters of the Company by way of written resolutions circulated to Directors together with supporting explanatory materials as and when required.

The attendance record of each Director at the Board meetings held during the Year is set out below:

Directors	Number of Meetings Attended/ Number of Meetings Held
Executive Directors	
Mr. Yang Yiu Chong, Ronald Jeffrey *(Chief Executive Officer)* *(Note 1)*	4/4
Mr. Cheung Sum, Sam *(Note 2)* *(Group Chief Financial Officer)*	5/5
Mr. Lam Hau Yin, Lester *(also alternate director to Madam U Po Chu)*	5/5
Mr. Yip Chai Tuck	5/5
Mr. Lui Siu Tsuen, Richard *(Note 3)*	1/1
Non-executive Director	
Madam U Po Chu	5/5
Independent Non-executive Directors	
Mr. Low Chee Keong *(Chairman)*	5/5
Mr. Lo Kwok Kwei, David	4/5
Dr. Ng Lai Man, Carmen	5/5
Mr. Poon Kwok Hing, Albert *(Note 4)*	5/5
Mr. Alfred Donald Yap	5/5

Notes:

1. *Mr. Yang was appointed an ED and the Chief Executive Officer on 3 October 2023.*

2. *Mr. Cheung was appointed an ED on 1 August 2023.*

3. *Mr. Lui Siu Tsuen, Richard ("**Mr. Lui**") resigned as an ED and the Chief Executive Officer on 3 October 2023.*

4. *Mr. Poon was appointed an INED on 1 August 2023.*

During the Year, apart from the Board meetings, consents and/or approvals of the Board were also obtained by way of written resolutions on a number of matters/transactions. In compliance with code provision C.2.7 of the CG Code to provide an avenue for independent views to be communicated to the Chairman of the Board directly, the Chairman of the Board met all INEDs without the presence of the EDs and NED after the Board meeting held on 23 January 2024.

(3.5) Appointment and Re-election of Directors

The Board shall have the power from time to time and at any time to appoint any person as a Director. The Company has set up a Nomination Committee for formulating a nomination policy ("**Nomination Policy**") for consideration by the Board and making recommendations to the Board on the selection, appointment and re-appointment of Directors. All candidates must also meet the standards as set forth in Rules 3.08 and 3.09 of the Listing Rules. A candidate who is to be appointed an INED should also meet the independence criteria set out in Rule 3.13 of the Listing Rules.

To comply with code provision B.2.2 of the CG Code and subject to the retirement provisions of the New Bye-laws of the Company adopted on 16 December 2022 ("**Bye-laws**"), all Directors are required to retire from office by rotation once every three years since their last election by Shareholders and the retiring Directors are eligible for re-election. In addition, any person appointed by the Board as a Director (either to fill a casual vacancy or as an addition to the Board) shall hold office only until the first annual general meeting of the Company ("**AGM**") after his/her appointment and shall then be eligible for election at that meeting.

In accordance with Bye-law 87 of the Bye-laws, Directors shall retire from office by rotation once every three years since their last election. Mr. Lam, Mr. Lo Kwok Kwei, David ("**Mr. Lo**", an INED) and Dr. Ng Lai Man, Carmen ("**Dr. Ng**", an INED) will retire from office as Directors by rotation at the forthcoming AGM to be held on Friday, 13 December 2024 ("**2024 AGM**") and being eligible, will offer themselves for re-election.

Details of the above retiring Directors proposed for re-election at the 2024 AGM required to be disclosed under Rule 13.51(2) of the Listing Rules are set out in the Company's circular dated 14 November 2024 ("**Circular**").

(3.6) Non-executive Directors

None of the existing NEDs (including the INEDs) is appointed for a specific term. Every Director is subject to retirement by rotation at least once every three years.

(3.7) Independent Non-executive Directors

Save as disclosed in paragraph (3.2) above, the Company has complied with Rule 3.10(2) of the Listing Rules which requires that at least one of the INEDs must have appropriate professional qualifications or accounting or related financial management expertise.

The Company has received from each of the INEDs a written annual confirmation of his/her independence for the Year pursuant to Rule 3.13 of the Listing Rules. Both the Nomination Committee and the Board considered that all INEDs are independent. Further, up to the date of this Annual Report, the Board has not been aware of the occurrence of any events which would cause it to believe that their independence has been impaired.

Mr. Lo and Dr. Ng will retire from office as Directors by rotation at the 2024 AGM and being eligible, will offer themselves for re-election. Both of them have served on the Board for over 15 years. The Board has received from Mr. Lo and Dr. Ng the written annual confirmations of their independence every year and taking into account various factors as set out in Rule 3.13 of the Listing Rules and their actual contributions, impartiality and independent judgement on various issues that they bring to the discussions during Board and Board committees meetings, there is no empirical evidence that the long services of Mr. Lo and Dr. Ng would impair their independent judgements. Both the Nomination Committee and the Board are satisfied that Mr. Lo and Dr. Ng will continue to have the required character and experience to fulfill the role of INEDs and considered that the re-election of each of Mr. Lo and Dr. Ng as an INED at the 2024 AGM is in the best interest of the Company and its Shareholders as a whole. Pursuant to code provision B.2.3 of the CG Code, their re-election will be subject to a separate resolution to be approved by the Shareholders at the 2024 AGM.

Details of Mr. Lo and Dr. Ng as well as the reasons why the Nomination Committee and the Board considered them to be independent and recommended them to be re-elected at the 2024 AGM are set out in the Circular.

Last year, as all INEDs, namely Mr. Low Chee Keong ("**Mr. Low**"), Mr. Lo, Dr. Ng and Mr. Alfred Donald Yap ("**Mr. Yap**"), have served more than 9 years on the Board, Mr. Poon was appointed an additional INED on 1 August 2023 under code provision B.2.4(b) of the CG Code. It is expected to complement the existing balance of skills and experience on the Board and to further the objective of having a strong independent element on the Board which can effectively exercise independent judgement.

(3.8) Directors' and Officers' Liabilities Insurance

The Company has arranged appropriate directors' and officers' liabilities insurance coverage for the Directors and officers of the Company.

(4) DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

On appointment to the Board, each Director receives a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements. Mr. Cheung, Mr. Poon and Mr. Yang have received the comprehensive induction package for their appointment during the Year.

The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, Directors and senior executives are encouraged to enrol in a wide range of professional development courses and seminars relating to the Listing Rules, companies ordinance/act and corporate governance practices organised by professional bodies, independent auditor and/or law firms in Hong Kong so that they can continuously update and further improve their relevant knowledge and skills.

From time to time, Directors are provided with written training materials to develop and refresh their knowledge and professional skills; seminars/webinars on the latest development of applicable laws, rules and regulations will be organised and arranged for the Directors to assist them in discharging their duties. Directors are requested to provide records of training they received to the company secretary of the Company ("**Company Secretary**") for records. During the Year, the Company has arranged for the Directors to attend the seminars/webinars organised by certain organisations and professional bodies.

According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the CG Code's requirement on continuous professional development during the Year:

	Corporate Governance/ Updates on Laws, Rules and Regulations		Accounting/Financial/ Management or Other Professional Skills	
Directors	**Read Materials**	**Attend Seminars/ Webinars/ Briefings**	**Read Materials**	**Attend Seminars/ Webinars/ Briefings**
Executive Directors				
Mr. Yang Yiu Chong, Ronald Jeffrey *(Chief Executive Officer)* *(Note 1)*	✔	✔	✔	✔
Mr. Cheung Sum, Sam *(Note 2)* *(Group Chief Financial Officer)*	✔	✔	✔	✔
Mr. Lam Hau Yin, Lester *(also alternate director to Madam U Po Chu)*	✔	✔	✔	✔
Mr. Yip Chai Tuck	✔	✔	✔	✔
Mr. Lui Siu Tsuen, Richard *(Note 3)*	✔	✔	✔	✔
Non-executive Director				
Madam U Po Chu	✔	✔	✔	–
Independent Non-executive Directors				
Mr. Low Chee Keong *(Chairman)*	✔	✔	✔	✔
Mr. Lo Kwok Kwei, David	✔	✔	✔	✔
Dr. Ng Lai Man, Carmen	✔	✔	✔	✔
Mr. Poon Kwok Hing, Albert *(Note 4)*	✔	✔	✔	✔
Mr. Alfred Donald Yap	✔	✔	✔	✔

Notes:

1. *Mr. Yang was appointed an ED and the Chief Executive Officer on 3 October 2023.*

2. *Mr. Cheung was appointed an ED on 1 August 2023.*

3. *Mr. Lui resigned as an ED and the Chief Executive Officer on 3 October 2023.*

4. *Mr. Poon was appointed an INED on 1 August 2023.*

(5) BOARD COMMITTEES

The Executive Committee comprising members appointed by the Board amongst the EDs was established on 23 December 2005 with written terms of reference to assist the Board in monitoring the on-going management of the Company's businesses and in implementing the Company's objectives in accordance with the strategy and policies approved by the Board. The Executive Committee is also responsible for overseeing the Company's ESG matters. The Board has also delegated its authority to the following Committees to assist it in the implementation of its functions:

(5.1) Audit Committee

On 29 April 1999, the Board established an Audit Committee which currently comprises three INEDs, namely Dr. Ng (Chairwoman), Mr. Low and Mr. Yap up to the date of this Annual Report.

The Company has complied with Rule 3.21 of the Listing Rules, which requires that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an INED) is an INED who possesses appropriate professional qualifications or accounting or related financial management expertise. All members of the Audit Committee have appropriate skills and experience in reviewing financial statements as well as addressing significant control and financial issues of the Company.

(a) Duties of the Audit Committee (including corporate governance functions)

The Audit Committee is principally responsible for, among other things, monitoring the integrity of periodical financial statements of the Company, reviewing significant financial reporting judgements contained in them before submission to the Board for approval, reviewing and monitoring the external auditor's independence and objectivity as well as the effectiveness of the audit process in accordance with applicable standards. The Audit Committee is also responsible for performing the corporate governance functions and overseeing the Company's risk management and internal control systems, and arrangements under the Company's whistleblowing policy ("**Whistleblowing Policy**").

The Board believes that good corporate governance is essential to the success of the Group and the enhancement of Shareholders' value. While recognising corporate governance is the collective responsibility of all of its members, the Board has delegated the corporate governance functions to the members of Audit Committee who are considered to be better positioned to provide an objective and independent guidance on governance-related matters.

On 29 March 2012, the Board formalised the governance-related policies and procedures, established on the foundations of accountability, transparency, fairness and integrity and adopted by the Group for years, into a set of corporate governance policy. The Audit Committee has then been delegated with the responsibilities to develop, review, monitor, and make recommendations to the Board (as appropriate) in respect of the Company's policies and practices of corporate governance (including the compliance with the CG Code and the relevant disclosures in the Company's interim and annual reports), the practices in compliance with legal and regulatory requirements, and the training and continuous professional development of the Directors and senior management of the Company.

Pursuant to code provision D.3.4 of the CG Code, the terms of reference of the Audit Committee setting out its authority, duties and responsibilities (last updated on 19 March 2024) are available on both the websites of HKEX and the Company.

(b) Work Performed by the Audit Committee

The Audit Committee held three meetings during the Year and has met its responsibilities in its review of, among other things, (i) the audited results of the Company for the year ended 31 July 2023, the unaudited interim results of the Company for the six months ended 31 January 2024 and other matters related to the financial and accounting policies and practices of the Company as well as the nature and scope of the audit for the Year; (ii) the Company's internal control review reports ("**ICR Reports**") and enterprise risk management report ("**ERM Report**") prepared by Deloitte Advisory (Hong Kong) Limited ("**Deloitte**", an independent advisor of the Company ("**Independent Advisor**")) and the effectiveness of the Group's risk management and internal control systems; (iii) the Company's compliance with the CG Code and the disclosure requirements in the Corporate Governance Report; (iv) Deloitte's proposal for internal audit services for the three financial years ending 31 July 2026; and (v) budget of the Group for the ensuing year and put forward relevant recommendations to the Board for approval. In addition, the Audit Committee held private session with the Company's independent auditor ("**Independent Auditor**", i.e. Ernst & Young, Certified Public Accountants ("**Ernst & Young**")) separately without the presence of management.

On 15 October 2024, the Audit Committee reviewed the draft audited consolidated financial statements of the Group as well as the accounting principles and policies for the Year with the Company's management in the presence of the representatives of the Independent Auditor. It also reviewed this Corporate Governance Report (including but not limited to the implementation and effectiveness of the Company's shareholders' communication policy ("**Shareholders' Communication Policy**")), the Company's ICR Report and ERM report prepared by the Independent Advisor, and assessed the effectiveness of the Group's risk management and internal control systems.

(c) Attendance Record at Audit Committee Meetings

The attendance record of each Committee member at the Audit Committee meetings held during the Year is set out below:

Committee Members	Number of Meetings Attended/ Number of Meetings Held
Independent Non-executive Directors	
Dr. Ng Lai Man, Carmen *(Chairwoman)*	3/3
Mr. Low Chee Keong	3/3
Mr. Alfred Donald Yap	3/3

Note: Mr. Lo and Mr. Poon (both INEDs) participated in part of the Audit Committee meeting held on 16 October 2023 for reviewing the continuing connected transactions of the Company during the Year.

(5.2) Nomination Committee

On 21 January 2022, the Board established a Nomination Committee which currently comprises five members, including three INEDs, namely Mr. Low (Chairman), Mr. Lo and Mr. Yap and two EDs, namely Mr. Cheung (appointed on 1 August 2023) and Mr. Yang (appointed on 3 October 2023 in place of Mr. Lui who resigned on the same date), up to the date of this Annual Report. Such composition meets the requirements of chairmanship and independence under Rule 3.27A of the Listing Rules. Pursuant to code provision B.3.2 of the CG Code, the terms of reference of the Nomination Committee setting out its authority, duties and responsibilities (last updated on 19 March 2024) are available on both the websites of HKEX and the Company.

(a) Duties of the Nomination Committee

The principal duties of the Nomination Committee are, inter alia, to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least once annually and make recommendations to the Board on any proposed changes to complement the Company's corporate strategy and promote shareholder value; to make recommendation to the Board on selection of candidates for directorship and on appointment or re-appointment of Directors and succession planning for Directors; to assess the independence of the INEDs; and to ensure fair and transparent procedures for the appointment and re-appointment of Directors. The Nomination Committee is responsible for monitoring the implementation of and will also periodically review the Nomination Policy and the board diversity policy ("**Board Diversity Policy**"), as appropriate, to ensure their effectiveness and discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

(i) Nomination Policy

The Nomination Policy, adopted by the Board on 22 January 2019 with updates last made on 21 January 2022, sets out the criteria for identifying and selecting potential candidates for the appointment of new Director(s) as well as for considering the renewal of director appointment. The Nomination Committee will conduct the relevant selection process against the proposed candidate, make recommendations and furnish with the terms and conditions of the appointment for Board's consideration. The Nomination Policy contains a number of factors in assessing the suitability of a proposed candidate which include the candidate's skills and knowledge, the reputation for integrity, accomplishment and experience in the industry(ies) that are relevant to the Company's businesses, commitment for responsibilities of the Board in respect of available time and relevant interests, potential contributions to the Board, diversity perspectives set out in the Board Diversity Policy, the independence criteria under Rule 3.13 of the Listing Rules if the candidate is proposed to be appointed an INED, etc. and other relevant factors as the Nomination Committee and/or the Board may determine from time to time.

The Nomination Policy also sets out the procedures on the identification, evaluation and nomination of suitable candidate to the Board, which shall be responsible for such appointment or re-appointment ultimately and, where applicable, subject to the approval of the Shareholders in general meeting. The Nomination Committee will review the Nomination Policy from time to time to ensure its continued effectiveness and make recommendation on any proposed revisions to the Board.

The Shareholders may also propose a person for election as a Director, details of which are set out in "Procedures for Shareholders to Propose a Person for Election as a Director of the Company" which is available on the Company's website at www.esun.com.

The Nomination Policy was last reviewed by the Nomination Committee on 15 October 2024.

(ii) Board Diversity Policy

The Board Diversity Policy, adopted by the Board in July 2013 with updates last made on 22 March 2022, sets out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

The Company recognises the benefits of Board diversity to strengthen the Company's strategic objectives in driving business results, to enhance good corporate governance and reputation, and to attract and retain talent for the Board. It endeavours to ensure that the Board has the appropriate balance and level of skills, experience and perspectives required to support the execution of its business strategies. The Company seeks to achieve Board diversity through the consideration of a number of factors, including professional qualifications and experience, cultural and educational background, race and ethnicity, gender, age and length of service. The Company will also take into consideration factors based on its own business model and specific needs from time to time in determining the optimum composition of the Board.

On recommendation from the Nomination Committee, the Board will set measurable objectives (in terms of gender, skills and experience) to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Nomination Committee will review the Board Diversity Policy and the independent view mechanisms annually to ensure its continued effectiveness and compliance with regulatory requirements and good corporate governance practices. Full details of the Board Diversity Policy are available on the Company's website.

In compliance with code provision B.3.1 of the CG Code, the Nomination Committee has reviewed the structure, size and composition of the Board with reference to the Board Diversity Policy during the Year. Currently, the Board comprises ten members, of whom four are EDs, one is NED and the remaining five are INEDs. The current Directors have extensive experience and skills in, including but not limited to, media and entertainment businesses, corporate advisory, business development and investment banking, laws, accounting and auditing services and corporate finance, etc. The Board considered that the composition of the Board (two being women out of its ten members) is characterised by diversity, whether considered in terms of gender, nationality, professional background and skills. The current diversity of the Board is appropriate and the Board will continue to monitor the need to maintain or, if desired or necessary, increase diversity to meet the corporate objectives.

The Company has also taken, and continues to take, steps to promote diversity at all levels of its workforce. Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination. For the Year, the total workforce of the Group comprised 52% female and 48% male. Further details of gender ratio are disclosed in the section headed "*Environmental, Social and Governance Report*" of this Annual Report.

The Board Diversity Policy was last reviewed by the Nomination Committee on 15 October 2024.

(b) Work Performed by the Nomination Committee

The Nomination Committee held two meetings during the Year to review, assess and consider the adequacy and effectiveness of the Nomination Policy and the Board Diversity Policy; to review and discuss the structure, size and composition of the Board (including the skills, knowledge and experience) taking into account the Nomination Policy and the Board Diversity Policy, ensuring that it has good diversity (including the proportion of female directors of the Board (with two out of ten for the Year)) and a balanced composition of skills and experience appropriate for the requirements of the businesses of the Group; to review and assess the independence of all INEDs with reference to the independence criteria set out in Rule 3.13 of the Listing Rules and was of the view that the long service of the INEDs would not affect their exercise of independent judgement and would remain committed to their role as the INEDs; and to review and recommend to the Board the election/re-election of the retiring Directors at the AGM held on 15 December 2023 ("**2023 AGM**"). In addition, the Nomination Committee also recommended to the Board the appointment of Mr. Yang as an ED and the Chief Executive Officer at its meeting held on 20 September 2023 after reviewing his qualification and related expertise.

On 15 October 2024, the Nomination Committee reviewed again the structure, skills set, expertise and competencies of members of the Board, affirmed the independence of INEDs, deliberated and selected Directors for retirement and re-election at the 2024 AGM and recommended them to the Board for consideration. It also reviewed the Nomination Policy and Board Diversity Policy and considered that the said policies were appropriate and effective. The Nomination Committee formed the view that the Board has maintained an appropriate mix and balance of skills, knowledge, experience and diversity of perspectives appropriate to the requirements of the Company's businesses.

(c) Attendance Record at Nomination Committee Meetings

The attendance record of each Committee member at the Nomination Committee meetings held during the Year is set out below:

Committee Members	Number of Meetings Attended/ Number of Meetings Held
Executive Directors	
Mr. Yang Yiu Chong, Ronald Jeffrey *(Note 1)*	1/1
Mr. Cheung Sum, Sam *(Note 2)*	2/2
Mr. Lui Siu Tsuen, Richard *(Note 3)*	1/1
Independent Non-executive Directors	
Mr. Low Chee Keong *(Chairman)*	2/2
Mr. Lo Kwok Kwei, David	2/2
Mr. Alfred Donald Yap	2/2

Notes:

1. *Mr. Yang was appointed an ED, the Chief Executive Officer and a member of the Nomination Committee on 3 October 2023.*

2. *Mr. Cheung was appointed an ED and a member of the Nomination Committee on 1 August 2023.*

3. *Mr. Lui resigned as an ED, the Chief Executive Officer and a member of the Nomination Committee on 3 October 2023.*

(5.3) Remuneration Committee

On 16 September 2005, the Board established a Remuneration Committee which currently comprises five members, including three INEDs, namely Mr. Low (Chairman), Dr. Ng and Mr. Yap, and two EDs, namely Mr. Cheung (appointed on 1 August 2023) and Mr. Yang (appointed on 3 October 2023 in place of Mr. Lui who resigned on the same date), up to the date of this Annual Report. Such composition meets the requirements of chairmanship and independence under Rule 3.25 of the Listing Rules.

The Remuneration Committee has adopted the operation model where it performs an advisory role to the Board, with the Board retaining the final authority to approve the remuneration packages of Directors and senior management of the Company. Pursuant to code provision E.1.3 of the CG Code, the terms of reference of the Remuneration Committee setting out its authority, duties and responsibilities (last updated on 23 January 2024) are available on both the websites of HKEX and the Company.

(a) Duties of the Remuneration Committee

The Remuneration Committee has been provided with sufficient resources to perform its duties. It has been charged with the responsibility of making recommendations to the Board, in consultation with the Chairman of the Board and/or the Chief Executive Officer, on an appropriate policy and framework for all aspects of remuneration of all Directors and senior management of the Company, including but not limited to Directors' fees, salaries, allowances, bonuses, share options, benefits in kind and pension rights, to ensure that the level of remuneration offered by the Company is competitive and sufficient to attract, retain and motivate personnel of the required quality to manage the Company successfully.

(b) Work Performed by the Remuneration Committee

The Remuneration Committee held two meetings during the Year to deliberate on matters relating to the payment of discretionary bonuses to and the review of the remuneration package of an ED; to review the revised terms of reference of the Remuneration Committee and recommend the same to the Board for approval; to discuss other remuneration-related matters (including the share option schemes of the Company) in accordance with the Group's policy to maintain the level of remuneration of the Directors and senior management at competitive levels within the industry and comparable companies with reference to the results of the Company, the prevailing market conditions, performance or contribution of each Director; and to review and recommend to the Board the proposed remuneration package relating to the appointment of an ED and the Chief Executive Officer. No Director was involved in deciding his/her own remuneration at the meeting(s) of the Remuneration Committee. Details of Directors' remuneration and five highest pay individuals are set out in note 10 to the financial statements pursuant to code provision E.1.5 of the CG Code.

(c) Attendance Record at Remuneration Committee Meetings

The attendance record of each Committee member at the Remuneration Committee meetings held during the Year is set out below:

Committee Members	Number of Meetings Attended/ Number of Meetings Held
Executive Directors	
Mr. Yang Yiu Chong, Ronald Jeffrey *(Note 1)*	1/1
Mr. Cheung Sum, Sam *(Note 2)*	2/2
Mr. Lui Siu Tsuen, Richard *(Note 3)*	1/1
Independent Non-executive Directors	
Mr. Low Chee Keong *(Chairman)*	2/2
Dr. Ng Lai Man, Carmen	2/2
Mr. Alfred Donald Yap	2/2

Notes:

1. *Mr. Yang was appointed an ED, the Chief Executive Officer and a member of the Remuneration Committee on 3 October 2023.*

2. *Mr. Cheung was appointed an ED and a member of the Remuneration Committee on 1 August 2023.*

3. *Mr. Lui resigned as an ED, the Chief Executive Officer and a member of the Remuneration Committee on 3 October 2023.*

(6) CHAIRMAN AND CHIEF EXECUTIVE

The CG Code provides that the roles of the chairman and the chief executive should be separate and performed by different individuals.

