Media Asia 寰亞

Media Asia Group Holdings Limited

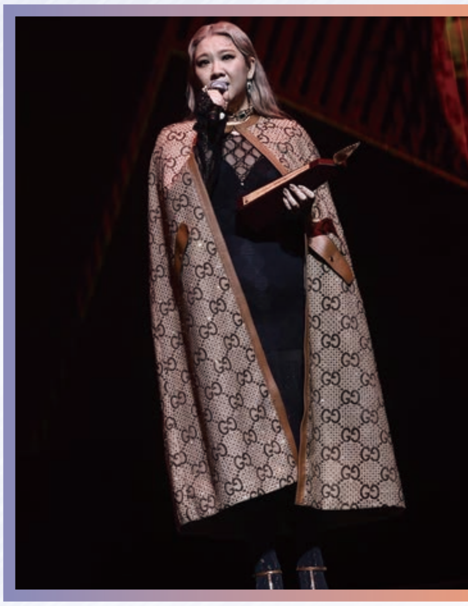
(Stock Code：8075)

ANNUAL REPORT

Year ended 31 July 2022

Media Asia 寰亞

Media Asia expands into China's media and entertainment markets, aiming to bring to the audience with ever-wider, more exuberant choice in entertainment experiences.



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*This report, for which the directors of Media Asia Group Holdings Limited (the "**Directors**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM for the purpose of giving information with regard to Media Asia Group Holdings Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

CONTENTS

CORPORATE INFORMATION

PLACE OF INCORPORATION

Incorporated in the Cayman Islands and continued in Bermuda

BOARD OF DIRECTORS

Executive Directors

Lam Kin Ngok, Peter *(Chairman)*
Chan Chi Kwong
Lui Siu Tsuen, Richard
Yip Chai Tuck

Independent Non-executive Directors

Au Hoi Fung
Ng Chi Ho, Dennis
Poon Kwok Hing, Albert

AUDIT COMMITTEE

Ng Chi Ho, Dennis *(Chairman)*
Au Hoi Fung
Poon Kwok Hing, Albert

NOMINATION COMMITTEE

Poon Kwok Hing, Albert *(Chairman)*
Au Hoi Fung
Lui Siu Tsuen, Richard
Ng Chi Ho, Dennis
Yip Chai Tuck

REMUNERATION COMMITTEE

Ng Chi Ho, Dennis *(Chairman)*
Au Hoi Fung
Lui Siu Tsuen, Richard
Poon Kwok Hing, Albert
Yip Chai Tuck

AUTHORISED REPRESENTATIVES

Lui Siu Tsuen, Richard
Wong Lai Chun

COMPLIANCE OFFICER

Lui Siu Tsuen, Richard

COMPANY SECRETARY

Wong Lai Chun

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services 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

DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

LISTING INFORMATION

Place of Listing

GEM of The Stock Exchange of Hong Kong Limited

Stock Code

8075

Board Lot

12,000 shares

WEBSITE

www.mediaasia.com

INVESTOR RELATIONS

Tel: (852) 2370 5825
Fax: (852) 2743 8459
E-mail: cosec@mediaasia.com

CORPORATE PROFILE

Media Asia Group Holdings Limited (the "**Company**") is a member of the Lai Sun Group. It was incorporated in the Cayman Islands on 29 February 2000 and redomiciled to Bermuda on 3 December 2009. Its ordinary shares have been listed and traded on GEM of The Stock Exchange of Hong Kong Limited since 31 May 2001.

The Company is the media and entertainment arm of the Lai Sun Group. The principal activity of the Company is investment holding and the principal activities of its subsidiaries include film production and distribution; organisation, management and production of concerts and live performances; artiste management; production and distribution of television programs; music production and publishing; licensing of media contents; provision of consultancy services in planning and management of cultural, entertainment and live performance projects.

A simplified corporate structure of the Lai Sun Group as at 17 October 2022 is as follows:

Notes:
1. *Listed on the Main Board of The Stock Exchange of Hong Kong Limited*
2. *Listed on GEM of The Stock Exchange of Hong Kong Limited*

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Company and its subsidiaries (the "**Group**") for the last five financial years, as extracted from the published audited financial statements of the Group, is set out below:

RESULTS

	Year ended 31 July				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**222,466**	354,986	364,773	573,732	489,931
Loss before tax	**(107,962)**	(170,977)	(187,332)	(142,269)	(282,420)
Income tax credit/ (expense)	**(1,522)**	(504)	61	(2,637)	(1,781)
Loss for the year attributable to owners of the Company and non-controlling interests	**(109,484)**	(171,481)	(187,271)	(144,906)	(284,201)

ASSETS AND LIABILITIES

	As at 31 July				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**729,996**	779,609	879,337	1,085,246	1,176,892
Total liabilities	**(472,906)**	(459,636)	(854,331)	(878,087)	(831,126)
Net assets	**257,090**	319,973	25,006	207,159	345,766

CHAIRMAN'S STATEMENT

Dr. LAM Kin Ngok, Peter
Chairman

OVERVIEW OF RESULTS

During the year ended 31 July 2022, the Company and its subsidiaries (the "**Group**") recorded a turnover of approximately HK$222,466,000, representing a decrease of 37% from turnover of approximately HK$354,986,000 for the year ended 31 July 2021. The Group recorded a loss after tax of approximately HK$109,484,000 (2021: approximately HK$171,481,000) and a loss attributable to owners of the Company of approximately HK$107,368,000 (2021: approximately HK$171,425,000) during the year.

As at 31 July 2022, the Group's equity attributable to owners of the Company amounted to approximately HK$273,843,000 (2021: approximately HK$335,003,000) and the net asset value per share attributable to owners of the Company was approximately HK9.2 cents (2021: approximately HK11.4 cents).

DIVIDEND

The board of the directors of the Company (the "**Board**") does not recommend the payment of any dividend for the year ended 31 July 2022 (2021: Nil).

PROSPECTS

With the recent announcement by the Government to end the mandatory hotel quarantine, we expect the domestic economy as well as the entertainment consumption in Hong Kong will recover at a fast pace. Over the past years, the novel coronavirus epidemic has changed the consumption behavior of the general public. To rise this challenge, the Group will continue to produce high quality and commercially viable products, and has also been directing its resources towards development of online content for streaming platforms and e-commerce to capture the related market opportunities.

The Group continues to invest in original production of quality films with Chinese themes. Our current production pipeline include "Twilight of the Warriors: Walled In", an action film directed by Cheng Poi-Shui, featuring Louis Koo, Sammo Hung, Richie Jen and Raymond Lam and "Tales from the Occult II & III", psychological thriller each made up of three short stories produced by John Chong and Mathew Tang, and directed by Frank Hui, Daniel Chan and Doris Wong (Tales from the Occult II), and Li Chi Ngai, Peter Lee and Pater Wong (Tales from the Occult III).

"Dead Ringer", a 24-episode modern-day TV drama series featuring Bosco Wong and Chrissie Chau, is in post-production stage. The Group is in discussion with various Chinese portals and video websites for new project development in TV drama production.

The distribution licence of our music products with Tencent Music Entertainment (Shenzhen) Co., Ltd and Warner Music continue to provide stable income to the Group. We will keep looking for new talent in Greater China and further cooperation with Asian artistes with an aim to build up a strong artiste roster for the Group.

Upcoming events including long-awaited "Re: Grasshopper In Concert 2022", "Super Junior World Tour — Super Show 9: Road in Hong Kong" and "Here & Now Ekin In Concert 2022" will be held in coming months. The Group will continue to work with prominent local and Asian artistes for concert promotion and events scheduled for next year include concerts of Joyce Cheng, Jay Fung, Yoga Lin and Tsai Chin.

Looking forward, we believe that the Group's integrated media platform comprising movies, TV programs, music, new media, artiste management and live entertainment put us in a strong position to capture the opportunities of entertainment market by a balanced and synergistic 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.

SHAREHOLDERS AND STAFF

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

I firmly believe that the concerted efforts of our staff and stakeholders will continue to propel the growth momentum of our Group going forward.

Lam Kin Ngok, Peter
Chairman

Hong Kong, 17 October 2022

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the year ended 31 July 2022, the Company and its subsidiaries (the "**Group**") recorded a turnover of approximately HK$222,466,000, representing a decrease of 37% from turnover of approximately HK$354,986,000 for the year ended 31 July 2021. The decrease in the turnover of the Group was mainly attributable to the decrease in revenue from the Group's film, TV program and event management business.

Cost of sales for the year ended 31 July 2022 decreased to approximately HK$179,499,000 from approximately HK$385,439,000 for the previous financial year. Marketing expenses for the year ended 31 July 2022 was approximately HK$18,531,000 (2021: approximately HK$19,180,000). Administrative expenses for the year ended 31 July 2022 was approximately HK$116,094,000 (2021: approximately HK$114,627,000). These expenses are under strict control by the Company's management. Other operating gains decreased to approximately HK$12,111,000 for the year ended 31 July 2022 from approximately HK$39,236,000 for the year ended 31 July 2021. Other operating gains for the year ended 31 July 2021 mainly included exchange gain arising from the appreciation of Renminbi. Other operating expenses decreased to approximately HK$30,845,000 (2021: approximately HK$50,044,000). Other operating expenses for the year ended 31 July 2022 mainly included: (i) impairment of right-of-use assets, (ii) impairment of trade and other receivables, and (iii) exchange loss arising from the depreciation in Renminbi.

Finance costs decreased to approximately HK$2,266,000 for the year ended 31 July 2022 from approximately HK$6,652,000 for the year ended 31 July 2021. The decrease in interest expenses was mainly due to the capitalisation of loans from an intermediate holding company completed on 18 January 2021.

The Group recorded a loss after tax of approximately HK$109,484,000 (2021: approximately HK$171,481,000) and a loss attributable to owners of the Company of approximately HK$107,368,000 (2021: approximately HK$171,425,000) during the year.

As at 31 July 2022, the Group's equity attributable to owners of the Company amounted to approximately HK$273,843,000 (2021: approximately HK$335,003,000) and the net asset value per share attributable to owners of the Company was approximately HK9.2 cents (2021: approximately HK11.4 cents).

BUSINESS REVIEW

Media and Entertainment Segment

Events management

During the year under review, the Group organised and invested in 18 (2021: 14) shows by popular local, Asian and internationally renowned artistes, including Sammi Cheng, Joyce Cheng, Jay Fung, C AllStar, Nowhere Boys and Eman Lam. The total revenue from these businesses amounted to approximately HK$36,963,000.

Music

During the year under review, the Group released 9 (2021: 11) albums, including titles by Sammi Cheng, Joyce Cheng, Jay Fung, C AllStar and Ivana Wong. Turnover from music publishing and recording was approximately HK$33,157,000.

Artiste management

During the year under review, the Group recorded a turnover of approximately HK$8,522,000 from artiste management. The Group currently has 29 artistes under its management.

BUSINESS REVIEW *(continued)*

Film and TV Program Segment

Film production and distribution

During the year under review, a total of 8 films produced/invested by the Group were theatrically released, including “American Girl”, “Chilli Laugh Story”, “Fireflies in the Sun”, “Look Up”, “Rising Boas In A Girl’s School” and “Septet: The Story of Hong Kong”. Turnover from the licence fee income and distribution commission income of films was approximately HK$25,402,000.

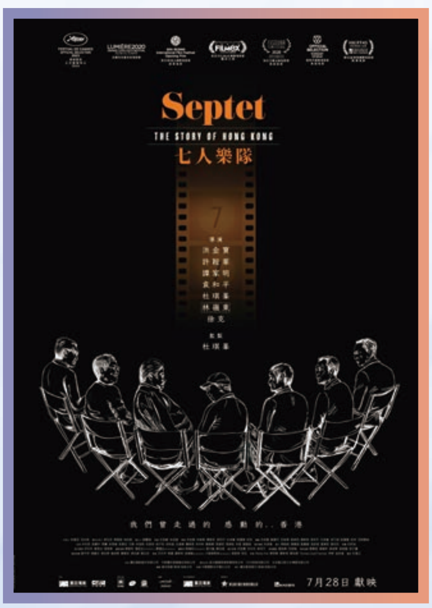
TV program production and distribution

During the year under review, the Group has recorded a turnover of approximately HK$118,422,000 from TV program licence fee, distribution commission and sale of TV program products.

EQUITY FUND RAISING

On 28 June and 3 August 2021, the Company allotted and issued 42,721,136 and 40,612,197 shares to THL G Limited, the aggregate net proceeds received by the Company therefrom were approximately HK$98,568,000 (after deducting the related issue costs); and the unutilised proceeds up to 31 July 2021 were approximately HK$77,510,000 (details of which have been disclosed in the annual report for the year ended 31 July 2021 and the supplemental announcement of the Company dated 4 August 2022).

During the year ended 31 July 2022, the actual use of the proceeds by the Company were (i) approximately HK$26,052,000 for the Group’s new content digitisation initiatives, including but not limited to the further development of new platforms for the Group’s media and entertainment businesses and e-commerce; and (ii) approximately HK$44,082,000 for general working capital, including funding the existing TV and film projects of the Group and related overhead expenses, and for funding the ongoing business development of the Group. The unutilised proceeds up to 31 July 2022 were approximately HK$7,376,000, which is expected to be used for the Group’s new content digitisation initiatives in coming year. There is no intention to change the planned use of net proceeds as stated in the circular of the Company dated 30 June 2021 and the expected timeline for using the unutilised proceeds would be based on the best estimation of the business market situations and might be subject to changes based on the market conditions.



CAPITAL STRUCTURE

As at 31 July 2022, the Group's equity attributable to owners of the Company decreased by 18% to approximately HK$273,843,000 (as at 31 July 2021: approximately HK$335,003,000). Total assets amounted to approximately HK$729,996,000 (as at 31 July 2021: approximately HK$779,609,000) included current assets amounting to approximately HK$657,093,000 (as at 31 July 2021: approximately HK$722,804,000). Current liabilities were approximately HK$331,054,000 (as at 31 July 2021: approximately HK$457,476,000). Net asset value per share attributable to owners of the Company as at 31 July 2022 was approximately HK9.2 cents (as at 31 July 2021: approximately HK11.4 cents). Current ratio was approximately 2.0 (as at 31 July 2021: approximately 1.6).

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operations with internal resource and loan from an intermediate holding company. As at 31 July 2022, the Group has unsecured and interest-bearing loans with an outstanding principal amount of approximately HK$137,000,000 (as at 31 July 2021: Nil). As at 31 July 2022, the Group had no unutilised letter of credit facility (as at 31 July 2021: Nil).

As at 31 July 2022, the Group's cash and cash equivalents decreased to approximately HK$174,584,000 (as at 31 July 2021: approximately HK$295,564,000) of which around 37% was denominated in Hong Kong dollar, around 51% was denominated in Renminbi ("**RMB**") and around 12% was denominated mainly in United States dollar, Macau Peso and Korean Won currencies. The RMB denominated balances were placed with licensed banks. The conversion of these RMB balances into foreign currencies and the remittance of such foreign currencies balances, are subject to the rules and regulation of foreign exchange control promulgated by the PRC government. Save for the aforesaid, as at 31 July 2022, the Group did not have any bank loans, overdrafts or any other borrowing. No interests have been capitalised during the year ended 31 July 2022.

As at 31 July 2022, the gearing ratio of the Group, being the total borrowings excluding lease liabilities to shareholders' equity attributable to the owners of the Company was approximately 50%. As at 31 July 2021, the Group had no borrowing.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's exposures to foreign currencies mainly arises from trade receipts from overseas customers and its investment in foreign subsidiaries which are financed internally. In order to mitigate the potential impact of currency fluctuations, the Group closely monitors its foreign currency exposures and uses suitable hedging instruments against significant foreign currency exposures, where necessary. No foreign currency hedge contract was entered into by the Group during the year. As at 31 July 2022, the Group had no outstanding foreign currency hedge contracts (as at 31 July 2021: Nil).

MATERIAL ACQUISITION/DISPOSAL AND SIGNIFICANT INVESTMENTS

The Group had no material acquisitions/disposal of subsidiaries during the years ended 31 July 2022 and 2021.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 July 2022 (as at 31 July 2021: Nil).

EMPLOYEE INFORMATION AND REMUNERATION POLICY

As at 31 July 2022, the Group had 151 (as at 31 July 2021: 143) employees. Staff costs, including directors' emoluments for the year ended 31 July 2022, amounted to approximately HK$86,619,000 (2021: approximately HK$80,053,000). The Group's remuneration policy is basically determined by the performance of individual employees. In general, salary review is conducted annually. Staff benefits, including medical coverage and provident funds, are also provided to employees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company is delighted to publish its annual Environmental, Social and Governance ("**ESG**") report, summarising the ESG management approach, strategies and performance of the Company and its subsidiaries (together, the "**Group**") in accordance with the ESG Reporting Guide contained in Appendix 20 to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited ("**HKEX**"). This report adheres to the four reporting principles listed in the HKEX ESG Reporting Guide, including materiality, quantitative, balance and consistency for report disclosure and historical data comparison. Unless otherwise specified, this report covers the ESG management and performance of the Group from 1 August 2021 to 31 July 2022.

The reporting boundary of this report includes media and entertainment businesses in Hong Kong and Mainland China of the Group. For more details of the specific reporting scope of environmental and social performance, please refer to the section on Summary of Environmental and Social Performance.

This report has been approved by the management team and the board of directors of the Company (the "**Board**").

ESG GOVERNANCE

Board Statement

The Group is aware of the importance of ESG issues in achieving long-term business success. The Board holds the overall responsibility on endorsing the ESG report, overseeing key ESG issues including material ESG risks relevant to the business operations and their integration with the Group's ESG strategies, policies, procedures and initiatives.

The Board has appointed the Executive Committee of the Company (the "**Committee**") in financial year 2020/2021 to review and monitor the management and implementation effectiveness of relevant ESG-related issues including execution of goals and targets. Given the diversity of the Group's businesses, management from various business units report regularly to the Committee on relevant ESG-related issues and their progress. The Committee also arranges regular briefings to the Board to assist them in monitoring and reviewing the material ESG-associated issues, relevant business risk and progress and execution of ESG policies, procedures and initiatives.

In financial year 2020/2021, we also performed a comprehensive stakeholder engagement exercise to ensure the Group's material ESG issues were most relevant to our business and stakeholders. The list of material ESG issues is reviewed during the reporting year and verified by the Board, thereby integrating it into the Group's ESG management approaches and strategies. In the coming years, the Board, the Committee and the management will continue to review the list of material ESG issues on an annual basis. For details of the materiality analysis on ESG topics, please refer to the Stakeholder Engagement section.

ESG GOVERNANCE *(continued)*

Stakeholder Engagement

The Group endeavours to maintain a long-term relationship with stakeholders and understand their feedback on our sustainability performance via different engagement channels. To identify the potentially material ESG issues and risks for the Group, we have commissioned an independent consultant in financial year 2020/2021 to gauge stakeholders' feedback through online surveys. The responses collected serve as important insights for the Group to continuously strengthen our ESG strategies and management approaches to fulfil stakeholders' expectations.

Materiality Analysis

The Group reviews the relevance of the ESG issues to our business and stakeholders on a regular basis to facilitate effective ESG management and strategies of the Group. A step-by-step approach is adopted to identify and review the material ESG issues in our business operations.

Identification	Identify ESG issues that are considered as relevant to the Group with reference to peer benchmarking results.
Prioritisation	Conduct stakeholder online surveys regularly to collect stakeholders' feedback. The results of peer benchmarking and stakeholder engagement exercise are analysed and consolidated in terms of their importance to stakeholders and to the Group's business development to derive the overall materiality level of each ESG issues.
Validation	The Board further reviews the survey results and validates the list of material ESG issues.
Review	Conduct annual review on the ESG issues to ensure their relevance and materiality to the Group's business development.

ESG GOVERNANCE *(continued)*

Stakeholder Engagement (continued)

Materiality Analysis (continued)

During the reporting year, we have conducted a peer benchmarking exercise and annual materiality analysis review to identify ESG issues that are considered as material by peer companies, thereby reflecting the latest development in ESG management and industry practices. The list of material issues is validated by the management and the Board, and provides guidance on the preparation of this ESG report.

ESG issues that are considered material to our stakeholders and the Group are indicated in the following table:

Aspects		ESG Issues	The Group
Environment		Energy	✔
		Climate resilience and greenhouse gas ("**GHG**") emission	
		Waste management	
		Water resources	
Social	People	Employee relationship	
		Recruitment and retention	✔
		Occupational health and safety	✔
		Training and development	✔
		Equal opportunities	✔
		Wellbeing	
	Operating practices	Supply chain management	✔
		Customer satisfaction	✔
		Product/service quality and safety	✔
		Marketing and labelling	
		Customer/tenant privacy	✔
		Anti-corruption	✔
		Legal compliance	✔
	Community	Community investment	✔

In comparison to the report of last year, "Energy" and "Customer satisfaction" are new issues being considered as material topics to the Group's business operations.

ENVIRONMENT

Integrating Environmental Sustainability into Our Operations

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

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

Responding to Climate Change

The Group has optimised the management strategies to strengthen our climate resilience and adaptation ability in light of the significant threats posed by climate change on a global scale. To facilitate our development of climate risk mitigation strategies, a climate risk assessment was performed in financial year 2020/2021 to identify and evaluate the potential risks in our operations.

We engaged a third-party consultant to examine the risks associated with climate change across our operations zones. In terms of physical risk exposure, tropical cyclones are identified as the most significant climate-related risk to our operations, potentially causing massive property damages and economic loss. Our climate risk assessment results indicated that our businesses in Hong Kong could be materially impacted by flooding due to the proximity to coastal areas. However, since our Hong Kong office under the reporting scope is located indoors, the physical risk exposure is relatively low for our office operation. Meanwhile, policy and legal risks are also considered as material transition risks to the Hong Kong and Mainland China operations. It is also expected that more stringent policies and initiatives are likely to be executed by the government to meet carbon emission reduction targets and net zero commitments, resulting in higher operating costs. Replacement of equipment with higher efficiency models is also expected down the line to ensure future compliance to the regulations.

ENVIRONMENT *(continued)*

Integrating Environmental Sustainability into Our Operations (continued)

Responding to Climate Change (continued)

We strive to take mitigation steps to prevent and lessen the effects of climate change in our business operations. Typhoon and extreme weather condition work arrangement guidelines have been developed by the Group to standardise operating procedures under tropical cyclone warnings and adverse weather conditions. Furthermore, we have purchased energy-saving equipment for our activities in an effort to cut down on energy use and GHG emissions.

Emissions to the Environment

The Group is also conscious of the effects our operations have on the environment and takes every effort to reduce our waste and air emissions. Considering this, we have already implemented a variety of group-wide and business unit-specific abatement procedures and control mechanisms.

Our media and entertainment operations reduce waste through employee-oriented initiatives. We encourage employees in offices to reduce the usage of paper by opting for cloud sharing on work documents, utilising environmentally friendly paper and adopting double-sided printing. Plastic disposable items should also be avoided whenever possible.

