



eSun Holdings Limited

豐德麗控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 571)

INTERIM REPORT

For the six months ended 31 January 2024

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

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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

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RESULTS

The board of directors (“**Board**” and “**Directors**”, respectively) of eSun Holdings Limited (“**Company**”) presents 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

	Notes	Six months ended 31 January	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
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 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
LOSS FOR THE PERIOD	(108,334)	(92,707)
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	348	1,800
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	348	1,800
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(107,986)	(90,907)
Attributable to:		
Owners of the Company	(105,603)	(80,796)
Non-controlling interests	(2,383)	(10,111)
	(107,986)	(90,907)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 January 2024

	Notes	31 January 2024 (Unaudited) HK\$'000	31 July 2023 (Audited) HK\$'000
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
Total non-current assets		1,063,019	1,131,595
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
Total current assets		1,265,075	1,379,394
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
Total current liabilities		924,097	880,332
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

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 January 2024

	Attributable to owners of the Company									
	Issued capital	Share		Share		Other reserve	Accumulated losses	Total	Non-controlling interests	Total equity
		premium account	Contributed surplus	option reserve	Exchange reserve					
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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 period	-	-	-	-	-	-	(105,775)	(105,775)	(2,559)	(108,334)
Other comprehensive income for the period, net of tax:										
Exchange realignment on translation of foreign operations	-	-	-	-	172	-	-	172	176	348
Total comprehensive income/(loss) for the period	-	-	-	-	172	-	(105,775)	(105,603)	(2,383)	(107,986)
Release of reserve upon lapse of share options	-	-	-	(130)	-	-	130	-	-	-
At 31 January 2024 (Unaudited)	877,938	4,257,351*	891,289*	113*	(14,574)*	(82,031)*	(5,400,577)*	529,509	(59,528)	469,981

* These reserve accounts comprise the consolidated deficit of HK\$348,429,000 (31 July 2023: HK\$242,826,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*

For the six months ended 31 January 2024

	Attributable to owners of the Company								Non-controlling interests	Total equity
	Issued capital	Share premium account	Contributed surplus	Share option reserve	Exchange reserve	Other reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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 period	-	-	-	-	-	-	(82,431)	(82,431)	(10,276)	(92,707)
Other comprehensive income for the period, net of tax:										
Exchange realignment on translation of foreign operations	-	-	-	-	1,635	-	-	1,635	165	1,800
Total comprehensive income/(loss) for the period	-	-	-	-	1,635	-	(82,431)	(80,796)	(10,111)	(90,907)
Acquisition of additional interests in a subsidiary	-	-	-	-	-	(1,152)	-	(1,152)	1,152	-
At 31 January 2023 (Unaudited)	745,927	4,257,351	891,289	243	(14,395)	179,693	(5,176,899)	883,209	28,266	911,475

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 January 2024

	Six months ended 31 January	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	(96,186)	48,163
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(14,646)	(11,056)
Capital contributions to joint ventures	(30,000)	(5,000)
Advances to joint ventures	(3,468)	(1,743)
Decrease/(increase) in pledged and restricted time deposits and bank balances	7,707	(252,971)
Other investing cash flows	9,002	(8,077)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(31,405)	(278,847)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank loans	-	(9,000)
Interest and bank financing charges paid	-	(2,868)
Lease payments	(80,987)	(85,844)
CASH FLOWS USED IN FINANCING ACTIVITIES	(80,987)	(97,712)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(208,578)	(328,396)
Cash and cash equivalents at beginning of period	651,012	1,056,587
Effect of foreign exchange rate changes, net	(1,309)	(3,297)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	441,125	724,894
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Non-pledged and non-restricted cash and bank balances	382,924	536,523
Non-pledged and non-restricted time deposits	58,201	188,371
Cash and cash equivalents as stated in the condensed consolidated statement of financial position and the condensed consolidated statement of cash flows	441,125	724,894

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.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

31 January 2024

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 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (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	183,178	178,037	134,553	78,187	201,527	277,007	3,249	2,985	522,507	536,216
Elimination of intersegment sales									(12,157)	(8,015)
Total revenue									510,350	528,201
Segment results	25,490	17,914	(1,254)	(12,193)	(54,292)	(6,788)	(45,284)	(62,220)	(75,340)	(63,287)
Unallocated interest income									3,256	9,138
Fair value losses on financial assets at fair value through profit or loss									(965)	(9,662)
Loss from operating activities									(73,049)	(63,811)
Finance costs									(22,846)	(25,629)
Share of profits and losses of joint ventures	(11)	(255)	(68)	1	(11,566)	(2,089)	-	-	(11,645)	(2,343)
Loss before tax									(107,540)	(91,783)
Tax									(794)	(924)
Loss for the period									(108,334)	(92,707)