During the Year and up to the date of this Annual Report, Mr. Low (an INED) is the Chairman of the Board and Mr. Yang (appointed on 3 October 2023 in place of Mr. Lui who resigned on the same date) is the Chief Executive Officer. This segregation ensures a clear distinction between the Chairman's responsibilities to manage the Board and the Chief Executive Officer's responsibilities to manage the Company's businesses. The division of responsibilities between the Chairman of the Board and the Chief Executive Officer is clearly established and set out in writing.

(7) SECURITIES TRANSACTIONS BY DIRECTORS AND DESIGNATED EMPLOYEES

The Company has adopted with updates last made on 23 January 2024 a Code of Practice for Securities Transactions by Directors and Designated Employees ("**Securities Code**") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Listing Rules. The Company has made specific enquiry of all Directors and they have confirmed in writing their compliance with the required standard set out in the Securities Code throughout the Year.

(8) WHISTLEBLOWING POLICY

In compliance with code provision D.2.6 of the CG Code, the Board adopted the Whistleblowing Policy on 19 July 2022 with updates last made on 3 October 2023 which provides formal channels and guidance to facilitate the raising of matters of concern by employees of the Group ("**Employees**") and those who deal with the Group (e.g. customers, suppliers, creditors and debtors) ("**Third Parties**", each a "**Whistleblower**"), in confidence, without fear of reprisals. Procedures are formulated to enable the Whistleblower to report suspected improprieties in any matters related to the Group directly addressed to the designated EDs as well as Head of Group Human Resources and Administration Department. An email account (whistleblowing@laisun.com) has been set up for this purpose. All reported matters will be investigated independently and, in the meantime, all information received from a Whistleblower and its identity will be kept confidential.

The Group is determined to prevent any misconduct, malpractice or irregularities in any matters that might compromise the interest of any Shareholders. Employees at all levels of the organisation are made aware of the Company's emphasis on integrity and "speak up" culture.

The Audit Committee is supervising the enforcement of the Whistleblowing Policy and is responsible for the interpretation, monitoring and periodic review of all the policies and procedures set out therein. The Board and the Audit Committee will review the whistleblowing mechanism periodically to improve its effectiveness. No whistleblowing cases were reported during the Year. Full details of the Whistleblowing Policy are available on the Company's website.

(9) ANTI-FRAUD AND ANTI-CORRUPTION POLICY

In compliance with code provision D.2.7 of the CG Code, the Board adopted an anti-fraud and anti-corruption policy ("**AFAC Policy**") on 19 July 2022 which sets out the specific behavioral guidelines that the Employees, the Third Parties and those acting in an agency or fiduciary capacity on behalf of the Group must follow to combat fraud and corruption.

The Group is committed to maintaining a high standard of integrity, openness and discipline in its business operations. The AFAC Policy forms an integral part of the Group's corporate governance framework. Other relevant policies of the framework, including code of conduct and Whistleblowing Policy, outline the Group's expectations and requirements of business ethics, as well as the investigation and reporting mechanism of suspected corruption practices.

The AFAC Policy demonstrates the Company's commitment to the practice of ethical business conduct and compliance with all applicable laws and regulations related to anti-corruption and anti-bribery.

The Board and the Audit Committee will review the AFAC Policy and mechanism periodically to ensure its effectiveness and align with the applicable laws and regulations. Full details of the AFAC Policy are available on the Company's website.

During the Year, no incident involving fraud or misconduct have been received from Employees nor external parties which had or would have a material impact on the Company's financial position and overall operations.

(10) INDEPENDENT AUDITOR'S REMUNERATION AND AUDITOR RELATED MATTERS

At 2023 AGM, Ernst & Young was re-appointed by the Shareholders as the Independent Auditor at a fee to be agreed by the Board. The fees in respect of the audit and non-audit services provided to the Group by Ernst & Young for the Year amounted to approximately HK$5,920,000 and HK$1,315,000, respectively. The non-audit services mainly consisted of certain agreed-upon procedures, tax advisory and other reporting services.

(11) DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors acknowledge that they are responsible for overseeing the preparation of the financial statements which give a true and fair view of the financial position of the Group and of the financial performance and cash flows for such reporting period. In doing so, the Directors select suitable accounting policies and apply them consistently and make accounting estimates that are appropriate in the circumstances. With the assistance of the accounting and finance staff, the Directors ensure that the consolidated financial statements of the Group are prepared in accordance with statutory requirements and appropriate financial reporting standards. The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group.

More detailed descriptions of the changes in accounting policies and the related financial impacts are included in the audited consolidated financial statements of the Group for the Year.

(12) INDEPENDENT AUDITOR'S REPORTING RESPONSIBILITY

The statement by the Independent Auditor about its reporting and auditing responsibilities for the consolidated financial statements of the Group is set out in the section headed "*Independent Auditor's Report*" of this Annual Report.

(13) RISK MANAGEMENT AND INTERNAL CONTROL

The main features of the risk management and internal control systems of the Group are to provide a clear governance structure, policies and procedures, as well as reporting mechanism to facilitate the Group to manage its risks across business operations.

The Group has established a risk management framework, which consists of the Board, the Audit Committee and the risk management taskforce. The Board determines the nature and extent of risks that shall be taken in achieving the Group's strategic objectives, and has the overall responsibility for monitoring the design, implementation and the overall effectiveness of risk management and internal control systems.

The Group has formulated and adopted risk management policy in providing direction in identifying, evaluating and managing significant risks. At least on an annual basis, the risk management taskforce identifies risks that would adversely affect the achievement of the Group's objectives, and assesses and prioritises the identified risks according to a set of standard criteria. Risk mitigation plans and risk owners are then established for those risks considered to be significant.

With a view to manage the Group's business and operational risks and to ensure smooth operation, the Group has outsourced the internal audit function to the Independent Advisor during the Year to assist the Board and the Audit Committee in on-going monitoring of the risk management and internal control systems of the Group. The design and implementation of internal controls are to identify weakness for improvement. The Independent Advisor reports to the Audit Committee for identified weakness and proposed recommendation on a timely basis to ensure prompt remediation actions are taken.

The Company's ERM Report and ICR Report are prepared by the Independent Advisor and submitted to the Audit Committee and the Board at least once a year. The Board has performed annual review on the effectiveness of the Group's risk management and internal control systems, including but not limited to the Group's ability to cope with its business transformation and changing external environment; the scope and quality of management's review on risk management and internal control systems; result of internal audit work; the extent and frequency of communication with the Board in relation to result of risk and internal control review; significant failures or weaknesses identified and their related implications; and status of compliance with the Listing Rules. The Board considered that the Group's risk management and internal control systems in place for the Year and up to the date of this Annual Report are effective and adequate.

The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Procedures and Internal Controls for the Handling and Dissemination of Inside Information

The Group complies with the requirements of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("**SFO**") and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures that the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensuring that information contained in the Company's announcements are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

(14) COMPANY SECRETARY

The Company Secretary is an employee of the Company. For the Year, the Company Secretary has confirmed that she complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

(15) SHAREHOLDERS' RIGHTS

(15.1) Procedures for Shareholders to Convene Special General Meetings ("SGMs")

Pursuant to the Bye-laws, registered Shareholders holding not less than one-tenth (10%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company ("**SGM Requisitionists**") can deposit a written request to convene a SGM at the registered office of the Company ("**Registered Office**"), which is presently situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda for the attention of the Company Secretary.

The SGM Requisitionists must state in their request(s) the objects of the SGM, and such request(s) must be signed by all the SGM Requisitionists, and may consist of several documents in like form, each signed by one or more of the SGM Requisitionists.

The Company's branch share registrar in Hong Kong ("**Registrar**") will verify the SGM Requisitionists' particulars in the SGM Requisitionists' request. Promptly after confirmation from the Registrar that the SGM Requisitionists' request is in order, the Company Secretary will arrange with the Board to convene a SGM by serving sufficient notice to all registered Shareholders in accordance with all the relevant statutory and regulatory requirements. On the contrary, if the SGM Requisitionists' request is verified not in order, the SGM Requisitionists will be advised of the outcome and accordingly, a SGM will not be convened as requested.

The SGM Requisitionists, or any of them representing more than one-half (50%) of the total voting rights of all of them, may themselves convene a SGM if within twenty-one (21) days of the deposit of the SGM Requisitionists' request, the Board does not proceed duly to convene a SGM provided that any SGM so convened is held within three (3) months from the date of the original SGM Requisitionists' request. Any reasonable expenses incurred by the SGM Requisitionists by reason of the Board's failure to duly convene a SGM shall be reimbursed to the SGM Requisitionists by the Company.

(15.2) Procedures for Putting Forward Proposals at a General Meeting

Pursuant to the Companies Act 1981 of Bermuda (as amended), either any number of the registered Shareholders holding not less than one-twentieth (5%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company ("**Requisitionists**"), or not less than 100 of such registered Shareholders, can request the Company in writing to (a) give to Shareholders entitled to receive notice of the next general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to Shareholders entitled to have notice of any general meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The requisition signed by all the Requisitionists may consist of several documents in like form, each signed by one or more of the Requisitionists; and it must be deposited at the Registered Office stated in paragraph (15.1) above with a sum reasonably sufficient to meet the Company's relevant expenses, not less than six (6) weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one (1) week before the meeting in the case of any other requisition. Provided that if an AGM is called for a date six (6) weeks or less after the requisition has been deposited, the requisition though not deposited within the time required shall be deemed to have been properly deposited for the purposes thereof.

(15.3) Procedures for Proposing a Person for Election as a Director

As regards the procedures for proposing a person for election as a Director, please refer to the procedures made available under the Corporate Governance section (Shareholders' Rights sub-section) of the Company's website at www.esun.com.

(15.4) Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are as follows:

11th Floor, Lai Sun Commercial Centre
680 Cheung Sha Wan Road
Kowloon, Hong Kong

Fax: (852) 2743 8459
E-mail: lscomsec@laisun.com

Shareholders may also make enquiries with the Board at the general meetings of the Company.

(16) COMMUNICATION WITH SHAREHOLDERS

(16.1) Shareholders' Communication Policy

The Board recognised the importance of maintaining clear, timely, continuing and effective communication with the Shareholders and on 29 March 2012, adopted the Shareholders' Communication Policy with updates last made on 19 July 2022, reflecting mostly the current practices of the Company for communication with its Shareholders. Such policy aims at providing the Shareholders and potential investors with ready and timely access to balanced and understandable information of the Company, and emphasises its commitment to an effective communication with Shareholders and potential investors through various platforms and channels specified in the policy. It will be reviewed regularly by the Board to ensure its effectiveness and compliance with the prevailing regulatory and other requirements. Full details of the Shareholders' Communication Policy are available on the Company's website.

To ensure the Shareholders and potential investors receive equal access to information at the same time, corporate communications will be provided to the Shareholders in both English and Chinese versions to facilitate the Shareholders' understanding. The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

(i) Shareholders can choose the means of receiving corporate communications such as annual reports, interim reports and circulars either in printed form or in electronic form by assessing the corporate communications published on HKEX's website at www.hkexnews.hk and the Company's website at www.esun.com;

(ii) financial highlights, press releases and results roadshows presentations are also posted on the Company's website;

(iii) periodic announcements are made through the Stock Exchange and published on the respective websites of HKEX and the Company;

(iv) corporate information is made available on the Company's website and the Memorandum of Association and New Bye-laws of the Company has been posted on the respective websites of HKEX and the Company;

(v) participate in roadshows and investors' conferences to meet Shareholders/investors, media and financial analysts;

(vi) AGMs and SGMs provide a forum for the Shareholders to make comments and exchange views with the Directors and senior management of the Company; and

(vii) the Registrar serves the Shareholders in respect of share registration, dividend payment, change of Shareholders' particulars and related matters.

Having considered the multiple channels of communication and engagement in place, the Board has reviewed and is satisfied that the Shareholders' Communication Policy has been properly in place during the Year and is effective.

(16.2) Directors' Attendance at General Meeting

During the Year, the Company held the 2023 AGM and the attendance record of each Director at this meeting is set out below:

Directors	Number of Meeting Attended/ Number of Meeting Held
Executive Directors	
Mr. Yang Yiu Chong, Ronald Jeffrey *(Chief Executive Officer)* *(Note 1)*	1/1
Mr. Cheung Sum, Sam *(Note 2)* (*Group Chief Financial Officer)*	1/1
Mr. Lam Hau Yin, Lester *(also alternate director to Madam U Po Chu)*	0/1
Mr. Yip Chai Tuck	1/1
Mr. Lui Siu Tsuen, Richard *(Note 3)*	N/A
Non-executive Director	
Madam U Po Chu	0/1
Independent Non-executive Directors	
Mr. Low Chee Keong *(Chairman)*	1/1
Mr. Lo Kwok Kwei, David	1/1
Dr. Ng Lai Man, Carmen	1/1
Mr. Poon Kwok Hing, Albert *(Note 4)*	1/1
Mr. Alfred Donald Yap	1/1

Notes:

1. *Mr. Yang was appointed an ED and the Chief Executive Officer on 3 October 2023.*
2. *Mr. Cheung was appointed an ED on 1 August 2023.*
3. *Mr. Lui resigned as an ED and the Chief Executive Officer on 3 October 2023.*
4. *Mr. Poon was appointed an INED on 1 August 2023.*

(16.3) Details of the Last General Meeting

The 2023 AGM was held at 10:00 a.m. at Grand Ballrooms 1 and 2, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong. During which the Directors (except Mr. Lam and Madam U), the designated senior management of the Company and the representatives of Ernst & Young, presented to answer the Shareholders' questions. At the 2023 AGM, Shareholders approved by a vast majority of votes (i) the adoption of the audited financial statements of the Company for the year ended 31 July 2023 and the reports of the directors and the independent auditor thereon; (ii) the election/re-election of Mr. Cheung, Mr. Yang and Mr. Yip Chai Tuck as EDs and Mr. Low, Mr. Poon and Mr. Yap as INEDs, as well as the authorisation for the Board to fix the remuneration of the Directors; (iii) the re-appointment of Ernst & Young as the Independent Auditor for the Year and the authorisation for the Board to fix their remuneration; and (iv) the granting to the Directors a general mandate to allot, issue and deal with additional shares of the Company ("**Shares**") not exceeding 20% of the total issued Shares and to buy back the Shares not exceeding 10% of the total issued Shares; and the extension of the general mandate granted to the Directors to issue Shares by adding the number of Shares to be bought back.

The notice of the 2023 AGM and the poll results announcement in respect of the 2023 AGM were published on the websites of both HKEX and the Company on 17 November 2023 and 15 December 2023, respectively.

(17) DIVIDEND POLICY

In compliance with code provision F.1.1 of the CG Code, the Board adopted a dividend policy ("**Dividend Policy**") on 22 January 2019 setting out the criteria and forms of dividend payout of the Company.

The Dividend Policy does not have any pre-determined dividend payout ratio. In deciding whether to propose a dividend and in determining the dividend amount, the Board will take into account of factors such as (i) the Group's actual and expected underlying financial performance; (ii) the shareholders' interests; (iii) business condition and strategies; (iv) expected working capital requirements and future business growth plans; and (v) any other factors that the Board may consider appropriate.

There is no assurance that a dividend will be proposed or declared in any particular amount for any specific periods. Any declaration and payment of future dividends under the Dividend Policy will be subject to, among others, any restrictions under the applicable laws of Bermuda, the Bye-laws and the Board's determination that the same would be in the best interests of the Group and the Shareholders as a whole. The Board will review the Dividend Policy from time to time and may adopt changes as appropriate at the relevant time to ensure the effectiveness of the Dividend Policy.

(18) INVESTOR RELATIONS

To ensure our investors have a better understanding of the Company, our management engages in a proactive investor relations program. Our EDs and Investor Relations Department communicate with research analysts and institutional investors regularly.

The Group maintains proactive interactions with the investment community and provides them with updates on the Group's operations, financial performance and outlook. During the year under review, the Company has been communicating with a range of stakeholders via physical/online meetings and conference calls.

The Company is keen on promoting investor relations and enhancing communication with the Shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public who may contact the Investor Relations Department by phone on (852) 2853 6106, by fax at (852) 2853 6651 or by e-mail at ir@esun.com.

(19) CONSTITUTIONAL DOCUMENTS

During the Year, there was no significant change in the Bye-laws which is available on the respective websites of HKEX at www.hkexnews.hk and the Company at www.esun.com.

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Each of the executive directors of the Company ("**Directors**" and "**Executive Directors**", respectively) named below holds directorship in a number of subsidiaries of the Company and all of them (except Mr. Yip Chai Tuck) hold directorship in all/certain of the Company's listed affiliates, namely Lai Sun Garment (International) Limited ("**LSG**"), Lai Sun Development Company Limited ("**LSD**") and Lai Fung Holdings Limited ("**Lai Fung**"). The issued shares of LSG, LSD and Lai Fung are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"). LSG is the ultimate holding company of the Company while LSD is a subsidiary of LSG and the intermediate holding company of the Company and Lai Fung.

Mr. Yang Yiu Chong, Ronald Jeffrey, aged 57, was appointed an Executive Director and the Chief Executive Officer of the Company as well as a member of each of the executive committee, nomination committee and remuneration committee of the Company ("**Executive Committee**", "**Nomination Committee**" and "**Remuneration Committee**", respectively) on 3 October 2023. He has over 30 years of experience in finance and investment arena in Greater China and North America. Mr. Yang has a double bachelor degree in Accounting and Finance from Boston University, the United States of America. He held senior management position in several listed companies and the issued shares of which are listed and traded on the Stock Exchange. Mr. Yang was also a Responsible Officer and has participated in numerous corporate finance activities for many listed companies in Hong Kong, as well as worked in a leading international bank.

Mr. Yang joined LSD as the Chief Investment Officer in September 2020 and was appointed an executive director of LSG since 2 June 2023. He has worked for Sing Tao News Corporation Limited ("**Sing Tao**", the issued shares of which are listed and traded on the Main Board of the Stock Exchange) for over 18 years where he held senior management positions as well as serving as an executive director. Mr. Yang worked as senior vice president of corporate finance of Global China Technology Group Limited, and completed the acquisition of and the merger with Sing Tao. He worked for Leefung-Asco Printers Holdings Limited for over 10 years where he participated and successfully completed their initial public offering on the Stock Exchange. Mr. Yang also worked in the corporate banking and the corporate finance department of Citibank Hong Kong after obtaining the university degree.

Mr. Cheung Sum, Sam, aged 60, was appointed an Executive Director and a member of each of the Executive Committee, Nomination Committee and Remuneration Committee on 1 August 2023. Mr. Cheung was also appointed an executive director of each of LSG, LSD and Lai Fung on same date. He joined the Company and each of LSG, LSD and Lai Fung ("**Lai Sun Group**") as Group Chief Financial Officer on 13 July 2023.

Mr. Cheung was the chief financial officer of FTLife Insurance Company Limited (a wholly-owned subsidiary of NWS Holdings Limited) from September 2019 to November 2020, the chief financial officer and vice president of Agile Group Holdings Limited (the issued shares of which are listed and traded on the Main Board of the Stock Exchange) from July 2013 to May 2019, an Executive Director from March 2011 to August 2012, and an executive director of each of LSD and Lai Fung from March 2011 to August 2012 and from June 2007 to October 2009.

Prior to joining the Lai Sun Group in 2006, Mr. Cheung worked for a number of other listed companies and international investment banks in Hong Kong. He has extensive experience in capital markets and financial management. Mr. Cheung graduated from the London School of Economics and Political Science, University of London with a Bachelor of Science (Economics) degree in Accounting and Finance. He is a fellow member of the Association of Chartered Certified Accountants ("**ACCA**") in the United Kingdom ("**UK**") and the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Mr. Lam Hau Yin, Lester, aged 43, was appointed an Executive Director on 1 November 2012 and is presently a member of the Executive Committee. He is also an executive director of both LSG and LSD, as well as an executive director and the chief executive officer of Lai Fung. Further, Mr. Lam is also the alternate director to Madam U Po Chu ("**Madam U**", a non-executive director of the Company ("**NED**")) in her capacity as an executive director of each of LSG and Lai Fung and a non-executive director of each of LSD and the Company.

Mr. Lam holds a Bachelor of Science in Business Administration Degree from the Northeastern University in Boston of the United States of America. He completed the Kellogg-HKUST Executive MBA program in 2016. Mr. Lam has acquired working experience since 1999 in various companies engaged in securities investment, hotel operations, environmental products, entertainment and property development and investment. He is currently a committee member of the general committee of The Chamber of Hong Kong Listed Companies.

Mr. Lam is a grandson of Madam U and a son of Dr. Lam Kin Ngok, Peter ("**Dr. Peter Lam**", a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)).

Mr. Yip Chai Tuck, aged 50, was appointed an Executive Director on 14 February 2014 and is presently a member of the Executive Committee. He is currently a director of Media Asia Group Holdings Limited ("**MAGHL**", has been privatised and become a wholly-owned subsidiary of the Company since 16 March 2023 and delisted on GEM of the Stock Exchange on 21 March 2023), and was appointed as its chief executive officer on 1 February 2024. Mr. Yip was the chief executive officer of LSG from 19 August 2013 to 31 January 2024. He has extensive experience in corporate advisory, business development and investment banking.

Mr. Yip is a member of the Securities and Futures Appeals Tribunal for a term of 2 years with effect from 1 April 2023. Prior to joining the Company, he was a managing director and head of mergers and acquisitions ("**M&A**") for China of Goldman Sachs. Mr. Yip had also worked for PCCW Limited, a Hong Kong listed company, as vice president of ventures and M&A, responsible for strategic investments and M&A transactions.

Mr. Yip graduated from Macquarie University, Australia with a Bachelor of Economics (Accounting) and obtained a Master Degree in Applied Finance and Investments from the Financial Services Institute of Australia, where he is also a Fellow member.

NON-EXECUTIVE DIRECTOR

Madam U Po Chu, aged 99, is a NED and was first appointed as Director in October 1996. She is also an executive director of LSG and Lai Fung as well as a non-executive director of LSD.

Madam U has over 55 years' experience in the garment manufacturing business and had been involved in the printing business since the mid-1960's. She started to expand the business to fabric bleaching and dyeing in the early 1970's and became involved in property development and investment in the late 1980's.

Madam U is the grandmother of Mr. Lam Hau Yin, Lester (an Executive Director) and the mother of Dr. Peter Lam.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Low Chee Keong, aged 64, has been the Chairman of the board of Directors ("**Board**") since June 2010 and is presently an independent non-executive director of the Company ("**INED**"), a member of the audit committee of the Company ("**Audit Committee**") and the chairman of the Nomination Committee and Remuneration Committee. Mr. Low first joined the Board in August 1999 as an INED, was re-designated as a NED in June 2010, and was further re-designated as an INED on 1 September 2011. Serving as a member of the Remuneration Committee since October 2009, he was the chairman of the Remuneration Committee from October 2009 to late March 2011 and re-assumed the Remuneration Committee chairmanship on 1 September 2011.

Mr. Low graduated from the Chartered Institute of Marketing in the UK in 1986. He has over 29 years' experience in the property development and maintenance industry in Singapore.

Mr. Lo Kwok Kwei, David, aged 64, joined the Board as a NED in March 2009 and has been re-designated from a NED to an INED with effect from 1 September 2011 and is presently a member of the Nomination Committee.

Mr. Lo holds the degrees of Bachelor of Laws and Bachelor of Jurisprudence from the University of New South Wales, Australia. He was admitted as a solicitor of the Supreme Court of New South Wales, Australia in 1984 and has been a member of The Law Society of Hong Kong since 1987. Mr. Lo has been practising as a solicitor in Hong Kong for over 35 years and is a partner of a law firm David Lo & Partners. In addition, he is currently an independent non-executive director of Man Yue Technology Holdings Limited and Futong Technology Development Holdings Limited (the issued shares of both companies are listed and traded on the Main Board of the Stock Exchange).