Use of Resources

Active energy management is well advocated across the Group. Our efforts in resources management are strengthened through the introduction of green policies and environmental initiatives to minimise our energy and water consumption, as well as GHG emissions.

Our operations have been actively reducing water consumption through a range of initiatives. We encourage employees in office to reduce water usage and to maintain the indoor temperature between 24-26℃. Air-conditioners that are capable of timer settings are utilised to effectively help reduce the energy usage in the office.

PEOPLE

Employment Practices

The Group makes the best endeavour to retain and attract talent as we acknowledge the unquestionable importance of employees to a sustainable, successful business. Employees can thrive freely in this sound and unrivalled environment that we create. We strive to maintain such environment by complying with all applicable employment laws and regulations in Hong Kong and Mainland China. Meanwhile, our staff handbook states all relevant terms and conditions, including employee benefits, compensation and dismissal, working hours, leave entitlement, anti-discrimination, as well as the Group's standards for employees' work behaviour and conduct.

PEOPLE *(continued)*

Employment Practices (continued)

Effective policies and a grievance mechanism are in place to foster inclusivity and diversity in a professional workplace. In addition to encouraging employees to report any misconduct or wrongdoing by referring to the Code of Conduct and staff handbook, we also ensure that their personal information will be protected by absolute confidentiality. Furthermore, the Group has established several communication channels such as daily emails, meetings, internal newsletters and social media platforms to maintain close relationships with its employees as well as to increase employee engagement for a better workplace.

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

Employee Welfare

By signing the Good Employer Charter of the Labour Department and complying with all relevant laws and regulations, the Group has further affirmed our commitment to building an all-around workplace that provides everything that employees need to grow professionally and personally. We want the workplace to provide employees with care, benefits, communications and work-life balance. Our employees also benefit from the welfare packages which include the mandatory provident fund ("**MPF**"), medical or commercial insurance, social security as well as housing benefits to employees in each region.

Apart from the welfare packages, our efforts are also seen in the well-being programs and value-added benefits that are provided to the employees. We provide a wide range of non-wage compensations, such as vaccination leave, additional holidays and annual health check-ups. In Hong Kong, we arranged movie screenings and monthly "Lunch Talk" on topics like the MPF and health and safety-related knowledge for our employees. We also prepared festive gifts to celebrate traditional festivals for our employees such as mooncakes and Chinese New Year puddings. We carefully followed the government's guidelines when organising all the team events during the reporting year in light of the COVID-19 situation, while still devoting the best efforts to build the team cohesiveness.

PEOPLE *(continued)*

Wellbeing, Health and Safety

Being committed to safeguarding the health and safety of our employees, the Group endeavours to minimise any potential occupational safety risks at all costs. We do so by strictly following the guidelines and information stipulated by the Labour Department regarding occupational safety and health. We have tasked the management teams of different business units with implementing health and safety measures while providing regular safety training to all staff. For example, we have appointed fire safety ambassadors to disseminate fire protection messages to staff and promote fire awareness, the ambassadors are also responsible for reporting or abating fire hazards. At the same time, protective equipment will be provided for our employees at all premises to prevent any health and safety hazards.

During the reporting year, COVID-19 continued to test our commitment to safeguarding the health and safety of our employees as it also did to all our peers in the industry. Apart from asking our employees to conduct voluntary testing twice a week, we have made further steps to protect them by providing free anti-epidemic supplies such as surgical masks, sanitisers and rapid test kits. The employees are also required to always have their face masks on, while a normal temperature should be taken before work. Under the government's guidelines, we have introduced the vaccination leave as an incentive to encourage our staff to receive the COVID-19 vaccine promptly.

The Group considers employees as the valuable asset to the long-term business development, as well as taking their physically and mentally wellness into account. The Group does so by organising workshops and events regarding physical and mental health and wellness such as the monthly "Lunch Talk" on health awareness. All the activities mentioned were organised in accordance with the local government's guidelines on COVID-19 to ensure that we do not, in any way, promote the potential spread of COVID-19.

During the reporting year, there were no non-compliance cases with health and safety laws and regulations listed in the "List of Significant Laws and Regulations" section.

Development and Training

The Group is cognisant of the importance of refining employees' technical knowledge and helping them stay up to date of the current industry standards. As stated in the staff handbook, a wide range of on-the-job training programs are available for managerial and general employees to partake in. In particular, we invite experienced professionals to deliver lectures on essential business skills and well-being topics, including healthcare information, MPF investment and financial knowledge, to our officers and supervisory grade staff.

The Group believes the assessment contributes significantly to the long-term growth of the talent pool, as it recognised employees' hard work and excellent performance. The performance evaluation is conducted every year, while performance appraisal take place twice a year for Mainland China employees. With reference to the results, we make salary adjustments and decide on the candidates for promotion.

PEOPLE *(continued)*

Labour Standards

In addition to the related policies stipulated in the staff handbook, the Group strives to uphold internationally recognised labour standards. We have tasked the Human Resources Department with managing employment-related issues and monitoring compliance with applicable and relevant laws. This reaffirms our commitment to standing against any child and forced labour in all the locations where we operate. We scrutinise the backgrounds and information of all potential candidates to ensure legality before they can be officially employed. Employees should be well informed of all the related employment and labour terms while signing an employment contract. The employees would be able to comprehend their agreements as a result, and it would also assist the company in avoid using forced or child labour in any of its commercial endeavours.

For our businesses in Mainland China, the Group strictly complies with the laws and regulations concerning forced and child labour as well as overtime work. This ensures that our workers will be paid according to relevant legal requirements if overtime is needed. Furthermore, this also applies to the Group's contractors throughout all areas.

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

OPERATING PRACTICES

Responsible and Ethical Practices

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

Service Excellence

The Group aspires to offer customers with high-quality services in the media and entertainment management operation. The Group periodically sends questionnaires to customers to collect their opinions and understand their satisfaction level on the Group's services, including customer service, security service, environmental greening and construction management.

During the reporting year, there were no major complaint cases received by the Group.

Customer Health and Safety

The Group has implemented a series of measures covering all business units to safeguard the health of customers and employees from the challenges brought by the COVID-19 pandemic. Apart from compliance with the crowd control and social distancing rules issued by the government, the Group proactively took additional disinfection steps to maintain a safe and hygienic environment. In terms of general customer health and safety, the Group conducts regular fire and safety hazard inspections. Special technicians are employed for equipment maintenance and fire drills are held for employees on a regular basis.

OPERATING PRACTICES *(continued)*

Data Protection and Privacy

The Group endeavours to build a trusting relationship with its customers by protecting their privacy. When handling personal data and what is considered to be confidential data, the Group fully abides by Chapter 486 Personal Data (Privacy) Ordinance in Hong Kong and Cybersecurity Law of the People's Republic of China strictly. Personal and confidential data will be handled with caution, and the Group only collects personal data from its employees, suppliers or customers when necessary. Data providers are well informed to sign a Personal Information Collection Statement before or when their personal information is about to be collected. The practice is also made known to our business partners and clients to avoid confusion.

During the reporting year, there were no recorded incidents of non-compliance with data privacy.

Supply Chain Management

To ensure the quality of our products and services, the Group adheres to the principles of being transparent and fair in our tendering process as well as supply chain operation and management. We do so by working closely with all business partners and selecting suppliers with many attributes taken into account, such as their quality, strength and experience. The Group's major types of supplier are service providers for films, television programs, concerts and music productions, where material environmental impact are not generated.

Integrity and Discipline

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

Our staff handbook explicitly states the definition of "advantages" and outlines the procedures for employees to follow, preventing any bribery, corruption and conflicts of interests from happening. During the reporting year, we implemented the Anti-Fraud and Anti-Corruption Policy to ensure the Group operating in a high standard of integrity, openness and discipline. We also expect employees to declare or make known to the management when handling presents and gifts as the action could be deemed suspicious and unethical. If any misconduct is discovered, the person responsible will be subject to legal consequences. Regular anti-fraud and anti-corruption training to all employees including directors.

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

OPERATING PRACTICES *(continued)*

Intellectual Property Rights

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

Respecting Creations in Our Entertainment Business

The Group recognises that intellectual property is essential to entertainment business development. The Group is committed to ensuring compliance with all relevant intellectual property laws and regulations, including but not limited to Chapter 559 Trade Marks Ordinance, Chapter 528 Copyright Ordinance and Chapter 544 Prevention of Copyright Piracy Ordinance. Before using or referencing any other creative works, the Group will ensure that the producers and their teams of films, television programs and music productions are acquainted with the rights and have clarified them. In any case of violation of relevant regulations and infringement, actions will be taken immediately to clear the rights or deal with related matters.

During the reporting year, there were no non-compliance cases with the aforementioned laws and regulations.

COMMUNITY

The Group endeavours to shoulder corporate social responsibilities and give back to the community by supporting charitable organisations and the underprivileged through donations and voluntary activities. To meet the needs of the community, we devote most of our community engagement resources to the focus areas of contribution, including local employment and youth education, targeting the groups of aided households and the disabled.

The Group closely collaborates with different organisations and organises activities to address the needs of disadvantaged groups. For instance, during the reporting year, we supported Konica Minolta in raising a donation for the Children's Thalassaemia Foundation, lending a helping hand to Thalassaemia-suffering children. Besides, we organised volunteer services to visit St. James' Settlement and deliver goodie bags to the elderly to celebrate the festival. Aside from charity events and voluntary activities, the Group donated COVID-19 rapid test kits to Holy Cafe, a non-profit organisation, to help the elderly and people in need in the community under the pandemic.

SUMMARY OF ENVIRONMENTAL PERFORMANCE

The Group Note 1 & Note 2	Unit	2022	2021
A1.1 Types of emissions and respective emissions data Note 3			
Sulphur oxides ("**SOx**") emissions	kg	0.12	0.13
A1.2 Greenhouse gas emissions in total and intensity Note 4			
Direct GHG emissions (Scope 1)	tonnes CO_2e	22.28	24.01
Indirect GHG emissions (Scope 2)	tonnes CO_2e	95.14	91.00
Total GHG emissions	**tonnes CO_2e**	**117.43**	**115.01**
GHG emissions intensity	**tonnes CO_2e/m^2**	**0.05**	**0.05**
A1.4 Total non-hazardous waste produced			
Non-hazardous waste Note 5	**kg**	**2,835**	**2,880**
Total non-hazardous waste produced intensity	**kg/m^2**	**1.19**	**1.21**
A2.1 Direct and/or indirect energy consumption by type in total and intensity Note 4			
Electricity consumption	kWh	243,960	245,940
Gasoline consumption for transportation	L	8,378	9,026
Total energy consumption	**kWh**	**325,153**	**333,418**
Total energy consumption intensity	**kWh/m^2**	**136.61**	**140.08**

Note 1 *The reporting scope of the summary of environmental performance includes the Group's major office of the entertainment business in Wyler Centre, Kwai Chung, New Territories.*

Note 2 *Water consumption is managed by the central property management of the office building, and thus they are not available for this report. Packaging material used for finished products is not a material issue for the Group and thus not reported.*

Note 3 *Air emissions are calculated based on the conversion factors stated in the "How to Prepare an ESG Report: a Step-by-Step Guide to ESG Reporting" by HKEX. For data comparability, respective data for the year ended 31 July 2021 were also calculated according to the same method. Key source of air emission for entertainment business is from transportation of company vehicles. Subject to data availability, only sulphur oxides emission is disclosed.*

Note 4 *Greenhouse gases emissions (Scopes 1 and 2) and energy consumption from gasoline for transportation are calculated based on the "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 edition)", the latest emission factor from CLP and conversion factors stated in "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs (version updated on 25 March 2022)" by HKEX.*

Note 5 *Non-hazardous waste includes general waste produced from the office operation.*

SUMMARY OF SOCIAL PERFORMANCE

The Group *Note 6*	Unit	2022	2021
B1.1 Total workforce by gender, employment type, age group and geographical region (excluding contractors and subcontractors)			
Number of employees	No. of people	149	151
By gender			
Male	No. of people	48	50
Female	No. of people	101	101
By age group			
Below 30	No. of people	20	22
30-50	No. of people	78	82
Above 50	No. of people	51	47
By employment type			
Full time – Male	No. of people	45	43
Full time – Female	No. of people	97	98
Part time – Male	No. of people	3	7
Part time – Female	No. of people	4	3
By geographical region			
Hong Kong	No. of people	98	97
Mainland China	No. of people	38	45
Other	No. of people	13	9

Note 6 The reporting scope of the summary of social performance includes full time and part time employees from the Group's Hong Kong, Mainland China, Taiwan and South Korea offices.

SUMMARY OF SOCIAL PERFORMANCE *(continued)*

The Group Note 6	Unit	2022	2021
B1.2 Employee turnover rate by gender, age group and geographical region Note 7			
Total employee turnover rate	%	15	19
By gender			
Male	%	8	28
Female	%	19	14
By age group			
Below 30	%	45	73
30-50	%	18	10
Above 50	%	0	9
By geographical region			
Hong Kong	%	12	10
Mainland China	%	29	38
Other	%	0	11
B2.1 Number and rate of work-related fatalities Note 8			
Number of work-related fatalities	No. of fatalities	0	0
Rate of work-related fatalities	%	0	0
B2.2 Lost days due to work injury			
Number of lost days	No. of lost days	0	0

Note 7 Turnover rate (in percentage) = Total number of employees leaving employment in the category/Total number of employees in the category × 100% for financial year 2020/2021 and 2021/2022, including both full time and part time employees.

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

SUMMARY OF SOCIAL PERFORMANCE *(continued)*

The Group Note 6	Unit	2022	2021
Number of attendance by employees attended training by gender and employee category *Note 9*			
By employee category			
Senior management	No. of attendance	0	/
Middle management	No. of attendance	0	/
General staff	No. of attendance	9	/
By gender			
Male	No. of attendance	0	/
Female	No. of attendance	9	/
B3.2 The average training hours completed per employee by gender and employee category *Note 9*			
By employee category			
Senior management	No. of hours	0	/
Middle management	No. of hours	0	/
General staff	No. of hours	0.2	/
By gender			
Male	No. of hours	0	/
Female	No. of hours	0.1	/
B5.1 Number of suppliers by geographical region			
Hong Kong	No. of suppliers	544	592
Mainland China	No. of suppliers	111	50
Other	No. of suppliers	36	25
B8.2 Resources contributed to community investment			
Cash donations	HKD	6,624	7,979
Volunteering hours	Hours	14 *Note 10*	100

Note 9 Training hours not fully recorded for financial year 2020/2021.

Note 10 Due to the social distancing policy issued by the Government in response to COVID-19, most volunteering events were on hold or cancelled during the reporting year.

LIST OF SIGNIFICANT LAWS AND REGULATIONS

Environment

Aspect A1-A3: Environmental

Hong Kong:
- Cap 311 Air Pollution Control Ordinance
- Cap 358 Water Pollution Control Ordinance
- Cap 354 Waste Disposal Ordinance
- Cap 400 Noise Control Ordinance

Mainland China:
- Environmental Protection Law of the People's Republic of China ("**PRC**")
- Atmospheric Pollution Prevention and Control Law of the PRC
- Water Pollution Prevention and Control Law of the PRC
- Law of the PRC on Prevention and Control of Pollution from Environmental Noise
- Law of the PRC on the Prevention and Control of Environment Pollution Caused by Solid Wastes

Employee

Aspect B1: Employment

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

Mainland China:
- Labour Law of the PRC
- Labour Contract Law of the PRC

Aspect B2: Health and Safety

Hong Kong:
- Cap 509 Occupational Safety and Health Ordinance

Mainland China:
- Work Safety Law of the PRC
- Law of the PRC on the Prevention and Control of Occupational Diseases

LIST OF SIGNIFICANT LAWS AND REGULATIONS *(continued)*

Employee (continued)

Aspect B4: Labour Standards

Hong Kong:
- Cap 57B Employment of Children Regulations
- Cap 57C Employment of Young Persons (Industry) Regulations

Mainland China:
- Labour Laws of the PRC
- Provisions on the Prohibition of Using Child Labour

Operating Practices

Aspect B6: Product Responsibility

Hong Kong:
- Chapter 362 Trade Descriptions Ordinance
- Chapter 392 Film Censorship Ordinance
- Chapter 486 Personal Data (Privacy) Ordinance
- Chapter 528 Copyright Ordinance
- Chapter 544 Prevention of Copyright Piracy Ordinance
- Chapter 559 Trade Marks Ordinance

Mainland China:
- Law of the PRC on Protection of Consumer Rights and Interests

Aspect B7: Anti-corruption

Hong Kong:
- Chapter 201 Prevention of Bribery Ordinance

Mainland China:
- Criminal Law of the PRC
- Law of the PRC on Anti-Corruption and Bribery

REFERENCES TO HKEX ESG REPORTING GUIDE

Subject Areas, Aspects, General Disclosure and KPIs		Sections/Remarks
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions to the Environment; Integrating Environmental Sustainability into Our Operations
A1.1	The types of emissions and respective emissions data.	Summary of Environmental Performance
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Summary of Environmental Performance
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	The Group did not generate significant amount of hazardous waste during the reporting year.
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Summary of Environmental Performance
A1.5	Description of emission target(s) set and steps taken to achieve them.	Emissions are not considered as material in relation to the Group's business, therefore no emission targets are in place during the reporting year.
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions to the Environment; Waste management is not considered as material in relation to the Group's businesses, therefore no reduction targets are in place during the reporting year.
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Integrating Environmental Sustainability into Our Operations; Use of Resources
A2.1	Direct and/or indirect consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Summary of Environmental Performance
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water consumption is managed by the central property management of the office building, and thus they are not available for this report.
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	No energy use efficiency targets are in place during the reporting year, however the Group will consider setting relevant targets in the future.
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water consumption is not considered as material in relation to the Group's businesses, therefore no water efficiency targets are in place during the reporting year.
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The use of packaging materials for finished products is not applicable to the Group's businesses.
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Integrating Environmental Sustainability into Our Operations
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Integrating Environmental Sustainability into Our Operations

REFERENCES TO HKEX ESG REPORTING GUIDE *(continued)*

Subject Areas, Aspects, General Disclosure and KPIs		Sections/Remarks
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Integrating Environmental Sustainability into Our Operations
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Integrating Environmental Sustainability into Our Operations
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	Employment Practices; Employee Welfare
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Summary of Social Performance
B1.2	Employee turnover rate by gender, age group and geographical region.	Summary of Social Performance
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Wellbeing, Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Summary of Social Performance
B2.2	Lost days due to work injury.	Summary of Social Performance
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Wellbeing, Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Summary of Social Performance
B3.2	The average training hours completed per employee by gender and employee category.	Summary of Social Performance
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
B4.2	Description of steps taken to eliminate such practices when discovered.	The Group does not tolerate any use of child or forced labour and has established procedures to ensure that no child or forced labour is engaged.

REFERENCES TO HKEX ESG REPORTING GUIDE *(continued)*

Subject Areas, Aspects, General Disclosure and KPIs		Sections/Remarks
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
B5.1	Number of suppliers by geographical region.	Summary of Social Performance
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Suppliers performance are monitored by operating teams based on relevant screening criteria.
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Responsible and Ethical Practices; Service Excellence; Customer Health and Safety; Wellbeing, Health and Safety; Data Protection and Privacy; Intellectual Property Rights
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable to the Group's business.
B6.2	Number of products and service related complaints received and how they are dealt with.	Service Excellence
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Rights
B6.4	Description of quality assurance process and recall procedures.	Quality assurance process and recall procedures for finished products is not applicable to the Group's businesses.
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Data Protection and Privacy
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Integrity and Discipline
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Integrity and Discipline
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Integrity and Discipline
B7.3	Description of anti-corruption training provided to directors and staff.	Integrity and Discipline
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community
B8.2	Resources contributed (e.g. money or time) to the focus area.	Summary of Social Performance

The Company is committed to achieving and maintaining high standards of corporate governance and has established policies and procedures for compliance with the principles and code provisions set out from time to time in the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 to the Rules Governing the Listing of Securities on GEM (the "**GEM Listing Rules**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

CORPORATE GOVERNANCE PRACTICES

The Company has complied with all applicable code provisions set out in Part 2 of the CG Code throughout the year ended 31 July 2022 (the "**Year**") save for the following deviation:

Under code provision F.2.2, the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, nomination, remuneration and any other committees (as appropriate) to attend.

Due to other pre-arranged business commitments, Dr. Lam Kin Ngok, Peter ("**Dr. Lam**", the chairman of the board of directors of the Company (the "**Board**" and the "**Directors**", respectively)) had not attended the annual general meeting of the Company (the "**AGM**") held on 17 December 2021 (the "**2021 AGM**"). However, Mr. Lui Siu Tsuen, Richard ("**Mr. Lui**", an Executive Director) present at that meeting, took the chair pursuant to bye-law 63 of the bye-laws of the Company (the "**Bye-laws**") to ensure an effective communication with the shareholders of the Company (the "**Shareholders**") thereat.

CORPORATE CULTURE AND STRATEGY

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

The Company acts as an investment holding company and the principal activities of its subsidiaries (together with the Company, the "**Group**") include film production and distribution; organisation, management and production of concerts and live performances; artiste management; production and distribution of television programs; music production and publishing; licensing of media contents; provision of consultancy services in planning and management of cultural, entertainment and live performance projects. As a group with diversified businesses, it is the Board's role to foster a corporate culture with the following principles to guide the conduct and behaviours of its employees, and ensure that the Company's vision, mission and business strategies are aligned to it:

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

(ii) Excellence — we aim to deliver excellence;

(iii) Collaboration — we are always better together;

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

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

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

CORPORATE CULTURE AND STRATEGY *(continued)*

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a Code of Practice for Securities Transactions by Directors and Designated Employees (the "**Securities Code**") on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has made specific enquiry of all Directors who have confirmed in writing their compliance with the required standard set out in the Securities Code during the Year.

BOARD OF DIRECTORS

(1) Responsibilities and Delegation

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

The Board has established specific committees with written terms of reference to assist it in the efficient implementation of its functions, namely the Audit Committee, the Nomination Committee, the Remuneration Committee and the Executive Committee. The Company has also established a Management Committee comprising of the Executive Directors and certain key department heads. Specific responsibilities have been delegated to the above committees.

BOARD OF DIRECTORS *(continued)*

(1) Responsibilities and Delegation (continued)

The day-to-day management of the Company's businesses has been vested with the management, the Management Committee and the Executive Committee whilst the Board focuses its attention on matters affecting the Company's long-term objectives and plans for achieving these objectives, the overall business and commercial strategy of the Group as well as overall policies and guidelines.

Decisions relating to 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 (as defined in the GEM Listing Rules from time to time) for the Company are reserved for the Board. Decisions regarding matters set out in the terms of reference of the Executive Committee are delegated to the Executive Committee and those not specifically reserved for the Board, including overseeing and monitoring the development and progress of individual projects and reviewing and approving high budget items, are entrusted to the management and the Management Committee. 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 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 GEM Listing Rules.

