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eSun Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 571)

Announcement of Interim Results for the Six Months Ended 31 January 2024

RESULTS

The board of directors (“**Board**” and “**Directors**”, respectively) of eSun Holdings Limited (“**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (“**Group**”) for the six months ended 31 January 2024 together with the comparative figures of the last corresponding period as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 January 2024

		Six months ended 31 January	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
	Notes		
TURNOVER	4	493,358	513,260
Cost of sales		(294,484)	(270,461)
Gross profit		198,874	242,799
Other revenue		20,248	24,079
Selling and marketing expenses		(10,350)	(18,783)
Administrative expenses		(119,183)	(136,841)
Other operating gains		41,728	32,577
Other operating expenses		(204,366)	(207,642)
LOSS FROM OPERATING ACTIVITIES	5	(73,049)	(63,811)
Finance costs	6	(22,846)	(25,629)
Share of profits and losses of joint ventures		(11,645)	(2,343)
LOSS BEFORE TAX		(107,540)	(91,783)
Tax	7	(794)	(924)
LOSS FOR THE PERIOD		(108,334)	(92,707)
Attributable to:			
Owners of the Company		(105,775)	(82,431)
Non-controlling interests		(2,559)	(10,276)
		(108,334)	(92,707)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	8		
Basic and diluted		(HK\$0.060)	(HK\$0.055)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 31 January 2024

	Six months ended	
	31 January	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
LOSS FOR THE PERIOD	<u>(108,334)</u>	<u>(92,707)</u>
OTHER COMPREHENSIVE INCOME, NET OF TAX		
<i>Item that may be subsequently reclassified to the income statement:</i>		
Exchange realignment on translation of foreign operations	<u>348</u>	<u>1,800</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>348</u>	<u>1,800</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u><u>(107,986)</u></u>	<u><u>(90,907)</u></u>
Attributable to:		
Owners of the Company	<u>(105,603)</u>	<u>(80,796)</u>
Non-controlling interests	<u>(2,383)</u>	<u>(10,111)</u>
	<u><u>(107,986)</u></u>	<u><u>(90,907)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 January 2024

	<i>Notes</i>	31 January 2024 (Unaudited) <i>HK\$'000</i>	31 July 2023 (Audited) <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		217,875	168,262
Right-of-use assets		535,334	614,189
Film rights		23,317	24,366
Film and TV program products		60,899	61,059
Music catalogs		—	—
Investments in joint ventures		61,684	39,943
Financial assets at fair value through profit or loss		62,252	64,897
Deposits, prepayments, other receivables and other assets		101,579	158,800
Deferred tax assets		79	79
		1,063,019	1,131,595
Total non-current assets			
CURRENT ASSETS			
Films and TV programs under production and film investments		421,454	306,142
Inventories		27,066	27,677
Debtors	10	98,666	135,706
Financial assets at fair value through profit or loss		89,506	92,073
Deposits, prepayments, other receivables and other assets		184,868	156,705
Prepaid tax		24	24
Derivative financial instruments		766	748
Pledged time deposits		1,600	9,307
Cash and cash equivalents		441,125	651,012
		1,265,075	1,379,394
Total current assets			
CURRENT LIABILITIES			
Creditors and accruals	11	508,085	520,782
Deposits received and contract liabilities		223,465	177,112
Lease liabilities		181,293	168,050
Tax payable		11,254	14,388
		924,097	880,332
Total current liabilities			
NET CURRENT ASSETS		340,978	499,062
TOTAL ASSETS LESS CURRENT LIABILITIES		1,403,997	1,630,657

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

31 January 2024

		31 January 2024 (Unaudited) HK\$'000	31 July 2023 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT LIABILITIES			
Creditors and accruals	<i>11</i>	8,318	8,318
Lease liabilities		689,278	811,274
Other borrowings		236,396	233,053
Deferred tax liabilities		24	45
		<hr/>	<hr/>
Total non-current liabilities		934,016	1,052,690
		<hr/>	<hr/>
Net assets		469,981	577,967
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Issued capital		877,938	877,938
Reserves		(348,429)	(242,826)
		<hr/>	<hr/>
		529,509	635,112
Non-controlling interests		(59,528)	(57,145)
		<hr/>	<hr/>
Total equity		469,981	577,967
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 January 2024

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Group (“**Financial Statements**”) for the six months ended 31 January 2024 have not been audited by the Company’s independent auditor but have been reviewed by the Company’s audit committee.