Dr. Ng Lai Man, Carmen, aged 60, was appointed an INED in March 2009 and is presently the chairwoman of the Audit Committee and a member of the Remuneration Committee. She has over 36 years of experience in professional accounting services and corporate finance in Hong Kong, Chinese Mainland, Singapore, the United States, Canada and Europe.

Dr. Ng is a practising certified public accountant in Hong Kong and is currently a director of Cosmos CPA Limited in Hong Kong as well as the director and responsible officer of Redwood Asset Management Limited which is licensed with the Securities and Futures Commission. She is a fellow member of the HKICPA and ACCA in the UK, and an associate member of The Institute of Chartered Accountants in England and Wales. Dr. Ng received her Doctor of Business Administration from The Hong Kong Polytechnic University, Degree of Juris Doctor from The Chinese University of Hong Kong, Master of Laws in Corporate and Financial Laws from The University of Hong Kong, Master of Business Administration from The Chinese University of Hong Kong, Master of Professional Accounting from The Hong Kong Polytechnic University as well as Master of Science in Global Finance jointly offered by Leonard N. Stern School of Business of New York University and The Hong Kong University of Science & Technology.

In addition, Dr. Ng is currently an independent non-executive director of Global International Credit Group Limited, Moiselle International Holdings Limited and Hua Lien International (Holding) Company Limited (from 30 September 2024). She was an independent non-executive director of Lion Rock Group Limited from June 2011 to May 2024. The issued shares of all the aforesaid companies are listed and traded on the Main Board of the Stock Exchange.

Mr. Poon Kwok Hing, Albert, aged 63, was appointed an INED on 1 August 2023. He is currently an independent non-executive director of Shaw Brothers Holdings Limited (the issued shares of which are listed and traded on the Main Board of the Stock Exchange). Mr. Poon was an independent non-executive director of each of MAGHL from April 2020 to April 2023, Greater Bay Area Dynamic Growth Holding Limited (the issued shares of which are listed and traded on the Main Board of the Stock Exchange) from March 2007 to October 2022 and Master Glory Group Limited (delisted on the Main Board of the Stock Exchange on 8 February 2021) from February 2007 to December 2020, respectively.

Mr. Poon graduated from the University of Bath, UK with a Master of Science degree in Business Administration. He is a member of each of the HKICPA and the CPA Australia.

Mr. Alfred Donald Yap, J.P., aged 85, is an INED and a member of each of the Audit Committee, Nomination Committee and Remuneration Committee. He was first appointed to the Board in December 1996.

Mr. Yap is presently a common consultant for both K. C. Ho & Fong and Yap & Lam, Solicitors. He was a former president of both The Law Society of Hong Kong and The Law Association for Asia and the Pacific (LAWASIA). Mr. Yap was also a former Hong Kong Affairs Adviser appointed by the Chinese Government and has served on various public and community organisations. In addition, he is currently an independent non-executive director of Wong's International Holdings Limited and was an independent non-executive director of Hung Hing Printing Group Limited from March 2005 to May 2023. The issued shares of the aforesaid companies are listed and traded on the Main Board of the Stock Exchange.

REPORT OF THE DIRECTORS

The directors of the Company ("**Directors**") present their report and the audited consolidated financial statements of the Company and its subsidiaries (together, "**Group**") for the year ended 31 July 2024 ("**Financial Statements**" and "**Year**", respectively).

PRINCIPAL ACTIVITIES

During the Year, the Company acted as an investment holding company. The principal activities of its subsidiaries include the production and distribution of films and TV programs, music production and publishing, management and production of concerts, artiste management and cinema operation.

Particulars of the Company's principal subsidiaries as at 31 July 2024 are set out in note 42 to the Financial Statements. There were no significant changes in the nature of the Group's principal activities during the Year and up to the date of this Report.

BUSINESS REVIEW

A review of the Group's businesses during the Year and a discussion and analysis of the Group's future business development, possible risks and uncertainties that the Group may be facing are provided in the "*Chairman's Statement*" and "*Management Discussion and Analysis*" on pages 4 to 8 and pages 13 to 15 of this Annual Report, respectively. An analysis of the Group's performance during the Year using financial key performance indicators is provided in the "*Financial Summary and Highlights*" on pages 9 to 12 of this Annual Report. The financial risk management objectives and policies of the Group are set out in note 39 to the Financial Statements. In addition, discussions on the Group's environmental policies, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the "*Environmental, Social and Governance Report*" and "*Corporate Governance Report*" on pages 16 to 39 and pages 40 to 61 of this Annual Report, respectively. These discussion form part of this Report.

RESULTS AND DIVIDENDS

Details of the results of the Group for the Year and the Group's financial position as at 31 July 2024 are set out in the Financial Statements and their accompanying notes on pages 86 to 184 of this Annual Report.

The board of Directors ("**Board**") does not recommend the payment of a final dividend in respect of the Year (2023: Nil). No interim dividend was paid or declared in respect of the Year (2023: Nil).

DIRECTORS

The Directors who were in office during the Year and as at the date of this Report are as follows:

Executive Directors ("EDs")
Mr. Yang Yiu Chong, Ronald Jeffrey *(Chief Executive Officer)* (appointed on 3 October 2023)
Mr. Cheung Sum, Sam *(Group Chief Financial Officer)* (appointed on 1 August 2023)
Mr. Lam Hau Yin, Lester *(also alternate director to Madam U Po Chu)*
Mr. Yip Chai Tuck
Mr. Lui Siu Tsuen, Richard *(Chief Executive Officer)* (resigned on 3 October 2023)

Non-executive Director ("NED")
Madam U Po Chu

Independent Non-executive Directors ("INEDs")
Mr. Low Chee Keong *(Chairman)*
Mr. Lo Kwok Kwei, David
Dr. Ng Lai Man, Carmen
Mr. Poon Kwok Hing, Albert (appointed on 1 August 2023)
Mr. Alfred Donald Yap

In accordance with Bye-law 87 of the New Bye-laws of the Company adopted on 16 December 2022 ("**Bye-laws**"), Directors shall retire from office by rotation once every three years since their last election. Mr. Lam Hau Yin, Lester ("**Mr. Lester Lam**"), Mr. Lo Kwok Kwei, David and Dr. Ng Lai Man, Carmen ("**Dr. Ng**") (collectively, "**Retiring Directors**") will retire from office as Directors by rotation at the forthcoming annual general meeting of the Company ("**AGM**") and being eligible, will offer themselves for re-election.

Details of the Retiring Directors proposed for re-election at the forthcoming AGM, required to be disclosed under Rule 13.51(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**" and "**Stock Exchange**", respectively), are set out in the Company's circular dated 14 November 2024.

All Retiring Directors have confirmed that there are no other matters that need to be brought to the attention of the shareholders of the Company ("**Shareholders**") and there is no information to be disclosed pursuant to the requirements under Rule 13.51(2) of the Listing Rules.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its INEDs in writing an annual confirmation of his/her independence for the Year pursuant to Rule 3.13 of the Listing Rules and the Board considers all INEDs to be independent.

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical particulars of the existing Directors are set out on pages 62 to 65 of this Annual Report. Directors' other particulars are contained elsewhere in this Report and this Annual Report.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming AGM has an unexpired service contract with the Company and/or any of its subsidiaries, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' fees and other emoluments are supervised by the remuneration committee of the Company ("**Remuneration Committee**") and determined by the Board upon the recommendations of the Remuneration Committee with reference to Directors' duties, responsibilities and performance and the results of the Company as well as the prevailing market conditions. Details of the Directors' remuneration are set out in note 10 to the Financial Statements.

PERMITTED INDEMNITY PROVISION AND DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Pursuant to Bye-law 166(1) of the Bye-laws and subject to the provisions of the Statutes, every Director and other officers of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she may sustain or incur in or about the execution or holding of his/her office or otherwise in relation thereto, provided that the indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons. The Company has arranged Directors' and officers' liability insurance policy of the Company during the Year.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in note 5 to the Financial Statements and the section headed "*Continuing Connected Transactions*" in this Report below, no Director nor a connected entity of a Director had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its holding companies, subsidiaries and fellow subsidiaries was a party during the Year.

MANAGEMENT CONTRACTS

No contract of significance concerning the management and administration of the whole or any substantial part of business of the Company or any of its holding companies, subsidiaries and fellow subsidiaries was entered into or subsisted during the Year.

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "*Share Option Schemes*" and "*Directors' and Chief Executive's Interests*" in this Report below, in note 33 to the Financial Statements, and the share option schemes adopted by Lai Sun Garment (International) Limited ("**LSG**", the ultimate holding company of the Company) and Lai Sun Development Company Limited ("**LSD**", an intermediate holding company of the Company), at no time during the Year was the Company or any of its holding companies and its subsidiaries a party to any arrangement to enable a Director to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the Year and up to the date of this Report, the following Directors are considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules:

Five EDs, namely Messrs. Yang Yiu Chong, Ronald Jeffrey ("**Mr. Yang**", from 3 October 2023), Cheung Sum, Sam ("**Mr. Cheung**"), Lester Lam (also alternate director to Madam U Po Chu ("**Madam U**", a NED)), Yip Chai Tuck ("**Mr. Yip**", up to 31 January 2024) and Lui Siu Tsuen, Richard (up to 2 October 2023), and Madam U (collectively, "**Interested Directors**") held shareholding interests and/or other interests and/or directorships in companies/entities engaged in the businesses of the production and distribution of films and TV programs, music production and publishing, management and production of concerts, artiste management and cinema operation.

However, the Board is independent from the boards of directors/governing committees of the aforesaid companies/entities and none of the Interested Directors can personally control the Board. Further, each of the Interested Directors is fully aware of, and has been discharging, his/her fiduciary duty to the Company and has acted and will continue to act in the best interest of the Company and the Shareholders as a whole. Therefore, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies/entities.

SHARE OPTION SCHEMES

On 11 December 2015, the Company adopted a share option scheme ("**2015 Scheme**") which became effective on 23 December 2015 and should remain in force for 10 years from its adoption date. The maximum number of the Company's ordinary shares of HK$0.50 each ("**Shares**") issuable pursuant to the 2015 Scheme is 124,321,216, being 10% of the total issued Shares on the date of the approval of the 2015 Scheme.

Upon the closing of the Company's offers on 22 August 2018, all outstanding share options granted under the 2015 Scheme had been cancelled. On 21 January 2022, the Company granted share options under the 2015 Scheme to the eligible participants, entitling them to subscribe for a total of 1,500,000 underlying Shares (equivalent to approximately 0.10% of the total issued Shares as at that date (that is, 1,491,854,598)) at the exercise price of HK$0.50 per Share with the exercise period from 21 January 2022 to 20 January 2032.

The 2015 Scheme was terminated and a new share option scheme ("**2022 Scheme**") was adopted by the Shareholders at the AGM held on 16 December 2022. The 2022 Scheme has also been approved by shareholders of both LSD and LSG at their respective annual general meetings held on the same date and became effective on 19 December 2022 ("**Effective Date**").

The number of Shares available for grant under the 2015 Scheme before its termination was 122,821,216. Upon termination of the 2015 Scheme, no further share options will be granted thereunder but the outstanding share options granted prior to the termination will continue to be valid and exercisable in accordance with the terms of the 2015 Scheme.

Unless otherwise cancelled or amended, the 2022 Scheme will remain in force for 10 years from the Effective Date, which will expire on 19 December 2032. The principal terms of the 2022 Scheme are set out in the circular of the Company dated 17 November 2022. The maximum number of Shares issuable and the service provider sublimit pursuant to the 2022 Scheme were 149,185,459 and 14,918,545 Shares (being 10% and 1% of the total issued Shares) as at the Effective Date and (being 8.50% and 0.85% of the total issued Shares) as at the beginning and the end of the Year respectively.

The purpose of the 2022 Scheme is to recognise the contribution or future contribution of the Eligible Participants (including but not limited to the directors, chief executives, employees and service providers of the Group as well as the related entity participants (as defined in the 2022 Scheme)) to the Group by granting share options to them as incentives or rewards and to attract, retain and motivate high-calibre Eligible Participants in line with the performance goals of the Group and the related entities. The 2022 Scheme shall strengthen the many long-term relationships that the Eligible Participants may have with the Group.

During the Year, no share options had been granted under the 2022 Scheme. Accordingly, there were no Shares that might be issued in respect of share options granted under all share option schemes of the Company during the Year.

As at 31 July 2024 and the date of this Report, share options comprising a total of 700,000 underlying Shares (representing approximately 0.04% of the total issued Shares as at those dates (that is, 1,755,876,866)) granted under the 2015 Scheme were outstanding, and no further share options can be granted under the 2015 Scheme upon its termination on 16 December 2022. Therefore, a total number of 149,885,459 Shares are available for issue under the 2015 Scheme and the 2022 Scheme, representing approximately 8.54% of the total issued Shares as at those dates.

The movement of share options granted under the 2015 Scheme during the Year is set out below:

		Number of underlying Shares comprised in share options							
Category of grantees	Date of grant (dd/mm/yyyy)	As at 1 August 2023	Granted during the Year	Exercised during the Year	Cancelled/ lapsed during the Year	As at 31 July 2024	Exercise period (dd/mm/yyyy)	Exercise price per Share (HK$) *(Note 1)*	Vesting period
Eligible Participants									
Employee	21/01/2022	400,000	–	–	–	400,000	21/01/2022 – 20/01/2032	0.50	No
Other eligible participants	21/01/2022	1,100,000	–	–	(800,000) *(Note 2)*	300,000	21/01/2022 – 20/01/2032	0.50	No
Total		**1,500,000**	**–**	**–**	**(800,000)**	**700,000**			

Notes:

1. *The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.*

2. *A share option comprising 800,000 underlying Shares granted to an eligible participant under the 2015 Scheme on 21 January 2022 at the exercise price of HK$0.50 per Share lapsed on 15 August 2023.*

Save as disclosed above, no share options were granted, exercised, cancelled, or lapsed in accordance with the terms of the 2015 Scheme and the 2022 Scheme during the Year.

Further details of the 2015 and the 2022 Schemes are disclosed in note 33 to the Financial Statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

The following Directors and chief executive of the Company who held office on 31 July 2024 and their respective close associates (as defined in the Listing Rules) were interested, or were deemed to be interested, in the following long or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**")) on that date (a) as required to be notified to the Stock Exchange and the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); or (b) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO ("**Register of Directors and Chief Executive**"); or (c) as notified to the Stock Exchange and the Company pursuant to the Code of Practice for Securities Transactions by Directors and Designated Employees adopted by the Company ("**Securities Code**"); or (d) as otherwise known by the Directors:

(I) Interests in the Company

		Long positions in the Shares and underlying Shares				
		Number of Shares		Number of underlying Shares		
Name of Director	Capacity	Personal interests	Corporate interests	Personal interests	Total	Approximate percentage of total issued Shares *(Note)*
Lam Hau Yin, Lester	Beneficial owner	2,794,443	Nil	Nil	2,794,443	0.16%

Note: *The total number of issued Shares as at 31 July 2024 (that is, 1,755,876,866 Shares) has been used for the calculation of the approximate percentage.*

(II) Interests in the Associated Corporations

(a) LSG

		Long positions in ordinary shares of LSG ("LSG Shares") and underlying LSG Shares				
		Number of LSG Shares		Number of underlying LSG Shares		
Name of Directors	Capacity	Personal interests	Corporate interests	Personal interests	Total	Approximate percentage of total issued LSG Shares *(Note 1)*
Lam Hau Yin, Lester	Beneficial owner	28,033,218	Nil	6,519,095 *(Note 2)*	34,552,313	3.91%
U Po Chu	Beneficial owner	1,857,430	Nil	Nil	1,857,430	0.21%

Notes:

1. *The total number of issued LSG Shares as at 31 July 2024 (that is, 883,373,901 LSG Shares) has been used for the calculation of the approximate percentage.*

2. *These interests in underlying LSG Shares represent the interests in share options granted to a Director under a share option scheme of LSG, particulars of which are as follows:*

Name of Director	Date of grant (dd/mm/yyyy)	Number of underlying LSG Shares comprised in share options	Exercise period (dd/mm/yyyy)	Exercise price per LSG Share (HK$)
Lam Hau Yin, Lester	19/06/2017	5,135,275	19/06/2017 – 18/06/2027	11.155
	25/01/2022	1,383,820	25/01/2022 – 24/01/2032	3.673

(b) LSD

		Long positions in ordinary shares of LSD ("LSD Shares") and underlying LSD Shares				
		Number of LSD Shares		Number of underlying LSD Shares		
Name of Director	Capacity	Personal interests	Corporate interests	Personal interests	Total	Approximate percentage of total issued LSD Shares *(Note)*
U Po Chu	Beneficial owner	60,567	Nil	Nil	60,567	0.004%

Note: *The total number of issued LSD Shares as at 31 July 2024 (that is, 1,453,328,830 LSD Shares) has been used for the calculation of the approximate percentage.*

Save as disclosed above, as at 31 July 2024, none of the Directors and the chief executive of the Company and their respective close associates had, or was deemed to have, any interest in the long or short positions in the shares, underlying shares and/or debentures of the Company or any of its associated corporations, which was required to be notified to the Stock Exchange and the Company pursuant to the SFO, or recorded in the Register of Directors and Chief Executive, or notified to the Stock Exchange and the Company under the Securities Code or otherwise known by the Directors.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

As at 31 July 2024, so far as it is known by or otherwise notified by any Director or the chief executive of the Company, the particulars of the corporations or individuals, who had 5% or more interests in the following long positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO ("**Register of Shareholders**") or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company ("**Voting Entitlements**") (i.e. within the meaning of substantial shareholders of the Listing Rules) were as follows:

	Long positions in the Shares and underlying Shares		
Name	**Capacity**	**Number of Shares and underlying Shares held**	**Approximate percentage of total issued Shares** *(Note 1)*
Substantial Shareholders			
Lai Sun Development Company Limited *(Note 2)*	Owner of controlled corporation	1,113,260,072	63.40% *(Note 4)*
Lai Sun Garment (International) Limited *(Note 3)*	Owner of controlled corporations	1,113,260,072	63.40% *(Note 4)*
Dr. Lam Kin Ngok, Peter	Beneficial owner and owner of controlled corporations	1,116,054,515	63.56% *(Note 4)*
Other Persons			
Mr. Yu Cheuk Yi	Beneficial Owner	149,864,000	8.53% *(Note 5)*
Ms. Yu Siu Yuk	Beneficial Owner	149,864,000	8.53% *(Note 5)*

Notes:

1. *The total number of issued Shares as at 31 July 2024 (that is, 1,775,876,866 Shares) has been used for the calculation of the approximate percentage.*

2. *As at 31 July 2024, Mr. Cheung and Mr. Lester Lam were also the executive directors of LSD; and Madam U was also a non-executive director of LSD.*

3. *As at 31 July 2024, Mr. Yang, Mr. Cheung, Mr. Lester Lam and Madam U were also executive directors of LSG. Mr. Yip stepped down as the chief executive officer of LSG on 1 February 2024.*

4. *These interests in the Company represented all the Shares beneficially owned by Transtrend Holdings Limited, an indirect wholly-owned subsidiary of LSD. As at 31 July 2024, LSG and Dr. Lam Kin Ngok, Peter ("**Dr. Peter Lam**", a substantial shareholder of the Company within the meaning of Part XV of the SFO) were deemed to be interested in the same 1,113,260,072 Shares (approximately 63.40% of the total issued Shares) indirectly owned by LSD by virtue of his personal and deemed interests of approximately 41.93% (excluding share options) of the total issued LSG Shares; LSD was approximately 55.60% directly and indirectly owned by LSG; and LSG was approximately 12.70% (excluding share options) owned by Dr. Peter Lam and approximately 29.23% owned by Wisdoman Limited, which in turn 100% beneficially owned by Dr. Peter Lam.*

   As at 31 July 2024, Dr. Peter Lam also held 2,794,443 Shares as beneficial owner.

5. *Based on the disclosure of interests notices received by the Company, as at 31 July 2024, Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk were both taken to be interested in the same 149,864,000 Shares (approximately 8.53% of the total issued Shares), which were held jointly by them.*

Save as disclosed above, the Directors are not aware of any other corporation or individual (other than a Director or the chief executive of the Company) which/who, as at 31 July 2024, had the Voting Entitlements or 5% or more interests or short positions in the Shares or underlying Shares as recorded in the Register of Shareholders.

CONTROLLING SHAREHOLDER'S INTERESTS IN SIGNIFICANT CONTRACTS

Save as disclosed in note 5 to the Financial Statements and the section headed "*Continuing Connected Transactions*" in this Report below, at no time during the Year had the Company or any of its subsidiaries, and the controlling shareholder (as defined in the Listing Rules) or any of its subsidiaries entered into any contract of significance or any contract of significance for the provision of services by the controlling shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

CONTINUING CONNECTED TRANSACTIONS

The Company had certain continuing connected transactions ("**CCTs**") (as defined in the Listing Rules) during the Year, brief particulars of which are as follows:

1. Commercial Letting Framework Agreements

On 31 July 2023, the Group, LSG (together with its subsidiaries, "**LSG Group**"), LSD (together with its subsidiaries, "**LSD Group**") and Lai Fung Holdings Limited ("**Lai Fung**", a fellow subsidiary of the Company (together with its subsidiaries, "**Lai Fung Group**") (collectively, "**Lai Sun Group**") entered into the commercial letting framework agreement ("**2023 Commercial Letting Framework Agreement**") to record the basis for governing the transactions with regard to the letting and/or licensing of premises for office space, warehouse, commercial properties, car parking space, advertising spaces and other premises (excluding, for the avoidance of doubt, cinema premises) within members of the Lai Sun Group ("**2023-2026 Transactions**") for a period of three years commenced on 1 August 2023 and expiring on 31 July 2026.

Pursuant to the 2023 Commercial Letting Framework Agreement, each 2023-2026 Transaction shall be governed by a written agreement on normal commercial terms; and the rental or fees (including property management fees) payable and the payment terms shall be determined by reference to the prevailing market or comparable rental or fees.

Pursuant to Hong Kong Financial Reporting Standard 16 *Leases*, lessees are required to recognise a right-of-use asset in respect of fixed rental payments. Moreover, licensing and other fees payable by lessees other than fixed rental payments are recorded as expenses incurred by the lessees over the terms of that lease. As a result, the Company as the lessee has set the following cap amounts:

(i) the annual cap amount for the total value of the right-of-use assets in respect of the 2023-2026 Transactions is HK$7,000,000, HK$12,000,000 and HK$16,000,000 for the Year and the respective financial years ending 2025 and 2026, respectively; and

(ii) the annual cap amount for licensing and other fees other than the fixed rental payments in respect of the 2023-2026 Transactions ("**Licensing and Other Fees Payments**") is HK$1,000,000 for each of the Year and the respective financial years ending 2025 and 2026, respectively.

During the Year, in view of the Group's relocation of its major office of the media and entertainment businesses to the premises held by the LSD Group, the annual caps of Licensing and Other Fees Payments in respect of the 2023-2026 Transactions were revised from HK$1,000,000 to HK$3,000,000 for each of the Year and the respective financial years ending 2025 and 2026, taking into account of the expected increase in lease-related payments (including property management fees).

LSG and LSD are holding companies of the Company whereas Lai Fung is an indirect non-wholly-owned subsidiary of LSD, all of them are therefore connected persons of the Company under the Listing Rules. Accordingly, the 2023-2026 Transactions between the Group and each of the LSG Group (excluding the LSD Group) and the LSD Group (including the Lai Fung Group but excluding the Group) under the 2023 Commercial Letting Framework Agreement constituted the CCTs of the Company.

Details of the 2023 Commercial Letting Framework Agreement are set out in the joint announcement dated 31 July 2023 published by the Lai Sun Group; while details of the revised annual caps of Licensing and Other Fees Payments are set out in the Company's announcement dated 30 April 2024.