(2) Composition of the Board

As at the date of this report, the Board comprises four Executive Directors, namely Dr. Lam (Chairman), Mr. Chan Chi Kwong ("**Mr. Chan**"), Mr. Lui and Mr. Yip Chai Tuck ("**Mr. Yip**") and three Independent Non-executive Directors (the "**INEDs**"), namely Mr. Au Hoi Fung ("**Mr. Au**"), Mr. Ng Chi Ho, Dennis ("**Mr. Ng**") and Mr. Poon Kwok Hing, Albert ("**Mr. Poon**"). None of the Directors has any financial, business, family or other material/relevant relationships with one another. The Board will review the management structure regularly to ensure that it continues to meet the Group's objectives and is in line with the industry practices.

The brief biographical particulars of the Directors are set out in "Biographical Details of Directors" section of this annual report.

BOARD OF DIRECTORS *(continued)*

(3) Independent Views of the Board

The Board has established mechanisms to ensure independent views are available to the Board. The Board has performed the review of such mechanisms at its meeting held on 17 October 2022 and set out below:

(a) Three out of the seven Directors are INEDs which exceeds the GEM Listing Rules requirement for INEDs to make up at least one third of the Board. Chairpersons of major Board Committees are INEDs.

(b) The Nomination Committee will assess the independence of a candidate for a new INED appointment and also the continued independence of existing INEDs on an annual basis. All INEDs are required to confirm in writing annually their compliance of independence requirements pursuant to Rule 5.09 of the GEM Listing Rules.

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

(d) All Directors are encouraged to express freely their independent views and constructive challenges during the Board/Committee meetings.

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

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

(g) The Chairman of the Board meets with INEDs annually without the presence of other EDs.

BOARD OF DIRECTORS *(continued)*

(4) *Attendance at Meetings*

The attendance of each Director at Board meetings, Audit Committee meetings, Nomination Committee meeting, Remuneration Committee meeting and general meetings held during the Year is set out in the following table:

	Board meetings	Audit Committee meetings	Nomination Committee meeting	Remuneration Committee meeting	General Meetings
Number of meetings held during the Year	6	5	1	1	2
Name of Directors	**Number of meetings attended/Number of meetings entitled to attend**				
Executive Directors					
Dr. Lam Kin Ngok, Peter	6/6	–	–	–	0/2
Mr. Chan Chi Kwong	6/6	–	–	–	2/2
Mr. Lui Siu Tsuen, Richard	6/6	–	1/1	1/1	2/2
Mr. Yip Chai Tuck	6/6	–	1/1	1/1	2/2
Independent Non-executive Directors					
Mr. Au Hoi Fung	6/6	5/5	1/1	1/1	2/2
Mr. Ng Chi Ho, Dennis	6/6	5/5	1/1	1/1	2/2
Mr. Poon Kwok Hing, Albert	6/6	5/5	1/1	1/1	2/2

(5) *Independent Non-executive Directors*

As at the date of this annual report, the Company has complied with the requirements under Rules 5.05(1) and (2), and 5.05A of the GEM Listing Rules that (a) the Board must include at least three INEDs; (b) at least one of the INEDs must have appropriate professional qualifications or accounting or related financial management expertise; and (c) the Company must appoint INEDs representing at least one-third of the Board. All INEDs also meet the guidelines for assessing their independence set out in Rule 5.09 of the GEM Listing Rules. Further, up to the date of this annual report, the Board has not been aware of the occurrence of any events which would cause it to believe that their independence has been impaired.

BOARD OF DIRECTORS *(continued)*

(6) Non-executive Directors

Each of the non-executive Directors (the "**NED**") was appointed for a term of two years. To comply with code provision B.2.2 in Part 2 of the CG Code and subject to the retirement provisions of the Bye-laws, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. In addition, any person appointed by the Board as a Director (including a NED) will hold office only until the first general meeting of the Company (in the case of filling a casual vacancy) or until the next following AGM (in the case of an addition to the Board) and will then be eligible for re-election at that meeting.

(7) Directors' and Officers' Liabilities Insurance

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

DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

On appointment to the Board, each Director receives a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he is sufficiently aware of his responsibilities under the GEM Listing Rules and other relevant regulatory requirements.

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

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

DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

(continued)

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

Name of Directors	Legal and Regulatory	Corporate Governance	Finance and Management
Executive Directors			
Dr. Lam Kin Ngok, Peter	✔	✔	✔
Mr. Chan Chi Kwong	✔	✔	✔
Mr. Lui Siu Tsuen, Richard	✔	✔	✔
Mr. Yip Chai Tuck	✔	✔	✔
Independent Non-executive Directors			
Mr. Au Hoi Fung	✔	✔	✔
Mr. Ng Chi Ho, Dennis	✔	✔	✔
Mr. Poon Kwok Hing, Albert	✔	✔	✔

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Dr. Lam is the chairman of the Board throughout the Year and up to the date of this annual report. The office of chief executive officer of the Company remains vacant since 15 September 2012. During the Year, the responsibilities of the chief executive officer were shared amongst other executive Directors. The division of responsibilities between the chairman and the chief executive officer is clearly established and set out in writing.

BOARD COMMITTEES

The Executive Committee comprising members appointed by the Board amongst the executive Directors was established on 19 August 2011 with written terms of reference to assist the Board in monitoring the on-going management of the Company's businesses and in implementing the Company's objectives in accordance with the strategy and policies approved by the Board. The Board has also delegated its authority to the following committees to assist it in the implementation of its functions:

(1) Audit Committee

On 21 May 2001, the Board established an Audit Committee which currently comprises three INEDs, namely Mr. Ng (Chairman), Mr. Au and Mr. Poon.

The Company has complied with Rule 5.28 of the GEM Listing Rules which requires that the Audit Committee must comprise a minimum of three members, at least one of whom is an INED with appropriate professional qualifications or accounting or related financial management expertise and the Audit Committee must be chaired by an INED. All members of the Audit Committee have appropriate skills and experience in reviewing financial statements as well as addressing significant control and financial issues of the Company.

BOARD COMMITTEES *(continued)*

(1) Audit Committee (continued)

(a) Duties of the Audit Committee

The Audit Committee is principally responsible for, among other things, monitoring of the integrity of periodical financial statements of the Company, reviewing significant financial reporting judgements contained in them before submission to the Board for approval, reviewing the Company's financial controls, risk management and internal control systems and arrangements under the Company's "Whistleblowing Policy", and reviewing and monitoring of the auditor's independence and objectivity as well as the effectiveness of the audit process.

The Audit Committee is also responsible for performing corporate governance functions which include (i) to develop and review the Company's policies and practices on corporate governance; (ii) to review and monitor the training and continuous professional development of the Directors and senior management; (iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (iv) to develop, review and monitor the code of conduct and compliance manual applicable to employees and the Directors; and (v) to review the Company's compliance with the CG Code and disclosure in the corporate governance report.

The terms of reference setting out the Audit Committee's authorities, duties and responsibilities are available on the websites of Hong Kong Exchanges and Clearing Limited ("**HKEX**") and the Company.

(b) Work performed by the Audit Committee

The Audit Committee held five meetings during the Year. It has reviewed, among other things, (i) the audited annual results of the Group for the year ended 31 July 2021, the unaudited quarterly and interim results of the Group for the Year and other matters related to the financial and accounting policies and practices; (ii) the Company's enterprise risk management report and the internal controls review reports prepared by an independent professional advisor; (iii) the audit fees payable to the Company's independent auditor (the "**Independent Auditor**", i.e. Ernst & Young, Certified Public Accountants); and (iv) the Company's compliance with the CG Code and the disclosure requirements in the Corporate Governance Report (including new requirements under the CG Code such as Anti-Fraud and Anti-Corruption Policy, Whistleblowing Policy and revised Shareholders' Communication Policy, etc); and put forward relevant recommendations to the Board for approval.

On 17 October 2022, the Audit Committee reviewed the draft audited consolidated financial statements of the Company as well as the accounting principles and policies for the Year with the Company's management in the presence of the representatives of the Independent Auditor. It also reviewed this corporate governance report, and the Company's enterprise risk management report and internal controls review report prepared by an independent professional advisor.

BOARD COMMITTEES *(continued)*

(2) Nomination Committee

On 16 October 2012, the Board established a Nomination Committee which currently comprises three INEDs, namely Mr. Poon (Chairman), Mr. Au and Mr. Ng and two Executive Directors, namely Mr. Lui and Mr. Yip.

The composition meets the requirement of chairmanship and independence under Rule 5.36A of the GEM Listing Rules. The terms of reference of the Nomination Committee setting out its authorities, duties and responsibilities are available on the websites of HKEX and the Company.

(a) Duties of the Nomination Committee

The main duties of the Nomination Committee include to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations to the Board on any proposed changes, the appointment or re-appointment of Directors and succession planning for Directors, to identify individuals suitably qualified to become the Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships, to assess the independence of the INEDs. The Nomination Committee will also periodically review the Company's board diversity policy (the "**Board Diversity Policy**") and the nomination policy (the "**Nomination Policy**"), as appropriate, to ensure the effectiveness of these policies and discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

(b) Work performed by the Nomination Committee

The Nomination Committee held one meeting during the Year. It has reviewed/recommended the structure, size and composition (including the skills, knowledge and experience) of the Board, the independence of the INEDs and the re-election of the retired Directors at the 2021 AGM.

On 17 October 2022, the Nomination Committee reviewed/recommended, among other things, the Board Diversity Policy and the Nomination Policy; the structure, size and composition of the Board: the independence of the INEDs; and the re-election of the retired Directors at the forthcoming AGM. No candidate has been proposed for appointment as Director during the Year.

The Nomination Committee formed the view that the Board has maintained an appropriate mix and balance of skills, knowledge, experience and diversity of perspectives appropriate to the requirements of the Company's businesses.

BOARD COMMITTEES *(continued)*

(2) Nomination Committee (continued)

(c) Board Diversity Policy

The Company has adopted the Board Diversity Policy on 27 August 2013 which sets out its approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

The Company recognises the benefits of Board diversity and endeavours to ensure that the Board has the appropriate balance and level of skills, experience and perspectives required to support the execution of its business strategies. The Company seeks to achieve Board diversity through the consideration of a number of factors, including professional qualifications and experience, cultural and educational background, race and ethnicity, gender, age and length of service. The Company will also take into consideration factors based on its own business model and specific needs from time to time in determining the optimum composition of the Board.

On recommendation from the Nomination Committee, the Board will set measurable objectives (in terms of gender, skills and experience) to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Nomination Committee will review the Board Diversity Policy annually to ensure its continued effectiveness and compliance with regulatory requirements and good corporate practices.

A copy of the Board Diversity Policy has been published on the Company's website for public information.

The Company considers that the Board has maintained an appropriate mix and balance of skills, knowledge, experience and diversity of perspectives appropriate to the requirements of the Company's businesses. 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 Company has also taken, and continues to take, steps to promote diversity at all levels of its workforce. Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination. For the Year, the total workforce of the Group comprised 68% female and 32% male. Further details of gender ratio are disclosed in the section headed "Environmental, Social and Governance Report" of this annual report.

BOARD COMMITTEES *(continued)*

(2) Nomination Committee (continued)

(d) Nomination Policy

On 14 March 2019, the Company adopted the Nomination Policy setting out the criteria to identify and select candidate for appointment or re-appointment of a Director, which include the candidate's reputation for integrity, accomplishment and experience that are relevant to the Company's businesses, commitment in respect of available time and relevant interest, diversity perspectives set out in the Board Diversity Policy, independence requirements under Rule 5.09 of the GEM Listing Rules (for INED only) and other relevant factors as the Board or the Nomination Committee may determine from time to time.

The Nomination Policy also sets out the procedures on the identification, evaluation and nomination of suitable candidate to the Board, which shall be responsible for such appointment or re-appointment ultimately and, where applicable, subject to the approval of the Shareholders in general meeting.

(3) Remuneration Committee

On 23 October 2006, the Board established a Remuneration Committee which currently comprises three INEDs, namely Mr. Ng (Chairman), Mr. Au and Mr. Poon and two Executive Directors, namely Mr. Lui and Mr. Yip.

The terms of reference of the Remuneration Committee setting out its authorities, duties and responsibilities are available on the websites of HKEX and the Company.

(a) Duties of the Remuneration Committee

The Remuneration Committee has been charged with the responsibility of making recommendations to the Board on an appropriate policy and structure for all aspects of remuneration of all Directors and senior management, including but not limited to Directors' fees, salaries, allowances, bonuses, share options, benefits in kind and pension rights, to ensure that the level of remuneration offered by the Company is competitive and sufficient to attract, retain and motivate personnel of the required quality to manage the Company successfully. The Remuneration Committee, with delegated responsibility, is responsible for determining remuneration packages of individual executive Directors and senior management.

(b) Work performed by the Remuneration Committee

The Remuneration Committee held a meeting during the Year to review/recommend for the Board's approval the salary increment and discretionary bonus payments to certain executive Directors and discussed other remuneration-related matters in accordance with the Group's policy to maintain the level of remuneration of the Directors and senior management at competitive levels within the industry and the comparable companies with reference to the results of the Company, the prevailing market conditions and performance or contribution of each Director. No Director was involved in deciding his own remuneration at the meeting of the Remuneration Committee. Details of Directors' remuneration and five highest pay individuals are set out in note 8 to the financial statements pursuant to code provision E.1.5 in Part 2 of the CG Code.

INDEPENDENT AUDITOR'S REMUNERATION

The remuneration in respect of the audit and non-audit services provided by Ernst & Young to the Group for the Year amounted to approximately HK$2,344,000 and HK$630,000, respectively. The non-audit services mainly consisted of agreed-upon procedures, tax advisory and other reporting services.

RESPONSIBILITIES ON FINANCIAL REPORTING

The Directors acknowledge that they are responsible for overseeing the preparation of the financial statements which give a true and fair view of the results and financial position of the Group. In doing so, the Directors select suitable accounting policies and apply them consistently and make accounting estimates that are appropriate in the circumstances. With the assistance of the accounting and finance staff, the Directors ensure that the financial statements of the Group are prepared in accordance with statutory requirements and appropriate financial reporting standards.

The statement by the Independent Auditor about its reporting responsibilities for the financial statements is set out in the "Independent Auditor's Report" contained in this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

There is currently no internal audit function within the Group. With a view to manage the Group's business and operational risks and to ensure smooth operation, the Group has outsourced the internal audit function to the independent professional advisor during the Year to assist the Board and the Audit Committee in on-going monitoring of the risk management and internal control systems of the Group. The design and implementation of internal controls are to identify weakness for improvement. The independent professional advisor reports to the Audit Committee for identified weakness and proposed recommendation on a timely basis to ensure prompt remediation actions are taken. The Board and the Audit Committee confirmed that there is no significant deficiency and weakness on the internal control system has been identified by the independent professional advisor.

RISK MANAGEMENT AND INTERNAL CONTROL *(continued)*

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

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

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

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

COMPANY SECRETARY

The Company Secretary is an employee of the Company. During the Year, the Company Secretary has complied with the relevant professional training requirement under Rule 5.15 of the GEM Listing Rules.

SHAREHOLDERS' RIGHTS

(1) Procedures for the Shareholders to Convene a Special General Meeting

Pursuant to the Bye-laws, Shareholders holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company may by a written requisition require the Company to convene a special general meeting. The requisition must state the purpose of the meeting, and must be signed by the requisitionists and deposited at the registered office or the principal place of business of the Company, and may consist of several documents in like form each signed by one or more requisitionists.

If the Directors do not proceed duly to convene a special general meeting within twenty-one days from the deposit of the requisition, the requisitionists (or any of them representing more than one half of the total voting rights of all of them) may themselves convene a meeting provided it is held within three months from the date of deposit of the requisition. Any reasonable expenses incurred by the requisitionists by reason of the failure of the Directors duly convene a meeting shall be repaid to the requisitionists by the Company.

(2) Procedures for Putting Enquiries to the Board

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

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

Fax: (852) 2743 8459
E-mail: cosec@mediaasia.com

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

SHAREHOLDERS' RIGHTS *(continued)*

(3) Procedures for Putting Forward Proposals at a Shareholders' Meeting

Pursuant to the Bermuda Companies Act 1981 (as amended), either any number of Shareholders holding not less than one-twentieth of the total voting rights of all Shareholders having a right to vote at the meeting, or not less than one hundred Shareholders, may submit to the Company a written request (a) to give to the Shareholders entitled to receive notice of the next AGM notice of any resolution which may properly be moved and is intended to be moved at that meeting; or (b) to circulate to the Shareholders entitled to have notice of any general meeting sent to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

A copy of such written requisition signed by the requisitionists together with a sum reasonably sufficient to meet the Company's relevant expenses must be deposited at the registered office or the principal place of business of the Company not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or one week before the meeting in the case of any other requisition.

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

As regards the procedures for proposing a person for election as a Director, please refer to the procedures made available under the Corporate Governance section (Policies and Procedures) of the Company's website at www.mediaasia.com.

COMMUNICATION WITH SHAREHOLDERS

On 12 June 2012, the Board adopted a Shareholders' communication policy (the "**Shareholders' Communication Policy**") reflecting mostly the current practices of the Company for communication with its Shareholders. Such policy aims at providing the Shareholders and potential investors with ready and timely access to balanced and understandable information of the Company, and emphasises its commitment to an effective communication with Shareholders and potential investors through various platforms and channels specified in the policy. It will be reviewed annually with updates last made on 28 July 2022 to ensure its effectiveness and compliance with the prevailing regulatory and other requirements. Full details of the Shareholders' Communication Policy are available on the Company's website.

COMMUNICATION WITH SHAREHOLDERS *(continued)*

The Company has established a number of channels for maintaining on-going dialogue with the Shareholders as follows:

(a) corporate communications such as annual reports, quarterly reports, interim reports and circulars are issued in printed form and are available on HKEX's website at www.hkexnews.hk and the Company's website at www.mediaasia.com;

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

(c) corporate information is made available on the Company's website;

(d) annual and special general meetings provide a forum for the Shareholders to make comments and exchange views with the Directors and senior management of the Company; and

(e) the Company's branch share registrar and transfer office (the "**Registrar**") serve the Shareholders in respect of share registration, dividend payment, change of Shareholders' particulars and related matters.

DETAILS OF THE LAST GENERAL MEETING

The 2021 AGM was held at 9:15 a.m., at Grand Ballroom 5, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong. During which the Directors (except Dr. Lam), the designated senior management of the Company and the representatives of Ernst & Young presented to answer the Shareholders' questions. At the 2021 AGM, Shareholders approved by a vast majority of votes (i) the adoption of the audited financial statements of the Company for the year ended 31 July 2021 and the reports of the directors and the independent auditor thereon; (ii) the re-election of Dr. Lam and Mr. Chan as executive Directors and Mr. Ng as INED as well as the authorisation of the Board to fix the remuneration of the Directors; (iii) the re-appointment of Ernst & Young as the Independent Auditor for the Year and the authorisation for the Board to fix their remuneration; and (iv) the granting to the Directors a general mandate to allot, issue and deal with additional Shares not exceeding 20% of the total issued shares of the Company (the "**Shares**") and to buy back Shares not exceeding 10% of the total issued Shares; and the extension of the general mandate granted to the Directors to issue Shares by adding the number of Shares to be bought back.

The notice of the 2021 AGM and the poll results announcement in respect of the 2021 AGM were published on the respective websites of HKEX and the Company on 28 October 2021 and 17 December 2021, respectively.

WHISTLEBLOWING POLICY

In compliance with code provision D.2.6 in Part 2 of the CG Code, the Board adopted a whistleblowing policy (the "**Whistleblowing Policy**") on 28 July 2022 which provides formal channels and guidance to facilitate the raising of matters of concern by employees of the Group (the "**Employees**") and those who deal with the Group (e.g. customers, suppliers, creditors and debtors) (the "**Third Parties**", each a "**Whistleblower**"), in confidence, without fear of reprisals. Procedures are formulated to enable the Whistleblower to report suspected improprieties in any matters related to the Group directly addressed to the designated executive Directors as well as Head of Group Human Resources and Administration Department. An email account (whistleblowing@laisun.com) has been set up for this purpose.

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

The Audit Committee is supervising the enforcement of the Whistleblowing Policy and is responsible for the interpretation, monitoring and periodic review of all of its policies and procedures. The Board and the Audit Committee will review the whistleblowing mechanism periodically to improve its effectiveness. Full details of the Whistleblowing Policy are available on the Company's website.

ANTI-FRAUD AND ANTI-CORRUPTION POLICY

In compliance with code provision D.2.7 in Part 2 of the CG Code, the Board adopted an anti-fraud and anti-corruption policy (the "**AFAC Policy**") on 28 July 2022 which sets out the specific behavioral guidelines that the Employees, the Third Parties and those acting in an agency or fiduciary capacity on behalf of the Group must follow to combat fraud and corruption.

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

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

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

DIVIDEND POLICY

On 14 March 2019, the Company adopted a dividend policy (the "**Dividend Policy**") setting out the principles and guidelines for the Board to determine (a) whether dividends are to be declared and paid, and (b) the level of dividend to be paid to the Shareholders.

The Board may from time to time determine and pay to the Shareholders such interim dividends as it considers appropriate, and recommend the payment of final dividends which are required to be approved by the Shareholders in general meetings of the Company. The declaration or recommendation of any dividend will take into consideration a number of factors, including but not limited to the Group's financial performance, business strategies and operations, retained earnings and distributable reserves and liquidity position as well as general economic conditions and any other factors that the Board may consider appropriate. Subject to the Bye-laws and the laws of Bermuda, dividends may be paid in cash or be distributed and satisfied wholly or partly in the form of Shares that the Board considers appropriate. The Company does not have any pre-determined dividend ratio.

The Board will regularly review and, when necessary, update, amend and/or modify the Dividend Policy.

CONSTITUTIONAL DOCUMENTS

During the Year, there was no significant change in the Memorandum of Continuance and Bye-laws of the Company which are available on both the websites of HKEX at www.hkexnews.hk and the Company at www.mediaasia.com.

Subsequent to the financial year and as announced in the Company's announcement dated 17 October 2022, the Company proposed to seek the approval of the Shareholders at the forthcoming AGM for certain amendments to the Bye-laws for the purposes of, among others, (i) enabling the Company to have general meetings to be held in physical form, hybrid form or electronic form; (ii) conforming with Core Shareholders Protection Standards as set out in Appendix 3 to the GEM Listing Rules and applicable laws of Bermuda; and (iii) making certain minor consequential and housekeeping amendments to the Bye-laws, details of which will be stated in the circular of the Company dated 31 October 2022.