The unaudited Financial Statements have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

2. MATERIAL ACCOUNTING POLICIES

The material accounting policies and basis of preparation adopted in the preparation of these unaudited Financial Statements for the period under review are the same as those used in the Group’s audited consolidated financial statements for the year ended 31 July 2023.

In addition, the Group has adopted a number of new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”, which also include HKASs and interpretations) which are applicable to the Group for the first time for the current period’s unaudited Financial Statements. The adoption of these new and revised HKFRSs has had no material impact on the financial performance or financial position of the Group.

3. OPERATING SEGMENT INFORMATION

Segment revenue/results:

	Six months ended 31 January									
	Media and entertainment		Film and TV program		Cinema operation		Corporate and others		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Segment revenue:										
Sales to external customers	179,298	176,048	125,164	72,927	188,896	263,127	—	1,158	493,358	513,260
Intersegment sales	—	—	8,456	3,741	2,683	3,366	1,018	908	12,157	8,015
Other revenue	3,880	1,989	933	1,519	9,948	10,514	2,231	919	16,992	14,941
Total	<u>183,178</u>	<u>178,037</u>	<u>134,553</u>	<u>78,187</u>	<u>201,527</u>	<u>277,007</u>	<u>3,249</u>	<u>2,985</u>	<u>522,507</u>	<u>536,216</u>
Elimination of intersegment sales									<u>(12,157)</u>	<u>(8,015)</u>
Total revenue									<u>510,350</u>	<u>528,201</u>
Segment results	<u>25,490</u>	<u>17,914</u>	<u>(1,254)</u>	<u>(12,193)</u>	<u>(54,292)</u>	<u>(6,788)</u>	<u>(45,284)</u>	<u>(62,220)</u>	<u>(75,340)</u>	<u>(63,287)</u>
Unallocated interest income									3,256	9,138
Fair value losses on financial assets at fair value through profit or loss									<u>(965)</u>	<u>(9,662)</u>
Loss from operating activities									<u>(73,049)</u>	<u>(63,811)</u>
Finance costs									<u>(22,846)</u>	<u>(25,629)</u>
Share of profits and losses of joint ventures	(11)	(255)	(68)	1	(11,566)	(2,089)	—	—	<u>(11,645)</u>	<u>(2,343)</u>
Loss before tax									<u>(107,540)</u>	<u>(91,783)</u>
Tax									<u>(794)</u>	<u>(924)</u>
Loss for the period									<u>(108,334)</u>	<u>(92,707)</u>

3. OPERATING SEGMENT INFORMATION *(continued)*

Segment assets/liabilities:

	Media and entertainment		Film and TV program		Cinema operation		Corporate and others		Consolidated	
	31 January 2024 (Unaudited) <i>HK\$'000</i>	31 July 2023 (Audited) <i>HK\$'000</i>	31 January 2024 (Unaudited) <i>HK\$'000</i>	31 July 2023 (Audited) <i>HK\$'000</i>	31 January 2024 (Unaudited) <i>HK\$'000</i>	31 July 2023 (Audited) <i>HK\$'000</i>	31 January 2024 (Unaudited) <i>HK\$'000</i>	31 July 2023 (Audited) <i>HK\$'000</i>	31 January 2024 (Unaudited) <i>HK\$'000</i>	31 July 2023 (Audited) <i>HK\$'000</i>
Segment assets	244,116	238,221	788,022	773,501	917,978	1,056,906	163,667	244,597	2,113,783	2,313,225
Investments in joint ventures	9,748	8,957	38	106	46,042	25,999	5,856	4,881	61,684	39,943
Unallocated assets									152,627	157,821
Total assets									2,328,094	2,510,989
Segment liabilities	169,078	140,958	427,872	432,768	954,955	1,059,787	58,534	52,023	1,610,439	1,685,536
Unallocated liabilities									247,674	247,486
Total liabilities									1,858,113	1,933,022

4. TURNOVER

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

	Six months ended 31 January	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Turnover from contracts with customers		
Entertainment event income	101,830	98,869
Distribution commission income, licence income from and sales of film and TV program products and film rights	121,615	68,416
Album sales, licence income and distribution commission income from music publishing and licensing	27,433	27,208
Box-office takings, concessionary income and related income from cinemas	188,896	263,127
Artiste management fee income	13,130	7,916
Advertising income	3,549	4,511
Sale of game products	36,905	42,055
Sale of merchandising products	—	1,158
Total	<u>493,358</u>	<u>513,260</u>
Timing of recognition of turnover from contracts with customers		
At a point in time	480,628	500,178
Over time	12,730	13,082
Total	<u>493,358</u>	<u>513,260</u>