During the Year, the total value of the right-of-use assets recognised for the 2023-2026 Transactions amounted to approximately HK$4,471,000 representing right-of-use assets newly recognised; while Licensing and Other Fees Payments paid or payable by the Group amounted to approximately HK$1,193,000.

2. Cheung Sha Wan Cinema Lease

On 26 November 2018, Multiplex Cinema Limited ("**MCL**", an indirect non-wholly-owned subsidiary of the Company), as lessee, entered into an offer letter with LSD in relation to the lease of certain premises in Lai Sun Commercial Centre (a commercial property wholly-owned by LSD) for operation of MCL Cheung Sha Wan Cinema ("**LSCC Premises**") for a fixed term of 4 years from 26 November 2018 to 25 November 2022 and two renewal options at MCL's option (enabling MCL to renew the lease for a total lease term of 10 years) ("**Cheung Sha Wan Cinema Lease**").

LSD is a holding company of the Company and hence a connected person of the Company under the Listing Rules. Accordingly, the Cheung Sha Wan Cinema Lease is a CCT of the Company.

As set out in the Company's announcement dated 31 July 2020, the amounts payable by the Company other than the base rent (such as the property management fees and any additional turnover rent) under the Cheung Sha Wan Cinema Lease are recorded as expenses incurred over the remainder of the term of the Cheung Sha Wan Cinema Lease subject to an annual cap of HK$3,000,000 for each of the eight financial years ending 31 July 2028 and an annual cap of HK$1,000,000 for financial year ending 31 July 2029 ("**Adopted Annual Cap**").

The term of the Cheung Sha Wan Cinema Lease expired on 25 November 2022. Subsequently, MCL exercised its right of option to renew the lease of LSCC Premises by entering into an offer letter ("**Offer Letter**") and then a tenancy agreement with LSD for a fixed term of 3 years from 26 November 2022 to 25 November 2025 and MCL has an option to renew the lease for another 3 years, subject to the terms and conditions of the Offer Letter.

As at the date of the Offer Letter, the estimated annual amounts payable other than the base rent under the Offer Letter would not exceed the Adopted Annual Cap, therefore, the entering into of the Offer Letter would not require any adjustments regarding the Adopted Annual Cap.

During the Year, the total value of licensing and other fees other than the base rent paid or payable by the Group to LSD amounted to approximately HK$2,271,000.

3. Licence Arrangement – The Receipt of Service Fee

On 6 December 2017, Marvel Day Ventures Limited ("**Marvel Day**", an indirect non-wholly-owned subsidiary of the Company) and Cosmic Dragon Limited ("**Cosmic Dragon**", an indirect non-wholly-owned subsidiary of LSD) entered into the shareholders agreement ("**Shareholders Agreement**"), pursuant to which the parties agreed to form Love Grubers Limited ("**Love Grubers**", currently known as Hazelway Holding Limited, a company incorporated in the British Virgin Islands with limited liability and beneficially owned as to 50% by Marvel Day and 50% by Cosmic Dragon), to incorporate a wholly-owned subsidiary, Grubers Telford Limited ("**GTL**", currently known as Hazelway Limited, a company incorporated in Hong Kong with limited liability), for the purpose of operating a cafe ("**Café**") within the premises of MCL Telford Cinema located at Level 2 (Portion) and Level 3, Telford Gardens, No. 33 Wai Yip Street, Kowloon Bay, (New Kowloon Inland Lot No. 5744), Kowloon, Hong Kong ("**Telford Premises**").

The Shareholders Agreement contemplates Love Grubers entering into a licence arrangement concerning the space for the Café from MCL.

Love Grubers is an investment holding company which owns all the shares of GTL. Marvel Day had obtained consent from MCL to use a space of approximately 1,250 square feet exclusively for the Café plus additional space to be shared with, and at the discretion of, MCL for a term commenced on 6 December 2017 and expiring on 30 September 2024 ("**Licence Arrangement**").

Pursuant to the Shareholders Agreement, GTL shall pay to MCL a monthly service fee of the higher of (i) HK$138,000 per month or (ii) 10% of the Café's monthly gross revenue from 6 December 2017 to 30 September 2019 and 12% of the Café's monthly gross revenue from 1 October 2019 to 30 September 2024 ("**Service Fee**"), but the Service Fee from 6 December 2017 to 31 December 2017 had been waived.

As the Licence Arrangement contemplated under the Shareholders Agreement was a new CCT with LSD Group, no historical data was available for reference as far as the determination of the proposed annual caps for each of the financial years ending 31 July 2025 in respect of the Licence Arrangement contemplated under the Shareholders Agreement is concerned.

Based on the Service Fee in respect of the Licence Arrangement, the Company expected the amount payable by GTL to MCL for each of the financial years of the Company ending 31 July 2025 to be no more than HK$2,400,000.

GTL is a wholly-owned subsidiary of Love Grubers which is an associate of LSD. GTL is therefore deemed as an associate (as defined in Chapter 14A of the Listing Rules) of the controlling shareholder of the Company as at 6 December 2017 (i.e. the date of the Company's announcement), and hence the connected person of the Company. MCL is an indirect non-wholly-owned subsidiary of the Company. Accordingly, the Licence Arrangement contemplated under the Shareholders Agreement between GTL and MCL constituted a CCT of the Company under Chapter 14A of the Listing Rules.

For the Year, total Service Fee received or receivable by MCL from GTL amounted to HK$1,656,000.

The CCTs listed above have been reviewed by all INEDs who have confirmed that the transactions had been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or better; and

(c) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Ernst & Young, Certified Public Accountants ("**Ernst & Young**"), being the Company's independent auditor, were engaged to report on the Group's CCTs in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "*Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*" and with reference to Practice Note 740 (Revised) "*Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules*" issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young have issued their unmodified letter containing their findings and conclusions in respect of the CCTs disclosed above to the Board in accordance with Rule 14A.56 of the Listing Rules confirming that nothing has come to their attention that causes them to believe the CCTs:

(i) have not been approved by the Board;

(ii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and

(iii) have exceeded the annual caps as set by the Company.

Moreover, during the Year, there were sharing of corporate salaries and administrative expenses on a cost basis allocated from and to the LSG Group (excluding the Group). These CCTs are exempt from announcement, reporting and shareholders' approval requirements pursuant to Rule 14A.98 of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions undertaken in the normal course of business of the Group for the Year are provided under note 5 to the Financial Statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the Year are set out in note 32 to the Financial Statements.

DISTRIBUTABLE RESERVES

As at 31 July 2024, the Company's contributed surplus of HK$845,455,000 is available for distribution in accordance with the Companies Act 1981 of Bermuda (as amended) ("**Companies Act**").

Under the Companies Act, the Company's contributed surplus is available for distribution to the Shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of the Company's assets would thereby be less than its liabilities.

In addition, the Company's share premium account, in the amount of HK$4,257,351,000 may be applied to pay up in full unissued shares to be issued to the Shareholders as fully paid bonus shares.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this Report, the Company has maintained sufficient public float exceeding 25% of its issued share capital throughout the Year and up to the date of this Report.

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

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws or the laws of Bermuda, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

DONATIONS

During the Year, the Group did not make any donations for charitable and other purposes.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the Group's five largest customers accounted for approximately 35% of the Group's total revenue and revenue from the largest customer included therein amounted to approximately 15%. Purchases from the Group's five largest suppliers accounted for approximately 26% of the Group's total purchases, the largest supplier accounted for approximately 8% of the Group's total purchases for the Year.

None of the Directors or any of their close associates (as defined in the Listing Rules) or any Shareholders (whom to the best knowledge and belief of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest suppliers and customers for the Year.

OTHER BORROWINGS

Details of the Company's other borrowings as at 31 July 2024 are set out in note 29 to the Financial Statements, respectively.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements of the Company, is set out in the section headed "*Financial Summary and Highlights*" on pages 9 to 12 of this Annual Report. This summary does not form part of the Financial Statements.

CORPORATE GOVERNANCE

Particulars of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 40 to 61 of this Annual Report.

EQUITY-LINKED AGREEMENT

For the Year, the Company has not entered into any equity-linked agreement, save for options to be granted under the above section of "*Share Option Schemes*" of this Report.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company ("**Audit Committee**") currently comprises three INEDs, namely Dr. Ng (Chairwoman), Mr. Low Chee Keong and Mr. Alfred Donald Yap. The Audit Committee has reviewed with the management of the Company the audited Financial Statements.

INDEPENDENT AUDITOR

The Financial Statements have been audited by Ernst & Young who will retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM. Having approved by the Board upon the Audit Committee' recommendation, a resolution for the re-appointment of Ernst & Young as the independent auditor of the Company for the ensuing year will be put to the forthcoming AGM for Shareholders' approval.

On behalf of the Board

Low Chee Keong
Chairman
Hong Kong
15 October 2024

SHAREHOLDERS' INFORMATION

TAXATION OF HOLDERS OF SHARES

(a) Hong Kong

The purchase, sale and transfer of shares registered in the Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller (or transferee and transferor) is 0.1% of the consideration or, if greater, the fair value of the shares being bought/sold or transferred (rounded up to the nearest HK$'000). In addition, a fixed duty of HK$5.00 is currently payable on an instrument of transfer of shares.

Profits from dealings in the shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Bermuda

Under the present Bermuda laws, transfers and other dispositions of shares in the Company are exempt from Bermuda stamp duty.

(c) Consultation with professional advisers

Intending holders and investors of the Company's shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications (including tax relief) of subscribing for, purchasing, holding, disposing of or dealing in shares. It is emphasised that none of the Company or its directors or officers will accept any responsibility for any tax effect on, or liabilities of, holders of shares in the Company resulting from their subscription for, purchase, holding, disposal of or dealing in such shares.

KEY DATES

Shareholders and investors are advised to note the following key dates of the Company and take appropriate action:

	For Financial Year 2023/2024
Annual results announcement for the year ended 31 July 2024	15 October 2024
Latest time and date to lodge transfer documents with the branch share registrar in Hong Kong for entitlement to attending and voting at the 2024 annual general meeting ("**AGM**")	4:30 p.m. on 9 December 2024
2024 AGM	10:00 a.m. on 13 December 2024

	For Financial Year 2024/2025
Interim results announcement for the six months ending 31 January 2025	on or before 31 March 2025
Annual results announcement for the year ending 31 July 2025	on or before 31 October 2025
2025 AGM	December 2025

EY 安永

To the shareholders of eSun Holdings Limited
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of eSun Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 86 to 184, which comprise the consolidated statement of financial position as at 31 July 2024, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 July 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of property, plant and equipment and right-of-use assets	
As at 31 July 2024, the Group had property, plant and equipment ("**PPE**") and right-of-use assets ("**ROU assets**") of approximately HK$107.3 million and HK$280.2 million, respectively. In view of the operating performance of the Group for the year, management performed impairment assessments on the Group's PPE and ROU assets. An impairment loss of HK$288.5 million has been recognised in the consolidated income statement for the year ended 31 July 2024. When performing the impairment test, management determined the recoverable amounts of the relevant cash-generating units ("**CGUs**") or groups of CGUs as at 31 July 2024 based on the value in use calculations using the discounted cash flow method. Significant judgements and estimates were involved in the assessments of the recoverable amounts of CGUs or groups of CGUs, including assumptions on the growth rate and the discount rate. The outcome was sensitive to expected future market conditions and the actual performance of the CGUs or groups of CGUs. The related disclosures are included in notes 2, 3, 13 and 14 to the financial statements.	Our audit procedures included, among others, evaluating the Group's policies and procedures in identifying indicators for impairment and determining the relevant CGUs or groups of CGUs. In evaluating management's impairment assessment, we assessed (i) the valuation methodologies adopted by management in determining the recoverable amounts of CGUs or groups of CGUs and (ii) the key assumptions used in the value in use calculations, including the growth rates and the discount rates, by: — evaluating the growth rates with reference to the historical results and economic environment; — comparing the discount rates used with the relevant industry's weighted average cost of capital. We involved our internal valuation specialists to assist us in evaluating the appropriateness of the methodology, the key assumptions and discount rates used in the value in use calculations. We also assessed the disclosures relating to the impairment assessments of PPE and ROU assets.

KEY AUDIT MATTERS (continued)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Impairment of film rights, film and TV program products and films and TV programs under production</td></tr>
<tr><td>As at 31 July 2024, the Group had films and TV programs under production, film rights and film and TV program products of approximately HK$172.9 million, HK$22.1 million and HK$61.4 million, respectively.

Management makes significant judgements and estimates in assessing whether there is any impairment for these assets. In making such assessments, management considers both internal and external information available on the films and TV programs under production, film rights and film and TV program products, and reviews the estimated costs to be incurred to complete production and distribution, projected revenues and related future cash flows of the relevant assets, as appropriate. Further details are included in note 3 to the financial statements.

The related disclosures are included in notes 2, 3, 15, 16 and 23 to the financial statements.</td><td>We have evaluated management's impairment assessments of films and TV programs under production, film rights and film and TV program products by performing, among others, the following procedures:

— Obtained an understanding of the procedures used by management to perform the impairment assessments on films and TV programs under production, film rights and film and TV program products.

— Assessed the sources of information used by management in impairment assessment on films and TV programs under production, film rights and film and TV program products which included, among others, by (i) performing inquiries with management about the main artistes and directors involved in the films and TV programs, the production plan, the progress of the production, and the distribution plan of the respective films and TV programs; and (ii) performing searches through external sources for relevant media coverage on the related popularity of the main artistes and directors of the respective films and TV programs and past performance of similar films and TV programs to corroborate management's production and distribution plans.

— Evaluated the key assumptions used by management in the impairment assessment, which included, among others, the projected revenues, estimated costs to be incurred to complete the production and distribution by referencing with the agreements for future licensing, historical cash flows of comparable films and TV programs and the production plan in relation to the films and TV programs.

— Involved our internal valuation specialists to assist us in evaluating the key assumptions, discount rates and methodologies used by the Group in the discounted cash flow projections.</td></tr>
</table>

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Fok Lai Ching.

Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

15 October 2024

CONSOLIDATED INCOME STATEMENT

Year ended 31 July 2024

	Notes	2024 HK$'000	2023 HK$'000
TURNOVER	6	**1,167,538**	1,013,860
Cost of sales		**(716,414)**	(537,355)
Gross profit		**451,124**	476,505
Other revenue	7	**42,171**	47,445
Selling and marketing expenses		**(52,237)**	(28,866)
Administrative expenses		**(234,045)**	(268,004)
Other operating gains		**73,957**	57,126
Other operating expenses		**(715,757)**	(444,614)
LOSS FROM OPERATING ACTIVITIES		**(434,787)**	(160,408)
Finance costs	9	**(45,035)**	(49,480)
Share of profits and losses of joint ventures		**(44,526)**	(11,799)
LOSS BEFORE TAX	8	**(524,348)**	(221,687)
Tax	11	**(1,381)**	(1,258)
LOSS FOR THE YEAR		**(525,729)**	(222,945)
Attributable to:			
Owners of the Company		**(510,882)**	(198,763)
Non-controlling interests		**(14,847)**	(24,182)
		(525,729)	(222,945)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	12		
Basic and diluted		**(HK$0.291)**	(HK$0.126)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 July 2024

	2024 HK$'000	2023 HK$'000
LOSS FOR THE YEAR	**(525,729)**	(222,945)
OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX		
Items that may be subsequently reclassified to the income statement:		
Exchange realignment on translation of foreign operations	**(293)**	2,311
Share of other comprehensive loss of joint ventures	**(32)**	(239)
Release of exchange reserve upon dissolution and deregistration of subsidiaries	**(5,090)**	(844)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**(5,415)**	1,228
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(531,144)**	(221,717)
Attributable to:		
Owners of the Company	**(516,639)**	(197,479)
Non-controlling interests	**(14,505)**	(24,238)
	(531,144)	(221,717)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 July 2024

	Notes	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**107,323**	168,262
Right-of-use assets	14(a)	**280,157**	614,189
Film rights	15	**22,092**	24,366
Film and TV program products	16	**61,431**	61,059
Music catalogs	17	**–**	–
Investments in joint ventures	19	**56,189**	39,943
Financial assets at fair value through profit or loss	21	**96,048**	64,897
Deposits, prepayments, other receivables and other assets	22	**123,425**	158,800
Deferred tax assets	30	**246**	79
Total non-current assets		**746,911**	1,131,595
CURRENT ASSETS			
Films and TV programs under production and film investments	23	**277,468**	306,142
Inventories	24	**7,720**	27,677
Debtors	25	**191,195**	135,706
Financial assets at fair value through profit or loss	21	**40,215**	92,073
Deposits, prepayments, other receivables and other assets	22	**218,522**	156,705
Prepaid tax		**–**	24
Derivative financial instruments	31	**–**	748
Pledged time deposits	26	**–**	9,307
Cash and cash equivalents	26	**354,272**	651,012
Total current assets		**1,089,392**	1,379,394
CURRENT LIABILITIES			
Creditors and accruals	27	**565,746**	520,782
Deposits received and contract liabilities	28	**149,651**	177,112
Lease liabilities	14(b)	**197,717**	168,050
Tax payable		**9,781**	14,388
Total current liabilities		**922,895**	880,332
NET CURRENT ASSETS		**166,497**	499,062
TOTAL ASSETS LESS CURRENT LIABILITIES		**913,408**	1,630,657

	Notes	2024 HK$'000	2023 HK$'000
NON-CURRENT LIABILITIES			
Creditors and accruals	27	**8,877**	8,318
Lease liabilities	14(b)	**616,742**	811,274
Other borrowings	29	**239,695**	233,053
Deferred tax liabilities	30	**16**	45
Total non-current liabilities		**865,330**	1,052,690
Net assets		**48,078**	577,967
EQUITY			
Equity attributable to owners of the Company			
Issued capital	32	**877,938**	877,938
Reserves	34	**(759,465)**	(242,826)
		118,473	635,112
Non-controlling interests		**(70,395)**	(57,145)
Total equity		**48,078**	577,967

Low Chee Keong
Director

Yang Yiu Chong, Ronald Jeffrey
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 July 2024

		Attributable to owners of the Company									
	Note	Issued capital HK$'000	Share premium account HK$'000	Contributed surplus HK$'000 *(Note (i))*	Share option reserve HK$'000	Exchange reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 August 2023		877,938	4,257,351	891,289	243	(14,746)	(82,031)	(5,294,932)	635,112	(57,145)	577,967
Loss for the year		–	–	–	–	–	–	(510,882)	(510,882)	(14,847)	(525,729)
Other comprehensive income/(loss) for the year, net of tax:											
Exchange realignment on translation of foreign operations		–	–	–	–	(599)	–	–	(599)	306	(293)
Share of other comprehensive loss of joint ventures		–	–	–	–	(32)	–	–	(32)	–	(32)
Release of exchange reserve upon deregistration of subsidiaries		–	–	–	–	(5,126)	–	–	(5,126)	36	(5,090)
Total comprehensive loss for the year		–	–	–	–	(5,757)	–	(510,882)	(516,639)	(14,505)	(531,144)
Release of reserve upon lapse of share options	33	–	–	–	(130)	–	–	130	–	–	–
Deregistration of a subsidiary		–	–	–	–	–	–	–	–	1,255	1,255
At 31 July 2024		**877,938**	**4,257,351***	**891,289***	**113***	**(20,503)***	**(82,031)***	**(5,805,684)***	**118,473**	**(70,395)**	**48,078**

* *These reserve accounts comprise the consolidated deficit of HK$759,465,000 (2023: HK$242,826,000) in the consolidated statement of financial position.*

Notes:

(i) The Group's contributed surplus represents the excess value of the shares acquired over the nominal value of the Company's shares issued in exchange therefor during the Group reorganisation in November 1996.

(ii) No dividend was paid or proposed during the year ended 31 July 2024 (2023: Nil), nor has any dividend been proposed since the end of the reporting period.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 July 2024

		Attributable to owners of the Company									
	Note	Issued capital HK$'000	Share premium account HK$'000	Contributed surplus HK$'000 *(Note (i))*	Share option reserve HK$'000	Exchange reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 August 2022		745,927	4,257,351	891,289	243	(16,030)	180,845	(5,094,468)	965,157	37,225	1,002,382
Loss for the year		–	–	–	–	–	–	(198,763)	(198,763)	(24,182)	(222,945)
Other comprehensive income/(loss) for the year, net of tax:											
Exchange realignment on translation of foreign operations		–	–	–	–	2,345	–	–	2,345	(34)	2,311
Share of other comprehensive loss of joint ventures		–	–	–	–	(217)	–	–	(217)	(22)	(239)
Release of exchange reserve upon dissolution of a subsidiary		–	–	–	–	(844)	–	–	(844)	–	(844)
Total comprehensive income/(loss) for the year		–	–	–	–	1,284	–	(198,763)	(197,479)	(24,238)	(221,717)
Issue of shares to non-controlling shareholders to acquire additional interests in a subsidiary	42(a)	132,011	–	–	–	–	(263,426)	–	(131,415)	(71,283)	(202,698)
Dissolution of a subsidiary		–	–	–	–	–	550	(1,701)	(1,151)	1,151	–
At 31 July 2023		877,938	4,257,351*	891,289*	243*	(14,746)*	(82,031)*	(5,294,932)*	635,112	(57,145)	577,967

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 July 2024

	Notes	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(524,348)**	(221,687)
Adjustments for:			
Fair value changes from film investments	8	**2,568**	4,614
Fair value changes from entertainment events organised by co-investors	8	**(8,314)**	(1,366)
Fair value losses on financial liabilities at fair value through profit or loss		**39**	204
Fair value losses on financial assets at fair value through profit or loss	8	**29,112**	4,801
Fair value gains on derivative financial instruments	31	**(618)**	(17)
Finance costs	9	**45,035**	49,480
Rent concessions related to COVID-19	7	**—**	(786)
Share of profits and losses of joint ventures		**44,526**	11,799
Interest income		**(6,259)**	(14,897)
Dividend income from listed investments	7	**(1,656)**	(837)
Gain on disposal of items of property, plant and equipment		**—**	(407)
Loss/(gain) on disposal of financial assets at fair value through profit or loss		**140**	(1,032)
Gain on disposal of financial liabilities at fair value through profit or loss		**(372)**	(1,084)
Gain on termination of leases	8	**(12,156)**	(26,228)
Gain on modification of leases	8	**(28,959)**	(161)
Gain on dissolution/deregistration of subsidiaries	8	**(3,835)**	(844)
Gain on disposal of a joint venture		**(264)**	—
Depreciation of property, plant and equipment	8	**45,986**	46,401
Depreciation of right-of-use assets	8	**119,645**	129,760
Amortisation of film rights	8	**2,274**	3,747
Amortisation of film and TV program products	8	**68,522**	35,641
Amortisation of music catalogs	17	**—**	663
Write-off of items of property, plant and equipment	8	**2,422**	32
Impairment of property, plant and equipment	8	**87,931**	1,399
Reversal of impairment of property, plant and equipment	8	**—**	(3,006)
Impairment of right-of-use assets	8	**200,551**	8,289
Reversal of impairment of right-of-use assets	8	**—**	(7,687)
Impairment of films and TV programs under production	8	**9,956**	2,472
Impairment of goodwill	8	**—**	10,000
Write-back of impairment of film rights	8	**—**	(8,951)
Impairment of debtors	25	**142**	284
Write-back of impairment of debtors	25	**(190)**	—
Impairment of advances and other receivables	8	**15,905**	4,671
Write-back of impairment of advances and other receivables	8	**(4,040)**	(1,410)
Impairment of amounts due from joint ventures	8	**793**	5,135
Write-back of impairment of amounts due from joint ventures	8	**(15,259)**	—
Impairment of amounts due from associates	20	**590**	—
Write-back of impairment of amounts due from associates	20	**(1)**	(647)
Impairment of inventories	8	**13,769**	2,276
Foreign exchange differences, net	8	**2,590**	13,428
		86,225	44,049

	Notes	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES (continued)			
Decrease/(increase) in inventories		**6,188**	(13,342)
Additions of films and TV programs under production		**(141,770)**	(64,199)
Decrease/(increase) in film investments		**(68,965)**	25,257
Decrease/(increase) in film and TV program products		**156,619**	(80)
Increase in debtors		**(55,441)**	(60)
Decrease/(increase) in deposits, prepayments, other receivables and other assets		**(88,778)**	26,196
Increase in creditors and accruals		**43,781**	99,300
Increase/(decrease) in deposits received and contract liabilities		**(27,461)**	37,241
Cash from/(used in) operations		**(89,602)**	154,362
Hong Kong profits tax paid, net		**(4,628)**	(1,284)
Chinese Mainland taxes paid, net		**(1,532)**	(60,725)
Net cash flows from/(used in) operating activities		**(95,762)**	92,353
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**6,259**	14,897
Dividend income from listed investments		**1,656**	837
Proceeds from disposal of items of property, plant and equipment		**–**	407
Purchases of items of property, plant and equipment		**(16,348)**	(65,146)
Capital contributions to joint ventures		**(42,000)**	(25,000)
Advances to joint ventures		**(5,508)**	(3,630)
Repayment from joint ventures		**574**	2,243
Proceeds from disposal of a joint venture		**860**	–
Advances to associates		**(590)**	–
Repayment from associates		**1**	647
Increase in financial assets at fair value through profit or loss		**(8,548)**	(42,039)
Increase in financial liabilities at fair value through profit or loss		**333**	880
Decrease/(increase) in derivative financial instruments		**1,366**	(731)
Decrease in pledged time deposits		**9,307**	136,993
Net cash flows from/(used in) investing activities		**(52,638)**	20,358

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 July 2024

	Notes	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Acquisition of additional interests in a subsidiary	42(a)	–	(202,698)
Repayment of bank loans		–	(144,000)
Interest and bank financing charges paid		–	(4,742)
Lease payments	14(b)	**(146,404)**	(157,017)
Cash flows used in financing activities		**(146,404)**	(508,457)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(294,804)**	(395,746)
Cash and cash equivalents at beginning of year		**651,012**	1,056,587
Effect of foreign exchange rate changes, net		**(1,936)**	(9,829)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**354,272**	651,012
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Non-pledged and non-restricted cash and bank balances	26	**322,677**	578,567
Non-pledged and non-restricted time deposits	26	**31,595**	72,445
Cash and cash equivalents as stated in the consolidated statement of financial position		**354,272**	651,012

1. CORPORATE AND GROUP INFORMATION

eSun Holdings Limited (the "**Company**") is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at 11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "**Group**") were involved in the following principal activities:

- production and distribution of films and TV programs;
- music production and publishing;
- management and production of concerts;
- artiste management;
- cinema operation; and
- investment holding.