KEY DATES

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

	For Financial Year 2021/2022
Annual results announcement for the Year	17 October 2022
Latest time and date to lodge transfer documents with the Registrar for entitlement to attending and voting at the 2022 AGM	4:30 p.m. on 12 December 2022
First quarterly results announcement for the three months ending 31 October 2022	on or before 15 December 2022
2022 AGM	9:15 a.m. on 16 December 2022

	For Financial Year 2022/2023
Interim results announcement for the six months ending 31 January 2023	on or before 17 March 2023
Third quarterly results announcement for the nine months ending 30 April 2023	on or before 14 June 2023
Annual results announcement for the year ending 31 July 2023	on or before 31 October 2023
2023 AGM	December 2023

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

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

Dr. Lam Kin Ngok, Peter, *GBM, GBS*, aged 65, was appointed the Chairman of the board of directors of the Company and an Executive Director with effect from 16 June 2011. He is also the chairman and an executive director of each of LSG and LSD and an executive director of Crocodile Garments Limited, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. Dr. Lam was an executive director of eSun from 15 October 1996 to 13 February 2014 and the chairman and an executive director of Lai Fung from 25 November 1993 to 31 October 2012. He has extensive experience in the property development and investment, hospitality as well as media and entertainment businesses. Dr. Lam holds an Honorary Doctorate from The Hong Kong Academy for Performing Arts and received the Gold Bauhinia Star and Grand Bauhinia Medal awarded from the Government of the Hong Kong Special Administrative Region on 1 July 2015 and 27 July 2022 respectively.

Currently, Dr. Lam is the chairman of the Hong Kong Trade Development Council and a standing committee member of the 13th National Committee of the Chinese People's Political Consultative Conference. He is also the chairman of Hong Kong Chamber of Films Limited, a life honorable president of Hong Kong Motion Picture Industry Association Limited, a director of The Real Estate Developers Association of Hong Kong, a trustee of The Better Hong Kong Foundation, a vice chairman of Friends of Hong Kong Association Limited, a director of Hong Kong-Vietnam Chamber of Commerce Limited, an honorary chairman of Federation of HK Jiangsu Community Organisations, the president of Hong Kong Association of Cultural Industries Limited, the chairman of Hong Kong Cultural Development Research Institute Limited, a non-official member of the Trade and Industry Advisory Board, a member of each of the board of West Kowloon Cultural District Foundation Limited (a wholly-owned subsidiary of West Kowloon Cultural District Authority) and the general committee of Hong Kong General Chamber of Commerce.

Mr. Chan Chi Kwong, aged 62, was appointed an Executive Director with effect from 16 June 2011 and is in charge of media and entertainment operations of the Company and its subsidiaries. He is a member of the Executive Committee of the Company (the "**Executive Committee**").

Mr. Chan was elected to become the chairman of International Federation of the Phonographic Industry (Hong Kong Group) Limited since 31 October 2016. He has over 31 years of experience in various media and entertainment fields in The People's Republic of China and Hong Kong. Prior to joining the Company, Mr. Chan was the managing director of Warner Music Hong Kong Limited and had served as senior executives of the companies like EMI Hong Kong Limited and SCMP.com Limited. He graduated from the University of Warwick in England with a Bachelor of Science Degree in Management Sciences.

EXECUTIVE DIRECTORS *(continued)*

Mr. Lui Siu Tsuen, Richard, aged 66, was appointed an Executive Director with effect from 16 June 2011. He is a member of each of the Executive Committee, the Nomination Committee (the "**Nomination Committee**") and the Remuneration Committee of the Company (the "**Remuneration Committee**"). Mr. Lui is also currently an executive director and the chief executive officer of eSun and was an executive director of LSG, LSD and Lai Fung respectively from 1 January 2011 to 31 October 2012.

Mr. Lui is currently an independent non-executive director of Prosperity Investment Holdings Limited (the issued shares of which are listed and traded on the Main Board of the Stock Exchange). Prior to joining the Company, Mr. Lui had held senior executive positions in a few Hong Kong and overseas listed companies.

Mr. Lui has over 36 years of experience in property investment, corporate finance and media and entertainment businesses. He is a fellow member of each of the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and The Chartered Institute of Management Accountants, United Kingdom. He holds a Master of Business Administration Degree from The University of Adelaide in Australia.

Mr. Yip Chai Tuck, aged 48, was appointed an Executive Director on 21 July 2014. He is a member of each of the Executive Committee, the Nomination Committee and the Remuneration Committee. Mr. Yip is also the chief executive officer of LSG and an executive director of eSun. He has extensive experience in corporate advisory, business development and investment banking.

Mr. Yip is a member of the Securities and Futures Appeals Tribunal for a term of two years with effect from 1 April 2021. Prior to joining the Company, he was a managing director and head of mergers and acquisitions for China of Goldman Sachs. Mr. Yip had also worked for PCCW Limited, a Hong Kong listed company, as vice president of ventures and mergers and acquisitions, responsible for strategic investments and mergers and acquisitions transactions.

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Au Hoi Fung, aged 67, was appointed an independent non-executive director of the Company (the "**INED**") on 9 July 2020. He is a member of each of the Audit Committee of the Company (the "**Audit Committee**"), the Nomination Committee and the Remuneration Committee.

Mr. Au has more than 42 years of accounting and financial management work experiences gained in various corporations in Hong Kong. Currently, he is the vice president (Finance and Administration) and a director of F.O.B. Garments Limited, a sizeable garments trading entity in Hong Kong which he has joined since January 1994.

Mr. Au graduated from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) with a Higher Diploma in Accountancy. He is an associate of the Chartered Institute of Management Accountants and a fellow of the HKICPA.

Mr. Ng Chi Ho, Dennis, aged 64, was appointed an INED with effect from 3 October 2011. He is the chairman of both the Audit Committee and the Remuneration Committee and a member of the Nomination Committee.

Mr. Ng is currently an independent non-executive director of China City Infrastructure Group Limited and Legendary Group Limited, and the company secretary of Yunhong Guixin Group Holdings Limited. The issued shares of all the aforesaid companies are listed and traded on the Main Board/GEM of the Stock Exchange. He was an independent non-executive director of Kirin Group Holdings Limited (in compulsory liquidation and trading of its shares on the Stock Exchange has been suspended) from April 2015 to December 2021.

Mr. Ng holds a Bachelor of Commerce Degree from The University of New South Wales, Australia and is a chartered accountant of The Chartered Accountants Australia and New Zealand and a fellow member of the HKICPA. He is also a practising certified public accountant and has extensive experience in auditing, accounting, financial management and corporate affairs.

Mr. Poon Kwok Hing, Albert, aged 61, was appointed an INED on 24 April 2020. He is the chairman of the Nomination Committee and a member of both the Audit Committee and the Remuneration Committee.

Mr. Poon is currently an independent non-executive director of Shaw Brothers Holdings Limited (the issued shares of which are listed and traded on the Main Board of the Stock Exchange). He was an independent non-executive director of each of Greater Bay Area Dynamic Growth Holding Limited (the issued shares of which are listed and traded on the Main Board of the Stock Exchange) from March 2007 to October 2022 and Master Glory Group Limited (delisted on the Stock Exchange with effect from 8 February 2021) from February 2007 to December 2020.

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

REPORT OF THE DIRECTORS

The directors of the Company (the "**Directors**") present their report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 July 2022 (the "**Year**").

PRINCIPAL ACTIVITIES

During the Year, the Company acted as an investment holding company. The principal activities of its subsidiaries included film production and distribution; organisation, management and production of concerts and live performances; artiste management; production and distribution of television programs; music production and publishing; licensing of media contents; provision of consultancy services in planning and management of cultural, entertainment and live performance projects.

Particulars of the Company's principal subsidiaries as at 31 July 2022 are set out in note 36 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the Year and up to the date of this report.

RESULTS AND DIVIDENDS

Details of the results of the Group for the Year and the financial position of the Group as at 31 July 2022 are set out in the financial statements and their accompanying notes on pages 74 to 156.

The board of Directors (the "**Board**") does not recommend the payment of any dividend for the Year (2021: Nil).

DIRECTORS

The Directors who were in office during the Year and up to the date of this report are as follows:

Executive Directors

Dr. Lam Kin Ngok, Peter *(Chairman)*
Mr. Chan Chi Kwong
Mr. Lui Siu Tsuen, Richard
Mr. Yip Chai Tuck

*Independent Non-executive Directors ("**INEDs**")*

Mr. Au Hoi Fung
Mr. Ng Chi Ho, Dennis
Mr. Poon Kwok Hing, Albert

In accordance with bye-law 84 of the bye-laws of the Company (the "**Bye-laws**"), Mr. Lui Siu Tsuen, Richard ("**Mr. Lui**"), Mr. Au Hoi Fung ("**Mr. Au**") and Mr. Poon Kwok Hing, Albert ("**Mr. Poon**") will retire from office by rotation as Directors and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company (the "**AGM**").

DIRECTORS *(continued)*

Details of the retiring Directors proposed for re-election at the AGM required to be disclosed under Rule 17.50(2) of the Rules Governing the Listing of Securities on GEM (the "**GEM Listing Rules**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") are set out in the Company's circular dated 31 October 2022.

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical particulars of the existing Directors are set out on pages 50 to 52 of this annual report. Directors' other particulars are contained elsewhere in this report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the AGM has a service contract with the Company and/or any of its subsidiaries, which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

Each of the INEDs is appointed for a period of two years.

DIRECTORS' REMUNERATION

The Directors' fees and other emoluments are supervised by the Remuneration Committee of the Company and determined by the Board with reference to the Directors' duties, responsibilities and performance and the results of the Company as well as the prevailing market conditions. Details of the Directors' remuneration are set out in note 8 to the financial statements.

PERMITTED INDEMNITY PROVISION

Pursuant to bye-law 164(1) of the Bye-laws, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they might incur or sustain by in connection with the execution of their duty. The Company has arranged directors' and officers' liability insurance policy of the Company during the Year.

DIRECTORS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in note 31 to the financial statements, during the Year, no Directors or an entity connected with a Director had a material interest, whether directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its holding companies, subsidiaries or fellow subsidiaries was a party.

MANAGEMENT CONTRACTS

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

INTERESTS IN COMPETING BUSINESSES

During the Year and up to the date of this report, eSun Holdings Limited ("**eSun**", an intermediate holding company of the Company) and four Executive Directors, namely, Dr. Lam Kin Ngok, Peter ("**Dr. Lam**"), Mr. Chan Chi Kwong, Mr. Lui and Mr. Yip Chai Tuck (collectively, the "**Interested Directors**") are considered to have interests in businesses which compete or may compete with the businesses of the Group pursuant to the GEM Listing Rules.

The Interested Directors held shareholding interests and/or other interests and/or directorships in companies/entities in the group of eSun which engage in the businesses including the development, operation of and investment in media and entertainment, music production and distribution, the investment in and production and distribution of television programs, films and video format products and cinema operation.

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

Save as disclosed above, none of the Directors, the controlling Shareholder and their respective close associates competes or may compete with the businesses of the Group and has or may have any other conflict of interest with the Group.

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Directors' Interests in Securities" and "Share Option Scheme" in this report, in note 29 to the financial statements and the share option schemes adopted by Lai Sun Garment (International) Limited ("**LSG**"), Lai Sun Development Company Limited ("**LSD**") and eSun, at no time during the Year was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable a Director to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 July 2022, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "**SFO**")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Stock Exchange and the Company pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

(1) *Interests in the Company*

	Long positions in the ordinary shares of the Company ("Shares")			
	Number of Shares			
Name of Director	Corporate interests	Personal interests	Total	Approximate percentage of total issued Shares *(Note 1)*
Lam Kin Ngok, Peter	2,021,848,647 *(Note 2)*	–	2,021,848,647	67.70%

(2) *Interests in the Associated Corporations*

(a) *LSG*

	Long positions in the ordinary shares of LSG ("LSG Shares") and underlying LSG Shares				
	Number of LSG Shares		Number of underlying LSG Shares		
Name of Directors	Corporate interests	Personal interests	Personal interests	Total	Approximate percentage of total issued LSG Shares *(Note 3)*
Lam Kin Ngok, Peter	172,112,124 *(Note 4)*	74,807,359 *(Note 5)*	1,737,333 *(Note 6)*	248,656,816	42.22%
Lui Siu Tsuen, Richard	–	93,400 *(Note 7)*	–	93,400	0.02%

DIRECTORS' INTERESTS IN SECURITIES *(continued)*

(2) Interests in the Associated Corporations (continued)

(b) LSD

	Long positions in the ordinary shares of LSD ("LSD Shares") and underlying LSD Shares				
	Number of LSD Shares		Number of underlying LSD Shares		
Name of Directors	**Corporate interests**	**Personal interests**	**Personal interests**	**Total**	**Approximate percentage of total issued LSD Shares** *(Note 8)*
Lam Kin Ngok, Peter	515,389,531 *(Note 9)*	650,605 *(Note 10)*	486,452 *(Note 11)*	516,526,588	53.31%
Lui Siu Tsuen, Richard	–	–	121,232 *(Note 12)*	121,232	0.01%

(c) eSun

	Long positions in the ordinary shares of eSun ("eSun Shares") and underlying eSun Shares				
	Number of eSun Shares		Number of underlying eSun Shares		
Name of Director	**Corporate interests**	**Personal interests**	**Personal interests**	**Total**	**Approximate percentage of total issued eSun Shares** *(Note 13)*
Lam Kin Ngok, Peter	1,113,260,072 *(Note 14)*	2,794,443	–	1,116,054,515	74.81%

DIRECTORS' INTERESTS IN SECURITIES *(continued)*

(2) Interests in the Associated Corporations (continued)

*(d) Lai Fung Holdings Limited ("**Lai Fung**")*

	Long positions in the ordinary shares of Lai Fung ("Lai Fung Shares") and underlying Lai Fung Shares				
	Number of Lai Fung Shares		Number of underlying Lai Fung Shares		
Name of Director	Corporate interests	Personal interests	Personal interests	Total	Approximate percentage of total issued Lai Fung Shares *(Note 15)*
Lam Kin Ngok, Peter	182,318,266 *(Note 16)*	–	321,918 *(Note 17)*	182,640,184	55.17%

*(e) Lai Sun MTN Limited ("**LSMTN**")*

Long positions in the 5% guaranteed medium term notes due 2026

Name of Director	Capacity	Nature of Interests	Principal amount
Lam Kin Ngok, Peter	Beneficial owner	Personal	USD10,000,000 *(Note 18)*

DIRECTORS' INTERESTS IN SECURITIES *(continued)*

Notes:

1. *The total number of issued Shares as at 31 July 2022 (that is, 2,986,314,015 Shares) has been used for the calculation of the approximate percentage.*

2. *The Shares were owned by Perfect Sky Holdings Limited ("**Perfect Sky**"), a wholly-owned subsidiary of eSun.*

   *As at 31 July 2022, eSun was indirectly owned as to approximately 74.62% by LSD. LSD was approximately 53.19% directly and indirectly owned by LSG. LSG was approximately 12.70% (excluding share option) owned by Dr. Lam and approximately 29.23% owned by Wisdoman Limited ("**Wisdoman**") which was in turn 100% beneficially owned by Dr. Lam. Therefore, Dr. Lam was deemed to be interested in the Shares owned indirectly by eSun as shown in the section headed "Substantial Shareholders' Interests in Securities" below pursuant to Part XV of the SFO.*

3. *The total number of issued LSG Shares as at 31 July 2022 (that is, 588,915,934 LSG Shares) has been used for the calculation of the approximate percentage.*

4. *By virtue of his interests in Wisdoman as described in Note 2 above, Dr. Lam was deemed to be interested in such LSG Shares owned directly by Wisdoman.*

   *Following the completion of the rights issue of LSG on the basis of one rights share of LSG (the "**LSG Rights Share**") for every two existing LSG Shares on 2 August 2021 (the "**LSG Rights Issue**"), 57,370,708 LSG Rights Shares were allotted and issued by LSG, increasing Dr. Lam's deemed controlling shareholding interests in LSG from 114,741,416 LSG Shares to 172,112,124 LSG Shares.*

5. *On 2 August 2021, 24,401,453 LSG Rights Shares were allotted and issued by LSG, increasing Dr. Lam's personal interests in LSG from 49,605,906 LSG Shares to 74,007,359 LSG Shares.*

   On 4 August 2021, Dr. Lam has completed the purchase of 550,000 LSG Shares, increasing his personal interests in LSG from 74,007,359 LSG Shares to 74,557,359 LSG Shares.

   On 12 January 2022, Dr. Lam has completed the purchase of 250,000 LSG Shares, increasing his personal interests in LSG from 74,557,359 LSG Shares to 74,807,359 LSG Shares.

6. *On 19 June 2017, Dr. Lam was granted a share option by LSG to subscribe (after the adjustment for its share consolidation effective on 15 August 2017) for 333,333 underlying LSG Shares at the exercise price of HK$15 per LSG Share with the exercise period from 19 June 2017 to 18 June 2027.*

   Following the completion of the LSG Rights Issue, the above share option granted has been adjusted to 425,033 underlying LSG Shares at the exercise price of HK$11.763 per LSG Share.

   On 25 January 2022, Dr. Lam was granted a share option by LSG to subscribe for 1,312,300 underlying LSG Shares at the exercise price of HK$3.874 per LSG Share with the exercise period from 25 January 2022 to 24 January 2032.

7. *On 2 August 2021, 92,800 LSG Rights Shares were allotted and issued by LSG, increasing the personal interests of Mr. Lui in LSG from 600 LSG Shares to 93,400 LSG Shares.*

   On 16 August 2022, Mr. Lui has completed a sale of 93,400 LSG Shares and no LSG Shares were held by him since then.

DIRECTORS' INTERESTS IN SECURITIES *(continued)*

Notes: (continued)

8. *The total number of issued LSD Shares as at 31 July 2022 (that is, 968,885,887 LSD Shares) has been used for the calculation of the approximate percentage.*

9. *By virtue of his deemed controlling shareholding interests in LSG as described in Note 2 above, Dr. Lam was deemed to be interested in such LSD Shares owned directly and indirectly by LSG.*

   *Following the completion of the rights issue of LSD on the basis of one rights share of LSD (the "**LSD Rights Share**") for every two existing LSD Shares on 6 October 2021 (the "**LSD Rights Issue**"), 171,796,510 LSD Rights Shares were allotted and issued by LSD, increasing Dr. Lam's deemed controlling shareholding interests in LSD from 343,593,021 LSD Shares to 515,389,531 LSD Shares.*

10. *On 6 October 2021, 216,868 LSD Rights Shares were allotted and issued by LSD, increasing Dr. Lam's personal interests in LSD from 433,737 LSD Shares to 650,605 LSD Shares.*

11. *On 18 January 2013, Dr. Lam was granted a share option by LSD to subscribe (after the adjustments for its rights issue effective on 17 February 2016 and share consolidation effective on 15 August 2017) for 417,308 underlying LSD Shares at the exercise price of HK$16.10 per LSD Share with the exercise period from 18 January 2013 to 17 January 2023.*

    Following the completion of the LSD Rights Issue, the above share option granted has been adjusted to 486,452 underlying LSD Shares at the exercise price of HK$13.811 per LSD Share.

12. *On 18 January 2013, Mr. Lui was granted a share option by LSD to subscribe (after the adjustments for its rights issue effective on 17 February 2016 and share consolidation effective on 15 August 2017) for 104,000 underlying LSD Shares at the exercise price of HK$16.10 per LSD Share with the exercise period from 18 January 2013 to 17 January 2023.*

    Following the completion of the LSD Rights Issue, the above share option granted has been adjusted to 121,232 underlying LSD Shares at the exercise price of HK$13.811 per LSD Share.

13. *The total number of issued eSun Shares as at 31 July 2022 (that is, 1,491,854,598 eSun Shares) has been used for the calculation of the approximate percentage.*

14. *By virtue of his deemed controlling shareholding interests in LSD as described in Note 2 above, Dr. Lam was deemed to be interested in such eSun Shares owned indirectly by LSD.*

15. *The total number of issued Lai Fung Shares as at 31 July 2022 (that is, 331,033,443 Lai Fung Shares) has been used for the calculation of the approximate percentage.*

16. *By virtue of his deemed controlling shareholding interests in LSD as described in Note 2 above, Dr. Lam was deemed to be interested in 1,717,510 and 180,600,756 Lai Fung Shares held by Transtrend Holdings Limited and Holy Unicorn Limited (both being wholly-owned subsidiaries of LSD), respectively.*

17. *On 18 January 2013, Dr. Lam was granted a share option by Lai Fung to subscribe (after the adjustment for its share consolidation effective on 15 August 2017) for 321,918 underlying Lai Fung Shares at the exercise price of HK$11.40 per Lai Fung Share with the exercise period from 18 January 2013 to 17 January 2023.*

18. *On 28 October 2021, Dr. Lam purchased a USD10,000,000 LSMTN 5% guaranteed medium term notes due 2026.*

DIRECTORS' INTERESTS IN SECURITIES *(continued)*

Save as disclosed above, as at 31 July 2022, none of the Directors had, or was deemed to have, any interests 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 SFO), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Stock Exchange and the Company pursuant to Rule 5.46 of the GEM Listing Rules.

SHARE OPTION SCHEME

On 18 December 2012, the Company adopted a share option scheme (the "**Share Option Scheme**") which will remain in force for 10 years commencing from the adoption date, details of which are set out in note 29 to the financial statements.

In compliance with Chapter 23 of the GEM Listing Rules, the Shareholders resolved at the AGM held on 11 December 2015 to refresh the scheme limit under the Share Option Scheme, allowing the Company to grant options to subscribe for up to a total of 213,605,682 Shares (before the share consolidation becoming effective on 22 December 2020 (the "**Share Consolidation**")), representing 10% of the number of the total issued Shares as at the date of passing the relevant resolution. The refreshment of the scheme limit was also approved by the shareholders of eSun at its annual general meeting held on 11 December 2015 pursuant to the requirements of Rule 17.01(4) of the Rules Governing the Listing of Securities on the Stock Exchange and Rule 23.01(4) of the GEM Listing Rules.

No share options have been granted under the Share Option Scheme since its adoption. As a result of (a) the Share Consolidation; (b) the completion of the loan capitalisation on 18 January 2021; (c) the issue of fee shares to Anglo Chinese Corporate Finance, Limited on 17 March 2021; and (d) the issue of subscription shares to THL G Limited on 28 June and 3 August 2021 respectively, the total number of issued Shares increased to 2,986,314,015. As at the date of this report, the Company might grant options under the Share Option Scheme to subscribe for a maximum of 21,360,568 Shares (after adjustment for the Share Consolidation), representing approximately 0.72% of the total number of issued Shares as at 31 July 2022 (i.e. 2,986,314,015 Shares).