5. LOSS FROM OPERATING ACTIVITIES

The Group's loss from operating activities is arrived at after charging/(crediting):

	Six months ended	
	31 January	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment [^]	24,169	23,121
Depreciation of right-of-use assets [^]	61,417	68,540
Amortisation of film rights [#]	1,049	2,474
Amortisation of film and TV program products [#]	9,153	24,565
Write-back of impairment of advances and other receivables [@]	(3,385)	(811)
Impairment of amounts due from joint ventures [*]	1,170	4,086
Write-back of impairment of amounts due from joint ventures [@]	(1,878)	—
Fair value losses on financial assets at fair value through profit or loss [*]	965	9,662
Fair value changes from film investments ^{*/@}	3,055	(5,131)
Fair value changes from entertainment events organised by co-investors [@]	(6,781)	(132)
Fair value losses/(gains) on derivative financial instruments ^{*/@}	(450)	2,044
Gain on modification of leases [@]	(28,959)	(161)
Gain on termination of leases [@]	(40)	(25,042)
Share of net gain from entertainment events organised by the Group to co-investors [*]	1,649	—
Foreign exchange differences, net [*]	827	2,573
Government grants ^{**}	(2,677)	(4,472)

[^] Depreciation charge of HK\$82,751,000 (six months ended 31 January 2023: HK\$86,969,000) related to cinema operation is included in "Other operating expenses" on the face of the unaudited condensed consolidated income statement.

[#] These items are included in "Cost of sales" on the face of the unaudited condensed consolidated income statement.

[@] These items are included in "Other operating gains" on the face of the unaudited condensed consolidated income statement.

^{*} These items are included in "Other operating expenses" on the face of the unaudited condensed consolidated income statement.

^{**} This item is included in "Other revenue" on the face of the unaudited condensed consolidated income statement.

6. FINANCE COSTS

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

	Six months ended 31 January	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Interest on:		
Lease liabilities	18,811	18,850
Bank loans	—	2,900
Other borrowings	3,343	3,003
Amortisation of transaction fee for bank loans	—	44
Other finance costs	692	832
Total	<u>22,846</u>	<u>25,629</u>

7. TAX

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the periods ended 31 January 2024 and 31 January 2023. 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.

	Six months ended 31 January	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Current		
— Hong Kong		
Charge for the period	115	549
Overprovision in prior periods	—	(572)
	<u>115</u>	<u>(23)</u>
— Mainland China		
Charge for the period	700	700
Subtotal	815	677
Deferred tax	(21)	247
Total	<u>794</u>	<u>924</u>

8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share amounts is based on the loss for the period attributable to owners of the Company and the weighted average number of ordinary shares of 1,755,876,866 (six months ended 31 January 2023: 1,491,854,598) in issue during the period.

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

9. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 31 January 2024 (six months ended 31 January 2023: Nil).

10. DEBTORS

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.

An ageing analysis of the trade debtors, net of loss allowance, based on payment due date, as at 31 January 2024 and 31 July 2023, is as follows:

	31 January 2024 (Unaudited) HK\$'000	31 July 2023 (Audited) HK\$'000
Trade debtors:		
Unbilled or neither past due nor impaired	45,641	68,945
1 to 90 days past due	43,501	51,635
Over 90 days past due	9,524	15,126
	<hr/>	<hr/>
Total	98,666	135,706
	<hr/> <hr/>	<hr/> <hr/>

11. 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 31 January 2024 and 31 July 2023, is as follows:

	31 January 2024 (Unaudited) HK\$'000	31 July 2023 (Audited) HK\$'000
Trade creditors:		
Less than 30 days	11,173	40,922
31 to 60 days	3,766	6,442
61 to 90 days	2,177	1,048
Over 90 days	2,759	1,872
	<hr/>	<hr/>
Subtotal	19,875	50,284
Other creditors and accruals	496,528	478,816
	<hr/>	<hr/>
Total	516,403	529,100
Less: Portion classified as current	(508,085)	(520,782)
	<hr/>	<hr/>
Non-current portion	8,318	8,318
	<hr/> <hr/>	<hr/> <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Hong Kong continues to chart its course through challenging waters: geopolitical tensions, sustained high interest rates, underperforming stock market returns, and below-expectation GDP growth during the period under review. These factors had a detrimental effect on investment sentiment and business confidence, leading to a fragile economic environment. Looking ahead, Hong Kong anticipates even greater volatility and geopolitical uncertainties. The government expects the GDP growth for 2024 to fall within the range of 2.5% to 3.5%. The weak consumption figure can be attributed to both high interest rates and subdued fundamental economic recovery.