Details of the principal subsidiaries are set out in note 42 to the financial statements.

The ultimate holding company of the Company was Lai Sun Garment (International) Limited ("**LSG**"), which was incorporated in Hong Kong and whose shares are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

2.1 BASIS OF PREPARATION

These 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 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. These financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 July 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in the income statement. The Group's share of components previously recognised in other comprehensive income is reclassified to the income statement or accumulated losses, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 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 financial statements.

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform — Pillar Two Model Rules*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**")
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "**2022 Amendments**")

The Group has early applied the 2020 Amendments and the 2022 Amendments in the current year's financial statements. The adoption of the above new and revised standards has had no significant financial effect on these financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective.

Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [5]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback* [1]
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements* [1]
Amendments to HKAS 21	*Lack of Exchangeability* [2]
HKFRS 18	*Presentation and Disclosure in Financial Statements* [4]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures* [4]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments* [3]
Annual Improvements to HKFRS Accounting Standards - Volume 11	*Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7* [3]

1 *Effective for annual periods beginning on or after 1 January 2024*
2 *Effective for annual periods beginning on or after 1 January 2025*
3 *Effective for annual periods beginning on or after 1 January 2026*
4 *Effective for annual periods beginning on or after 1 January 2027*
5 *No mandatory effective date yet determined but available for adoption*

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Group's financial performance and financial position.

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

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

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the income statement.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation are accounted for in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the income statement.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in the income statement. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in the income statement as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 July. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its certain financial assets at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2.5% — 5.0%
Leasehold improvements	Over the terms of the related leases
Furniture, fixtures and equipment	10% — 25%
Motor vehicles	10% — 30%
Computers	18% — 30%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Music catalogs

Music catalogs represent song catalogs, music video recording rights and publishing rights of songs acquired from outsiders. They are stated at cost less accumulated amortisation and impairment losses.

The costs of music catalogs less accumulated impairment loss are amortised based on the proportion of actual revenue earned during the year to total estimated projected revenues subject to a maximum of 15 years. Additional adjustment to accumulated amortisation is made if the projected revenues are different from the previous estimation or to reflect the actual consumption of economic benefits, as appropriate. Estimated projected revenues and related future cash flows, and the amortisation method are reviewed, and adjusted if appropriate, at least at the end of each reporting period.

Film rights, film and TV program products and films and TV programs under production

Film rights are rights acquired or licensed from outsiders for exhibition/broadcasting and other exploitation of the films and TV programs.

Film rights are stated at cost less accumulated amortisation and any impairment losses. Film rights, less accumulated impairment loss, are amortised based on the proportion of actual revenues earned during the year to their total estimated projected revenues as an approximation of the consumption of their economic benefits. Additional adjustment to accumulated amortisation is made if the projected revenues are different from the previous estimation or to reflect the actual consumption of economic benefits, as appropriate. Estimated projected revenues and related future cash flows, and the amortisation method are reviewed, and adjusted if appropriate, at least at the end of each reporting period.

Film and TV program products are stated at cost less accumulated amortisation and any impairment losses. The portion of film and TV program products to be recovered through use, less estimated residual value and accumulated impairment losses, is amortised based on the proportion of actual revenues earned during the year to their total estimated projected revenues as an approximation of the consumption of their economic benefits. Additional adjustment to accumulated amortisation is made if the projected revenues are different from the previous estimation or to reflect the actual consumption of economic benefits, as appropriate. Cost of film and TV program products, accounted for on a project-by-project basis, includes production costs, costs of services, direct labour costs, facilities and raw materials consumed in the creation of a film or TV program.

Films and TV programs under production include production costs, costs of services, direct labour costs, facilities and raw materials consumed in the creation of films or TV programs. Upon completion and available for commercial exploitation, these films and TV programs under production are reclassified as film and TV program products. Films and TV programs under production are accounted for on a project-by-project basis and are stated at cost less any impairment losses.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of debtors that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Debtors that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

The Group has certain investments in film projects and entertainment events which entitle the Group to receive a fixed and/or variable income based on the Group's investment amount and/or expected rate of return as specified in the respective agreements. All film investments and investments in entertainment events which give rise to cash flows that are not SPPI on the principal amount outstanding are stated at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the income statement.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the income statement when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the income statement. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial assets (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for debtors which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For debtors that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debtors that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include creditors and accruals, deposits received, lease liabilities and other borrowings.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the income statement. The net fair value gain or loss recognised in the income statement does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (trade and other creditors, accruals and borrowings)

After initial recognition, trade and other creditors, accruals and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derivative financial instruments

Initial recognition and subsequent measurement

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the income statement.

Inventories

Inventories comprise video products, gaming products and merchandise, and are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	Over the unexpired lease terms
Cinema related properties	2 to 15 years
Other properties	2 to 3 years
Equipment	5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(b) *Lease liabilities* (continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(a) *Entertainment events*

Revenue from entertainment events organised by the Group is recognised when the events are completed.

(b) *Film distribution*

Income from films licensed to movie theatres is recognised when the films are exhibited.

(c) *Film licence fee*

Licence income from films and TV programs licensed for a fixed fee or non-refundable guarantee under a non-cancellable contract is recognised where an assignment is granted to the licensee which permits the licensee to exploit those rights freely, and where the Group has no remaining obligations to perform and when the film materials have been delivered to licensees.

Licence income from films and TV programs licensed, other than for a fixed fee or non-refundable guarantee under a non-cancellable contract, to licensees, during the licence period is recognised when the films and TV programs are available for showing or telecast.

(d) *Sale of products and albums*

Sale of products and albums are recognised when control of the asset is transferred to the customers, generally on delivery of the products or in accordance with the terms of the relevant agreements.

(e) *Distribution commission*

Distribution commission income is recognised when the albums, film materials or TV program materials have been delivered to the wholesalers, distributors and licensees.

(f) *Album licensing and music publishing*

Album licence income and music publishing income are recognised when the licence is used by the customer or the customer simultaneously receives and consumes the benefits provided by the Group in accordance with the terms of the relevant agreements.

(g) *Box-office takings*

Revenue from gross box-office takings for film exhibition is recognised at the point in time, upon the sale of tickets and when the film is exhibited.

(h) *Advertising and artiste management*

Advertising income, artiste management fee income from entertainment events and TV programs and commission income and handling fees from entertainment events are recognised in the period in which the relevant services are rendered to the customer or the customer simultaneously receives and consumes the benefits provided by the Group.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Employee benefits

Share-based payments

The Group operates share option schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Binomial Option Pricing Model ("**Binomial Model**").

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Share-based payments (continued)

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding share options is reflected as additional share dilution in the computation of earnings per share.

Retirement benefit schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**Scheme**") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the Scheme. The assets of the Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the Scheme.

The employees of the Group's subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or the income statement is also recognised in other comprehensive income or the income statement, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their income statements are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Dividends

Final dividends proposed by the board of directors are not recognised as a liability until they have been approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum of association and bye-laws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Dividend income derived from the Company's subsidiaries in Chinese Mainland is subject to a withholding tax under the prevailing tax rules and regulations of the People's Republic of China (the "**PRC**").

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the income statement by way of a reduced depreciation charge.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Income tax

Deferred tax is provided using the liability method, on all temporary differences as at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

As explained in note 30 to the financial statements, withholding tax is levied on dividends to be distributed by subsidiaries established in Chinese Mainland in respect of earnings generated from 1 January 2008. Deferred tax is provided, at the applicable withholding tax rate, on the undistributed earnings of the Group's PRC subsidiaries that would be distributed to their respective holding companies outside Chinese Mainland in the foreseeable future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

(i) Impairment assessment of film rights, film and TV program products, and films and TV programs under production

Film rights and film and TV program products are stated at cost less accumulated amortisation and any impairment losses. Films and TV programs under production are accounted for on a project-by-project basis and are stated at cost less any impairment losses. Management estimates the costs to be incurred to complete production and the total projected revenues and the related future cash flows, as appropriate, of films and TV programs under production, film rights and film and TV program products based on the historical cost, performance and cash flows of similar films and TV programs, incorporating factors such as the production plans, target markets and distribution plans of the respective films and TV programs, the past box office or similar records and/or other relevant information of the main artistes and directors of the films and TV programs, the genre of the films and TV programs, their anticipated performance in relevant theatrical, home entertainment, television and other ancillary markets, with reference to agreements for future sales, licensing and other exploitations, as appropriate.

The estimated costs to be incurred to complete production, projected revenues and related future cash flows can change significantly due to a variety of factors. Based on both internal and external information available on the films and TV programs under production, film rights and film and TV program products, management reviews the estimated costs to be incurred to complete production, the projected revenues and the related future cash flows of the relevant assets, as appropriate, to assess whether there is any impairment or reversal of impairment. Any change in estimates may have a significant impact on the Group's financial performance. The carrying amounts of film rights, film and TV program products and films and TV programs under production are disclosed in notes 15, 16 and 23 to the financial statements, respectively.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(ii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill is disclosed in note 18 to the financial statements.

(iii) Impairment of non-financial assets (other than goodwill)

In determining whether an asset is impaired or the events previously causing the impairment no longer exists, the Group has to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

(iv) Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(v) Provision for expected credit losses on debtors and other receivables

The Group uses a provision matrix to calculate ECLs for debtors. The provision rates are based on days past due for groupings of various customer segments with shared risk characteristics. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's debtors is disclosed in note 25 to the financial statements.

The loss allowances for other receivables are based on assumption about risk of default and expected loss rates. The Group makes adjustment in making these assumptions and selecting the inputs to the ECL calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. A number of significant judgements are also required in applying the accounting requirements for measuring ECLs, such as:

- Determining criteria for a significant increase in credit risk;
- Identifying economic indicators for forward-looking measurement; and
- Estimating future cash flows for the other receivables.

The information about the provision for ECLs on the Group's other receivables is disclosed in note 22 to the financial statements.

4. OPERATING SEGMENT INFORMATION

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

(a) the media and entertainment segment engages in the management and production of concerts and the provision of related advertising services, the provision of artiste management services, album sales and the distribution and licensing of music and the trading of gaming products;

(b) the film and TV program segment engages in the investment in, production of, sale, distribution and licensing of films and TV programs, the provision of related advertising services as well as the distribution of video format products derived from these films and films licensed-in by the Group;

(c) the cinema operation segment engages in the operation of cinemas in Hong Kong and Chinese Mainland; and

(d) the corporate and others segment comprises business segments not constituting a reportable segment individually, together with corporate income and expense items.

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 interest income, finance costs, impairment of goodwill, fair value losses on financial assets at fair value through profit or loss and other unallocated income and expenses are excluded from such measurement.

Segment assets exclude financial assets at fair value through profit or loss, deferred tax assets, prepaid tax, derivative financial instruments and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other borrowings, tax payable, deferred tax liabilities and other unallocated corporate liabilities as these liabilities are managed on a group basis.

In determining the Group's geographical information, revenue information is based on the locations of the customers, and asset information is based on the locations of the assets.

4. OPERATING SEGMENT INFORMATION (continued)

Segment revenue/results:

	Media and entertainment		Film and TV program		Cinema operation		Corporate and others		Consolidated	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000	**2024 HK$'000**	2023 HK$'000	**2024 HK$'000**	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
Segment revenue:										
Sales to external customers *(note 6)*	**387,082**	372,458	**340,950**	113,116	**439,506**	525,066	**–**	3,220	**1,167,538**	1,013,860
Intersegment sales	**–**	–	**14,697**	19,286	**4,209**	5,543	**1,961**	1,882	**20,867**	26,711
Other revenue	**10,841**	7,572	**1,476**	2,612	**19,574**	19,273	**4,021**	3,091	**35,912**	32,548
Total	**397,923**	380,030	**357,123**	135,014	**463,289**	549,882	**5,982**	8,193	**1,224,317**	1,073,119
Elimination of intersegment sales									**(20,867)**	(26,711)
Total revenue									**1,203,450**	1,046,408
Segment results	**35,075**	13,288	**(21,918)**	(48,615)	**(351,491)**	(25,948)	**(73,600)**	(99,229)	**(411,934)**	(160,504)
Unallocated interest income									**6,259**	14,897
Impairment of goodwill	**–**	(10,000)	**–**	–	**–**	–	**–**	–	**–**	(10,000)
Fair value losses on financial assets at fair value through profit or loss									**(29,112)**	(4,801)
Loss from operating activities									**(434,787)**	(160,408)
Finance costs									**(45,035)**	(49,480)
Share of profits and losses of joint ventures	**229**	(744)	**(69)**	(55)	**(44,686)**	(11,000)	**–**	–	**(44,526)**	(11,799)
Loss before tax									**(524,348)**	(221,687)
Tax									**(1,381)**	(1,258)
Loss for the year									**(525,729)**	(222,945)

Segment assets/liabilities:

	Media and entertainment		Film and TV program		Cinema operation		Corporate and others		Consolidated	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000	**2024 HK$'000**	2023 HK$'000	**2024 HK$'000**	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
Segment assets	**217,033**	238,221	**755,494**	773,501	**579,990**	1,056,906	**91,088**	244,597	**1,643,605**	2,313,225
Investments in joint ventures	**22,458**	8,957	**37**	106	**26,862**	25,999	**6,832**	4,881	**56,189**	39,943
Unallocated assets									**136,509**	157,821
Total assets									**1,836,303**	2,510,989
Segment liabilities	**121,024**	140,958	**442,967**	432,768	**907,453**	1,059,787	**67,289**	52,023	**1,538,733**	1,685,536
Unallocated liabilities									**249,492**	247,486
Total liabilities									**1,788,225**	1,933,022

4. OPERATING SEGMENT INFORMATION (continued)

Other segment information:

	Media and entertainment		Film and TV program		Cinema operation		Corporate and others		Consolidated	
	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000
Depreciation of property, plant and equipment	323	834	6	163	45,413	45,083	244	321	45,986	46,401
Depreciation of right-of-use assets	698	131	978	1,351	113,584	121,388	4,385	6,890	119,645	129,760
Impairment of property, plant and equipment	318	211	48	610	87,179	–	386	578	87,931	1,399
Reversal of impairment of property, plant and equipment	–	–	–	–	–	(3,006)	–	–	–	(3,006)
Impairment of right-of-use assets	1,352	633	2,700	883	190,673	–	5,826	6,773	200,551	8,289
Reversal of impairment of right-of-use assets	–	–	–	–	–	(7,687)	–	–	–	(7,687)
Impairment of films and TV programs under production	–	–	9,956	2,472	–	–	–	–	9,956	2,472
Amortisation of film rights	–	–	2,274	3,747	–	–	–	–	2,274	3,747
Amortisation of film and TV program products	–	–	68,522	35,641	–	–	–	–	68,522	35,641
Write-back of impairment of film rights	–	–	–	(8,951)	–	–	–	–	–	(8,951)
Impairment of advances and other receivables	10,284	4,671	5,621	–	–	–	–	–	15,905	4,671
Write-back of impairment of advances and other receivables	(4,040)	(1,353)	–	(57)	–	–	–	–	(4,040)	(1,410)
Impairment of amounts due from joint ventures	793	1,175	–	1,032	–	–	–	2,928	793	5,135
Write-back of impairment of amounts due from joint ventures	(15,259)	–	–	–	–	–	–	–	(15,259)	–
Gain on modification of leases	–	–	–	–	(28,959)	–	–	(161)	(28,959)	(161)
Gain on termination of leases	–	–	–	(537)	(8,606)	(25,006)	(3,550)	(685)	(12,156)	(26,228)
Impairment of inventories	13,769	1,075	–	1,199	–	–	–	2	13,769	2,276
Additions of property, plant and equipment	449	244	58	193	74,840	3,599	90	1,077	75,437	5,113
Additions of films and TV programs under production and film investments	–	–	234,557	70,446	–	–	–	–	234,557	70,446
Additions of right-of-use assets	–	195	–	–	–	87,925	318	842	318	88,962

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information:

	Hong Kong		Chinese Mainland and Macau		Others		Consolidated	
	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000
Revenue:								
Sales to external customers	**769,348**	865,188	**343,743**	84,430	**54,447**	64,242	**1,167,538**	1,013,860
Assets:								
Segment assets:								
– non-current assets	**634,164**	1,056,552	**16,453**	9,867	**–**	200	**650,617**	1,066,619
– current assets	**752,162**	1,009,813	**288,976**	261,334	**8,039**	15,402	**1,049,177**	1,286,549
Unallocated assets							**136,509**	157,821
Total assets							**1,836,303**	2,510,989

Information about major customers:

Revenue from one (2023: Nil) customer which accounted for revenue exceeding 10% of the Group's total revenue amounted to approximately HK$179,032,000 (2023: Nil) for the year ended 31 July 2024.

5. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the year.

(a) Transactions with related parties

	Notes	2024 HK$'000	2023 HK$'000
LSG and Lai Sun Development Company Limited ("**LSD**"), the holding companies of the Group:			
Lease payments and building management fee paid or payable	(i)	**3,094**	2,285
Sharing of corporate salaries on a cost basis allocated from		**23,340**	24,366
Sharing of administrative expenses on a cost basis allocated from		**2,126**	2,872
Sharing of corporate salaries on a cost basis allocated to		**2,187**	4,731
Sharing of administrative expenses on a cost basis allocated to		**616**	1,668
Fellow subsidiaries:			
Lease payments and building management fee paid or payable	(ii)	**610**	1,778
Sharing of corporate salaries on a cost basis allocated from		**1,415**	1,468
Sharing of corporate salaries on a cost basis allocated to		**968**	2,073
Sharing of administrative expenses on a cost basis allocated to		**624**	1,547
Joint ventures:			
Production fee	(iii)	**3,500**	3,430
Service fee income	(iii)	**1,656**	1,656
Film releasing income	(iii)	**2,649**	1,821
Advertising and promotion expenses	(iii)	**360**	875
Sale of products and management fee income	(iii)	**2,628**	2,722
Share of net gain from entertainment events organised by the Group to co-investors	(iii)	**773**	—

Notes:

(i) *The Group leased properties from the holding companies for office and cinema use. The monthly lease payables were charged with reference to market rates. In addition to the lease payments for short-term leases to the related parties, right-of-use assets of HK$16,919,000 and lease liabilities of HK$28,610,000 related to the leases were recognised in the consolidated statement of financial position as at 31 July 2024. During the year, depreciation of right-of-use assets of HK$4,288,000 (2023: HK$5,013,000) and finance costs on lease liabilities of HK$1,471,000 (2023: HK$1,601,000) were recognised in the consolidated income statement.*

5. RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with related parties (continued)

Notes: (continued)

(ii) The Group leased properties from fellow subsidiaries for office and cinema use. The monthly lease payables were charged with reference to market rates. In addition to the lease payments for short-term leases to the related parties, right-of-use assets of HK$590,000 and lease liabilities of HK$4,957,000 related to the leases were recognised in the consolidated statement of financial position as at 31 July 2024. During the year, depreciation of right-of-use assets of HK$3,437,000 (2023: HK$5,637,000) and finance costs on lease liabilities of HK$630,000 (2023: HK$1,275,000) were recognised in the consolidated income statement.

During the year ended 31 July 2024, the Group entered into certain agreements with fellow subsidiaries to early terminate the lease agreements of certain premises, resulting in non-recurring gain on derecognition of lease liabilities of HK$12,116,000 (2023: HK$25,006,000) in the consolidated income statement.

(iii) The terms of the above transactions were based on the contractual terms with respective parties.

Certain of the above related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") and details are disclosed in the Report of the Directors.

(b) Compensation of key management personnel of the Group

	2024 HK$'000	2023 HK$'000
Short-term employee benefits	**19,442**	22,928
Post-employment benefits	**64**	52
Total	**19,506**	22,980

Further details of directors' emoluments are included in note 10 to the financial statements.

6. TURNOVER

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

	2024 HK$'000	2023 HK$'000
Turnover from contracts with customers		
Entertainment event income	**255,119**	208,410
Distribution commission income, licence income from and sales of film and TV program products and film rights	**334,023**	105,163
Album sales, licence income and distribution commission income from music publishing and licensing	**59,346**	53,011
Box-office takings, concessionary income and related income from cinemas	**439,506**	525,066
Artiste management fee income	**17,024**	12,780
Advertising income	**6,927**	7,953
Sale of game products	**55,593**	98,257
Sale of merchandising products	**–**	3,220
Total	**1,167,538**	1,013,860

(a) Disaggregated revenue information

For the year ended 31 July 2024

	Media and entertainment HK$'000	Film and TV program HK$'000	Cinema operation HK$'000	Corporate and others HK$'000	Total HK$'000
Geographical markets					
Hong Kong	296,228	47,701	425,419	–	769,348
Chinese Mainland and Macau	65,262	264,394	14,087	–	343,743
Others	25,592	28,855	–	–	54,447
Total	387,082	340,950	439,506	–	1,167,538
Timing of revenue recognition					
At a point in time	362,216	340,950	439,506	–	1,142,672
Over time	24,866	–	–	–	24,866
Total	387,082	340,950	439,506	–	1,167,538

6. TURNOVER (continued)

(a) Disaggregated revenue information (continued)

For the year ended 31 July 2023

	Media and entertainment HK$'000	Film and TV program HK$'000	Cinema operation HK$'000	Corporate and others HK$'000	Total HK$'000
Geographical markets					
Hong Kong	298,262	55,290	508,416	3,220	865,188
Chinese Mainland and Macau	30,044	37,736	16,650	–	84,430
Others	44,152	20,090	–	–	64,242
Total	372,458	113,116	525,066	3,220	1,013,860
Timing of revenue recognition					
At a point in time	346,097	113,116	525,066	3,220	987,499
Over time	26,361	–	–	–	26,361
Total	372,458	113,116	525,066	3,220	1,013,860

The revenue from contracts with customers recognised in the current reporting period that was included in contract liabilities at the beginning of the reporting period was HK$131,331,000 (2023: HK$27,320,000).