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

31 January 2024

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) HK\$'000	31 July 2023 (Audited) HK\$'000	31 January 2024 (Unaudited) HK\$'000	31 July 2023 (Audited) HK\$'000	31 January 2024 (Unaudited) HK\$'000	31 July 2023 (Audited) HK\$'000	31 January 2024 (Unaudited) HK\$'000	31 July 2023 (Audited) HK\$'000	31 January 2024 (Unaudited) HK\$'000	31 July 2023 (Audited) HK\$'000
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

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

31 January 2024

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	493,358	513,260
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	493,358	513,260

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

31 January 2024

5. LOSS FROM OPERATING ACTIVITIES

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

	Six months ended 31 January	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) 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.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

31 January 2024

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	22,846	25,629

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)
	115	(23)
– Mainland China		
Charge for the period	700	700
Subtotal	815	677
Deferred tax	(21)	247
Total	794	924

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

31 January 2024

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
Total	98,666	135,706

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

31 January 2024

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
Subtotal	19,875	50,284
Other creditors and accruals	496,528	478,816
Total	516,403	529,100
Less: Portion classified as current	(508,085)	(520,782)
Non-current portion	8,318	8,318

12. COMMITMENTS

The Group had the following capital commitments at the end of the reporting periods:

	31 January 2024 (Unaudited) HK\$'000	31 July 2023 (Audited) HK\$'000
Contracted but not provided for:		
Acquisition of items of property, plant and equipment	-	39,934

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

31 January 2024

13. 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 January 2024	Fair value measurement using			Total (Unaudited) HK\$'000
	Quoted prices in active markets (Level 1) (Unaudited) HK\$'000	Significant observable inputs (Level 2) (Unaudited) HK\$'000	Significant unobservable inputs (Level 3) (Unaudited) HK\$'000	
Financial assets				
Financial assets at fair value through profit or loss	22,814	76,320	52,624	151,758
Film investments	–	–	98,065	98,065
Financial assets included in deposits, prepayments, other receivables and other assets	–	–	17,658	17,658
Derivative financial instruments	–	766	–	766
Total	22,814	77,086	168,347	268,247

As at 31 July 2023	Fair value measurement using			Total (Audited) HK\$'000
	Quoted prices in active markets (Level 1) (Audited) HK\$'000	Significant observable inputs (Level 2) (Audited) HK\$'000	Significant unobservable inputs (Level 3) (Audited) 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 January 2024 and 31 July 2023.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

31 January 2024

13. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Financial instruments measured at fair value: *(continued)*

During the six months ended 31 January 2024, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers of fair value measurement into or out of Level 3 for financial assets and financial liabilities (six months ended 31 January 2023: Nil).

The movements in fair value measurements for financial assets within Level 3 during the period are as follows:

	Six months ended 31 January	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
At the beginning of the reporting period	93,013	92,170
Increase in investment amount	97,439	14,410
Change in fair value	3,726	5,263
Settlement	(26,341)	(28,314)
Exchange realignment	510	(1,065)
At the end of the reporting period	168,347	82,464

Valuation techniques

The fair values of financial assets at fair value through profit or loss in Level 2 are 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 unlisted investments in Level 3 by using the net asset value or the discounted cash flow method or the latest available transaction prices.

The fair values of the financial assets and financial liabilities 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.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

31 January 2024

14. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in the Financial Statements, the Group had the following material transactions with related parties during the period under review:

(a) Transactions with related parties

	Notes	Six months ended 31 January	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Lai Sun Garment (International) Limited ("LSG")* and its subsidiaries, excluding the Group:			
Lease payments and building management fee paid or payable	(i)	1,905	2,401
Sharing of corporate salaries on a cost basis allocated from		12,519	13,086
Sharing of administrative expenses on a cost basis allocated from		580	1,796
Sharing of corporate salaries on a cost basis allocated to		2,965	3,533
Sharing of administrative expenses on a cost basis allocated to		1,161	1,765
Joint ventures:			
Production fee	(ii)	1,620	930
Service fee income	(ii)	828	828
Film releasing income	(ii)	1,336	475
Sale of products and management fee income	(ii)	1,296	1,355
Share of net gain from entertainment events organised by the Group to co-investors	(ii)	1,649	–

* LSG is the ultimate holding company of the Company.

Notes:

(i) The Group leased properties from holding companies and 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\$25,988,000 and lease liabilities of HK\$49,895,000 related to the leases were recognised in unaudited condensed consolidated statement of financial position as at 31 January 2024. During the six months ended 31 January 2024, depreciation of right-of-use assets of HK\$3,538,000 (31 January 2023: HK\$5,711,000), finance costs on lease liabilities of HK\$1,153,000 (31 January 2023: HK\$1,641,000) and gain on termination of leases of nil (31 January 2023: HK\$25,042,000) were recognised in unaudited condensed consolidated income statement.