CONTROLLING SHAREHOLDER'S INTERESTS IN SIGNIFICANT CONTRACTS

Save as disclosed in the section headed "Continuing Connected Transactions" of this report and note 31 to the financial statements, at no time during the Year had the Company or any of its subsidiaries, and any of the controlling Shareholders or their subsidiaries entered into any contract of significance or any contract of significance for the provision of services by any of the controlling Shareholders or their subsidiaries to the Company or any of its subsidiaries.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 July 2022, the interests and short positions of the persons (other than the Directors)/corporations, in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Position in the Shares

Name of Shareholders	**Capacity in which interests are held**	**Number of Shares**	**Approximate percentage of total issued Shares** *(Note 1)*
Lai Sun Garment (International) Limited	Interest of controlled corporations	2,021,848,647 *(Note 2)*	67.70%
Lai Sun Development Company Limited	Interest of controlled corporations	2,021,848,647 *(Note 2)*	67.70%
eSun Holdings Limited	Interest of controlled corporation	2,021,848,647 *(Note 2)*	67.70%

Notes:

1. *The total number of issued Shares as at 31 July 2022 (that is, 2,986,314,015 Shares) has been used for the calculation of the approximate percentage.*

2. *LSG, LSD and eSun were deemed to be interested in the same 2,021,848,647 Shares held by Perfect Sky. Please refer to Note 2 as shown in the section headed "Directors' Interests in Securities" above for further details.*

Save as disclosed above, as at 31 July 2022, no other persons (other than the Directors)/corporations had any interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONTINUING CONNECTED TRANSACTIONS

During the Year, the Group had entered into the following transactions which constituted continuing connected transactions of the Company (the "**CCTs**") under Chapter 20 of the GEM Listing Rules. Brief particulars of each of the CCTs are set out as follows:

(1) Music Catalogue Distribution Agreements

On 30 April 2021, the Company (as licensee) entered into the music catalogue distribution agreement (the "**Music Catalogue Distribution Agreement**") with Capital Artists Limited ("**CAL**"), East Asia Music (Holdings) Limited ("**EAM**") and Fortunate Sound Limited ("**FSL**") (as licensors), pursuant to which the Company was appointed as the distributor of and licensed with the rights to distribute the Works and the Karaoke Music Videos (as defined in the Music Catalogue Distribution Agreement) in the People's Republic of China (the "**PRC**") for a period of three years from 1 April 2021 to 31 March 2024.

On 20 August 2021, the Company and the licensors entered into a supplemental agreement to the Music Catalogue Distribution Agreement, pursuant to which the definition of Territory (as defined in the Music Catalogue Distribution Agreement) was amended from "PRC" to "worldwide except Taiwan, Singapore, Malaysia and Brunei" with effect from 1 April 2021.

In consideration of the Company providing the services to the licensors in accordance with the terms contained in the Music Catalogue Distribution Agreement, the Company was/will be entitled to retain 15% of the gross revenue as the distribution fee.

eSun is a controlling shareholder of the Company and each of CAL, EAM and FSL is a wholly-owned subsidiary of eSun, and therefore each of them is a connected person of the Company under the GEM Listing Rules. Accordingly, the transactions contemplated under the Music Catalogue Distribution Agreement constituted CCTs of the Company under the GEM Listing Rules.

The annual cap and the aggregate amount of the CCTs under the Music Catalogue Distribution Agreement for the Year were HK$8,500,000 and approximately HK$6,402,000, respectively.

(2) Commercial Letting Framework Agreement

On 31 July 2020, LSG, LSD, eSun, Lai Fung and the Company (collectively, the "**Lai Sun Group**") entered into the commercial letting framework agreement (the "**Commercial Letting Framework Agreement**") to record the basis for governing the transactions with regard to the letting and/or licensing of premises for office space, warehouse, sales office, restaurant premises, serviced apartments, commercial shops and show flats within members of the Lai Sun Group (the "**Letting Transactions**") for a period of three years commenced on 1 August 2020 and expiring on 31 July 2023.

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

CONTINUING CONNECTED TRANSACTIONS *(continued)*

(2) Commercial Letting Framework Agreement (continued)

Pursuant to Hong Kong Financial Reporting Standard 16 "*Leases*", which became effective for the Lai Sun Group from 1 August 2019, lessees are required to recognise a right-of-use asset (which is measured at the present value of total rental payable, discounted using the lessee's incremental borrowing rate) in respect of such fixed rental payments for the term (or, as the case may be, the remainder of the term) of each Letting Transaction. Moreover, licensing fees payable by lessees and other fees payable other than fixed rental payments (such as the property management fees and variable lease payments) under each Letting Transaction are recorded as expenses incurred by the lessees over the term (or, as the case may be, the remainder of the term) of that lease.

LSG, LSD and eSun are the holding companies of the Company whereas Lai Fung is an indirect non-wholly-owned subsidiary of LSD, all of them are therefore connected persons of the Company under the GEM Listing Rules. Accordingly, the Letting Transactions between the Group and the LSG Group (including LSG, LSD, eSun, Lai Fung and their respective subsidiaries but excluding the Group) constituted CCTs of the Company.

The annual cap amounts for the total value of the right-of-use assets, and the licensing and other fees other than fixed rental payments under the Letting Transactions for the Year were HK$4,000,000 and HK$800,000 respectively. The total value of the right-of-use assets recognised for the Letting Transactions entered into by the Group for the Year and management fee paid or payable to the LSG Group for the Year were nil and approximately HK$146,000, respectively.

(3) Film Distribution Agreements

On 22 October 2019, the Company entered into the film distribution agreements with each of Media Asia Distribution Ltd. ("**MAD(BVI)**") and Media Asia Distribution (HK) Limited ("**MAD(HK)**") as the principals (collectively the "**Film Distribution Agreements**") whereby the Company was appointed as the sole agent to provide the distribution services in respect of the films listed in the schedules of the relevant Film Distribution Agreements of which MAD(BVI) or MAD(HK) was the sole legal and beneficial owner of and/or had the right to license or appoint distribution agent for the period from 23 October 2019 to 31 July 2022.

In consideration of the Company providing the distribution services to the principals, the Company was entitled to retain 15% of the gross receipts as the distribution commission.

eSun is a controlling shareholder of the Company and each of MAD(BVI) and MAD(HK) is a subsidiary of eSun and therefore each of them is a connected person of the Company under the GEM Listing Rules. Accordingly, the transactions contemplated under the Film Distribution Agreements constituted CCTs of the Company under the GEM Listing Rules.

The annual cap and the aggregate amount of the CCTs under the Film Distribution Agreements for the Year were HK$9,000,000 and approximately HK$2,689,000, respectively.

CONTINUING CONNECTED TRANSACTIONS *(continued)*

(4) *Theatrical Film Distribution Agreement*

On 12 June 2019, Media Asia Film Distribution (HK) Limited ("**MAFD**"), a wholly-owned subsidiary of the Company, entered into the theatrical film distribution agreement (the "**Theatrical Film Distribution Agreement**") with Intercontinental Film Distributors (H.K.) Limited ("**IFDL**") and Perfect Advertising & Production Company Limited ("**PAPC**"), pursuant to which MAFD granted to IFDL an exclusive licence to exploit the theatrical rights in the Pictures (as defined in the Theatrical Film Distribution Agreement) in cinemas and other places of exhibition (including cinemas operated by Multiplex Cinema Limited, a non-wholly-owned subsidiary of eSun) in Hong Kong and Macau; and IFDL used PAPC for promotion and advertising services on terms and conditions set out in the Theatrical Film Distribution Agreement for a period of three years from 1 August 2019 to 31 July 2022.

Film rental for each picture will be paid to MAFD after (a) paying IFDL the distribution fee, being 10% of the film rental; (b) reimbursing IFDL the distribution costs approved by MAFD and actually incurred; and (c) paying PAPC the promotion and advertising fee, being 7% of the eventual promotion and advertising costs as approved by MAFD. If the film rental of a picture is insufficient to pay the distribution costs and/or the promotion and advertising fee for that picture, MAFD should reimburse IFDL of such shortfall.

Each of IFDL and PAPC is indirectly owned as to 95% by eSun, a controlling shareholder of the Company, and therefore is a connected person of the Company under the GEM Listing Rules. Accordingly, the transactions conducted under the Theatrical Film Distribution Agreement constituted CCTs of the Company under the GEM Listing Rules.

The annual cap and the aggregate amount of the CCTs under the Theatrical Film Distribution Agreement for the Year were HK$8,790,000 and approximately HK$231,000, respectively.

The INEDs have reviewed the CCTs listed above and confirmed that they have been entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better; and according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of Shareholders as a whole.

Ernst & Young, the Company's independent auditor, was engaged to report on the CCTs in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "*Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" and with reference to Practice Note 740 (Revised) "*Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules*" issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young has issued a letter to the Board in accordance with Rule 20.54 of the GEM Listing Rules confirming that nothing has come to its attention that causes it to believe the CCTs listed above:

(a) have not been approved by the Board;

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

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

BUSINESS REVIEW

A fair review of the businesses of the Group during the Year, including an analysis of the Group's development, performance and position using financial key performance indicators, a discussion on the Group's future development, principal risks and uncertainties that the Group may be facing and the important events affecting the Group that have occurred since the Year end are provided in the "Chairman's Statement" and "Management Discussion and Analysis" set out on pages 6 and 7 and pages 8 to 11 of this annual report respectively. Details about the Group's financial risk management are set out in note 34 to the financial statements.

Discussion on the Group's environmental policies and performance, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the "Environmental, Social and Governance Report" and "Corporate Governance Report" on pages 12 to 30 and pages 31 to 49 of this annual report respectively.

The above discussions form part of this report.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme set out in note 29 to the financial statements, the Group has not entered into any equity-linked agreements during the Year.

SHARE CAPITAL

Details of the movements in share capital of the Company during the Year are set out in note 28 to the financial statements.

DISTRIBUTABLE RESERVES

Under the Companies Act 1981 of Bermuda (as amended), the Company's contributed surplus is available for distribution to the Shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

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

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

As at 31 July 2022, the Company did not have reserves available for distribution. However, the Company's share premium account, in the amount of HK$881,732,000, may be applied to pay up unissued shares to be issued to the Shareholders as fully paid bonus shares.

DONATIONS

During the Year, the Group made no donations for charitable or other purposes.

PRE-EMPTIVE RIGHTS

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

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out in the "Financial Summary" of this annual report on page 5.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the Group's five largest customers accounted for approximately 68% of the Group's total revenue and revenue from the largest customer included therein amounted to approximately 49%.

Purchase from the Group's five largest suppliers accounted for approximately 64% of the Group's purchases for the Year and purchase from the largest supplier included therein amounted to approximately 17%.

None of the Directors, their close associates or any Shareholder (which to the best knowledge and belief of the Directors, own more than 5% of the Company's issued Shares) had an interest in the five largest customers or suppliers of the Group.

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

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company has maintained the prescribed public float under the GEM Listing Rules during the Year and up to the date of this annual report.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the INEDs in writing an annual confirmation of his independence for the Year pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers all INEDs to be independent.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") currently comprises three INEDs, namely Mr. Ng Chi Ho, Dennis (Chairman), Mr. Au and Mr. Poon. The Audit Committee has reviewed with the management of the Company the audited consolidated financial statements for the Year.

INDEPENDENT AUDITOR

The consolidated financial statements of the Company for the Year have been audited by Ernst & Young who will retire and, being eligible, offer itself for re-appointment at the forthcoming AGM. Having approved by the Board upon the Audit Committee's recommendation, a resolution for the re-appointment of Ernst & Young as the independent auditor of the Company for the ensuing year will be proposed at the forthcoming AGM for Shareholders' approval.

On behalf of the Board

Lam Kin Ngok, Peter
Chairman

Hong Kong, 17 October 2022

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Media Asia Group Holdings Limited
(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Media Asia Group Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 74 to 156, which comprise the consolidated statement of financial position as at 31 July 2022, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 July 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of films and TV programs under production and film and TV program products	
As at 31 July 2022, the Group had films and TV programs under production and film and TV program products of approximately HK$245,389,000 and HK$21,756,000, respectively. Management makes significant judgements and estimates in assessing whether there is any impairment or reversal of impairment for these assets. In making such assessment, management considers both internal and external information available on the films and TV programs under production and film and TV program products, and reviews the estimated costs to be incurred to complete production, projected revenues and related future cash flows of the relevant assets, as appropriate. Further details are included in note 3(a) to the consolidated financial statements. Related disclosures are included in notes 3(a), 14 and 16 to the consolidated financial statements.	We have evaluated management's impairment assessments of films and TV programs under production and film and TV program products by performing, among others, the following procedures: • Obtained an understanding of the procedures used by management to perform the impairment assessment on films and TV programs under production and film and TV program products. • Assessed the sources of information used by management in identifying impairment indicators on films and TV programs under production and film and TV program products which included, among others, by (i) performing inquiries, with management about the main artistes and directors involved in the films and TV programs, the production plan, the progress of the production, and the distribution plans of the respective films and TV programs; and (ii) performing a search through external sources for relevant media coverage on the related popularity and past performance of the main artistes and directors of the respective films and TV programs to corroborate management's production and distribution plans.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of films and TV programs under production and film and TV program products (continued)	
	• Evaluated the key assumptions used by management in the impairment assessment which included, among others, the projected revenues from films and TV programs and estimated costs to be incurred to complete the production, by comparing with the production plans, agreements for future licensing and historical cash flows. • Involved our internal valuation specialists to assist us in evaluating the assumptions, discount rates and methodologies used by the Group in the discounted cash flow projections.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Ernst & Young
Certified Public Accountants

27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

17 October 2022

CONSOLIDATED INCOME STATEMENT

Year ended 31 July 2022

	Notes	2022 HK$'000	2021 HK$'000
TURNOVER	5	**222,466**	354,986
Cost of sales		**(179,499)**	(385,439)
Gross profit/(loss)		**42,967**	(30,453)
Other income	5	**6,086**	10,323
Marketing expenses		**(18,531)**	(19,180)
Administrative expenses		**(116,094)**	(114,627)
Other operating gains		**12,111**	39,236
Other operating expenses		**(30,845)**	(50,044)
LOSS FROM OPERATING ACTIVITIES		**(104,306)**	(164,745)
Finance costs	6	**(2,266)**	(6,652)
Share of profits and losses of joint ventures		**(1,390)**	420
LOSS BEFORE TAX	7	**(107,962)**	(170,977)
Income tax expense	9	**(1,522)**	(504)
LOSS FOR THE YEAR		**(109,484)**	(171,481)
Attributable to:			
Owners of the Company		**(107,368)**	(171,425)
Non-controlling interests		**(2,116)**	(56)
		(109,484)	(171,481)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	11		
Basic and diluted (HK cents)		**(3.60)**	(10.35)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 July 2022

	2022 HK$'000	2021 HK$'000
LOSS FOR THE YEAR	**(109,484)**	(171,481)
OTHER COMPREHENSIVE LOSS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT IN SUBSEQUENT PERIODS		
Exchange differences on translation of foreign operations	**(1,260)**	(10,673)
Release of foreign currency translation reserve upon dissolution of a subsidiary/deregistration of subsidiaries	**(176)**	(183)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(1,436)**	(10,856)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(110,920)**	(182,337)
Attributable to:		
Owners of the Company	**(109,197)**	(182,538)
Non-controlling interests	**(1,723)**	201
	(110,920)	(182,337)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 July 2022

	Notes	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	–	–
Film and TV program products	14	21,756	15,420
Film and TV program rights	15	469	–
Investments in joint ventures	17	12,191	15,823
Investment in an associate	18	–	–
Prepayments, deposits and other receivables	22	38,487	25,562
Right-of-use assets	20(a)	–	–
Total non-current assets		72,903	56,805
CURRENT ASSETS			
Films and TV programs under production and film investments	16	317,109	235,844
Trade receivables	21	55,549	60,522
Prepayments, deposits and other receivables	22	109,851	126,303
Other financial assets	19	–	4,571
Cash and cash equivalents	23	174,584	295,564
Total current assets		657,093	722,804
CURRENT LIABILITIES			
Trade payables	24	2,718	4,095
Accruals and other payables	25(a)	204,909	269,695
Deposits received	25(b)	107,986	167,102
Lease liabilities	20(b)	6,354	7,497
Tax payable		9,087	9,087
Total current liabilities		331,054	457,476
NET CURRENT ASSETS		326,039	265,328
TOTAL ASSETS LESS CURRENT LIABILITIES		398,942	322,133
NON-CURRENT LIABILITIES			
Loan from an intermediate holding company	26	137,000	–
Lease liabilities	20(b)	4,852	2,160
Total non-current liabilities		141,852	2,160
Net assets		257,090	319,973

	Notes	2022 HK$'000	2021 HK$'000
EQUITY			
Equity attributable to owners of the Company			
Issued capital	28	**298,631**	294,570
Reserves	30	**(24,788)**	40,433
		273,843	335,003
Non-controlling interests		**(16,753)**	(15,030)
Total equity		**257,090**	319,973

Lam Kin Ngok, Peter
Director

Lui Siu Tsuen, Richard
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 July 2022

		Attributable to owners of the Company							
	Notes	Issued capital HK$'000	Share premium account HK$'000	Contributed surplus HK$'000	Foreign currency translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 August 2020		21,361	633,661	95,191	(7,975)	(702,001)	40,237	(15,231)	25,006
Loss for the year		–	–	–	–	(171,425)	(171,425)	(56)	(171,481)
Other comprehensive income/(loss) for the year:									
Exchange differences on translation of foreign operations		–	–	–	(10,930)	–	(10,930)	257	(10,673)
Release of foreign currency translation reserve upon deregistration of subsidiaries	36	–	–	–	(183)	–	(183)	–	(183)
Total comprehensive income/(loss) for the year		–	–	–	(11,113)	(171,425)	(182,538)	201	(182,337)
Loan capitalisation	28(a)(iii)	268,750	161,250	–	–	–	430,000	–	430,000
Transaction costs of loan capitalisation	28(a)(iii)	–	(3,527)	–	–	–	(3,527)	–	(3,527)
Issuance of fee shares	28(b)	187	113	–	–	–	300	–	300
Placing of shares	28(c)	4,272	46,993	–	–	–	51,265	–	51,265
Transaction costs of placing of shares	28(c)	–	(734)	–	–	–	(734)	–	(734)
At 31 July 2021 and 1 August 2021		294,570	837,756#	95,191#	(19,088)#	(873,426)#	335,003	(15,030)	319,973
Loss for the year		–	–	–	–	(107,368)	(107,368)	(2,116)	(109,484)
Other comprehensive income/(loss) for the year:									
Exchange differences on translation of foreign operations		–	–	–	(1,653)	–	(1,653)	393	(1,260)
Release of foreign currency translation reserve upon dissolution of a subsidiary	36	–	–	–	(176)	–	(176)	–	(176)
Total comprehensive loss for the year		–	–	–	(1,829)	(107,368)	(109,197)	(1,723)	(110,920)
Placing of shares	28(c)	4,061	44,674	–	–	–	48,735	–	48,735
Transaction costs of placing of shares	28(c)	–	(698)	–	–	–	(698)	–	(698)
At 31 July 2022		298,631	881,732#	95,191#	(20,917)#	(980,794)#	273,843	(16,753)	257,090

These reserve accounts comprise the consolidated deficit of approximately HK$24,788,000 (2021: reserves of approximately HK$40,433,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 July 2022

	Notes	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(107,962)**	(170,977)
Adjustments for:			
Finance costs	6	**2,266**	6,652
Share of profits and losses of joint ventures		**1,390**	(420)
Share of profit and loss of an associate		**–**	–
Interest income	5	**(825)**	(1,735)
Gain on dissolution of a subsidiary/deregistration of subsidiaries	7	**(176)**	(183)
Loss on disposal of joint ventures	7	**–**	142
Gain on termination of a lease	7	**(298)**	(163)
Fair value change from other financial assets	7	**4,417**	–
Fair value change from film investments	7	**(1,656)**	12,702
Fair value change from entertainment events organised by co-investors	7	**(155)**	1,280
Depreciation of property, plant and equipment	7	**181**	257
Depreciation of right-of-use assets	7	**2,675**	1,491
Impairment of property, plant and equipment	7	**690**	1,247
Impairment of right-of-use assets	7	**9,559**	4,135
Impairment of amounts due from joint ventures	7	**1,709**	1,960
Reversal of impairment of amounts due from joint ventures	7	**(1,551)**	(1,876)
Reversal of impairment of an amount due from an associate	7	**(19)**	(14)
Amortisation of film and TV program products	7	**10,076**	176,388
Amortisation of film and TV program rights	7	**80**	1,846
Impairment of films and TV programs under production	7	**39,977**	2,553
Impairment of trade receivables, net	7	**4,455**	4,655
Impairment of advances and other receivables	7	**4,000**	18,215
Reversal of impairment of advances and other receivables	7	**(4,015)**	(724)
Foreign exchange differences, net	7	**6,193**	(36,276)
		(28,989)	21,155
Increase in film investments		**(28,576)**	(37,825)
Additions of films and TV programs under production	16(i)	**(204,177)**	(177,193)
Additions of film and TV program products	14	**–**	(2,661)
Decrease in film and TV program products	14	**92,245**	132,285
Additions of film and TV program rights	15	**(549)**	(1,846)
Decrease in other financial assets		**–**	1,444
Increase in trade receivables		**(108)**	(19,398)
Decrease/(increase) in prepayments, deposits and other receivables		**2,324**	(9,427)
Increase/(decrease) in trade payables		**(1,294)**	4,003
Increase/(decrease) in accruals and other payables		**(64,769)**	17,480
Decrease in deposits received		**(58,379)**	(59,329)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 July 2022

	Notes	2022 HK$'000	2021 HK$'000
Cash used in operations		**(292,272)**	(131,312)
Hong Kong taxes paid		**—**	(1,607)
Overseas taxes paid		**(1,522)**	(561)
Net cash flows used in operating activities		**(293,794)**	(133,480)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**825**	1,735
Purchases of property, plant and equipment	12	**(871)**	(1,504)
Proceeds from disposal of joint ventures		**—**	1,104
Capital contribution to a joint venture		**(2,346)**	—
Dividend received from a joint venture		**—**	6,775
Repayment from/(advances to) joint ventures		**4,277**	(9,717)
Repayment of an amount due from an associate		**19**	14
Net cash flows from/(used in) investing activities		**1,904**	(1,593)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from placing of shares	28(c)	**48,735**	51,265
Transaction costs of placing of shares	28(c)	**(698)**	(734)
Transaction costs of loan capitalisation	28(a)(iii)	**—**	(3,527)
Interest paid to an intermediate holding company		**(1,818)**	(6,063)
Loan from an intermediate holding company		**137,000**	80,000
Principal portion of lease payments		**(10,059)**	(10,787)
Interest paid on lease liabilities		**(392)**	(620)
Net cash flows from financing activities		**172,768**	109,534
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(119,122)**	(25,539)
Cash and cash equivalents at beginning of year		**295,564**	317,692
Effect of foreign exchange rate changes, net		**(1,858)**	3,411
CASH AND CASH EQUIVALENTS AT END OF YEAR		**174,584**	295,564
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	**174,584**	295,564

1. CORPORATE AND GROUP INFORMATION

Media Asia Group Holdings Limited (the "**Company**") is an exempted company under the laws of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The address of its principal place of business is 11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong. The Company's shares are listed and traded on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

During the year, the Company acted as an investment holding company. The principal activities of its subsidiaries are disclosed in note 36 to the financial statements.

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

2. BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 July 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

(b) rights arising from other contractual arrangements; and

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

2. BASIS OF PREPARATION *(continued)*

Basis of consolidation (continued)

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

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

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

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

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform — Phase 2*

The adoption of the above revised HKFRSs has had no significant impact on the financial performance or financial position of the Group.