(b) Performance obligations

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

Entertainment events

Revenue from entertainment events organised by the Group is recognised at a point in time when the events are completed. Payment is generally due within 30 to 60 days from the date of billing.

Film and TV program licence income

The performance obligation is satisfied at a point in time (i) when the films or TV programs licensed to movie theatres are exhibited, (ii) where an assignment is granted to the licensee which permits the licensee to exploit those rights freely and where the Group has no remaining obligations to perform and when the materials have been delivered to the licensee, or (iii) when the films or TV programs are available for showing or telecast. Partial payment in advance for licence income is normally required and the remaining balance is billed according to the payment schedule as stipulated in agreements or upon completion of exhibition of the films or TV programs. Payment is generally due within 30 to 60 days from the date of billing.

Distribution commission

Distribution commission income is recognised at a point in time when the albums or film materials or TV program materials have been delivered to the wholesalers, distributors and licensees. Payment in advance is normally required.

6. TURNOVER (continued)

(b) Performance obligations (continued)

Information about the Group's performance obligations is recognised below: (continued)

Box-office takings income

Revenue from cinema admission tickets sold is recognised at a point in time, upon the sale of tickets and when the films are exhibited. Payment in advance is normally required.

Sale of products

Revenue from the sale of products is recognised at a point in time when the products are delivered to customers, being at the point that the customers obtain the control of the products, and payment is generally due within 30 to 90 days from the date of billing.

(c) Transaction price allocated to the remaining performance obligations

The Group elected to apply the practical expedient under HKFRS 15 and does not disclose the amount of the transaction price allocated to the remaining obligations for contracts with an original expected duration for one year or less.

7. OTHER REVENUE

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

	Note	**2024 HK$'000**	2023 HK$'000
Bank interest income		**4,437**	12,787
Other interest income		**1,822**	2,110
Rent concessions related to COVID-19	14(b)	**–**	786
Government grants*		**4,976**	6,108
Dividend income from listed investments		**1,656**	837
Others		**29,280**	24,817
Total		**42,171**	47,445

* *During the year ended 31 July 2024, government grants mainly represented the amount received related to Hong Kong Cinema Day. During the year ended 31 July 2023, government grants mainly represented the amount received under the "Anti-epidemic Fund" of the Government of the Hong Kong Special Administrative Region. There are no unfulfilled conditions or contingencies related to these grants.*

8. LOSS BEFORE TAX

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

	Notes	2024 HK$'000	2023 HK$'000
Cost of film rights, licence rights and film and TV program products		**257,461**	75,048
Cost of artiste management services and services for entertainment events provided		**230,139**	176,873
Cost of theatrical releasing and concessionary sales		**161,028**	190,842
Cost of inventories sold		**67,786**	94,592
Total cost of sales		**716,414**	537,355
Employee benefit expense (including directors' remuneration (note 10)):			
Wages and salaries		**229,551**	249,249
Pension scheme contributions##		**6,616**	6,542
Less: Capitalised in films and TV programs under production		**(720)**	–
Total		**235,447**	255,791
Auditor's remuneration		**5,920**	6,007
Depreciation of property, plant and equipment^	13	**45,986**	46,401
Depreciation of right-of-use assets^	14(a)	**119,645**	129,760
Lease payments not included in the measurement of lease liabilities:			
Entertainment events#		**4,214**	6,277
Cinemas*		**245**	122
Others		**7,251**	8,459
Subtotal		**11,710**	14,858
Contingent rents incurred for:			
Entertainment events#		**16,719**	14,251
Cinemas*		**26,966**	27,564
Subtotal		**43,685**	41,815
Total		**55,395**	56,673

8. LOSS BEFORE TAX (continued)

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

	Notes	2024 HK$'000	2023 HK$'000
Impairment of goodwill*	18	–	10,000
Impairment of property, plant and equipment*	13	**87,931**	1,399
Reversal of impairment of property, plant and equipment@	13	–	(3,006)
Impairment of right-of-use assets*	14(a)	**200,551**	8,289
Reversal of impairment of right-of-use assets@	14(a)	–	(7,687)
Impairment of films and TV programs under production#	23(a)	**9,956**	2,472
Fair value changes from film investments*	23(b)	**2,568**	4,614
Fair value changes from entertainment events organised by co-investors@		**(8,314)**	(1,366)
Amortisation of film rights#	15	**2,274**	3,747
Amortisation of film and TV program products#	16	**68,522**	35,641
Write-off of items of property, plant and equipment*		**2,422**	32
Impairment of advances and other receivables*	22	**15,905**	4,671
Write-back of impairment of advances and other receivables@	22	**(4,040)**	(1,410)
Impairment of amounts due from joint ventures*	19	**793**	5,135
Write-back of impairment of amounts due from joint ventures@	19	**(15,259)**	–
Write-back of impairment of film rights@	15	–	(8,951)
Gain on dissolution/deregistration of subsidiaries@		**(3,835)**	(844)
Fair value losses on financial assets at fair value through profit or loss*		**29,112**	4,801
Gain on modification of leases@		**(28,959)**	(161)
Gain on termination of leases@		**(12,156)**	(26,228)
Impairment of inventories#		**13,769**	2,276
Foreign exchange differences, net*		**2,590**	13,428

There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

^ *Depreciation charge of HK$158,997,000 (2023: HK$166,471,000) related to cinema operation is included in "Other operating expenses" on the face of the consolidated income statement.*

These items are included in "Cost of sales" on the face of the consolidated income statement. The contingent rents are charged based on certain percentages of the gross ticket proceeds collected in respect of the entertainment events.

* *These items are included in "Other operating expenses" on the face of the consolidated income statement. The contingent rents are charged based on certain percentages of the gross box-office takings in respect of the cinema operation.*

@ *These items are included in "Other operating gains" on the face of the consolidated income statement.*

9. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	Note	2024 HK$'000	2023 HK$'000
Interest on:			
Lease liabilities	14(b)	**36,955**	37,052
Bank loans		**–**	4,682
Other borrowings		**6,642**	6,189
Amortisation of transaction fee for bank loans		**–**	44
Other finance costs		**1,438**	1,513
Total		**45,035**	49,480

10. DIRECTORS' AND EMPLOYEES' REMUNERATION

(a) Directors' remuneration

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 HK$'000	2023 HK$'000
Fees	**2,156**	2,105
Other emoluments:		
Salaries, allowances and benefits in kind	**5,945**	9,175
Pension scheme contributions	**64**	52
Subtotal	**6,009**	9,227
Total	**8,165**	11,332

10. DIRECTORS' AND EMPLOYEES' REMUNERATION (continued)

(a) Directors' remuneration (continued)

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Year ended 31 July 2024				
Executive directors:				
Yang Yiu Chong, Ronald Jeffrey^ (appointed on 3 October 2023)	–	249	12	261
Cheung Sum, Sam (appointed on 1 August 2023)	–	300	16	316
Lam Hau Yin, Lester (also alternate director to U Po Chu)	–	–	–	–
Yip Chai Tuck	90	4,560	36	4,686
Lui Siu Tsuen, Richard# (resigned on 3 October 2023)	31	528	–	559
Subtotal	121	5,637	64	5,822
Non-executive director:				
U Po Chu	–	–	–	–
Independent non-executive directors:				
Low Chee Keong	775	93	–	868
Lo Kwok Kwei, David	290	50	–	340
Ng Lai Man, Carmen	390	60	–	450
Poon Kwok Hing, Albert (appointed on 1 August 2023)	290	30	–	320
Alfred Donald Yap	290	75	–	365
Subtotal	2,035	308	–	2,343
Total	2,156	5,945	64	8,165

^ *Yang Yiu Chong, Ronald Jeffrey was also the chief executive officer of the Company as at 31 July 2024.*

Lui Siu Tsuen, Richard resigned as an executive director and the chief executive officer of the Company with effect from 3 October 2023.

10. DIRECTORS' AND EMPLOYEES' REMUNERATION (continued)

(a) Directors' remuneration (continued)

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Year ended 31 July 2023				
Executive directors:				
Lui Siu Tsuen, Richard# (resigned on 3 October 2023)	180	3,020	–	3,200
Chew Fook Aun (resigned on 2 June 2023)	–	3,521	16	3,537
Lam Hau Yin, Lester (also alternate director to U Po Chu)	–	–	–	–
Yip Chai Tuck	180	2,400	36	2,616
Subtotal	360	8,941	52	9,353
Non-executive director:				
U Po Chu	–	–	–	–
Independent non-executive directors:				
Low Chee Keong	775	74	–	849
Lo Kwok Kwei, David	290	45	–	335
Ng Lai Man, Carmen	390	55	–	445
Alfred Donald Yap	290	60	–	350
Subtotal	1,745	234	–	1,979
Total	2,105	9,175	52	11,332

Lui Siu Tsuen, Richard was also the chief executive officer of the Company as at 31 July 2023 and resigned as an executive director and the chief executive officer of the Company with effect from 3 October 2023.

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 July 2024 and 2023.

10. DIRECTORS' AND EMPLOYEES' REMUNERATION (continued)

(b) Employees' remuneration

The five highest paid employees during the year included one (2023: two) director, details of whose emoluments are set out above. Details of the remuneration for the year of the remaining four (2023: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 HK$'000	2023 HK$'000
Salaries, allowances and benefits in kind	**20,494**	19,039
Pension scheme contributions	**36**	18
Total	**20,530**	19,057

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2024	2023
HK$2,500,001 — HK$3,000,000	**1**	—
HK$3,000,001 — HK$3,500,000	**2**	1
HK$4,000,001 — HK$4,500,000	**—**	1
HK$11,000,001 — HK$11,500,000	**1**	—
HK$11,500,001 — HK$12,000,000	**—**	1
Total	**4**	3

11. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Note	2024 HK$'000	2023 HK$'000
Current			
— Hong Kong			
Charge for the year		**55**	72
Overprovision in prior years		**(9)**	(594)
		46	(522)
— Chinese Mainland			
Charge for the year		**1,531**	1,384
Subtotal		**1,577**	862
Deferred tax	30	**(196)**	396
Total		**1,381**	1,258

11. TAX (continued)

A reconciliation of the tax charge/(credit) applicable to loss before tax at the statutory rates for the locations in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2024 HK$'000	2023 HK$'000
Loss before tax	**(524,348)**	(221,687)
Tax at the applicable tax rates	**(85,040)**	(36,618)
Profits and losses attributable to joint ventures	**7,347**	1,947
Income not subject to tax	**(13,626)**	(19,391)
Expenses and losses not deductible for tax	**11,312**	12,004
Other temporary differences	**36,026**	1,411
Estimated tax losses from prior years utilised	**(18,661)**	(12,315)
Estimated tax losses not recognised	**64,032**	54,814
Adjustments in respect of current tax of prior years	**(9)**	(594)
Tax charge at the Group's effective rate	**1,381**	1,258

12. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares of 1,755,876,866 (2023: 1,583,719,880) in issue during the year. The weighted average number of ordinary shares in issue used in the basic and diluted loss per share calculation for the year ended 31 July 2023 had been adjusted to reflect the effect of the allotment and issue of new shares of the Company as set out in note 32 to the financial statements.

No adjustment had been made to the basic loss per share amounts presented for the years ended 31 July 2024 and 2023 in respect of a dilution as the impact of share options of the Company had an anti-dilutive effect on the basic loss per share amounts presented.

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Computers HK$'000	Total HK$'000
Cost:						
At 1 August 2022	70,851	485,643	216,591	13,456	12,505	799,046
Additions	–	1,086	3,080	–	947	5,113
Write-off	–	(34,587)	(6,051)	–	(668)	(41,306)
Disposals	–	–	(6,557)	(1,654)	(80)	(8,291)
Exchange realignment	–	(6,902)	(2,728)	(191)	(424)	(10,245)
At 31 July 2023 and 1 August 2023	70,851	445,240	204,335	11,611	12,280	744,317
Additions	–	60,700	14,623	–	114	75,437
Write-off	–	(59,979)	(21,714)	(586)	(2,476)	(84,755)
Exchange realignment	–	(793)	(384)	(45)	(52)	(1,274)
At 31 July 2024	**70,851**	**445,168**	**196,860**	**10,980**	**9,866**	**733,725**
Accumulated depreciation and impairment:						
At 1 August 2022	32,547	382,050	150,729	12,453	12,310	590,089
Depreciation provided during the year	2,168	16,356	26,834	789	254	46,401
Impairment during the year	–	–	625	–	774	1,399
Reversal of impairment during the year	–	(3,006)	–	–	–	(3,006)
Write-off	–	(34,587)	(6,023)	–	(664)	(41,274)
Disposals	–	–	(6,557)	(1,654)	(80)	(8,291)
Exchange realignment	–	(6,230)	(2,449)	(170)	(414)	(9,263)
At 31 July 2023 and 1 August 2023	34,715	354,583	163,159	11,418	12,180	576,055
Depreciation provided during the year	2,171	29,409	14,182	191	33	45,986
Impairment during the year	–	78,845	8,999	–	87	87,931
Write-off	–	(57,922)	(21,361)	(586)	(2,464)	(82,333)
Exchange realignment	–	(784)	(359)	(43)	(51)	(1,237)
At 31 July 2024	**36,886**	**404,131**	**164,620**	**10,980**	**9,785**	**626,402**
Net carrying amount:						
At 31 July 2024	**33,965**	**41,037**	**32,240**	**–**	**81**	**107,323**
At 31 July 2023	36,136	90,657	41,176	193	100	168,262

Details of impairment for the years ended 31 July 2024 and 2023 were set out in note 14 to the financial statements.

14. LEASES

The Group as a lessee

The Group has lease contracts for certain cinema related properties, other properties and equipment. Leases of cinema related properties generally have lease terms between 2 and 15 years, while other properties generally have lease terms between 2 and 3 years. Leases of equipment generally have lease terms of 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land HK$'000	Cinema related properties HK$'000	Other properties HK$'000	Equipment HK$'000	Total HK$'000
At 1 August 2022	11,763	745,574	1,558	–	758,895
Additions	–	87,925	195	842	88,962
Lease modification	–	(125,469)	22,969	–	(102,500)
Termination	–	–	(606)	–	(606)
Depreciation charged	(665)	(120,723)	(8,312)	(60)	(129,760)
Impairment loss charged	–	–	(7,507)	(782)	(8,289)
Reversal of impairment recognised	–	7,687	–	–	7,687
Exchange realignment	–	(195)	(5)	–	(200)
At 31 July 2023 and 1 August 2023	11,098	594,799	8,292	–	614,189
Additions	–	–	318	–	318
Lease modification	–	(22,209)	8,084	–	(14,125)
Depreciation charged	(666)	(112,918)	(6,061)	–	(119,645)
Impairment loss charged	–	(190,673)	(9,878)	–	(200,551)
Exchange realignment	–	(29)	–	–	(29)
At 31 July 2024	**10,432**	**268,970**	**755**	**–**	**280,157**

During the year ended 31 July 2024, in light of market condition and operating performance of cinema operation were out of management's expectation (2023: favourable changes in the market), items of property, plant and equipment ("**PPE**") and right-of-use assets of each cinema (being an individual cash-generating unit ("**CGU**")) have been tested for impairment or reversal of impairment. Impairment losses of HK$87,179,000 (2023: reversal of HK$3,006,000) and HK$190,673,000 (2023: reversal of HK$7,687,000) on PPE and right-of-use assets of relevant CGUs have been recognised in the consolidated income statement for the year ended 31 July 2024. As at 31 July 2024, the aggregate estimated recoverable amount of these CGUs amounted to HK$335,894,000 (2023: HK$255,716,000) and was determined based on their value in use amounts estimated using discount rates ranging from 10% to 10.5% (2023: 11%).

During the year ended 31 July 2024, impairment losses of HK$752,000 (2023: HK$1,399,000) and HK$9,878,000 (2023: HK$8,289,000) of certain PPE and right-of-use assets of business segments other than cinema operation were recognised in the consolidated income statement. As at 31 July 2024, the aggregate estimated recoverable amount of these CGUs amounted to nil (2023: nil) and was determined based on their value in use amounts estimated using a discount rate of 11% (2023: 11%).

14. LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 HK$'000	2023 HK$'000
At beginning of the reporting period	**979,324**	1,144,718
Additions	**318**	88,962
Accretion of interest recognised during the year	**36,955**	37,052
Termination	**(12,156)**	(26,834)
Lease modification	**(43,084)**	(102,661)
Payments	**(146,404)**	(157,017)
Rent concessions related to COVID-19	**–**	(786)
Exchange realignment	**(494)**	(4,110)
At end of the reporting period	**814,459**	979,324
Less: Portion classified as current	**(197,717)**	(168,050)
Non-current portion	**616,742**	811,274

The maturity analysis of lease liabilities is disclosed in note 39 to the financial statements.

(c) The amounts charged/(credited) in the income statement in relation to leases are as follows:

	2024 HK$'000	2023 HK$'000
Interest on lease liabilities	**36,955**	37,052
Depreciation of right-of-use assets	**119,645**	129,760
Impairment of right-of-use assets	**200,551**	8,289
Reversal of impairment of right-of-use assets	**–**	(7,687)
Expense relating to short-term leases and other leases with remaining lease terms less than one year and leases of low-value assets	**11,710**	14,858
Variable lease payments not included in the measurement of lease liabilities	**43,685**	41,815
Rent concessions related to COVID-19	**–**	(786)
Gain on termination of leases	**(12,156)**	(26,228)
Gain on modification of leases	**(28,959)**	(161)
Total	**371,431**	196,912

14. LEASES (continued)

The Group as a lessee (continued)

(d) The total cash outflow for leases included in the consolidated statement of cash flows was HK$201,799,000 (2023: HK$213,690,000) during the year ended 31 July 2024.

15. FILM RIGHTS

	HK$'000
Cost:	
At 1 August 2022	278,828
Write-off	(21,291)
At 31 July 2023 and 1 August 2023	257,537
Write-off	(638)
At 31 July 2024	**256,899**
Accumulated amortisation and impairment:	
At 1 August 2022	259,666
Amortisation provided during the year	3,747
Write-back of impairment during the year	(8,951)
Write-off	(21,291)
At 31 July 2023 and 1 August 2023	233,171
Amortisation provided during the year	2,274
Write-off	(638)
At 31 July 2024	**234,807**
Net carrying amount:	
At 31 July 2024	**22,092**
At 31 July 2023	24,366

In light of the specific circumstances of the film industry, the Group regularly reviews its library of film rights to assess the marketability/future economic benefits of film rights and the corresponding recoverable amounts. The estimated recoverable amounts were determined based on the present value of expected future revenues and related cash flows arising from the distribution and sublicensing of the film rights, which were derived from discounting the projected cash flows covering a period within 5 years using a discount rate of 12.5% (2023: 13.5%) and a long term growth rate of 2.3% (2023: 1%) for the relevant assets. The impairment of HK$8,951,000 was written back because the estimated recoverable amounts of the film rights were higher than their carrying amounts after taking into account of the performance of the film rights during the year ended 31 July 2023.

16. FILM AND TV PROGRAM PRODUCTS

	Note	HK$'000
Cost:		
At 1 August 2022		1,932,846
Additions		80
Transfer from films and TV programs under production	23	35,473
Exchange realignment		(14,114)
At 31 July 2023 and 1 August 2023		1,954,285
Additions		45
Transfer from films and TV programs under production	23	225,513
Sale of film and TV program products		(156,664)
Exchange realignment		(2,701)
At 31 July 2024		**2,020,478**
Accumulated amortisation and impairment:		
At 1 August 2022		1,871,672
Amortisation provided during the year		35,641
Exchange realignment		(14,087)
At 31 July 2023 and 1 August 2023		1,893,226
Amortisation provided during the year		68,522
Exchange realignment		(2,701)
At 31 July 2024		**1,959,047**
Net carrying amount:		
At 31 July 2024		**61,431**
At 31 July 2023		61,059

In light of the specific circumstances of the film and TV industry, the Group regularly reviews its film and TV program products to assess the marketability/future economic benefits of the film and TV program products and the corresponding recoverable amounts. The estimated recoverable amounts as at 31 July 2024 and 31 July 2023 were determined based on the present value of expected future revenues and related cash flows arising from the distribution and sublicensing of the film and TV program products, which were derived from discounting the projected cash flows covering a period within 5 years using a discount rate of 12.5% (2023: 13.5%) and a long term growth rate of 2.3% (2023: 1%) for the relevant assets.

17. MUSIC CATALOGS

	HK$'000
Cost:	
At 1 August 2022, 31 July 2023, 1 August 2023 and 31 July 2024	**150,834**
Accumulated amortisation:	
At 1 August 2022	150,171
Amortisation provided during the year	663
At 31 July 2023, 1 August 2023 and 31 July 2024	**150,834**
Net carrying amount:	
At 31 July 2024	**–**
At 31 July 2023	–

18. GOODWILL

	HK$'000
Cost:	
At 1 August 2022, 31 July 2023, 1 August 2023 and 31 July 2024	**126,068**
Accumulated impairment:	
At 1 August 2022	116,068
Impairment losses charged	10,000
At 31 July 2023, 1 August 2023 and 31 July 2024	**126,068**
Net carrying amount:	
At 31 July 2024	**–**
At 31 July 2023	–

Impairment testing of goodwill

Goodwill acquired through business combination had been allocated to cash-generating units (the "**IGHL CGU**"), which are components of the media and entertainment segment, the film and TV program segment and the cinema operation segment, for impairment testing.

Intercontinental Group Holdings Limited and its subsidiaries are a group of IGHL CGU which generates cash inflows that are largely independent of the cash inflows from other assets.

As at 31 July 2023, the recoverable amount of the IGHL CGU had been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period with a growth rate approved by senior management, which was based on past experience and management's expectation for market development. The discount rate applied to the cash flow projections was 14.5% and the growth rate used to extrapolate the cash flows of the IGHL CGU beyond the five-year period was 3%.

Assumptions were used in the value in use calculation of the IGHL CGU for 31 July 2023. The following describes each key assumption on which management had based its cash flow projections to undertake impairment testing of goodwill:

Budgeted profit — The basis used to determine the value assigned to the budgeted profit was the average profit achieved in the markets, adjusted for expected efficiency improvement, and expected market development.

Discount rate — The discount rate used was before tax.

As at 31 July 2023, the estimated recoverable amount of the IGHL CGU was below its carrying amount because the market conditions were out of management's expectation and an impairment loss of HK$10,000,000 was recognised in the consolidated income statement.

19. INVESTMENTS IN JOINT VENTURES

	2024 HK$'000	2023 HK$'000
Share of net assets	**21,522**	24,654
Amounts due from joint ventures	**77,429**	72,724
Provision for impairment#	**(42,762)**	(57,435)
Subtotal	**34,667**	15,289
Total	**56,189**	39,943

As at 31 July 2024, an impairment of HK$42,762,000 (2023: HK$57,435,000) was recognised for amounts due from joint ventures with gross carrying amounts of HK$68,672,000 (2023: HK$$67,501,000) because these joint ventures have been loss-making for some time.