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

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

31 January 2024

14. RELATED PARTY TRANSACTIONS *(continued)*

In addition to the transactions and balances detailed elsewhere in the Financial Statements, the Group had the following material transactions with related parties during the period under review: (continued)

(b) Compensation of key management personnel of the Group:

	Six months ended 31 January	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Short-term employee benefits	9,134	11,769
Post-employment benefits	31	27
Total compensation paid to key management personnel	9,165	11,796

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.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Business Review and Outlook *(continued)*

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.

Since the publication of the Company's annual report for the year ended 31 July 2023 and up to 19 March 2024 (the date of this Interim Report), there have been no other significant business updates.

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).

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Overview of Interim Results *(continued)*

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 Interim Report, 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 <i>(Note)</i>	No. of seats <i>(Note)</i>
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

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Overview of Interim Results *(continued)*

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 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 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*”.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 (“**Listing Rules**” and “**Stock Exchange**”, respectively) throughout the six months ended 31 January 2024 (“**Period**”).

Board

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 (“**Audit Committee**”), the executive committee (“**Executive Committee**”), the nomination committee and the remuneration committee of the Company. 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.

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 current composition of the Board, two out of its ten members being women, is characterised by diversity, whether considered in terms of gender, nationality, professional background and skills. 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 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.

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION *(continued)*

Corporate Governance *(continued)*

Chairman and Chief Executive

During the Period and up to the date of this Interim Report, Mr. Low Chee Keong (“**Mr. Low**”, an INED) is the Chairman of the Board and Mr. Lui Siu Tsuen, Richard (resigned on 3 October 2023) while Mr. Yang Yiu Chong, Ronald Jeffrey (“**Mr. Yang**”, an ED) (appointed on 3 October 2023) was/is the Chief Executive Officer of the Company. 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 and the Chief Executive Officer is clearly established and set out in writing.

Securities Transactions by Directors and Designated Employees

The Company has adopted 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 during the Period.

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 its annual general meeting held on 16 December 2022. The 2022 Scheme has also been approved by shareholders of both Lai Sun Development Company Limited (“**LSD**”, an intermediate holding company of the Company) and Lai Sun Garment (International) Limited (“**LSG**”, the ultimate holding company of the Company) 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 Period respectively.

Share Option Schemes *(continued)*

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 Period, 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 Period.

As at 31 January 2024 and the date of this Interim Report, share options comprising a total of 700,000 underlying Shares (representing approximately 0.04% of the total issued Shares as at that 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 that dates.

The movements of share options granted under the 2015 Scheme during the Period are set out below:

Category of grantees	Date of grant (dd/mm/yyyy)	Number of underlying Shares comprised in share options					As at 31 January 2024	Exercise period (dd/mm/yyyy)	Exercise price per Share (HK\$) <i>(Note 1)</i>	Vesting period
		As at 1 August 2023	Granted during the Period	Exercised during the Period	Cancelled/ lapsed during the Period	As at 31 January 2024				
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)	300,000	21/01/2022 - 20/01/2032	0.50	No	
					<i>(Note 2)</i>					
Total		1,500,000	-	-	(800,000)	700,000				

Notes:

- 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.
- 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 2022 Scheme during the Period.

Directors' and Chief Executive's Interests

The following Directors and chief executive of the Company who held office on 31 January 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 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 Securities Code; or (d) as otherwise known by the Directors:

(I) *Interests in the Company*

Name of Director	Capacity	Long positions in the Shares and underlying Shares					Approximate percentage of total issued Shares <small>(Note)</small>
		Number of Shares		Number of underlying Shares		Total	
		Personal interests	Corporate interests	Personal interests			
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 January 2024 (that is, 1,755,876,866 Shares) has been used for the calculation of the approximate percentage.

CORPORATE GOVERNANCE AND OTHER INFORMATION *(continued)*

Directors' and Chief Executive's Interests *(continued)*

(II) Interests in the Associated Corporations

(a) LSG

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

Notes:

- 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

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

CORPORATE GOVERNANCE AND OTHER INFORMATION *(continued)*

Directors' and Chief Executive's Interests *(continued)*

(II) Interests in the Associated Corporations *(continued)*

(b) LSD

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

Note: The total number of issued LSD Shares as at 31 January 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 January 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 January 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 <i>(Note 1)</i>
Substantial Shareholders			
Lai Sun Development Company Limited <i>(Note 2)</i>	Owner of controlled corporation	1,113,260,072	63.40% <i>(Note 4)</i>
Lai Sun Garment (International) Limited <i>(Note 3)</i>	Owner of controlled corporations	1,113,260,072	63.40% <i>(Note 4)</i>
Dr. Lam Kin Ngok, Peter	Beneficial owner and owner of controlled corporations	1,116,054,515	63.56% <i>(Note 4)</i>
Other Persons			
Mr. Yu Cheuk Yi	Beneficial owner	149,864,000	8.53% <i>(Note 5)</i>
Ms. Yu Siu Yuk	Beneficial owner	149,864,000	8.53% <i>(Note 5)</i>