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKFRS 17	*Insurance Contracts*[2, 5]
Amendments to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative information*[2]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[2, 4]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to HKAS 8	*Definition of Accounting Estimates*[2]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to HKAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*[1]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[1]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in associates and joint ventures (continued)

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

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

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

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

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

Interests in joint operations

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Interests in joint operations (continued)

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

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

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

Business combinations and goodwill

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

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

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill (continued)

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

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

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

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

Fair value measurement

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fair value measurement (continued)

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

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

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

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

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

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

Leasehold improvements	20%
Office equipment, furniture and fixtures	20% – 25%
Motor vehicles	30%
Computer equipment	30%

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

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

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Film and TV program rights, film and TV program products, films and TV programs under production, and film investments (continued)

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

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

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

Investments and other financial assets

Initial recognition and measurement

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

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

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the income statement when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets

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

General approach

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

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

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

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets (continued)

Simplified approach

The Group applies the simplified approach in calculating ECLs for trade receivables. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Derecognition of financial assets

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

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

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

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

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities (continued)

Subsequent measurement

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

Financial liabilities at amortised cost (loans and borrowings)

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Provisions

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

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

(b) Lease liabilities

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases (continued)

Group as a lessee (continued)

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

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Revenue recognition

Revenue from contracts with customers

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

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

(a) Revenue from entertainment events organised by the Group is recognised when the events are completed;

(b) Income from films licensed to movie theatres is recognised when the films are exhibited;

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

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

(e) Sales of film and TV program products and albums are recognised when control of the asset is transferred to the customers, generally on delivery of the products or in accordance with the terms of the relevant agreements;

(f) Distribution commission income is recognised when the album, film materials or TV program materials have been delivered to the wholesalers, distributors and licensees;

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition (continued)

Revenue from contracts with customers (continued)

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

(h) Artiste management fee income, producer fee income and consultancy service income from entertainment events, and commission income and handling fee income from entertainment events are recognised in the period in which the relevant services are rendered to the customer or the customer simultaneously receives and consumes the benefits provided by the Group.

Other income

(i) Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset;

(ii) Dividend income is recognised when the shareholder's right to receive payment has been established; and

(iii) Rental income is recognised on a time proportion basis over the lease terms.

Contract liabilities

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

Employee benefits

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("**Equity-Settled Transactions**").

The cost of Equity-Settled Transactions with employees is measured by reference to the fair value at the date at which they are granted.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits (continued)

Share-based payments (continued)

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

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

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

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits (continued)

Retirement benefit schemes

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

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

Borrowing costs

Borrowing costs are expensed in the year in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Government grants

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

Foreign currencies

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies (continued)

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

The functional currencies of certain overseas subsidiaries and joint ventures are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

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

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

Income tax

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax (continued)

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

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

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

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

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

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax (continued)

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

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

Related parties

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

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties (continued)

(b) *(continued)*

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

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

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

3. SIGNIFICANT ACCOUNTING ESTIMATES

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

Estimation uncertainty

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

3. SIGNIFICANT ACCOUNTING ESTIMATES *(continued)*

Estimation uncertainty (continued)

(a) *Impairment assessment of film and TV program products and films and TV programs under production*

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

The estimated costs to be incurred to complete production, projected revenues and related future cash flows can change significantly due to a variety of factors. Based on both internal and external information available on the film and TV program products and films and TV programs under production, management reviews the estimated costs to be incurred to complete production, the projected revenues and the related future cash flows of the relevant assets, as appropriate, to assess whether there is any impairment or reversal of impairment. Any change in estimates may have a significant impact on the Group's financial performance. The carrying amounts of film and TV program products and films and TV programs under production are disclosed in notes 14 and 16 to the financial statements, respectively.

(b) *Provision for ECLs on trade receivables and other receivables*

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

3. SIGNIFICANT ACCOUNTING ESTIMATES *(continued)*

Estimation uncertainty (continued)

(b) Provision for ECLs on trade receivables and other receivables (continued)

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 21 to the financial statements.

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

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

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

(c) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period, and tests for certain non-financial assets for impairment annually or any time during an annual period when such an indicator exists, where appropriate. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use. When calculating the value-in-use, management estimates the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. OPERATING SEGMENT INFORMATION

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

(i) the media and entertainment segment engages in the investment in and the production of entertainment events, the provision of artiste management services, album sales and the distribution and licence of music;

(ii) the film and TV program segment engages in the investment in, production of, sale, distribution and licence of films and TV programs; and

(iii) the corporate segment comprises corporate income and expense items.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of profit/(loss) before tax.

Segment liabilities exclude tax payable and loan from an intermediate holding company as these liabilities are managed on a group basis.

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

There were no material intersegmental sales and transfers during the year (2021: Nil).

4. OPERATING SEGMENT INFORMATION *(continued)*

Segment revenue/results:

	Media and entertainment		Film and TV program		Corporate		Consolidated	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Sales to external customers	**78,642**	108,865	**143,824**	246,121	**–**	–	**222,466**	354,986
Other income	**2,015**	3,026	**1,238**	2,759	**2,833**	4,538	**6,086**	10,323
Segment loss	**(29,860)**	(40,693)	**(65,083)**	(107,569)	**(9,539)**	(16,524)	**(104,482)**	(164,786)
Gain on dissolution of a subsidiary/ deregistration of subsidiaries	**–**	102	**176**	81	**–**	–	**176**	183
Loss on disposal of joint ventures	**–**	(142)	**–**	–	**–**	–	**–**	(142)
Finance costs							**(2,266)**	(6,652)
Share of profits and losses of joint ventures	**(543)**	1,309	**(847)**	(889)	**–**	–	**(1,390)**	420
Loss before tax							**(107,962)**	(170,977)

Segment assets/liabilities:

	Media and entertainment		Film and TV program		Corporate		Consolidated	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**141,760**	210,975	**528,567**	456,515	**47,478**	96,296	**717,805**	763,786
Investments in joint ventures	**10,533**	14,766	**1,658**	1,057	**–**	–	**12,191**	15,823
Investment in an associate	**–**	–	**–**	–	**–**	–	**–**	–
Total assets							**729,996**	779,609
Segment liabilities	**65,417**	122,025	**256,741**	320,905	**4,661**	7,619	**326,819**	450,549
Unallocated liabilities							**146,087**	9,087
Total liabilities							**472,906**	459,636

4. OPERATING SEGMENT INFORMATION *(continued)*

Other segment information:

	Media and entertainment		Film and TV program		Corporate		Consolidated	
	2022 HK$'000	2021 HK$'000	**2022 HK$'000**	2021 HK$'000	**2022 HK$'000**	2021 HK$'000	**2022 HK$'000**	2021 HK$'000
Depreciation of property, plant and equipment	**130**	48	**39**	17	**12**	192	**181**	257
Depreciation of right-of-use assets	**423**	856	**2,134**	530	**118**	105	**2,675**	1,491
Amortisation of film and TV program products	**–**	–	**10,076**	176,388	**–**	–	**10,076**	176,388
Amortisation of film and TV program rights	**–**	–	**80**	1,846	**–**	–	**80**	1,846
Impairment of films and TV programs under production	**–**	–	**39,977**	2,553	**–**	–	**39,977**	2,553
Impairment of trade receivables, net	**4,573**	4,599	**(118)**	56	**–**	–	**4,455**	4,655
Impairment of advances and other receivables	**4,000**	14,606	**–**	3,609	**–**	–	**4,000**	18,215
Impairment of property, plant and equipment	**384**	493	**129**	117	**177**	637	**690**	1,247
Impairment of right-of-use assets	**1,491**	2,840	**7,283**	865	**785**	430	**9,559**	4,135
Impairment of amounts due from joint ventures	**1,709**	1,960	**–**	–	**–**	–	**1,709**	1,960
Reversal of impairment of amounts due from joint ventures	**–**	(693)	**(1,551)**	(1,183)	**–**	–	**(1,551)**	(1,876)
Reversal of impairment of an amount due from an associate	**–**	–	**(19)**	(14)	**–**	–	**(19)**	(14)
Reversal of impairment of advances and other receivables	**(4,015)**	(303)	**–**	(421)	**–**	–	**(4,015)**	(724)
Additions of property, plant and equipment	**514**	541	**168**	134	**189**	829	**871**	1,504
Additions of right-of-use assets	**–**	3,696	**–**	1,395	**1,280**	535	**1,280**	5,626
Additions of film and TV program products	**–**	–	**–**	2,661	**–**	–	**–**	2,661
Additions of film and TV program rights	**–**	–	**549**	1,846	**–**	–	**549**	1,846
Additions of films and TV programs under production and film investments	**–**	–	**244,246**	224,588	**–**	–	**244,246**	224,588

4. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information:

	Hong Kong		Mainland China		Macau		Others		Consolidated	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue:										
Sales to external customers	**79,895**	110,638	**129,194**	227,059	**1,816**	1	**11,561**	17,288	**222,466**	354,986
Assets:										
Segment assets										
– non-current assets	**66,381**	53,399	**6,469**	3,144	**–**	–	**53**	262	**72,903**	56,805
– current assets	**381,750**	463,270	**265,206**	252,520	**1,057**	2,036	**9,080**	4,978	**657,093**	722,804
Total assets									**729,996**	779,609
Other information:										
Additions of property, plant and equipment	**756**	1,151	**11**	211	**–**	–	**104**	142	**871**	1,504
Additions of right-of-use assets	**1,280**	1,872	**–**	2,380	**–**	–	**–**	1,374	**1,280**	5,626
Additions of film and TV program products	**–**	2,530	**–**	131	**–**	–	**–**	–	**–**	2,661
Additions of film and TV program rights	**549**	1,846	**–**	–	**–**	–	**–**	–	**549**	1,846
Additions of films and TV programs under production and film investments	**181,469**	121,968	**62,270**	102,620	**–**	–	**507**	–	**244,246**	224,588

Information about major customers

Revenue from one (2021: one) customer which accounted for revenue exceeding 10% of the Group's total revenues derived from film and TV program segment amounted to approximately HK$109,650,000 for the year ended 31 July 2022 (2021: approximately HK$140,804,000).

5. TURNOVER AND OTHER INCOME

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

	2022 HK$'000	2021 HK$'000
Revenue from contracts with customers		
Entertainment event income	36,963	72,429
Album sales, licence income and distribution commission income from music publishing and licensing	33,157	31,108
Artiste management fee income	8,522	5,328
Distribution commission income, licence income from and sales of film and TV program products and film and TV program rights	143,824	246,121
	222,466	354,986

(i) *Disaggregated revenue information:*

Year ended 31 July 2022

	Media and entertainment HK$'000	Film and TV program HK$'000	Total HK$'000
Timing of revenue recognition			
At a point in time	68,934	143,824	212,758
Over time	9,708	–	9,708
Total revenue from contracts with customers	78,642	143,824	222,466
Geographical markets			
Hong Kong	68,265	11,630	79,895
Mainland China	6,058	123,136	129,194
Macau	1,798	18	1,816
Others	2,521	9,040	11,561
Total revenue from contracts with customers	78,642	143,824	222,466

5. TURNOVER AND OTHER INCOME *(continued)*

(a) (continued)

(i) Disaggregated revenue information: (continued)

Year ended 31 July 2021

	Media and entertainment HK$'000	Film and TV program HK$'000	Total HK$'000
Timing of revenue recognition			
At a point in time	93,402	245,671	339,073
Over time	15,463	450	15,913
Total revenue from contracts with customers	108,865	246,121	354,986
Geographical markets			
Hong Kong	92,475	18,163	110,638
Mainland China	14,612	212,447	227,059
Macau	–	1	1
Others	1,778	15,510	17,288
Total revenue from contracts with customers	108,865	246,121	354,986

The revenue from contracts with customers recognised in the current reporting period that was included in contract liabilities at the beginning of the reporting period was approximately HK$62,770,000 (2021: approximately HK$154,679,000).

(ii) Transaction price allocated to the remaining performance obligations

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

5. TURNOVER AND OTHER INCOME *(continued)*

(b) An analysis of the Group's other income is as follows:

	2022 HK$'000	2021 HK$'000
Other income from contracts with customers		
Commission and handling fee income from entertainment and other events#	**1,805**	3,431
Other income from other sources		
Bank interest income	**825**	1,735
Government grants*	**2,159**	3,826
Rental income	**1,050**	895
Others	**247**	436
	4,281	6,892
	6,086	10,323

The commission and handling fee income from entertainment and other events are (i) recognised either at a point in time or over time, depends on which the relevant services are rendered to the customer or the customer simultaneously receives and consumes the benefits provided by the Group and (ii) mainly derived from Hong Kong region. Payment in advance is normally required.

* There are no unfulfilled conditions or contingencies related to this income.

6. FINANCE COSTS

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

	2022 HK$'000	2021 HK$'000
Interest on:		
— Loan from an intermediate holding company (note 31(a)(vi))	**1,874**	6,032
— Lease liabilities (note 20(b))	**392**	620
	2,266	6,652

7. LOSS BEFORE TAX

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

	Notes	2022 HK$'000	2021 HK$'000
Cost of film and TV program products, film and TV program rights and licence rights		**132,091**	314,005
Cost of artiste management services and services for entertainment events provided		**47,408**	71,434
Total cost of sales		**179,499**	385,439
Depreciation of property, plant and equipment	12	**181**	257
Depreciation of right-of-use assets	20(a)	**2,675**	1,491
Amortisation of film and TV program products#	14	**10,076**	176,388
Amortisation of film and TV program rights#	15	**80**	1,846
Lease payments not included in the measurement of lease liabilities:			
Entertainment events#		**1,045**	474
Others		**1,739**	1,896
Contingent rents incurred for entertainment events#		**2,199**	6,215
Total	20(e)	**4,983**	8,585
Auditor's remuneration		**2,344**	2,222
Employee benefit expense (including directors' emoluments (note 8)):			
Salaries, wages, bonuses and allowances		**81,476**	75,652
Pension scheme contributions^		**5,143**	4,401
		86,619	80,053

7. LOSS BEFORE TAX *(continued)*

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

	Notes	**2022 HK$'000**	2021 HK$'000
Gain on dissolution of a subsidiary/deregistration of subsidiaries*	36	**(176)**	(183)
Loss on disposal of joint ventures##	17	**–**	142
Gain on termination of a lease*	20(c)	**(298)**	(163)
Impairment of property, plant and equipment##	12	**690**	1,247
Impairment of right-of-use assets##	20(a)	**9,559**	4,135
Impairment of amounts due from joint ventures##	17	**1,709**	1,960
Reversal of impairment of amounts due from joint ventures*	17	**(1,551)**	(1,876)
Reversal of impairment of an amount due from an associate*	18	**(19)**	(14)
Impairment of films and TV programs under production#	16(i)	**39,977**	2,553
Impairment of trade receivables, net##	21	**4,455**	4,655
Impairment of advances and other receivables##	22	**4,000**	18,215
Reversal of impairment of advances and other receivables*	22	**(4,015)**	(724)
Fair value change from film investments*/##	16(ii)	**(1,656)**	12,702
Fair value change from other financial assets##		**4,417**	–
Share of net gain/(loss) from entertainment events organised by the Group to co-investors*/##		**(555)**	3,242
Fair value change from entertainment events organised by co-investors*/##		**(155)**	1,280
Foreign exchange gains, net*		**–**	(36,276)
Foreign exchange losses, net##		**6,193**	–

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

These items are included in "Other operating expenses" in the consolidated income statement.

* These items are included in "Other operating gains" in the consolidated income statement.

^ As at 31 July 2022 and 31 July 2021, the Group had no forfeited contributions from the pension schemes available to reduce its contributions to the pension schemes in future years.

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) *Directors' emoluments*

Directors' emoluments for the year, disclosed pursuant to The Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") and section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

	2022 HK$'000	2021 HK$'000
Fees	1,260	1,260
Other emoluments:		
Salaries and allowances	4,903	4,754
Pension scheme contributions	33	35
	4,936	4,789
	6,196	6,049

	Fees HK$'000	Salaries and allowances HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Year ended 31 July 2022				
Executive Directors				
Lam Kin Ngok, Peter	180	–	–	180
Lui Siu Tsuen, Richard	180	–	–	180
Chan Chi Kwong	180	3,593	15	3,788
Yip Chai Tuck	180	1,310	18	1,508
	720	4,903	33	5,656
Independent Non-executive Directors				
Ng Chi Ho, Dennis	180	–	–	180
Poon Kwok Hing, Albert	180	–	–	180
Au Hoi Fung	180	–	–	180
	540	–	–	540
	1,260	4,903	33	6,196

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(continued)*

(a) Directors' emoluments (continued)

	Fees HK$'000	Salaries and allowances HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Year ended 31 July 2021				
Executive Directors				
Lam Kin Ngok, Peter	180	–	–	180
Lui Siu Tsuen, Richard	180	–	–	180
Chan Chi Kwong	180	3,583	17	3,780
Yip Chai Tuck	180	1,171	18	1,369
	720	4,754	35	5,509
Independent Non-executive Directors				
Ng Chi Ho, Dennis	180	–	–	180
Poon Kwok Hing, Albert	180	–	–	180
Au Hoi Fung	180	–	–	180
	540	–	–	540
	1,260	4,754	35	6,049

There was no arrangement under which a director waived or agreed to waive any emoluments during the year.

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(continued)*

(b) Employees' emoluments

The five highest paid employees during the year included one (2021: one) director, details of whose emoluments are set out above. Details of the remuneration of the remaining four (2021: four) non-director, highest paid employees for the year are as follows:

	2022 HK$'000	2021 HK$'000
Salaries and allowances	**9,458**	8,624
Pension scheme contributions	**36**	39
	9,494	8,663

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

	Number of employees	
	2022	2021
HK$1,500,001 to HK$2,000,000	**2**	2
HK$2,000,001 to HK$2,500,000	**1**	1
HK$2,500,001 to HK$3,000,000	**–**	1
HK$3,000,001 to HK$3,500,000	**1**	–
	4	4

9. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 July 2022 and 31 July 2021. 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.

	2022 HK$'000	2021 HK$'000
Provision for tax for the year		
Current – Hong Kong		
Charge for the year	**–**	–
Overprovision in prior years	**–**	(18)
Current – Elsewhere		
Charge for the year	**1,522**	561
Overprovision in prior years	**–**	(39)
Total tax expense for the year	**1,522**	504

9. INCOME TAX *(continued)*

A reconciliation of the tax expense applicable to loss before tax at the statutory rates for the tax jurisdictions in which the Company and majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	2022 HK$'000	2021 HK$'000
Loss before tax	**(107,962)**	(170,977)
Tax at the applicable tax rates	**(16,298)**	(40,516)
Adjustments in respect of current tax of previous years	**–**	(57)
Profits and losses attributable to joint ventures and an associate	**229**	(69)
Income not subject to tax	**(1,447)**	(1,669)
Expenses not deductible for tax	**629**	1,784
Utilisation of tax losses previously not recognised	**(3,662)**	(1,509)
Estimated tax losses not recognised	**21,817**	42,470
Others	**254**	70
Tax charge at the Group's effective rate	**1,522**	504

10. DIVIDEND

The board of directors of the Company does not recommend the payment of any dividend in respect of the year ended 31 July 2022 (2021: Nil).

11. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to owners of the Company of approximately HK$107,368,000 (2021: approximately HK$171,425,000) and the weighted average number of ordinary shares of approximately 2,986,314,000 (2021: approximately 1,655,857,000) in issue during the year.

The weighted average number of ordinary shares in issue used in the basic and diluted loss per share calculation for the year ended 31 July 2021 has been adjusted to reflect the effect of Share Consolidation as set out in note 28(a)(i) to the financial statements.

The Group had no potential dilutive ordinary shares in issue during the years ended 31 July 2022 and 2021.

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Office equipment, furniture and fixtures HK$'000	Motor vehicles HK$'000	Computer equipment HK$'000	Total HK$'000
Cost:					
At 1 August 2020	15,817	3,092	828	3,434	23,171
Additions	356	153	–	995	1,504
Disposal	(138)	(56)	–	(50)	(244)
Exchange realignment	324	77	–	74	475
At 31 July 2021 and 1 August 2021	16,359	3,266	828	4,453	24,906
Additions	172	51	–	648	871
Disposal	–	–	–	(48)	(48)
Exchange realignment	(181)	(51)	–	(56)	(288)
At 31 July 2022	16,350	3,266	828	4,997	25,441
Accumulated depreciation and impairment:					
At 1 August 2020	15,817	3,092	828	3,434	23,171
Depreciation	71	15	–	171	257
Disposal	(138)	(56)	–	(50)	(244)
Impairment	285	138	–	824	1,247
Exchange realignment	324	77	–	74	475
At 31 July 2021 and 1 August 2021	16,359	3,266	828	4,453	24,906
Depreciation	12	2	–	167	181
Disposal	–	–	–	(48)	(48)
Impairment	160	49	–	481	690
Exchange realignment	(181)	(51)	–	(56)	(288)
At 31 July 2022	16,350	3,266	828	4,997	25,441
Net carrying amount:					
At 31 July 2022	–	–	–	–	–
At 31 July 2021	–	–	–	–	–

12. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Impairment assessment of property, plant and equipment

In light of the Group's operating performance during the year, the Group's management identified the assets under underperforming cash-generating units and estimated the recoverable amounts of these assets. Based on the value-in-use calculation, the carrying amounts of property, plant and equipment of the Group were fully impaired by approximately HK$690,000 (2021: approximately HK$1,247,000) during the year and the aggregate recoverable amount of these assets was estimated by using a discount rate of 11% (2021: 11%) as at year end date.

13. GOODWILL

	HK$'000
Cost:	
At 1 August 2020	3,477
Deregistration of a subsidiary	(849)
At 31 July 2021, 1 August 2021 and 31 July 2022	2,628
Accumulated impairment:	
At 1 August 2020	3,477
Deregistration of a subsidiary	(849)
At 31 July 2021, 1 August 2021 and 31 July 2022	2,628
Net carrying amount:	
At 31 July 2022	–
At 31 July 2021	–

14. FILM AND TV PROGRAM PRODUCTS

	HK$'000
Cost:	
At 1 August 2020	1,242,158
Additions	2,661
Transfer from films and TV programs under production (note 16)	296,164
Sales of film and TV program products	(132,285)
Exchange realignment	10,480
At 31 July 2021 and 1 August 2021	1,419,178
Transfer from films and TV programs under production (note 16)	108,681
Sales of film and TV program products	(92,245)
Exchange realignment	(7,994)
At 31 July 2022	1,427,620
Accumulated amortisation and impairment:	
At 1 August 2020	1,216,890
Amortisation	176,388
Exchange realignment	10,480
At 31 July 2021 and 1 August 2021	1,403,758
Amortisation	10,076
Exchange realignment	(7,970)
At 31 July 2022	1,405,864
Net carrying amount:	
At 31 July 2022	21,756
At 31 July 2021	15,420

In light of the specific circumstances of the film and TV industry, the Group regularly reviewed its film and TV program products to assess the marketability/future economic benefits of film and TV program products and the corresponding recoverable amounts. The estimated recoverable amounts as at 31 July 2022 and 31 July 2021 were determined based on the present value of expected future revenues and related cash flows arising from the distribution and sublicensing of the film and TV program products, which were derived from discounting the projected cash flows using a discount rate of 13.5% (2021: 15%) for the relevant assets.