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 and the deterioration of global economic prospects. The Hong Kong box office has experienced a decline due to factors such as citizens traveling abroad, unfavorable economic situation and a shift in consumer behavior towards streaming platforms. These challenges have contributed to the weakened performance of our cinema operation. Moreover, in view of the challenging market condition and economic uncertainty in Mainland China, the Zhongshan Mayflower Cinema City was closed in February 2024. The Group remains committed to creating best in class media and entertainment content.

During the six months ended 31 January 2024, the Group added two new cinemas in Hong Kong, namely The ONE in Tsim Sha Tsui, Kowloon and AIRSIDE in Kai Tak, Kowloon, both of which commenced operations in September 2023. These new cinemas further enhance the Group's cinema network and strengthen the Group's market presence. The Group is closely monitoring the market conditions and will continue to improve its overall operating efficiency, including but not limited to, negotiating with existing landlords for rental concession/reduction. 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.

The Group continues to invest in original productions of quality films with Chinese themes. The current production pipeline includes “*Twilight of the Warriors: Walled In*”, an action film directed by Cheng Poi-Shui, featuring Louis Koo, Sammo Hung, Richie Jen and Raymond Lam.

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.

Project under production includes “*Heir to the Throne*”, a 30-episode modern-drama series tailor-made for Alibaba’s Youku streaming platform. The Group is also 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 “*Leon Lai Concert 2023 in Hong Kong*” and “*On Chan Live after Life Concert 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 and Sammi Cheng.

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

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 January 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 has been used for general corporate uses.

As at 31 January 2024, the Group’s consolidated cash and bank deposits amounted to HK\$442.7 million (31 July 2023: HK\$660.3 million) and the gearing ratio of the Group, being the total borrowings to net assets attributable to the owners of the Company was approximately 44.6% (31 July 2023: 36.7%). The Group will continue its prudent and flexible approach in managing its financial position.

OVERVIEW OF INTERIM 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 six months ended 31 January 2024, the Group recorded turnover of HK\$493.4 million (2023: HK\$513.3 million), representing a decline in revenue of 3.9%. The decrease was primarily attributed to weaker than expected cinema operation income during the period as compared to the same period of last year. Revenue from cinema operation declined by 28.2% as compared to the same period of last year, which was primarily due to various challenges faced by the Hong Kong box office. These challenges include factors such as citizens traveling abroad, unfavorable economic situation and a shift in consumer behavior towards streaming platforms. The Group is actively engaging in cost optimisation for the cinema operation, including but not limited to, negotiating with existing landlords for rental concession/reduction.

Revenue from film and TV programs witnessed a significant increase of 71.6% as compared to the same period of last year. This growth was mainly attributed to the increase in income from TV program license fee, distribution commission and sale of TV program products during the period under review. These are testaments 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 businesses recorded a slight growth of 1.8% compared to the same period of last year. This growth was primarily driven by the organisation and investment in concerts featuring our local and Asian renowned artists by the Group. The gross profit decreased by approximately 18.1% to HK\$198.9 million (2023: HK\$242.8 million).

The net loss attributable to owners of the Company for the six months ended 31 January 2024 was approximately HK\$105.8 million (2023: net loss of HK\$82.4 million). The increase in consolidated loss for the period was primarily due to weaker than expected performance of the cinema operation. Net loss per share attributable to owners of the Company was HK\$0.060 (2023: net loss of HK\$0.055 per share).

Equity attributable to owners of the Company as at 31 January 2024 amounted to HK\$529.5 million (31 July 2023: HK\$635.1 million). Net asset value per share attributable to owners of the Company as at 31 January 2024 was HK\$0.302 per share (31 July 2023: HK\$0.362 per share).

Cinema Operation

For the six months ended 31 January 2024, this segment recorded a turnover of HK\$188.9 million (2023: HK\$263.1 million) and segment results of a loss of HK\$54.3 million (2023: a loss of HK\$6.8 million). As at the date of this results announcement, the Group operates seventeen cinemas in Hong Kong (including one joint venture project) and one cinema in Mainland China and 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 a 50% joint venture with Emperor Cinemas Group, namely the Emperor Cinemas Plus+ (Tai Wai), which is managed by Emperor Cinemas Group and opened in July 2023.