Substantial Shareholders' and Other Persons' Interests *(continued)*

Notes:

1. The total number of issued Shares as at 31 January 2024 (that is, 1,755,876,866 Shares) has been used for the calculation of the approximate percentage.
2. As at 31 January 2024, Mr. Cheung Sum, Sam ("**Mr. Cheung**", an ED) and Mr. Lam Hau Yin, Lester ("**Mr. Lester Lam**", an ED) were also the executive directors of LSD; and Madam U Po Chu ("**Madam U**", a NED) was also a non-executive director of LSD.
3. As at 31 January 2024, Mr. Yang, Mr. Cheung, Mr. Lester Lam and Madam U were also the executive directors of LSG; and Mr. Yip Chai Tuck ("**Mr. Yip**", an ED) was also the chief executive officer of LSG (stepped down 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 January 2024, LSG and Dr. Lam Kin Ngok, Peter ("**Dr. Peter Lam**") 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 January 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 January 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 January 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.

Purchase, Sale or Redemption of the Company's Listed Securities

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

Update on Directors' Information

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the Directors' information since the disclosure made in the Company's annual report for the year ended 31 July 2023 and up to the date of this Interim Report are set out as follows:

(a) Directors' remuneration for the six months ended 31 January 2024 and 2023 are as follows:

	Fees HK\$'000	Salaries, allowances, and benefits in kind HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
Six months ended 31 January 2024				
<i>Executive Directors:</i>				
Yang Yiu Chong, Ronald Jeffrey <i>(appointed on 3 October 2023)</i>	–	98	5	103
Cheung Sum, Sam <i>(appointed on 1 August 2023)</i>	–	150	8	158
Lam Hau Yin, Lester	–	–	–	–
Yip Chai Tuck	90	1,200	18	1,308
Lui Siu Tsuen, Richard <i>(resigned on 3 October 2023)</i>	31	528	–	559
	121	1,976	31	2,128
<i>Non-executive Director:</i>				
U Po Chu	–	–	–	–
<i>Independent Non-executive Directors:</i>				
Low Chee Keong	388	55	–	443
Lo Kwok Kwei, David	145	40	–	185
Ng Lai Man, Carmen	195	40	–	235
Poon Kwok Hing, Albert <i>(appointed on 1 August 2023)</i>	145	20	–	165
Alfred Donald Yap	145	55	–	200
	1,018	210	–	1,228
Total	1,139	2,186	31	3,356

CORPORATE GOVERNANCE AND OTHER INFORMATION *(continued)*

Update on Directors' Information *(continued)*

(a) Directors' remuneration for the six months ended 31 January 2024 and 2023 are as follows: *(continued)*

	Fees HK\$'000	Salaries, allowances, and benefits in kind HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
Six months ended 31 January 2023				
<i>Executive Directors:</i>				
Lui Siu Tsuen, Richard <i>(resigned on 3 October 2023)</i>	90	1,510	–	1,600
Chew Fook Aun <i>(resigned on 2 June 2023)</i>	–	2,053	9	2,062
Lam Hau Yin, Lester	–	–	–	–
Yip Chai Tuck	90	1,200	18	1,308
	180	4,763	27	4,970
<i>Non-executive Director:</i>				
U Po Chu	–	–	–	–
<i>Independent Non-executive Directors:</i>				
Low Chee Keong	388	35	–	423
Lo Kwok Kwei, David	145	30	–	175
Ng Lai Man, Carmen	195	30	–	225
Alfred Donald Yap	145	35	–	180
	873	130	–	1,003
Total	1,053	4,893	27	5,973

(b) With effect from 1 February 2024, Mr. Yip has been appointed as the chief executive officer of Media Asia Group Holdings Limited (an indirect wholly-owned subsidiary of the Company) and his basic salary has been increased by 160.5%.

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 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 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 the Shareholders and its 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 Report

The Audit Committee currently comprises three INEDs, namely Dr. Ng Lai Man, Carmen (Chairwoman), Mr. Low and Mr. Alfred Donald Yap. The Audit Committee has reviewed this Interim Report (including the unaudited condensed consolidated interim financial statements) of the Company for the Period, the accounting principles and practices adopted by the Company as well as internal control and financial reporting matters.

By order of the Board
Low Chee Keong
Chairman

Hong Kong, 19 March 2024