15. FILM AND TV PROGRAM RIGHTS

	HK$'000
Cost:	
At 1 August 2020	34,517
Additions	1,846
At 31 July 2021 and 1 August 2021	36,363
Additions	549
Write-off	(1,070)
At 31 July 2022	35,842
Accumulated amortisation and impairment:	
At 1 August 2020	34,517
Amortisation	1,846
At 31 July 2021 and 1 August 2021	36,363
Amortisation	80
Write-off	(1,070)
At 31 July 2022	35,373
Net carrying amount:	
At 31 July 2022	469
At 31 July 2021	–

16. FILMS AND TV PROGRAMS UNDER PRODUCTION AND FILM INVESTMENTS

	Notes	2022 HK$'000	2021 HK$'000
Films and TV programs under production	(i)	**245,389**	192,110
Film investments, at fair value	(ii)	**71,720**	43,734
At end of the reporting period		**317,109**	235,844

Notes:

(i) Films and TV programs under production

	2022 HK$'000	2021 HK$'000
At beginning of the reporting period	**192,110**	296,704
Additions	**204,177**	177,193
Transfer to film and TV program products (note 14)	**(108,681)**	(296,164)
Impairment#	**(39,977)**	(2,553)
Exchange realignment	**(2,240)**	16,930
At end of the reporting period	**245,389**	192,110

The impairment of films and TV programs under production was made based on management's estimation of recoverable amounts against the carrying amounts.

(ii) Film investments, at fair value

	2022 HK$'000	2021 HK$'000
Film investments classified as financial assets at fair value through profit or loss		
At beginning of the reporting period	**43,734**	16,716
Additions	**40,069**	47,395
Changes in fair value	**1,656**	(12,702)
Settlement	**(11,493)**	(9,570)
Exchange realignment	**(2,246)**	1,895
At end of the reporting period	**71,720**	43,734

17. INVESTMENTS IN JOINT VENTURES

	2022 HK$'000	2021 HK$'000
Share of net assets	**2,986**	2,066
Due from joint ventures	**39,595**	44,612
Provision for impairment losses	**(30,390)**	(30,855)
	12,191	15,823

The amounts due from joint ventures are unsecured, interest-free and repayable on demand but are not expected to be repayable in the next twelve months from the end of the reporting period. In the opinion of the directors of the Company, the balances with joint ventures are considered as part of the Group's net investments in the joint ventures.

During the year ended 31 July 2021, the Group entered into sale and purchase agreements with the joint venture partner of SQ Workshop (BVI) Limited ("**SQ BVI**") and SQ Workshop Limited ("**SQ**") to sell 50% equity interest of SQ BVI and SQ to the joint venture partner at the consideration of approximately HK$61,000 and approximately HK$1,043,000, respectively. Loss on disposal of approximately HK$142,000 (note 7) was recognised for the year ended 31 July 2021.

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

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

	2022 HK$'000	2021 HK$'000
At beginning of the reporting period	**30,855**	29,111
Impairment loss recognised	**1,709**	1,960
Impairment loss reversed	**(1,551)**	(1,876)
Exchange realignment	**(623)**	1,660
At end of the reporting period	**30,390**	30,855

Details of the joint ventures are disclosed in note 37 to the financial statements.

17. INVESTMENTS IN JOINT VENTURES *(continued)*

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2022 HK$'000	2021 HK$'000
The Group's share of profit/(loss) for the year	**(1,390)**	420
The Group's share of other comprehensive income/(loss) for the year	**(36)**	78
The Group's share of total comprehensive income/(loss) for the year	**(1,426)**	498
The Group's share of net assets of joint ventures	**2,986**	2,066
Amounts due from joint ventures	**9,205**	13,757
The carrying amounts of the Group's investments in the joint ventures	**12,191**	15,823

The Group discontinued recognising its share of losses of joint ventures because the share of losses of joint ventures exceeded the Group's interest in joint ventures and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of losses of joint ventures were approximately HK$1,709,000 (2021: approximately HK$1,960,000) for the current year and approximately HK$30,390,000 (2021: approximately HK$30,855,000) cumulatively, respectively.

18. INVESTMENT IN AN ASSOCIATE

	2022 HK$'000	2021 HK$'000
Share of net liabilities	**–**	–
Due from an associate	**15,224**	15,243
Provision for impairment loss	**(15,224)**	(15,243)
	–	–

The amount due from an associate is unsecured, interest-free and repayable on demand but is not expected to be repayable in the next twelve months from the end of the reporting period. In the opinion of the directors of the Company, the balance with an associate is considered as part of the Group's net investment in the associate.

Loss allowance for impairment of the amount due from an associate represented lifetime ECLs made for credit-impaired balance.

18. INVESTMENT IN AN ASSOCIATE *(continued)*

Movements in the loss allowance for impairment of an amount due from an associate are as follows:

	2022 HK$'000	2021 HK$'000
At beginning of the reporting period	**15,243**	15,257
Impairment loss reversed	**(19)**	(14)
At end of the reporting period	**15,224**	15,243

Details of the associate are disclosed in note 38 to the financial statements.

The Group recognised the share of net liabilities of the associate under the equity method of accounting, adjusted for the Group's right of first recoupment of certain assets of the associate pursuant to the co-investment agreement. The amount of the Group's unrecognised share of losses of an associate was approximately HK$18,209,000 (2021: approximately HK$18,215,000).

19. OTHER FINANCIAL ASSETS

	2022 HK$'000	2021 HK$'000
Financial assets at fair value through profit or loss		
Unlisted investments, at fair value	**–**	4,571

The above unlisted investments were investments in preference shares and debt instruments.

20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as a lessee

The Group has lease contracts for various items of properties and equipment used in its operations. Leases of properties generally have lease terms between 2 to 3 years, while equipment generally have lease terms of 5 years. There are several lease contracts that include extension and termination options and variable lease payments.

(a) *Right-of-use assets*

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

	Properties HK$'000	**Equipment** HK$'000	**Total** HK$'000
At 1 August 2020	–	–	–
Additions	5,626	–	5,626
Depreciation	(1,491)	–	(1,491)
Impairment	(4,135)	–	(4,135)
At 31 July 2021 and 1 August 2021	**–**	**–**	**–**
Additions	**–**	**1,280**	**1,280**
Lease modifications	**11,331**	**–**	**11,331**
Depreciation	**(2,557)**	**(118)**	**(2,675)**
Termination of a lease	**–**	**(377)**	**(377)**
Impairment	**(8,774)**	**(785)**	**(9,559)**
At 31 July 2022	**–**	**–**	**–**

Impairment assessment of right-of-use assets

In light of the Group's operating performance during the year, the Group's management identified the assets under underperforming CGUs and estimated the recoverable amounts of these assets. Based on the value-in-use calculation, the total carrying amounts of right-of-use assets of the Group was fully impaired by approximately HK$9,559,000 (2021: approximately HK$4,135,000) during the year and the aggregate recoverable amount of these assets was estimated by using a discount rate of 11% (2021: 11%) as at year end date.

20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(continued)*

The Group as a lessee (continued)

(b) *Lease liabilities*

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

	2022 HK$'000	2021 HK$'000
At 1 August	**9,657**	14,527
New leases	**1,280**	5,626
Lease modifications	**11,331**	–
Accretion of interest recognised during the year	**392**	620
Termination of a lease	**(675)**	(163)
Payments	**(10,451)**	(11,407)
Exchange realignment	**(328)**	454
At 31 July	**11,206**	9,657

	HK$'000	HK$'000
Analysed into:		
Current portion	**6,354**	7,497
Non-current portion	**4,852**	2,160
	11,206	9,657

The maturity analysis of lease liabilities is disclosed in note 34 to the financial statements.

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

	2022 HK$'000	2021 HK$'000
Interest on lease liabilities	**392**	620
Depreciation charge on right-of-use assets	**2,675**	1,491
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 July	**2,784**	2,370
Contingent rents	**2,199**	6,215
Gain on termination of a lease	**(298)**	(163)
Impairment of right-of-use assets	**9,559**	4,135
Total amount recognised in the income statement	**17,311**	14,668

20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(continued)*

The Group as a lessee (continued)

(d) Major non-cash transactions

During the year ended 31 July 2022, the Group had non-cash additions and modifications to right-of-use assets and lease liabilities of approximately HK$12,611,000 (2021: approximately HK$5,626,000) and approximately HK$12,611,000 (2021: approximately HK$5,626,000), respectively, in respect of lease arrangements for properties and equipment.

(e) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	Notes	**2022 HK$'000**	2021 HK$'000
Within operating activities	7	**4,983**	8,585
Within financing activities	20(b)	**10,451**	11,407
		15,434	19,992

21. TRADE RECEIVABLES

	2022 HK$'000	2021 HK$'000
Trade receivables	**77,392**	77,910
Impairment	**(21,843)**	(17,388)
	55,549	60,522

The Group's trading terms with its customers are mainly on credit and payment in advance is normally required for licence income and sales of products. The credit period generally ranges from 30 to 60 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

21. TRADE RECEIVABLES *(continued)*

An ageing analysis of trade receivables, as of the end of the reporting period, based on the payment due date and revenue recognition date (when invoice had yet been issued by then, i.e. unbilled) and net of loss allowances, is as follows:

	2022 HK$'000	2021 HK$'000
Neither past due nor impaired	**13,751**	38,736
1 to 90 days past due	**32,394**	14,371
Over 90 days past due	**2,507**	1,039
	48,652	54,146
Unbilled	**6,897**	6,376
	55,549	60,522

Movements in the loss allowance for impairment of trade receivables are as follows:

	2022 HK$'000	2021 HK$'000
At beginning of the reporting period	**17,388**	12,733
Impairment loss recognised, net	**4,455**	4,655
At end of the reporting period	**21,843**	17,388

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with shared risk characteristics. The reasonable and supportable information is available at the reporting date about past events, current conditions and forecasts of future economic condition.

21. TRADE RECEIVABLES *(continued)*

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix analysed by the payment due date:

		Past due		
	Current	1 to 365 days	Over 365 days	Total
As at 31 July 2022				
ECL rate	**2%**	**12%**	**100%**	**28%**
Gross carrying amount (HK$'000)	**21,016**	**39,498**	**16,878**	**77,392**
ECLs (HK$'000)	**368**	**4,597**	**16,878**	**21,843**
As at 31 July 2021				
ECL rate	0%	23%	100%	22%
Gross carrying amount (HK$'000)	45,147	20,131	12,632	77,910
ECLs (HK$'000)	35	4,721	12,632	17,388

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2022 HK$'000	2021 HK$'000
Prepayments, deposits and advances for artiste management, music production, and film and TV program production		**167,737**	183,375
Prepayments, deposits and other receivables		**60,325**	47,517
Other assets	(i)	**4,425**	5,687
	(ii)	**232,487**	236,579
Impairment	(iii)	**(84,149)**	(84,714)
		148,338	151,865
Portion classified as current portion		**(109,851)**	(126,303)
Non-current portion		**38,487**	25,562

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(continued)*

Notes:

(i) Other assets represented investments in entertainment events of approximately HK$4,425,000 (2021: approximately HK$5,687,000) as at 31 July 2022 which are classified as financial assets at fair value through profit or loss.

(ii) Included in prepayments, deposits and other receivables as at 31 July 2022 are advances of approximately HK$7,556,000 (2021: approximately HK$7,820,000) due from film owners for the Group's investments in film projects.

(iii) The movements in the loss allowance for impairment of advances and other receivables are as follows:

	2022 **HK$'000**	2021 HK$'000
At beginning of the reporting period	**84,714**	66,010
Impairment loss recognised	**4,000**	18,215
Impairment loss reversed	**(4,015)**	(724)
Write-off	**–**	(107)
Exchange realignment	**(550)**	1,320
At end of the reporting period	**84,149**	84,714

The ECLs as at 31 July 2022 and 2021 are estimated by applying a credit risk approach with reference to the historical loss record of the Group as at 31 July 2022 and 2021. The loss allowance is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

23. CASH AND CASH EQUIVALENTS

At the end of the reporting period, the cash and cash equivalents of the Group denominated in Renminbi ("**RMB**") amounted to approximately HK$88,891,000 (2021: approximately HK$124,663,000). The conversion of RMB-denominated cash and bank balances into foreign currencies and the remittance of such balances denominated in foreign currencies out of Mainland China are subject to the relevant rules and regulations of foreign exchange control by the government authorities concerned.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are mainly made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. Bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

24. TRADE PAYABLES

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

	2022 HK$'000	2021 HK$'000
Less than 30 days	**2,630**	4,029
31 to 60 days	**4**	2
61 to 90 days	**22**	—
Over 90 days	**62**	64
	2,718	4,095

Trade payables are non-interest-bearing and have credit terms generally ranging from 30 to 60 days.

25. ACCRUALS, OTHER PAYABLES AND DEPOSITS RECEIVED

(a) Accruals and other payables

	Notes	2022 HK$'000	2021 HK$'000
Accruals and other payables	(i)	**188,367**	246,964
Contract liabilities	(c)	**16,542**	22,731
		204,909	269,695

Note:

(i) Included in accruals and other payables as at 31 July 2022 are amounts due to fellow subsidiaries and joint ventures of approximately HK$30,947,000 (2021: approximately HK$59,918,000) and approximately HK$2,000 (2021: approximately HK$15,924,000), respectively. The balances are unsecured, interest-free and repayable on demand.

Other payables are non-interest-bearing and have an average credit term of one month.

25. ACCRUALS, OTHER PAYABLES AND DEPOSITS RECEIVED *(continued)*

(b) Deposits received

	Note	2022 HK$'000	2021 HK$'000
Receipts in advance		**9,793**	74,999
Contract liabilities	(c)	**98,193**	92,103
		107,986	167,102

(c) Contract liabilities

As at 1 August 2020, 31 July 2021 and 31 July 2022, the Group's total contract liabilities of approximately HK$186,684,000, approximately HK$114,834,000 and approximately HK$114,735,000, respectively, mainly represented consideration received in advance from customers and deferred revenue. The decrease in the total contract liabilities during the years ended 31 July 2022 and 31 July 2021 were mainly due to recognition of revenue.

26. LOAN FROM AN INTERMEDIATE HOLDING COMPANY

	2022 HK$'000	2021 HK$'000
Non-current:		
HK$200,000,000 term loan	**137,000**	–

On 28 January 2022, the Company and eSun Holdings Limited ("**eSun**"), an intermediate holding company of the Company, entered into a loan agreement for a term loan facility with a principal amount up to HK$200 million. The balance was unsecured, interest-bearing at Hong Kong Interbank Offered Rate ("**HIBOR**") plus 2.8% per annum and repayable on 27 January 2025.

27. DEFERRED TAX

The Group has tax losses arising in Hong Kong of approximately HK$888,212,000 (2021: approximately HK$781,422,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

The Group also has tax losses arising in Mainland China of approximately HK$94,645,000 (2021: approximately HK$178,016,000) that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is either 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries and joint ventures established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 July 2022, no deferred tax had been recognised for withholding taxes that would be payable on the unremitted earnings that were subject to withholding taxes of certain subsidiaries and joint ventures established in the PRC. In the opinion of the directors, it was not probable that these subsidiaries and joint ventures would distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries and joint ventures in Mainland China for which deferred tax liabilities had not been recognised totalled approximately HK$14,399,000 (2021: approximately HK$18,234,000) at 31 July 2022.

28. SHARE CAPITAL

		2022		2021	
	Notes	**Number of shares '000**	**Nominal value HK$'000**	Number of shares '000	Nominal value HK$'000
Authorised:					
Ordinary shares of HK$0.10 each	(a), (b)	**10,000,000**	**1,000,000**	10,000,000	1,000,000
Issued and fully paid:					
Ordinary shares of HK$0.10 each		**2,986,314**	**298,631**	2,945,702	294,570

28. SHARE CAPITAL *(continued)*

Movement in issued share capital of the Company during the year are as follows:

	Notes	**2022** Number of shares ’000	**2022** Nominal value HK$’000	2021 Number of shares ’000	2021 Nominal value HK$’000
Balance at the beginning of the year		**2,945,702**	**294,570**	2,136,056	21,361
Share consolidation	(a)(i)	**–**	**–**	(1,922,450)	–
Loan capitalisation	(a)(iii)	**–**	**–**	2,687,500	268,750
Issuance of fee shares	(b)	**–**	**–**	1,875	187
Placing of shares	(c)	**40,612**	**4,061**	42,721	4,272
Balance at the end of the year		**2,986,314**	**298,631**	2,945,702	294,570

Notes:

(a) Pursuant to the ordinary resolutions passed at the special general meeting of the Company on 18 December 2020 (the “**2020 SGM**”), the recapitalisation proposal involved, among other things, (i) the Share Consolidation (as defined below); (ii) the Increase in Authorised Share Capital (as defined below) (both (i) and (ii) became effective on 22 December 2020); and (iii) the Loan Capitalisation (as defined below) (completed on 18 January 2021). The recapitalisation proposal involved:

(i) the consolidation of every ten issued and unissued shares of HK$0.01 each into one consolidated share (the “**Consolidated Share(s)**”) of HK$0.10 each (the “**Share Consolidation**”). As a result of the Share Consolidation, the Company’s authorised share capital has been adjusted from HK$600,000,000 divided into 60,000,000,000 shares of HK$0.01 each to HK$600,000,000 divided into 6,000,000,000 Consolidated Shares of HK$0.10 each while the number of issued and fully paid ordinary shares was adjusted from 2,136,056,825 of HK$0.01 each to 213,605,682 of HK$0.10 each;

(ii) the increase in the Company’s authorised share capital from HK$600,000,000 divided into 6,000,000,000 Consolidated Shares to HK$1,000,000,000 divided into 10,000,000,000 Consolidated Shares by the creation of an additional 4,000,000,000 unissued Consolidated Shares (the “**Increase in Authorised Share Capital**”); and

28. SHARE CAPITAL *(continued)*

Notes: *(continued)*

(a) (continued)

(iii) the capitalisation of the outstanding principal amount of HK$430,000,000 under the shareholder's loans from eSun (the "**eSun Shareholder's Loans**") into 2,687,500,000 new Consolidated Shares (the "**Capitalisation Shares**") (the "**Loan Capitalisation**"), of which the Company issued to the persons as directed by eSun, at the issue price of HK$0.16 per Capitalisation Share. In order to provide independent shareholders of the Company (the "**Qualifying Shareholders**") with an opportunity to reduce the dilutive impact of the Loan Capitalisation on their shareholdings in the Company, and to continue to participate in and share the growth of the business of the Company alongside eSun under the Loan Capitalisation, it was proposed that prior to the completion of the Loan Capitalisation, a portion of the Capitalisation Shares that would otherwise be issued to eSun (or any persons as it may direct) would be directed to be issued to the Qualifying Shareholders on a pro rata basis of three clawback offer shares for every one Consolidated Share held by the Qualifying Shareholders as at 28 December 2020 pursuant to a clawback offer by eSun up to a maximum of 207,869,997 Capitalisation Shares (the "**Clawback Offer**"). In order to ensure that the Company would be able to comply with the public float requirements under Rule 11.23(7) of the GEM Listing Rules upon the completion of the Loan Capitalisation, in addition to the Clawback Offer, eSun and the Company entered into a placing agreement (the "**Placing Agreement**") with Get Nice Securities Limited ("**Get Nice**", as the "**Placing Agent**") on 6 November 2020 to place, through the Placing Agent up to a maximum of 937,500,000 Capitalisation Shares otherwise due to be allotted to eSun under the Loan Capitalisation to not less than six placees at the price of HK$0.16 per Capitalisation Share (the "**Placing**").

As the Loan Capitalisation was completed on 18 January 2021, a total of 2,687,500,000 Capitalisation Shares were issued by the Company on the same date, of which (i) 41,217,036 Capitalisation Shares were allocated to the Qualifying Shareholders in relation to their valid applications for their respective entitlements under the Clawback Offer; (ii) 768,750,000 Capitalisation Shares were placed by Get Nice to not less than six placees pursuant to the terms and conditions of the Placing Agreement; and (iii) the remaining 1,877,532,964 Capitalisation Shares were taken up by Perfect Sky Holdings Limited (a direct wholly-owned subsidiary of eSun), as directed by eSun. Upon completion of the Loan Capitalisation, the eSun Shareholder's Loans of HK$430,000,000 were derecognised and, share capital of HK$268,750,000, share premium of HK$161,250,000 and the related issue expenses of approximately HK$3,527,000 were recognised. The Loan Capitalisation was a non-cash transaction and had no cash flow impact during the year ended 31 July 2021.

On 18 January 2021, the issued share capital of the Company was increased to HK$290,110,568.20 divided into 2,901,105,682 ordinary shares of HK$0.10 each. Further details of which are set out in the Company's circular dated 30 November 2020; the joint announcements of the Company, eSun, Lai Sun Development Company Limited and LSG dated 6 November 2020, 12 January 2021 and 18 January 2021; and the joint announcements of the Company and eSun dated 10 December 2020 and 11 January 2021.

(b) Pursuant to an ordinary resolution passed at the 2020 SGM, on 17 March 2021, the Company issued 1,875,000 fee shares to Anglo Chinese Corporate Finance, Limited ("**Anglo Chinese**"), the financial adviser of the Company in relation to the recapitalisation proposal, in settlement of the advisory fee of HK$300,000 at the election of Anglo Chinese.

28. SHARE CAPITAL *(continued)*

Notes: *(continued)*

(c) On 4 June 2021, the Company as the issuer and THL G Limited (the "**Subscriber**", a direct wholly-owned subsidiary of Tencent Holdings Limited, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 700)) as the subscriber entered into the share subscription agreement, pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, an aggregate of 83,333,333 new shares of HK$0.10 each in the share capital of the Company (the "**Subscription Shares**") at the subscription price of HK$1.20 per Subscription Share (the "**Subscription**"). The Subscription Shares would be issued in two tranches of which 42,721,136 new shares ("**Tranche A Subscription Shares**") would be issued under the general mandate granted to the directors of the Company to issue up to 20% of the total number of shares in issue on 18 December 2020, by an ordinary resolution passed at the annual general meeting of the Company held on 18 December 2020 (the "**General Mandate**"), and 40,612,197 new shares ("**Tranche B Subscription Shares**") would be issued under the specific mandate granted to the directors of the Company to issue 40,612,197 new shares by an ordinary resolution passed at the special general meeting held on 16 July 2021 (the "**Specific Mandate**"). On 28 June 2021, the Company issued 42,721,136 new shares (i.e. Tranche A Subscription Shares) under the General Mandate to the Subscriber. The gross proceeds from the Tranche A Subscription Shares amounted to approximately HK$51,265,000 and the related issue expenses were approximately HK$734,000.

On 3 August 2021, the Company issued 40,612,197 new shares (i.e. Tranche B Subscription Shares) under the Specific Mandate to the Subscriber. The gross proceeds from the Tranche B Subscription Shares amounted to approximately HK$48,735,000 and the related issue expenses were approximately HK$698,000.