Cinema (managed by the Group)	Attributable interest to the Group (%)	No. of screens (Note)	No. of seats (Note)
Mainland China			
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 South Horizons Cinema	95	3	555
MCL Green Code Cinema	95	3	285
Grand Windsor Cinema	95	3	246
MCL Cinemas Plus+ Plaza Hollywood	50	6	1,595
Subtotal		93	14,381
Total		103	15,821

Note: On 100% basis

Media and Entertainment Segment

For the six months ended 31 January 2024, this segment recorded a turnover of HK\$179.3 million (2023: HK\$176.0 million) and segment results of an increased profit to HK\$25.5 million from that of HK\$17.9 million in the same period of last year.

Events Management

During the period under review, the Group organised and invested in 27 (2023: 47) shows by popular local and Asian renowned artistes, including Leon Lai, Dear Jane, Grasshopper, Jan Lamb, Yoga Lin, YEAHS, Waa Wei and Tsai Chin.

Music Production, Distribution and Publishing

During the period under review, the Group released 5 (2023: 5) albums, including titles by Jay Fung, Richie Jen, On Chan and Andy Leung. The Group is expected 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 22 artistes under its management.

Film and TV Program Production and Distribution

For the six months ended 31 January 2024, this segment recorded a turnover of HK\$125.2 million (2023: HK\$72.9 million) and segment results of a loss of HK\$1.3 million (2023: loss of HK\$12.2 million).

During the period under review, a total of 1 (2023: 2) film(s) and 1 (2023: nil) TV program produced/invested by the Group were theatrically released, namely “*Love at First Lie*” and “*Dead Ringer*”. The Group also distributed 26 (2023: 17) films with high profile titles including “*Lost in the Stars*”, “*No More Bets*”, “*In Broad Daylight*”, “*Killers of The Flower Moon*” and “*The Boy and the Heron*”.

LIQUIDITY, FINANCIAL RESOURCES, CHARGE ON ASSETS AND GEARING

Cash and Bank Balances

As at 31 January 2024, cash and bank balances held by the Group amounted to HK\$442.7 million (31 July 2023: HK\$660.3 million) of which around 73.9% was denominated in Hong Kong dollars and around 19.2% 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 Mainland China are subject to the relevant rules and regulations of foreign exchange control promulgated by the government authorities concerned. The Group had entered into certain forward contract arrangements with a financial institution to mitigate the foreign exchange exposure of trading receipts. Apart from the forward contract arrangements, the Group does not have any derivative financial instruments or hedging instruments outstanding.

Borrowings

As at 31 January 2024, the Group had outstanding consolidated total borrowings in the amount of HK\$236.4 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\$123.4 million for the said unsecured other borrowings as at 31 January 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 January 2024.

Charge on Assets and Gearing

As at 31 January 2024, time deposits of HK\$1.6 million of the Group have been pledged to secure banking facilities of the Group.

As at 31 January 2024, the consolidated net assets attributable to the owners of the Company amounted to HK\$529.5 million (31 July 2023: HK\$635.1 million). As at 31 January 2024, the gearing ratio of the Group, being the total borrowings to net assets attributable to the owners of the Company was approximately 44.6%.

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

There has been no material change in contingent liabilities of the Group since 31 July 2023.

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

During the six months ended 31 January 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied with all applicable code provisions set out from time to time in the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the six months ended 31 January 2024.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 January 2024, the Group employed a total of around 510 (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.

INVESTOR RELATIONS

To ensure our investors have a better understanding of the Company, our management engages in a proactive investor relations program. Our Executive Directors 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 period 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 its 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.

REVIEW OF INTERIM RESULTS

The audit committee of the Company (“**Audit Committee**”) currently comprises three Independent Non-executive Directors, namely Dr. Ng Lai Man, Carmen (Chairwoman), Mr. Low Chee Keong and Mr. Alfred Donald Yap. The Audit Committee has reviewed the unaudited interim results (including the unaudited condensed consolidated interim financial statements) of the Company for the six months ended 31 January 2024, the accounting principles and practices adopted by the Company as well as internal control and financial reporting matters.

By order of the Board
eSun Holdings Limited
Low Chee Keong
Chairman

Hong Kong, 19 March 2024

As at the date of this announcement, the Board comprises four Executive Directors, namely Messrs. Yang Yiu Chong, Ronald Jeffrey (Chief Executive Officer), Cheung Sum, Sam, Lam Hau Yin, Lester (also alternate to Madam U Po Chu) and Yip Chai Tuck; one Non-executive Director, namely Madam U Po Chu; and five Independent Non-executive Directors, namely Messrs. Low Chee Keong (Chairman), Lo Kwok Kwei, David, Poon Kwok Hing, Albert and Alfred Donald Yap and Dr. Ng Lai Man, Carmen.