The amounts due from joint ventures are unsecured, interest-free and repayable on demand but are not expected to be repayable within the next 12 months from the end of the reporting period. In the opinion of the directors, these amounts due from joint ventures are unlikely to be repaid in the foreseeable future and are considered as part of the Group's net investments in the joint ventures.

Loss allowance for impairment of amounts due from joint ventures represented lifetime ECLs made for the credit-impaired balance. Except for the credit-impaired balance, there has been no significant increase in credit risk of the remaining balances.

Movements in loss allowance for impairment of amounts due from joint ventures are as follows:

	2024 HK$'000	2023 HK$'000
At the beginning of the reporting period	**57,435**	53,420
Impairment loss recognised	**793**	5,135
Write-back of impairment loss recognised	**(15,259)**	—
Exchange realignment	**(207)**	(1,120)
At the end of the reporting period	**42,762**	57,435

19. INVESTMENTS IN JOINT VENTURES (continued)

H Cinematic Limited ("**H Cinematic**"), a 50%-owned joint venture, is incorporated and engages in cinema operation in Hong Kong, and is accounted for using the equity method. The following table illustrates the summarised financial information of H Cinematic reconciled to the carrying amount in the financial statements:

	2024 HK$'000	2023 HK$'000
Non-current assets	**11,116**	109,572
Cash and cash equivalents	**15,858**	10,635
Other current assets	**1,034**	1,051
Current liabilities	**(27,147)**	(26,459)
Non-current liabilities	**(145,392)**	(138,145)
Net liabilities	**(144,531)**	(43,346)
Reconciliation to the Group's interest in H Cinematic:		
The Group's 50% share of net liabilities of H Cinematic	**(72,266)**	(21,673)
Capital contribution to H Cinematic	**39,750**	29,750
Amounts due from H Cinematic	**4,302**	3,231
Cumulative unrecognised share of loss of H Cinematic	**32,516**	—
Carrying amount of the Group's investment in H Cinematic	**4,302**	11,308
Turnover	**30,404**	45,853
Other income (including interest income of HK$131,000 (2023: HK$133,000))	**682**	609
Administrative and other operating expenses (including depreciation of HK$16,496,000 (2023: HK$16,378,000))	**(130,096)**	(54,960)
Interest expenses	**(2,175)**	(2,422)
Loss and total comprehensive loss for the year	**(101,185)**	(10,920)
The Group's share of total comprehensive loss for the year	**(18,077)**	(5,460)

19. INVESTMENTS IN JOINT VENTURES (continued)

Emperor Cinemas Plus (TW) Limited ("**ECPTW**"), a 50%-owned joint venture, is incorporated and engages in cinema operation in Hong Kong, and is accounted for using the equity method. The following table illustrates the summarised financial information of ECPTW reconciled to the carrying amount in the financial statements:

	2024 HK$'000	2023 HK$'000
Non-current assets	**146,365**	197,778
Cash and cash equivalents	**6,536**	5,139
Other current assets	**4,088**	792
Current liabilities	**(20,965)**	(49,992)
Non-current liabilities	**(194,685)**	(164,798)
Net liabilities	**(58,661)**	(11,081)
Reconciliation to the Group's interest in ECPTW:		
The Group's 50% share of net liabilities of ECPTW	**(29,330)**	(5,540)
Capital contribution to ECPTW	**35,000**	20,000
Amounts due from ECPTW	**2,709**	231
Carrying amount of the Group's investment in ECPTW	**8,379**	14,691
Turnover	**52,022**	2,580
Other income (including interest income of HK$334,000 (2023: HK$145,000))	**334**	145
Administrative and other operating expenses (including depreciation of HK$22,386,000 (2023: HK$5,879,000))	**(91,986)**	(9,614)
Interest expenses	**(7,950)**	(4,192)
Loss and total comprehensive loss for the year	**(47,580)**	(11,081)
The Group's share of total comprehensive loss for the year	**(23,790)**	(5,540)

19. INVESTMENTS IN JOINT VENTURES (continued)

Emperor Cinemas Plus (SS) Limited ("**ECPSS**"), a 50%-owned joint venture, is incorporated and engages in cinema operation in Hong Kong, and is accounted for using the equity method. The following table illustrates the summarised financial information of ECPSS reconciled to the carrying amount in the financial statements:

	2024 **HK$'000**
Non-current assets	**85,420**
Cash and cash equivalents	**2,246**
Other current assets	**1,162**
Current liabilities	**(6,911)**
Non-current liabilities	**(87,556)**
Net liabilities	**(5,639)**
Reconciliation to the Group's interest in ECPSS:	
The Group's 50% share of net liabilities of ECPSS	**(2,819)**
Capital contribution to ECPSS	**17,000**
Carrying amount of the Group's investment in ECPSS	**14,181**
Turnover	**3,258**
Other income (including interest income of HK$64,000 (2023: Nil))	**64**
Administrative and other operating expenses (including depreciation of HK$3,331,000 (2023: Nil))	**(7,248)**
Interest expenses	**(1,713)**
Loss and total comprehensive loss for the year	**(5,639)**
The Group's share of total comprehensive loss for the year	**(2,819)**

Aggregate financial information of the joint ventures that are not individually material is as follows:

	2024 **HK$'000**	2023 HK$'000
The Group's share of profits and losses	**160**	(799)
The Group's share of other comprehensive loss	**(32)**	(239)
The Group's share of total comprehensive income/(loss)	**128**	(1,038)
Aggregate carrying amount of the Group's investments in joint ventures	**29,327**	13,944

20. INVESTMENTS IN ASSOCIATES

	2024 HK$'000	2023 HK$'000
Share of net assets	**–**	–
Amounts due from associates	**15,431**	14,842
Provision for impairment	**(15,431)**	(14,842)
Subtotal	**–**	–
Total	**–**	–

The amounts due from the associates are unsecured, interest-free and repayable on demand but are not expected to be repayable within the next 12 months from the end of the reporting period. In the opinion of the directors, these amounts due from associates are unlikely to be repaid in the foreseeable future and are considered as part of the Group's net investments in the associates.

Loss allowance for impairment of the amounts due from associates represented lifetime ECLs made for the credit-impaired balance.

Movements in loss allowance for impairment of amounts due from associates are as follows:

	2024 HK$'000	2023 HK$'000
At the beginning of the reporting period	**14,842**	15,489
Impairment loss recognised	**590**	–
Write-back of impairment loss recognised	**(1)**	(647)
At the end of the reporting period	**15,431**	14,842

As at 31 July 2024 and 31 July 2023, there were no material associates which principally affected the results for the year or formed a substantial portion of the net assets of the Group.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	2024 HK$'000	2023 HK$'000
Unlisted investments, at fair value	(i)	**96,048**	136,430
Listed investments, at fair value	(ii)	**40,215**	20,540
		136,263	156,970
Less: Portion classified as current		**(40,215)**	(92,073)
Non-current portion		**96,048**	64,897

Notes:

(i) *The unlisted investments were mainly fund investments and equity investments which were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not SPPI.*

(ii) *The listed investments were classified as financial assets at fair value through profit or loss as they were held for trading.*

22. DEPOSITS, PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024 HK$'000	2023 HK$'000
Deposits, prepayments and advances for artiste management, music production and film and TV program production	**225,899**	134,298
Other deposits, prepayments, other receivables and other assets	**116,048**	181,207
	341,947	315,505
Less: Portion classified as current	**(218,522)**	(156,705)
Non-current portion	**123,425**	158,800

Included in deposits, prepayments, other receivables and other assets as at 31 July 2024 were investments in entertainment events of HK$14,180,000 (2023: HK$1,845,000) and club debentures of HK$9,858,000 (2023: HK$9,858,000), which are classified as financial assets at fair value through profit or loss and intangible assets, respectively. The intangible assets are regarded to have indefinite useful lives and are stated at cost less any impairment losses.

22. DEPOSITS, PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (continued)

Movements in the loss allowance for impairment of deposits, prepayments and other receivables are as follows:

	2024 HK$'000	2023 HK$'000
At the beginning of the reporting period	**87,485**	101,237
Impairment loss recognised	**15,905**	4,671
Write-back of impairment loss recognised	**(4,040)**	(1,410)
Write-off	**–**	(15,799)
Exchange realignment	**(225)**	(1,214)
At the end of the reporting period	**99,125**	87,485

Included in the above loss allowances for deposits, prepayments and other receivables are allowances for individually impaired other receivables in aggregate of HK$44,457,000 (2023: HK$40,309,000) which were considered in default due to indicators which showed that the Group was unlikely to receive the outstanding contractual amount in full. Except for the aforementioned impaired other receivables, the remaining financial assets, included in deposits, prepayments, other receivables and other assets for which there was no recent history of default and past due amounts, and the loss allowance was assessed to be minimal as at 31 July 2024 and 31 July 2023.

23. FILMS AND TV PROGRAMS UNDER PRODUCTION AND FILM INVESTMENTS

	Notes	2024 HK$'000	2023 HK$'000
Films and TV programs under production	(a)	**172,908**	267,598
Film investments, at fair value	(b)	**104,560**	38,544
Total		**277,468**	306,142

Notes:

(a) *Films and TV programs under production*

	Note	2024 HK$'000	2023 HK$'000
At the beginning of the reporting period		**267,598**	245,389
Additions		**141,770**	64,199
Transfer to film and TV program products	16	**(225,513)**	(35,473)
Impairment#		**(9,956)**	(2,472)
Exchange realignment		**(991)**	(4,045)
At the end of the reporting period		**172,908**	267,598

\# *The impairment of films and TV programs under production was made based on management's estimation of the recoverable amount against the carrying amount.*

23. FILMS AND TV PROGRAMS UNDER PRODUCTION AND FILM INVESTMENTS (continued)

Notes: (continued)

(b) Film investments, at fair value

	2024 HK$'000	2023 HK$'000
Film investments classified as financial assets at fair value through profit or loss:		
At the beginning of the reporting period	**38,544**	71,720
Additions	**92,787**	6,247
Changes in fair value	**(2,568)**	(4,614)
Settlement	**(23,822)**	(31,504)
Exchange realignment	**(381)**	(3,305)
At the end of the reporting period	**104,560**	38,544

24. INVENTORIES

	2024 HK$'000	2023 HK$'000
Work in progress	**818**	532
Finished goods	**6,902**	27,145
Total	**7,720**	27,677

25. DEBTORS

	2024 HK$'000	2023 HK$'000
Trade debtors	**222,020**	166,579
Impairment	**(30,825)**	(30,873)
Net carrying amount	**191,195**	135,706

The trading terms of the Group with its customers are mainly on credit. Invoices are normally payable within 30 to 90 days of issuance, except for certain well-established customers, where the terms are extended to 120 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise its credit risk. Overdue balances are regularly reviewed by senior management. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's debtors are widely dispersed in different sectors and industries. The Group's debtors are non-interest-bearing. The Group does not hold any collateral or other credit enhancements over these balances.

An ageing analysis of the trade debtors, net of loss allowance, based on the payment due date, as at the end of the reporting period, is as follows:

	2024 HK$'000	2023 HK$'000
Trade debtors:		
Unbilled or neither past due nor impaired	**68,510**	68,945
1 to 90 days past due	**100,938**	51,635
Over 90 days past due	**21,747**	15,126
Total	**191,195**	135,706

As at 31 July 2024, unbilled trade debtors amounted to HK$22,604,000 (2023: HK$2,052,000).

25. DEBTORS (continued)

Movements in the loss allowance for impairment of trade debtors are as follows:

	2024 HK$'000	2023 HK$'000
At the beginning of the reporting period	**30,873**	31,185
Impairment loss recognised	**142**	284
Write-back of impairment loss recognised	**(190)**	–
Write-off	**–**	(593)
Exchange realignment	**–**	(3)
At the end of the reporting period	**30,825**	30,873

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for grouping of various customer segments with shared risk characteristics. The provision matrix reflects the probability weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade debtors using a provision matrix analysed by the payment due date:

As at 31 July 2024

		Past due			
	Current	1 to 90 days	Over 90 days	Over 90 days – specific provision	Total
Expected credit loss rate	**0.6%**	**0.2%**	**0.1%**	**100%**	**13.9%**
Gross carrying amount (HK$'000)	**68,950**	**101,148**	**21,772**	**30,150**	**222,020**
Expected credit losses (HK$'000)	**440**	**210**	**25**	**30,150**	**30,825**

As at 31 July 2023

		Past due			
	Current	1 to 90 days	Over 90 days	Over 90 days – specific provision	Total
Expected credit loss rate	0.6%	0.4%	0.6%	100%	18.5%
Gross carrying amount (HK$'000)	69,337	51,851	15,217	30,174	166,579
Expected credit losses (HK$'000)	392	216	91	30,174	30,873

26. CASH AND CASH EQUIVALENTS AND PLEDGED TIME DEPOSITS

	2024 HK$'000	2023 HK$'000
Non-pledged and non-restricted cash and bank balances	**322,677**	578,567
Time deposits	**31,595**	81,752
Less: Pledged time deposits		
— Pledged for banking facilities	**–**	(1,000)
— Pledged for a forward contract arrangement	**–**	(8,307)
	–	(9,307)
Non-pledged and non-restricted time deposits	**31,595**	72,445
Cash and cash equivalents	**354,272**	651,012

The conversion of Renminbi ("**RMB**") denominated time deposits and cash and bank balances into foreign currencies and the remittance of such foreign currencies denominated balances out of Chinese Mainland are subject to the relevant rules and regulations of foreign exchange control promulgated by the government authorities concerned. As at 31 July 2024, such RMB denominated time deposits and cash and bank balances of the Group amounted to HK$62,453,000 (2023: HK$110,374,000).

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are mainly made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. Bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

27. CREDITORS AND ACCRUALS

An ageing analysis of the trade creditors, prepared based on the date of receipt of the goods and services purchased, as at the end of the reporting period, is as follows:

	2024 HK$'000	2023 HK$'000
Trade creditors:		
Less than 30 days	**47,083**	40,922
31 to 60 days	**5,554**	6,442
61 to 90 days	**6,440**	1,048
Over 90 days	**2,889**	1,872
Subtotal	**61,966**	50,284
Other creditors and accruals	**512,657**	478,816
Total	**574,623**	529,100
Less: Portion classified as current	**(565,746)**	(520,782)
Non-current portion	**8,877**	8,318

Trade creditors and other creditors are interest-free and have an average credit term of three months.

Included in the Group's other creditors and accruals are amounts due to LSG and its subsidiaries (excluding the Group) of HK$26,262,000 (2023: HK$2,713,000) and the balances are unsecured, interest free and repayable on demand.

28. DEPOSITS RECEIVED AND CONTRACT LIABILITIES

An analysis of the deposits received and contract liabilities is as follows:

	2024 HK$'000	2023 HK$'000
Deposits received	**7,145**	10,884
Contract liabilities	**142,506**	166,228
Total	**149,651**	177,112

As at 1 August 2022, 31 July 2023 and 31 July 2024, the Group's total contract liabilities of HK$133,056,000, HK$166,228,000 and HK$142,506,000, respectively, mainly represented consideration received in advance from customers and deferred revenue. The decrease in total contract liabilities during the year ended 31 July 2024 was mainly due to the recognition of revenue. The increase in total contract liabilities during the year ended 31 July 2023 was mainly due to the deposits received from customers.

29. OTHER BORROWINGS

	2024		2023	
	Effective interest rate (%)	**HK$'000**	Effective interest rate (%)	HK$'000
Non-current:				
Interest-bearing other borrowings				
— unsecured	**5.88**	**239,695**	5.88	233,053
Maturity profile:				
In the second year		**239,695**		233,053

The unsecured other borrowings represented amounts due to the late Mr. Lim Por Yen which bear interest at the HSBC prime rate per annum except for the accrued interest portion with an amount of HK$126,757,000 (2023: HK$120,115,000) which is interest-free.

At the request of the Group, the joint executrixes of the estate of the late Mr. Lim Por Yen confirmed to the Group that no demand for the repayment of the outstanding other borrowings or the related interest would be made within one year from the end of the respective reporting periods.

30. DEFERRED TAX

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2024 HK$'000	2023 HK$'000
Deferred tax assets	**246**	79
Deferred tax liabilities	**(16)**	(45)
	230	34

The movements of deferred tax assets/(liabilities) during the year are as follows:

	Note	Accelerated tax depreciation HK$'000	Losses available for offsetting against future taxable profits HK$'000	Total HK$'000
At 1 August 2022		(83)	513	430
Deferred tax credited/(charged) to the income statement during the year	11	38	(434)	(396)
At 31 July 2023 and 1 August 2023		(45)	79	34
Deferred tax credited to the income statement during the year	11	29	167	196
At 31 July 2024		**(16)**	**246**	**230**

30. DEFERRED TAX (continued)

At 31 July 2024, the Group had tax losses arising in Hong Kong of HK$2,802,088,000 (2023: HK$2,629,417,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

As at 31 July 2024, the Group had tax losses arising in Chinese Mainland of HK$280,622,000 (2023: HK$310,007,000) that would expire in one to five years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses could be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Chinese Mainland. The requirement is effective from 1 January 2008 and applied to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Chinese Mainland and the jurisdiction of the foreign investors. For the Group, the applicable rate is either 5% or 10%. The Group is therefore liable for withholding taxes on dividends to be distributed by those subsidiaries and joint ventures established in Chinese Mainland in respect of earnings generated from 1 January 2008.

At 31 July 2024, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that were subject to withholding taxes of certain subsidiaries established in Chinese Mainland. In the opinion of the directors, it was not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Chinese Mainland for which deferred tax liabilities have not been recognised totalled approximately HK$12,019,000 as at 31 July 2024 (2023: HK$14,806,000).

31. DERIVATIVE FINANCIAL INSTRUMENTS

The movements in the financial assets arising from the derivative financial instruments during the year are as follows:

	Foreign currency forward contract HK$'000
At 1 August 2022	–
Fair value gains recognised in the income statement	17
Settlement upon maturity	731
At 31 July 2023 and 1 August 2023	748
Fair value gains recognised in the income statement	618
Settlement upon maturity	(1,366)
At 31 July 2024	**–**

32. SHARE CAPITAL

Shares

	2024		2023	
	Number of shares '000	**Nominal value HK$'000**	Number of shares '000	Nominal value HK$'000
Authorised:				
Ordinary shares of HK$0.50 each	**4,000,000**	**2,000,000**	4,000,000	2,000,000
Issued and fully paid:				
Ordinary shares of HK$0.50 each	**1,755,877**	**877,938**	1,755,877	877,938

The movement in issued share capital of the Company during the year are as follows:

	Number of shares '000	**Nominal value** HK$'000
At 1 August 2022	1,491,855	745,927
Allotment and issue of new shares	264,022	132,011
At 31 July 2023, 1 August 2023 and 31 July 2024	**1,755,877**	**877,938**

Pursuant to the ordinary resolution passed at the special general meeting of the Company on 13 February 2023, among other things, the terms of the proposed merger of Media Asia Group Holdings Limited ("**MAGHL**") by the Company and Perfect Sky Holdings Limited (a wholly-owned subsidiary of the Company, "**Offeror**") ("**Proposal**") involving a share exchange offer with partial cash alternative to the duly registered holders of the Scheme Shares (as defined below) ("**Scheme Shareholders**") by way of a scheme of arrangement ("**Scheme**"), including:

(i) the indirect acquisition by the Company of the new ordinary shares of MAGHL which were allotted and issued to the Offeror upon the cancellation of the ordinary shares of MAGHL other than those held by the Offeror ("**Scheme Shares**");

(ii) the grant of the specific mandate for the allotment and issue of the new ordinary shares of the Company as consideration for the cancellation of the Scheme Shares pursuant to the Proposal; and

(iii) the increase in the Company's authorised share capital from HK$1,250,000,000 divided into 2,500,000,000 ordinary shares to HK$2,000,000,000 divided into 4,000,000,000 ordinary shares by an addition of 1,500,000,000 ordinary shares.

32. SHARE CAPITAL (continued)

Shares (continued)

On 16 March 2023, all the conditions to the Proposal and the Scheme were fulfilled and the Scheme became effective. Since then, the equity interest of the Group in MAGHL had increased from 67.70% to 100% and MAGHL became a wholly-owned subsidiary of the Group. Valid elections for the partial cash alternative in respect of a total of 809,548,215 Scheme Shares had been made by the Scheme Shareholders. The remaining Scheme Shareholders holding a total of 154,917,153 Scheme Shares received the share alternative. Accordingly, an aggregate of 264,022,268 new ordinary shares of the Company were allotted and issued to the Scheme Shareholders on 27 March 2023, and a total cash consideration of approximately HK$194.3 million was paid to the Scheme Shareholders.

Details are set out in the joint announcements of the Company, LSG, LSD, MAGHL and the Offeror dated 10 November 2022 and 17 March 2023, the circular issued by the Company dated 12 January 2023 and the scheme document and the joint announcement issued by the Company, MAGHL and the Offeror dated 12 January 2023 and 13 February 2023, respectively.

Share options

Details of the share option schemes of the Company and the share options issued under the scheme are included in note 33 to the financial statements.

33. SHARE OPTION SCHEMES

2015 Share Option Scheme

On 11 December 2015 ("**2015 Adoption Date**"), the Company adopted a new share option scheme ("**2015 Scheme**"). The purpose of the 2015 Scheme is to recognise the contribution or future contribution of the Eligible Participants (as defined in the 2015 Scheme) to the Group by granting share options to them as incentives or rewards and to attract, retain and motivate the Eligible Participants in line with the performance goals of the Relevant Companies (as defined in the 2015 Scheme). Eligible Participants include but are not limited to the directors and any employees of the Group. Upon the termination of the 2015 Scheme at the annual general meeting of the Company held on 16 December 2022, no further share options can be granted thereunder but the subsisting share options granted prior to the termination will continue to be valid and exercisable in accordance with the terms of the 2015 Scheme.

The principal terms of the 2015 Scheme are:

(i) The maximum number of shares in respect of which share options may be granted under the 2015 Scheme and any other share option schemes of the Company (i) shall not in aggregate exceed 10% of the total issued shares of the Company on the 2015 Adoption Date; (ii) shall not exceed 30% of the total issued shares of the Company from time to time; and (iii) to each Eligible Participant in the 2015 Scheme and within any 12-month period, is limited to 1% of the total issued shares of the Company at any time. Any further grant of share options in excess of the limits set out in (i) and (iii) must be subject to the approval of the shareholders of the Company and the shareholders of LSD (so long as the Company is a subsidiary of LSD under the Listing Rules) in the respective general meetings.

33. SHARE OPTION SCHEMES (continued)

2015 Share Option Scheme (continued)

The principal terms of the 2015 Scheme are: (continued)

(ii) Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, are subject to the approval by the independent non-executive directors of the Company and LSD (so long as the Company is a subsidiary of LSD under the Listing Rules). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, in excess of 0.1% of the total issued shares of the Company at any time and with an aggregate value (based on the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of grant) in excess of HK$5 million, within any 12-month period up to and including the date of grant, are subject to the approval by the shareholders of the Company and the shareholders of LSD (so long as the Company is a subsidiary of LSD under the Listing Rules) in the respective general meetings.

(iii) The offer of a grant of share options may be accepted within 30 days from the date of offer, to be accompanied by payment of a consideration of HK$1 per share option by the grantee.

(iv) The exercise period of the share options granted is determined by the directors of the Company provided that such period must not be longer than 10 years from the date upon which any share option is granted in accordance with the 2015 Scheme.

(v) The subscription (or exercise) price of any share options is determinable by the directors of the Company, and shall be at least the highest of (i) the closing price of the Company's shares in the Stock Exchange's daily quotation sheet on the date of the offer of grant; (ii) the average closing price of the Company's shares in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of a Company's share on the date of the offer of grant.

Share options do not confer rights on the holders to dividends or to vote at general meetings of the Company.