Share options

Details of the Company's share option scheme and the share options granted under the scheme are included in note 29 to the financial statements.

29. SHARE OPTION SCHEME

Share Option Scheme

On 18 December 2012, the Company adopted a share option scheme (the "**Share Option Scheme**") which will remain in force for 10 years commencing from the adoption date. The purpose of the Share Option Scheme is to recognise the contribution or future contribution of the eligible participants 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 or the affiliated companies. Eligible participants include any employee, director, officer or consultant of the Group and the affiliated companies, and any other group or classes of participants which the board of the directors of the Company, in its absolute discretion, considers to have contributed or will contribute, whether by way of business alliance or other business arrangement, to the development and growth of the Group.

29. SHARE OPTION SCHEME *(continued)*

Share Option Scheme (continued)

The principal terms of the Share Option Scheme are as follows:

(a) The total number of the Company's shares which may be issued upon the exercise of all share options to be granted under the Share Option Scheme and all share options to be granted under any other share option schemes of any member of the Group (the "**Other Schemes**") must not in aggregate exceed 10% of the total number of the Company's shares in issue as at 18 December 2012 (the "**Scheme Limit**").

(b) Subject to (a) above and the approval of the shareholders of the Company and eSun (so long as the Company is a subsidiary of eSun under the GEM Listing Rules) at the respective general meetings, the Company may refresh the Scheme Limit at any time, provided that such limit as refreshed must not exceed 10% of the total number of the Company's shares in issue as at the date of approval of such refreshed limit.

(c) Subject to (a) above and the approval of the shareholders of the Company and eSun (so long as the Company is a subsidiary of eSun under the GEM Listing Rules) at the respective general meetings, the Company may grant the share options beyond the 10% limit, provided that the options in excess of such limit are granted only to the eligible participants specifically identified by the Company before such shareholders' approval is sought.

(d) The maximum number of the Company's shares to be issued upon the exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and Other Schemes must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

(e) The maximum number of the Company's shares issued and to be issued upon exercise of the share options granted to each eligible participant under the Share Option Scheme and Other Schemes (including exercised, cancelled and outstanding share options) in any 12-month period up to and including the date of grant must not exceed 1% of the total number of the Company's shares in issue at anytime. Any further grant of share options in excess of this limit must be separately approved by the shareholders of the Company and eSun (so long as the Company is a subsidiary of eSun under the GEM Listing Rules) at the respective general meetings with such eligible participant and his associates abstaining from voting.

(f) Any grant of share options to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, is subject to the approval in advance by the independent non-executive directors of the Company and eSun (so long as the Company is a subsidiary of eSun under the GEM Listing Rules).

29. SHARE OPTION SCHEME *(continued)*

Share Option Scheme (continued)

(g) Any grant of share options to a substantial shareholder or an independent non-executive director of the Company, and to any of their respective associates, in excess of 0.1% of the Company's shares in issue at any time or with an aggregate value (based on the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of grant) in excess of HK$5 million, within any 12-month period up to and including the date of grant, must be approved by the shareholders of the Company and eSun (so long as the Company is a subsidiary of eSun under the GEM Listing Rules) in advance at the respective general meetings.

(h) An offer of the grant of share options may be accepted within 30 days from the date of offer of grant, together with payment of a consideration of HK$1 per share option for the grant by the grantee.

(i) The exercise period of the share options granted is determined by the directors of the Company provided that such period must not be longer than ten years from the date upon which any share option is granted in accordance with the Share Option Scheme.

(j) The exercise price of the share options is determined by the directors of the Company, but must be at least the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of the offer of grant; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Company's shares on the date of the offer of grant.

Share options do not confer rights on the holders to dividends or to vote at general meetings of the Company.

No share options had been granted by the Company under the Share Option Scheme during the years ended 31 July 2022 and 31 July 2021.

30. RESERVES

The amounts of the Group's reserves and the movements therein for the current year and the prior year are presented in the consolidated statement of changes in equity.

31. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	Notes	2022 HK$'000	2021 HK$'000
Fellow subsidiaries:			
Rental expenses and building management fee	(i)	**146**	180
Film distribution commission income	(iii)	**2,689**	5,501
Film distribution fee	(iv)	**35**	54
Promotion and advertising fee	(iv)	**5**	4
Music distribution commission income	(v)	**6,402**	6,513
Sharing of corporate salaries on a cost basis allocated from		**6,677**	6,161
Sharing of administrative expenses on a cost basis allocated from		**453**	692
Sharing of corporate salaries on a cost basis allocated to		**9,557**	6,315
Sharing of administrative expenses on a cost basis allocated to		**2,923**	899
Rental income	(ii)	**490**	655
Licence income from TV program	(ii)	**1,219**	–
Intermediate holding companies:			
Interest expenses	(vi)	**1,874**	6,032
Sharing of corporate salaries on a cost basis allocated from		**1,089**	1,038
Sharing of administrative expenses on a cost basis allocated from		**906**	846
Sharing of administrative expenses on a cost basis allocated to		**1,149**	2
The ultimate holding company:			
Rental expenses and building management fee	(i)	**–**	1
Sharing of administrative expenses on a cost basis allocated to		**1,182**	–
Related parties:			
Service fee income#	(ii)	**250**	300
Production fee#	(ii)	**1,522**	1,450
Share of net gain/(loss) from entertainment events organised by the Group to co-investors#		**(214)**	2,423

These companies are joint ventures of the Group.

31. RELATED PARTY TRANSACTIONS *(continued)*

(a) *(continued)*

Notes:

(i) The rental expenses and building management fee for short-term leases were charged with reference to market rates.

The Group leased properties from fellow subsidiaries and the ultimate holding company for office use with lease terms between 2 to 3 years. The monthly lease payables were charged with reference to market rates. During the year ended 31 July 2021, the total value of right-of-use assets recognised at the commencement date of these leases was approximately HK$2,085,000. During the year ended 31 July 2021, depreciation and impairment loss of the right-of-use assets of approximately HK$442,000 and approximately HK$1,643,000 were charged to consolidated income statement, respectively.

(ii) The rental income, licence income from TV program, service fee income and production fee were charged in accordance with contractual terms with the respective parties.

(iii) On 28 July 2022, the Group entered into film distribution agreements with fellow subsidiaries and earned distribution commission amounted to approximately HK$2,689,000 (2021: approximately HK$5,501,000) for the year. The film distribution commission is charged in accordance with contractual terms.

(iv) During the year ended 31 July 2022, the Group paid film distribution fee of approximately HK$35,000 (2021: approximately HK$54,000) to a fellow subsidiary for theatrical distribution of the Group's films. The fellow subsidiary further sublicensed to its fellow subsidiary for theatrical exhibition which was entitled to the sharing of theatrical box office and the amount was approximately HK$191,000 (2021: approximately HK$321,000). The Group also paid promotion and advertising fee of approximately HK$5,000 (2021: approximately HK$4,000) to another fellow subsidiary for the promotion of the Group's films. The aggregate amount paid to these fellow subsidiaries for theatrical distribution was approximately HK$231,000 (2021: approximately HK$379,000).

(v) During the year ended 31 July 2022, the Group received distribution commission income of approximately HK$6,402,000 (2021: approximately HK$6,513,000) from licensing certain music rights owned by fellow subsidiaries. The music distribution commission was charged in accordance with contractual terms.

(vi) During the year ended 31 July 2022, the interest expenses were charged at the HIBOR plus 2.8% per annum (2021: HIBOR plus 2.8% per annum) on loans from an intermediate holding company, of which details are set out in note 26 to the financial statements. Interest expenses incurred to the intermediate holding company of approximately HK$1,874,000 (2021: approximately HK$6,032,000), of which approximately HK$56,000 (2021: Nil), remained unsettled and were included in "accruals and other payables" as at 31 July 2022.

Certain of the above related party transactions also constitute continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules and their details are disclosed in the Report of the Directors.

31. RELATED PARTY TRANSACTIONS *(continued)*

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

	2022 HK$'000	2021 HK$'000
Short-term employee benefits	**10,257**	9,814
Post-employment benefits	**51**	53
	10,308	9,867

Further details of directors' emoluments are included in note 8 to the financial statements.

32. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities HK$'000	**Loan from an intermediate holding company** HK$'000
At 1 August 2020	14,527	350,000
Changes from financing cash flows	(11,407)	73,937
Loan capitalisation	–	(430,000)
New leases	5,626	–
Termination of a lease	(163)	–
Interest expense	620	6,063
Exchange realignment	454	–
At 31 July 2021 and 1 August 2021	**9,657**	**–**
Changes from financing cash flows	**(10,451)**	**135,182**
New leases	**1,280**	**–**
Lease modifications	**11,331**	**–**
Termination of a lease	**(675)**	**–**
Interest expense	**392**	**1,818**
Exchange realignment	**(328)**	**–**
At 31 July 2022	**11,206**	**137,000**

33. FINANCIAL INSTRUMENTS BY CATEGORY AND FAIR VALUE HIERARCHY

(a) *Financial instruments by category*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

31 July 2022

Financial assets

	Financial assets at fair value through profit or loss (Mandatorily designated as such) HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Trade receivables	–	55,549	55,549
Financial assets included in prepayments, deposits and other receivables	4,425	32,574	36,999
Due from joint ventures	–	9,205	9,205
Film investments	71,720	–	71,720
Cash and cash equivalents	–	174,584	174,584
	76,145	271,912	348,057

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade payables	2,718
Financial liabilities included in accruals, other payables and deposits received	183,312
Loan from an intermediate holding company	137,000
Lease liabilities	11,206
	334,236

33. FINANCIAL INSTRUMENTS BY CATEGORY AND FAIR VALUE HIERARCHY *(continued)*

(a) *Financial instruments by category (continued)*

31 July 2021

Financial assets

	Financial assets at fair value through profit or loss (Mandatorily designated as such) HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Trade receivables	–	60,522	60,522
Financial assets included in prepayments, deposits and other receivables	5,687	43,624	49,311
Due from joint ventures	–	13,757	13,757
Film investments	43,734	–	43,734
Other financial assets	4,571	–	4,571
Cash and cash equivalents	–	295,564	295,564
	53,992	413,467	467,459

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade payables	4,095
Financial liabilities included in accruals, other payables and deposits received	303,938
Lease liabilities	9,657
	317,690

33. FINANCIAL INSTRUMENTS BY CATEGORY AND FAIR VALUE HIERARCHY

(continued)

(b) *Fair value hierarchy*

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 July 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Financial assets at fair value through profit or loss:				
Film investments	–	–	71,720	71,720
Other assets	–	–	4,425	4,425
	–	–	76,145	76,145

As at 31 July 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Financial assets at fair value through profit or loss:				
Other financial assets	–	–	4,571	4,571
Film investments	–	–	43,734	43,734
Other assets	–	–	5,687	5,687
	–	–	53,992	53,992

33. FINANCIAL INSTRUMENTS BY CATEGORY AND FAIR VALUE HIERARCHY *(continued)*

(b) *Fair value hierarchy (continued)*

The Group did not have any financial liabilities measured at fair value at 31 July 2022 and 2021.

Other than the above financial assets, the carrying amounts of all other financial assets and financial liabilities measured at amortised cost approximated to their fair values at 31 July 2022 and 2021.

During the year, there were no transfer of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3 for financial assets (2021: Nil).

The Group has estimated the fair value of the above unlisted investments by using the latest available transaction prices or the discounted cash flow method.

The movements in fair value measurements within Level 3 during the year are as follows:

	2022 **HK$'000**	2021 HK$'000
At beginning of the reporting period	**53,992**	44,478
Increase in investment amount, net	**41,084**	48,556
Change in fair value	**(2,606)**	(13,982)
Settlement	**(13,925)**	(27,431)
Exchange realignment	**(2,400)**	2,371
At end of the reporting period	**76,145**	53,992

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise a loan from an intermediate holding company and cash and cash equivalents. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk, interest rate risk and liquidity risk. The directors of the Company meet periodically to analyse and formulate measures to manage the Group's exposure to these risks. Generally, the Group introduces conservative strategies on its risk management. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The directors review and agree policies for managing each of these risks and they are summarised as follows:

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Foreign currency risk

Certain subsidiaries of the Company have transactions denominated in RMB. The Group is exposed to foreign exchange risk arising from the exposure of RMB against Hong Kong dollars.

At present, the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations. However, the Group will constantly review the economic situation and its foreign exchange risk profile and will consider appropriate hedging measures in the future as may be necessary.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the post-tax profit (due to changes in the fair value of monetary assets and liabilities) and equity of the Group.

	Increase in RMB rate %	Increase in post-tax profit HK$'000	Decrease in equity HK$'000
31 July 2022			
If Hong Kong dollar weakens against RMB	**5**	**14,238**	**(3,245)**
31 July 2021			
If Hong Kong dollar weakens against RMB	5	15,756	(5,977)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk (continued)

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 July. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	**Stage 2** HK$'000	**Stage 3** HK$'000	**Simplified approach** HK$'000	**Total** HK$'000
As at 31 July 2022					
Trade receivables*	–	–	–	77,392	77,392
Financial assets included in prepayments, deposits and other receivables					
– Normal**	32,574	–	–	–	32,574
– Doubtful**	–	–	39,806	–	39,806
Due from joint ventures					
– Normal**	1,876	–	–	–	1,876
– Doubtful**	–	–	37,719	–	37,719
Due from an associate					
– Doubtful**	–	–	15,224	–	15,224
Cash and cash equivalents					
– Not yet past due	174,584	–	–	–	174,584
	209,034	–	92,749	77,392	379,175
As at 31 July 2021					
Trade receivables*	–	–	–	77,910	77,910
Financial assets included in prepayments, deposits and other receivables					
– Normal**	43,560	–	–	–	43,560
– Doubtful**	–	–	40,376	–	40,376
Due from joint ventures					
– Normal**	4,022	–	–	–	4,022
– Doubtful**	–	–	40,590	–	40,590
Due from an associate					
– Doubtful**	–	–	15,243	–	15,243
Cash and cash equivalents					
– Not yet past due	295,564	–	–	–	295,564
	343,146	–	96,209	77,910	517,265

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk (continued)

Maximum exposure and year-end staging (continued)

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 to the financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables, and amounts due from joint ventures and an associate is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

At the end of the reporting period, the Group had certain concentrations of credit risks as 18% (2021: 37%) and 48% (2021: 55%) of the Group's trade receivables were due from the Group's largest customer and the three largest customers, respectively.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank deposits, and a loan from an intermediate holding company.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At present, the Group does not intend to seek to hedge its exposure to interest rate fluctuations. However, the Group will constantly review the economic situation and its interest rate risk profile, and will consider appropriate hedging measures in future as may be necessary.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's loss before tax and the Group's equity.

	Increase in interest rate (in percentage)	**Increase in loss before tax** HK$'000	**Decrease in equity** HK$'000
31 July 2022			
Loan from an intermediate holding company	**0.5**	**(685)**	**(685)**
31 July 2021			
Loan from an intermediate holding company	0.5	–	–

The Group adopts a prudent liquidity risk management policy to maintain sufficient cash to fund its operations.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Less than 1 year HK$'000	**Between 1 and 2 years** HK$'000	**Between 2 and 5 years** HK$'000	**Total** HK$'000
31 July 2022				
Trade payables	**2,718**	**–**	**–**	**2,718**
Financial liabilities included in accruals, other payables and deposits received	**183,312**	**–**	**–**	**183,312**
Loan from an intermediate holdings company	**6,850**	**6,869**	**140,378**	**154,097**
Lease liabilities	**6,595**	**4,098**	**851**	**11,544**
Total	**199,475**	**10,967**	**141,229**	**351,671**
31 July 2021				
Trade payables	4,095	–	–	4,095
Financial liabilities included in accruals, other payables and deposits received	303,938	–	–	303,938
Lease liabilities	7,733	1,749	457	9,939
Total	315,766	1,749	457	317,972

Capital management

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, return capital to shareholders, issue new shares, raise new debts and redeem existing debts.

The Group monitors capital by maintaining a net cash position throughout the year. As at 31 July 2022, the consolidated cash and cash equivalents amounted to approximately HK$174,584,000 (2021: approximately HK$295,564,000).

The only externally imposed capital requirement is that, for the Group to maintain its listing on the Stock Exchange, it has to maintain sufficient public float required under the GEM Listing Rules. The Group receives a report from its branch share registrar in Hong Kong monthly on substantial share interests showing the non-public float, and it demonstrates the Company's continuing compliance with the 25% threshold throughout the period. As at 31 July 2022, 32.30% (2021: 31.36%) of the shares were in public hands.

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**343,459**	223,580
CURRENT ASSETS		
Prepayments, deposits and other receivables	**264**	1,006
Cash and cash equivalents	**30,086**	90,584
Total current assets	**30,350**	91,590
CURRENT LIABILITIES		
Due to subsidiaries	**27,078**	39,279
Accruals and other payables	**627**	1,055
Total current liabilities	**27,705**	40,334
NET CURRENT ASSETS	**2,645**	51,256
TOTAL ASSETS LESS CURRENT LIABILITIES	**346,104**	274,836
NON-CURRENT LIABILITIES		
Loan from an intermediate holding company	**137,000**	–
Net assets	**209,104**	274,836
EQUITY		
Issued capital	**298,631**	294,570
Reserves (note)	**(89,527)**	(19,734)
Total equity	**209,104**	274,836

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium account HK$'000	Contributed surplus* HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 August 2020	633,661	95,191	(738,413)	(9,561)
Loss for the year and total comprehensive loss for the year	–	–	(214,268)	(214,268)
Loan capitalisation	161,250	–	–	161,250
Transaction costs of loan capitalisation	(3,527)	–	–	(3,527)
Issuance of fee shares	113	–	–	113
Placing of shares	46,993	–	–	46,993
Transaction costs of placing of shares	(734)	–	–	(734)
At 31 July 2021 and 1 August 2021	**837,756**	**95,191**	**(952,681)**	**(19,734)**
Loss for the year and total comprehensive loss for the year	**–**	**–**	**(113,769)**	**(113,769)**
Placing of shares	**44,674**	**–**	**–**	**44,674**
Transaction costs of placing of shares	**(698)**	**–**	**–**	**(698)**
At 31 July 2022	**881,732**	**95,191**	**(1,066,450)**	**(89,527)**

* The contributed surplus represents the net effect of the capital reduction and the elimination of accumulated losses of the Company based on the results of the capital reorganisations of the Company effected in 2009 and 2014.

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

- it is, or would after the payment be, unable to pay its liabilities as they become due; or
- the realisable value of its assets would thereby be less than of its liabilities.

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Name	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company 2022	2021	Principal activities
Champ Universe Limited	Hong Kong	HK$1	**100**	100	Provision of management services
China Film Media Asia Audio Video Distribution Co., Ltd.	PRC/ Mainland China	RMB10,000,000#	**70**	70	Film distribution
Lam & Lamb Entertainment Limited	Hong Kong	HK$1	**100**	100	Provision of artiste management services and entertainment activity production
Media Asia Distribution (Beijing) Co., Ltd.△	PRC/ Mainland China	RMB130,000,000##	**100**	100	Film distribution
Media Asia Entertainment Limited	Hong Kong	HK$100	**100**	100	Entertainment activity production, and event and film investments
Media Asia Film Distribution (HK) Limited	Hong Kong	HK$1	**100**	100	Film distribution and licensing of films
Media Asia Film International Limited	British Virgin Islands	US$100	**100**	100	Film investment and production and event investments
Media Asia Film Production Limited	Hong Kong	HK$100	**100**	100	Investment holding and film production
Media Asia Music Limited	Hong Kong	HK$1	**100**	100	Music production and distribution and event investments
Media Asia Music Publishing Limited	Hong Kong	HK$100	**100**	100	Music publishing
Media Asia Performance Agency (Macao) Limited	Macau	MOP25,000	**100**	100	Entertainment activity production

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company 2022	2021	Principal activities
Media Asia Talent Management Limited	Hong Kong	HK$1	**100**	100	Provision of artiste management services
Media Asia TV Program Distribution Limited	Hong Kong	HK$1	**100**	100	Licensing of television dramas
Media Asia TV Program Production (HK) Limited	Hong Kong	HK$1	**70**	70	TV program production
寰亞文化傳播(中國)有限公司△	PRC/ Mainland China	HK$38,000,000#	**100**	100	Entertainment activity production

△ Registered as wholly-foreign-owned enterprises under the laws of the PRC.

The amounts stated represent the paid-up capital.

As at 31 July 2022, the paid-up capital of Media Asia Distribution (Beijing) Co., Ltd. was RMB100,520,000 (2021: RMB50,000,000).

Except for Champ Universe Limited, all of the above subsidiaries are indirectly held by the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

During the year ended 31 July 2022, Media Asia Films (UK) Limited, (the wholly-owned subsidiary of the Company) was dissolved, a gain on dissolution of this subsidiary of approximately HK$176,000 (note 7) was recognised, which represented the release of foreign currency translation reserve being reclassified to the consolidated income statement.

During the year ended 31 July 2021, 霍爾果斯澤新影業有限公司, 北京東亞澤民文化有限公司, 寰亞澤盛(北京)文化傳播有限公司 (the wholly-owned subsidiaries of the Company) were deregistered, a gain on deregistration of these subsidiaries of approximately HK$183,000 (note 7) was recognised, which represented the release of foreign currency translation reserve being reclassified to the consolidated income statement.

As at 31 July 2022, the Group had unpaid capital contribution of approximately HK$69,721,000 (2021: approximately HK$109,673,000) to subsidiaries.

37. PARTICULARS OF JOINT VENTURES

Name	Place of incorporation/ registration and business	Particulars of shares held	Percentage of ownership interest, voting power and profit sharing attributable to the Group	Principal activities
Much (BVI) Limited	British Virgin Islands	Ordinary	50	Event supervising
Much Entertainment (HK) Limited	Hong Kong	Ordinary	50	Event supervising
Player One Limited	Hong Kong	Ordinary	50	Event management
鼎紅文化傳播(上海)有限公司	PRC/ Mainland China	Paid-up capital	50	Artiste management
上影寰亞文化發展(上海) 有限公司	PRC/ Mainland China	Paid-up capital	50	Film and TV program investment and production
Media Cool Productions Limited	Hong Kong	Ordinary	35	Production and distribution of TV programs
Cool Style Talent Management Limited	Hong Kong	Ordinary	37.5	Artiste management
EKVAC Limited	British Virgin Islands	Ordinary	30	NFT

The investments in joint ventures were all indirectly held by the Company.

38. PARTICULARS OF AN ASSOCIATE

Particulars of the associate as at 31 July 2022 are as follows:

Name	Place of incorporation and business	Class of shares held	Percentage of ownership interest attributable to the Group	Principal activity
ProM Rococo Limited	Hong Kong	Ordinary	25	Film production

ProM is engaged in film production and is accounted for using the equity method.

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 17 October 2022.

Media Asia actively expands the media and entertainment markets of Mainland China. Its business scope includes film production and distribution, concert and live performance, artiste management and television dramas production and distribution.

Media Asia Group Holdings Limited
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