Details of the movement of the share options outstanding under the 2015 Scheme during the year are as follows:

	Number of underlying shares comprised in share options	Weighted average exercise price per share* HK$
Outstanding as at 1 August 2022, 31 July 2023 and 1 August 2023	1,500,000	0.50
Lapsed during the year	(800,000)	0.50
Outstanding as at 31 July 2024	**700,000**	**0.50**

33. SHARE OPTION SCHEMES (continued)

2015 Share Option Scheme (continued)

The exercise price and exercise period of the share options outstanding as at the end of the reporting period are as follows:

2024

Number of underlying shares comprised in share options	Exercise price per share* HK$	Exercise period (dd/mm/yyyy)
700,000	**0.50**	**21/01/2022 to 20/01/2032**

2023

Number of underlying shares comprised in share options	Exercise price per share* HK$	Exercise period (dd/mm/yyyy)
1,500,000	0.50	21/01/2022 to 20/01/2032

* *The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.*

Other than the movements of the share options as detailed above, no share options were granted, exercised, cancelled or lapsed in accordance with the terms of the 2015 Scheme during the years ended 31 July 2024 and 2023.

As at 31 July 2024, a total of 700,000 (2023: 1,500,000) underlying shares relating to share options granted under the 2015 Scheme were outstanding and they represented approximately 0.04% (2023: 0.09%) of the total issued shares of the Company as at that date.

33. SHARE OPTION SCHEMES (continued)

2022 Share Option Scheme

At the annual general meeting of the Company held on 16 December 2022 ("**2022 Adoption Date**"), the shareholders of the Company approved the adoption of a new share option scheme ("**2022 Scheme**") which became effective on 19 December 2022 ("**Effective Date**"). Unless otherwise cancelled or amended, the 2022 Scheme will remain in force for 10 years from the Effective Date, which will expire on 19 December 2032.

The purpose of the 2022 Scheme is to recognise the contribution or future contribution of the Eligible Participants (including but not limited to the directors, chief executives, employees and service providers of the Group as well as the related entity participants (as defined in the 2022 Scheme)) to the Group by granting share options to them as incentives or rewards and to attract, retain and motivate high-calibre Eligible Participants in line with the performance goals of the Group and the related entities. The 2022 Scheme shall strengthen the many long-term relationships that the Eligible Participants may have with the Group.

The principal terms of the 2022 Scheme are:

(i) The maximum number of shares in respect of which share options may be granted under the 2022 Scheme and any other share option schemes and share award schemes of the Company (i) shall not in aggregate exceed 10% of the number of the total issued shares of the Company on the 2022 Adoption Date (i.e. 149,185,459 shares); (ii) to the Service Provider(s) (as defined in the 2022 Scheme), shall not exceed 1% of the number of the total issued shares of the Company on the 2022 Adoption Date (i.e. 14,918,545 shares); and (iii) to each Eligible Participant in the 2022 Scheme and within any 12-month period, is limited to 1% of the total issued shares of the Company at any time. Any further grant of share options in excess of the limits set out in (i) and (ii) must be subject to the approval of the shareholders of the Company and the shareholders of LSD and/or LSG (so long as the Company is a subsidiary of LSD and/or LSG under the Listing Rules) in the respective general meetings after 3 years of the 2022 Adoption Date or the last refreshment.

(ii) Share options granted to an Eligible Participant (as defined in the 2022 Scheme), including a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, are subject to the approval by the independent non-executive directors of the Company and LSD and/or LSG (so long as the Company is a subsidiary of LSD and/or LSG under the Listing Rules). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, in excess of 0.1% of the relevant class of shares of the Company, within any 12-month period up to and including the date of grant, are subject to the approval by the shareholders of the Company and the shareholders of LSD and/or LSG (so long as the Company is a subsidiary of LSD and/or LSG under the Listing Rules) in the respective general meetings.

(iii) The offer of a grant of share options may be accepted within 30 days from the date of offer, to be accompanied by payment of a consideration of HK$1 per share option by the grantee.

(iv) The exercise period of the share options granted is determined by the directors of the Company provided that such period must not be longer than 10 years from the date upon which any share option is granted in accordance with the 2022 Scheme.

33. SHARE OPTION SCHEMES (continued)

2022 Share Option Scheme (continued)

The principal terms of the 2022 Scheme are: (continued)

(v) A share option must be held by the option holder for at least 12 months before the share option can be exercised. A shorter vesting period may be granted to the Employee Participants (as defined in the 2022 Scheme) at the discretion of the board of directors of the Company in the circumstances as set out in the 2022 Scheme.

(vi) The exercise price of any share options is determinable by the directors of the Company, and shall be at least the highest of (i) the closing price of the Company's share as stated in the Stock Exchange's daily quotation sheet on the date of the offer of grant; (ii) the average of the closing price of the Company's share as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Company's share on the date of the offer of grant.

Share options do not confer rights on the holders to dividends or to vote at general meetings of the Company.

During the years ended 31 July 2024 and 2023, no share options were granted, exercised, cancelled or lapsed in accordance with the terms of the 2022 Scheme.

34. RESERVES

The amounts of the Group's reserves and the movements therein for the years ended 31 July 2024 and 2023 are presented in the consolidated statement of changes in equity.

Other reserve

Other reserve mainly arose from change in ownership interest in the existing subsidiaries.

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 July 2024, the Group had non-cash additions and modifications to right-of-use assets of HK$26,074,000 (2023: HK$111,931,000) and lease liabilities of HK$26,074,000 (2023: HK$111,931,000), in respect of lease arrangements for cinema related properties, other properties and equipment.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank loans HK$'000	Lease liabilities HK$'000	Other borrowings HK$'000
At 1 August 2022	143,956	1,144,718	226,864
Changes from financing cash flows	(144,000)	(157,017)	–
Interest expense	44	37,052	6,189
Rent concessions related to COVID-19	–	(786)	–
Additions	–	88,962	–
Lease modification	–	(102,661)	–
Termination	–	(26,834)	–
Exchange realignment	–	(4,110)	–
At 31 July 2023 and 1 August 2023	–	979,324	233,053
Changes from financing cash flows	–	(146,404)	–
Interest expense	–	36,955	6,642
Additions	–	318	–
Lease modification	–	(43,084)	–
Termination	–	(12,156)	–
Exchange realignment	–	(494)	–
At 31 July 2024	**–**	**814,459**	**239,695**

36. COMMITMENTS

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

	2024 HK$'000	2023 HK$'000
Contracted but not provided for:		
Acquisition of items of property, plant and equipment	**–**	39,934

37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

31 July 2024

Financial assets

	Financial assets at fair value through profit or loss HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Due from joint ventures	–	34,667	34,667
Financial assets at fair value through profit or loss	136,263	–	136,263
Film investments	104,560	–	104,560
Debtors	–	191,195	191,195
Financial assets included in deposits, prepayments, other receivables and other assets	14,180	158,301	172,481
Cash and cash equivalents	–	354,272	354,272
Total	255,003	738,435	993,438

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade creditors	61,966
Financial liabilities included in other creditors and accruals	360,405
Financial liabilities included in deposits received	7,145
Lease liabilities	814,459
Other borrowings	239,695
Total	1,483,670

37. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

31 July 2023

Financial assets

	Financial assets at fair value through profit or loss HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Due from joint ventures	—	15,289	15,289
Financial assets at fair value through profit or loss	156,970	—	156,970
Film investments	38,544	—	38,544
Debtors	—	135,706	135,706
Financial assets included in deposits, prepayments, other receivables and other assets	1,845	132,629	134,474
Derivative financial instruments	748	—	748
Pledged time deposits	—	9,307	9,307
Cash and cash equivalents	—	651,012	651,012
Total	198,107	943,943	1,142,050

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade creditors	50,284
Financial liabilities included in other creditors and accruals	384,931
Financial liabilities included in deposits received	10,884
Lease liabilities	979,324
Other borrowings	233,053
Total	1,658,476

38. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Financial instruments measured at fair value:

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

As at 31 July 2024	**Fair value measurement using**			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Financial assets				
Financial assets at fair value through profit or loss	**40,215**	**42,942**	**53,106**	**136,263**
Film investments	**—**	**—**	**104,560**	**104,560**
Financial assets included in deposits, prepayments, other receivables and other assets	**—**	**—**	**14,180**	**14,180**
Total	**40,215**	**42,942**	**171,846**	**255,003**

As at 31 July 2023	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Financial assets				
Financial assets at fair value through profit or loss	20,540	83,806	52,624	156,970
Film investments	—	—	38,544	38,544
Financial assets included in deposits, prepayments, other receivables and other assets	—	—	1,845	1,845
Derivative financial instruments	—	748	—	748
Total	20,540	84,554	93,013	198,107

Other than the above financial assets, the carrying amounts of the Group's financial instruments are carried at amortised cost and they were not materially different from their fair values as at 31 July 2024 and 31 July 2023.

38. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Financial instruments measured at fair value: (continued)

During the years ended 31 July 2024 and 2023, there were no transfers of fair value measurement between Level 1 and Level 2 for both financial assets and financial liabilities.

During the years ended 31 July 2024 and 2023, there were no transfers into or out of Level 3 for both financial assets and financial liabilities.

The movements in fair value measurements within Level 3 during the year are as follows:

	2024 **HK$'000**	2023 HK$'000
At the beginning of the reporting period	**93,013**	92,170
Increase in investment amount, net	**119,283**	44,825
Changes in fair value	**6,227**	(789)
Settlement	**(46,283)**	(39,887)
Exchange realignment	**(394)**	(3,306)
At the end of the reporting period	**171,846**	93,013

Valuation techniques

The fair value of financial assets at fair value through profit or loss in Level 2 is estimated based on quoted prices/values from the fund manager.

For the derivative financial instruments in Level 2, the Group relies on bank valuations to determine the fair value of the instruments. The fair value of the instruments was estimated at the end of the reporting period using observable market data. Key observable inputs in the valuations are foreign exchange spot rates, strike rates, volatility, time to expiration and risk free rate.

The Group has estimated the fair value of the above unlisted investments, except for an equity investment, in Level 3 using the net asset value or the discounted cash flow method or the latest available transaction prices.

For the equity investment in Level 3, the Group's management appoints an external valuer to be responsible for the valuation of the Group's equity investment. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the external valuer on the valuation assumptions when the valuation is performed.

The fair values of the financial assets are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair value of the equity investment has been determined using equity value allocation model with the Black-Scholes option pricing formula. Under this valuation methodology, the underlying total equity values have been determined based on the most recent transactions of share subscriptions by the independent third-party investors in the investee companies.

38. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Valuation techniques (continued)

Information about the fair value measurement of the equity investment in Level 3 using significant unobservable input is as follows:

	Valuation technique	Significant unobservable inputs	Value of unobservable inputs	Notes
31 July 2024				
Equity investment at fair value through profit or loss	**Market approach**	**Expected volatility**	**63%**	**1**
		Expected time to exit	**2 years**	**2**
31 July 2023				
Equity investment at fair value through profit or loss	Market approach	Expected volatility	59.925%	1
		Expected time to exit	2.003 years	2

Notes:

1. *The higher the expected volatility, the lower the fair value*

2. *The longer the expected time to exit, the lower the fair value*

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise other borrowings, pledged time deposits, and cash and cash equivalents. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group has various other financial assets and liabilities such as debtors and creditors, which arise directly from its operations, and financial assets which are held by the Group for investment purposes.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The directors of the Company meet periodically to analyse and formulate measures to manage the Group's exposure to these risks. Generally, the Group introduces relatively conservative strategies on its risk management. The directors review and agree policies for managing each of these risks and they are summarised as follows:

(i) Interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As the Group has some interest-bearing assets, the Group's income and operating cash flows will be affected by changes in market interest rates. The Group's interest rate risk also arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

At present, the Group does not intend to seek to hedge its exposure to interest rate fluctuations. However, the Group will constantly review the economic situation and its interest rate risk profile, and will consider appropriate hedging measures in future as may be necessary.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the post-tax profit (through the impact on floating rate borrowings) and the equity of the Group.

	Change in interest rate %	**Impact on post-tax profit** HK$'000	**Impact on equity*** HK$'000
2024	**+0.25**	**(282)**	**(282)**
	-0.25	**282**	**282**
2023	+0.25	(282)	(282)
	-0.25	282	282

* *excluding amounts attributable to non-controlling interests*

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Foreign currency risk

RMB

Certain subsidiaries of the Group have transactions denominated in RMB. The Group is exposed to foreign exchange risk arising from the exposure of RMB against HK$.

The following table demonstrates the sensitivity as at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the post-tax profit and equity (due to changes in the fair value of monetary assets and liabilities) of the Group.

	Change in exchange rate %	Impact on post-tax profit HK$'000	Impact on equity* HK$'000
2024			
If HK$ weakens against RMB	**5**	**7,539**	**7,539**
If HK$ strengthens against RMB	**5**	**(7,539)**	**(7,539)**
2023			
If HK$ weakens against RMB	5	8,128	8,128
If HK$ strengthens against RMB	5	(8,128)	(8,128)

* *excluding amounts attributable to non-controlling interests*

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 July. The amounts presented are gross carrying amounts for financial assets.

As at 31 July 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Due from joint ventures					
Normal**	8,757	–	–	–	8,757
Doubtful**	–	–	68,672	–	68,672
Due from associates					
Doubtful**	–	–	15,431	–	15,431
Debtors*	–	–	–	222,020	222,020
Financial assets included in deposits, prepayments, other receivables and other assets					
Normal**	158,301	–	–	–	158,301
Doubtful**	–	–	44,457	–	44,457
Cash and cash equivalents	354,272	–	–	–	354,272
Total	521,330	–	128,560	222,020	871,910

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 July 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Due from joint ventures					
Normal**	5,223	–	–	–	5,223
Doubtful**	–	–	67,501	–	67,501
Due from associates					
Doubtful**	–	–	14,842	–	14,842
Debtors*	–	–	–	166,579	166,579
Financial assets included in deposits, prepayments, other receivables and other assets					
Normal**	132,629	–	–	–	132,629
Doubtful**	–	–	40,309	–	40,309
Pledged time deposits	9,307	–	–	–	9,307
Cash and cash equivalents	651,012	–	–	–	651,012
Total	798,171	–	122,652	166,579	1,087,402

* *For debtors to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 25 to the financial statements.*

** *The credit quality of the amounts due from joint ventures and associates, and financial assets included in deposits, prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".*

Further quantitative data in respect of the Group's exposure to credit risk arising from other receivables and trade debtors are disclosed in notes 22 and 25 to the financial statements, respectively.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Liquidity risk

The Group's objective is to ensure adequate funds are available to meet commitments associated with its financial liabilities. Cash flows are closely monitored on an ongoing basis. The Group will raise funds either through the financial markets or from the realisation of its assets if required.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	Less than 1 year HK$'000	**1 to 5 years HK$'000**	**Over 5 years HK$'000**	**Total HK$'000**
31 July 2024				
Trade creditors	**61,966**	**–**	**–**	**61,966**
Financial liabilities included in other creditors and accruals	**360,405**	**–**	**–**	**360,405**
Financial liabilities included in deposits received	**7,145**	**–**	**–**	**7,145**
Lease liabilities	**229,610**	**565,002**	**114,987**	**909,599**
Other borrowings	**–**	**246,330**	**–**	**246,330**
Total	**659,126**	**811,332**	**114,987**	**1,585,445**

	Less than 1 year HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
31 July 2023				
Trade creditors	50,284	–	–	50,284
Financial liabilities included in other creditors and accruals	384,931	–	–	384,931
Financial liabilities included in deposits received	10,884	–	–	10,884
Lease liabilities	205,078	538,381	364,567	1,108,026
Other borrowings	–	239,688	–	239,688
Total	651,177	778,069	364,567	1,793,813

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The Group manages its capital structure to ensure that the Group will be able to continue to operate as a going concern while maximising the return to stakeholders through the setting up and maintenance of an optimal debt and equity capital structure.

The capital structure of the Group mainly consists of other borrowings, cash and cash equivalents, pledged time deposits and equity attributable to owners of the Company comprising issued share capital and reserves.

The directors of the Company review the capital structure regularly. They will take into consideration the cost of capital and the risks associated with each class of capital prevailing in the market. Based on recommendations of the directors, the Group will balance its overall capital structure through various types of fund raising exercises as well as maintaining appropriate types and levels of debts.

As at 31 July 2024, the Group had net cash of HK$114.6 million (2023: HK$427.3 million), being cash and bank deposits minus total borrowing.

40. CONTINGENT LIABILITIES

The Group had pledged certain time deposits to certain banks in connection with the banking facilities granted to certain subsidiaries as at 31 July 2023. As at 31 July 2023, the respective letter of credit and letter of guarantee facilities of approximately HK$440,000 were utilised.

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	Note	**2024 HK$'000**	2023 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries		**403,264**	637,353
Deposits, prepayments, other receivables and other assets		**10,150**	10,143
Total non-current assets		**413,414**	647,496
CURRENT ASSETS			
Deposits, prepayments and other receivables		**11,006**	271
Cash and cash equivalents		**16,021**	98,090
Total current assets		**27,027**	98,361
CURRENT LIABILITIES			
Creditors and accruals		**2,901**	2,798
Lease liabilities		**817**	539
Total current liabilities		**3,718**	3,337
NET CURRENT ASSETS		**23,309**	95,024
TOTAL ASSETS LESS CURRENT LIABILITIES		**436,723**	742,520
NON-CURRENT LIABILITIES			
Other borrowings		**239,695**	233,053
Lease liabilities		**542**	12
Total non-current liabilities		**240,237**	233,065
Net assets		**196,486**	509,455
EQUITY			
Issued capital	32	**877,938**	877,938
Reserves *(note)*		**(681,452)**	(368,483)
Total equity		**196,486**	509,455

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium account HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 August 2022	4,257,351	845,455	243	(4,243,987)	859,062
Loss for the year and total comprehensive loss for the year	–	–	–	(1,227,545)	(1,227,545)
At 31 July 2023 and 1 August 2023	4,257,351	845,455	243	(5,471,532)	(368,483)
Loss for the year and total comprehensive loss for the year	–	–	–	(312,969)	(312,969)
Release of reserve upon lapse of share options	–	–	(130)	130	–
At 31 July 2024	**4,257,351**	**845,455**	**113**	**(5,784,371)**	**(681,452)**

The Company's contributed surplus represents the excess of the fair value of the subsidiaries' shares acquired pursuant to the Group reorganisation in November 1996 over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda (as amended), distributions may be made out of the contributed surplus in certain circumstances.

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 July 2024 are as follows:

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Capital Artists Limited	Hong Kong	HK$44,394,500	–	100	Music production and distribution and film investment
Champ Universe Limited	Hong Kong	HK$1	–	100	Provision of management services
East Asia Music (Holdings) Limited	Hong Kong	HK$10,000	–	100	Music production and distribution and film investment
eSun High-Tech Limited	Hong Kong	HK$2	–	100	Investment in and licensing of film rights
Fascinating Screens Limited	Hong Kong	HK$1,000,001	–	100	Cinema operation
Fortunate Sound Limited	Hong Kong	HK$1	–	100	Music production and distribution
Fortune Spark Limited	Hong Kong	HK$10,000,000	–	100	Cinema operation
Glynhill International Limited	Hong Kong	HK$915,631,997	100	–	Investment holding and provision of management service
Intercontinental Film Distributors (H.K.) Limited	Hong Kong	HK$700,400	–	95	Film distribution
Intercontinental Group Holdings Limited	Cayman Islands/ Hong Kong	US$50,000	–	95	Investment holding
Kaleidoscope International Limited	British Virgin Islands/ Hong Kong	US$1	100	–	Property holding
Lam & Lamb Entertainment Limited	Hong Kong	HK$1	–	100	Provision of artiste management services and entertainment activity production
Lauro Game Entertainment Limited	Hong Kong	HK$100,000	–	95	Trading of gaming products
MAGHL *(note a)*	Incorporated in the Cayman Islands and continued in Bermuda/ Hong Kong	HK$29,863	–	100	Investment holding

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Particulars of the Company's principal subsidiaries as at 31 July 2024 are as follows: (continued)

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Media Asia Distribution (Beijing) Co., Ltd.^	PRC/ Chinese Mainland	RMB130,000,000#	–	100	Film distribution
Media Asia Distribution (HK) Limited	Hong Kong	HK$2	–	100	Film distribution and film library management
Media Asia Distribution Ltd.	British Virgin Islands/ Hong Kong	US$80	–	100	Film distribution, licensing of film rights and film investment
Media Asia Entertainment Group Limited	Bermuda/Hong Kong	HK$100	–	100	Investment holding
Media Asia Entertainment Limited	Hong Kong	HK$100	–	100	Entertainment activity production, and event and film investments
Media Asia Films (BVI) Ltd.	British Virgin Islands/ Hong Kong	US$7	–	100	Film production, licensing of films and investment holding
Media Asia Film International Limited	British Virgin Islands/ Hong Kong	US$100	–	100	Film investment and production and event investments
Media Asia Film Production Limited	Hong Kong	HK$100	–	100	Investment holding and film production
Media Asia Group Limited	Hong Kong	HK$2	–	100	Investment holding and provision of management services
Media Asia Holdings Ltd.	British Virgin Islands/ Hong Kong	US$6,831	–	100	Investment holding
Media Asia Music Limited	Hong Kong	HK$1	–	100	Music production and distribution and event investments
Media Asia Talent Management Limited	Hong Kong	HK$1	–	100	Provision of artiste management services
Media Asia TV Program Distribution Limited	Hong Kong	HK$1	–	100	Licensing of television dramas

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Particulars of the Company's principal subsidiaries as at 31 July 2024 are as follows: (continued)

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Media Asia TV Program Production (HK) Limited	Hong Kong	HK$1	–	70	TV program production
Mega Star Video Distribution (HK) Limited	Hong Kong	HK$2	–	100	Licensing of film rights and sale of video products
Multiplex Cinema Limited	Hong Kong	HK$71,000,000	–	95	Cinema operation
Perfect Advertising & Production Company Limited	Hong Kong	HK$10,000	–	95	Provision of advertising services, video duplication services, and translating and subtitling of TV programs
Rich & Famous Talent Management Group Limited	Hong Kong	HK$100	–	75	Provision of artiste management services
Silver Motion Limited	Hong Kong	HK$1	–	100	Cinema operation
廣東五月花電影城有限公司 ("**廣東五月花**")^	PRC/ Chinese Mainland	RMB120,000,000#	–	100	Cinema operation
東亞豐麗演出經紀(北京)有限公司^	PRC/ Chinese Mainland	RMB25,000,000#	–	100	Provision of artiste management and performance agency services
寰亞文化傳播(中國)有限公司^	PRC/ Chinese Mainland	HK$38,000,000#	–	100	Entertainment activity production

\# *The registered capital of these subsidiaries was fully paid up, except for 廣東五月花 of which the capital of RMB20,000,000 (equivalent to approximately HK$21,566,000) and Media Asia Distribution (Beijing) Co., Ltd. of which the capital of RMB29,480,000 (equivalent to approximately HK$31,788,000) were unpaid as at 31 July 2024.*

^ *Registered as wholly-foreign-owned enterprises under the laws of the PRC.*

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Particulars of the Company's principal subsidiaries as at 31 July 2024 are as follows: (continued)

As at 31 July 2024, the Group had unpaid capital contributions of approximately HK$111,712,000 to three wholly-owned subsidiaries (2023: HK$107,573,000 to two wholly-owned subsidiaries) which are not included in the above table.

Note:

(a) Interests in MAGHL

For the year ended 31 July 2023
As disclosed in note 32 to the financial statements, the equity interest of the Group in MAGHL increased from 67.70% to 100% on 16 March 2023. The cash consideration and the related transaction costs paid by the Group were approximately HK$202,698,000 and the share consideration allotted and issued by the Company was approximately HK$132,011,000. The change in the Group's equity interest in MAGHL resulted in a decrease in other reserve of HK$263,426,000 and a decrease in non-controlling interests of HK$71,283,000.

43. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 15 October 2024.

eSun Holdings Limited
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