eSun Holdings Limited
豐德麗控股有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 571

ANNUAL REPORT

Year ended 31 July 2022

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CORPORATE INFORMATION

PLACE OF INCORPORATION

Bermuda

BOARD OF DIRECTORS

Executive Directors

Lui Siu Tsuen, Richard *(Chief Executive Officer)*
Chew Fook Aun
Lam Hau Yin, Lester
(also alternate director to U Po Chu)
Yip Chai Tuck

Non-executive Director

U Po Chu

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

Low Chee Keong *(Chairman)*
Chew Fook Aun
Lui Siu Tsuen, Richard
Lo Kwok Kwei, David
Alfred Donald Yap

REMUNERATION COMMITTEE

Low Chee Keong *(Chairman)*
Chew Fook Aun
Lui Siu Tsuen, Richard
Ng Lai Man, Carmen
Alfred Donald Yap

AUTHORISED REPRESENTATIVES

Chew Fook Aun
Lui Siu Tsuen, Richard

COMPANY SECRETARY

Wong Lai Chun

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL OFFICE

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

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

SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

INDEPENDENT AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

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

LISTING INFORMATION

Shares

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

Stock Code/Board Lot

571/2,000 shares

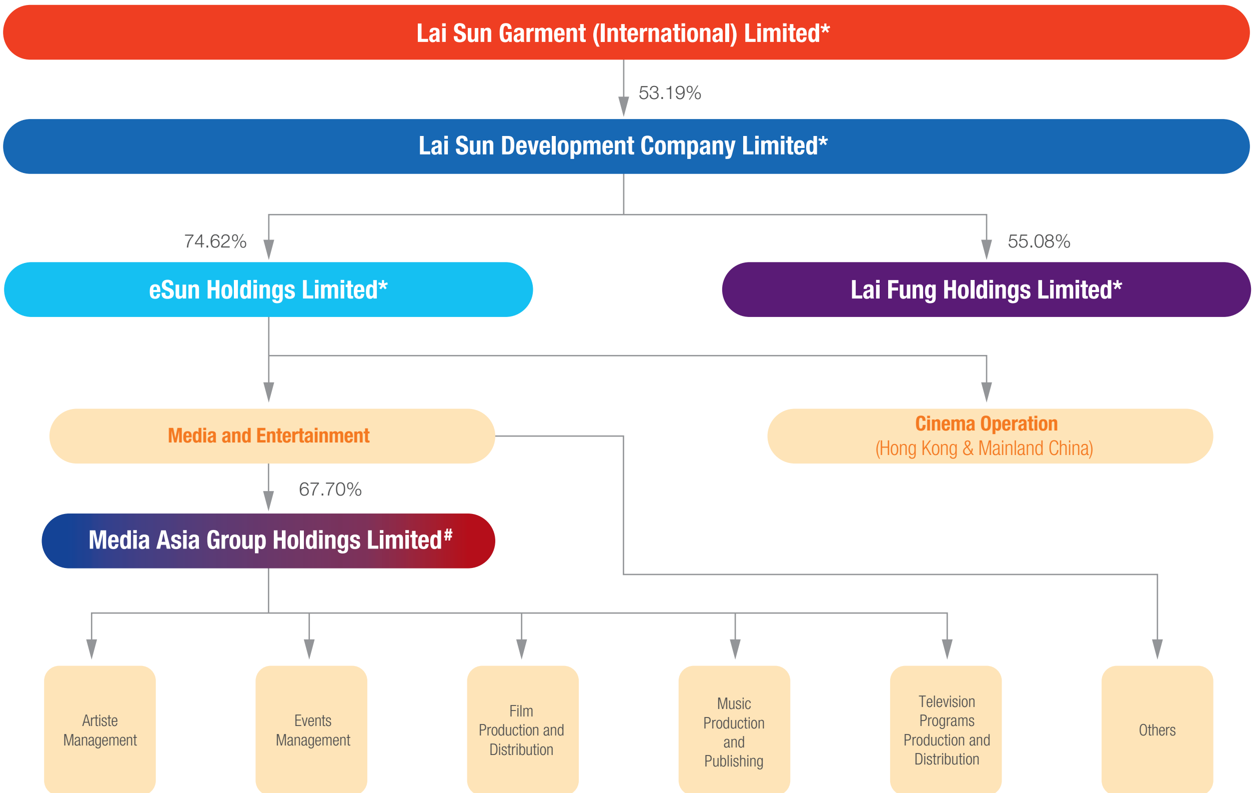
WEBSITE

www.esun.com

INVESTOR RELATIONS

Tel: (852) 2853 6116
Fax: (852) 2853 6651
E-mail: ir@esun.com

CORPORATE PROFILE



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

\# *Listed on GEM of The Stock Exchange of Hong Kong Limited*

Corporate Structure as at 18 October 2022

eSun Holdings Limited ("**Company**") is a member of the Lai Sun Group which was established in Hong Kong in 1947. The Company acted as an investment holding company and the principal activities of its subsidiaries include the 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.

Since 9 June 2011, Media Asia Group Holdings Limited ("**MAGHL**", formerly known as "Rojam Entertainment Holdings Limited") has become a subsidiary of the Company, the issued shares of which are listed and traded on GEM of The Stock Exchange of Hong Kong Limited (Stock Code: 8075). The Company currently holds about 67.70% of the total issued shares in MAGHL and the principal activities of MAGHL and 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.

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

CHAIRMAN'S STATEMENT

Low Chee Keong
Chairman

I am pleased to present the audited consolidated results of eSun Holdings Limited ("**Company**") and its subsidiaries (collectively, "**Group**") for the year ended 31 July 2022.

OVERVIEW OF ANNUAL RESULTS

The Group's operations include 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 in Hong Kong and Mainland China.

For the year ended 31 July 2022, the Group recorded turnover of HK$830.2 million, representing a slight decrease of 0.6% from HK$835.3 million last financial year. Revenue from film and TV program and media entertainment businesses dropped during the year under review while revenue from cinema operation recorded a growth of approximately 80.8% as compared to last financial year. The gross profit increased by approximately 89.5% to HK$348.9 million (2021: HK$184.1 million).

The net loss attributable to owners of the Company for the year ended 31 July 2022 was approximately HK$328.7 million (2021: net loss of HK$351.1 million). The slight decrease in consolidated loss for the year under review is primarily a mix of (i) improved gross profit of film and TV program and cinema businesses of the Group; (ii) a reduction in government grants and rent concessions related to COVID-19; (iii) the non-recurrence of a gain on disposal of asset classified as held for sale; (iv) increase in fair value losses on financial assets at fair value through profit or loss; and (v) reversal in tax provision made in prior years during the year under review. Net loss per share attributable to owners of the Company was HK$0.220 (2021: net loss of HK$0.235 per share).

Equity attributable to owners of the Company as at 31 July 2022 amounted to HK$965.2 million (31 July 2021: HK$1,263.4 million). Net asset value per share attributable to owners of the Company as at 31 July 2022 was HK$0.647 per share (31 July 2021: HK$0.847 per share).

FINAL DIVIDEND

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

BUSINESS REVIEW AND OUTLOOK

The COVID-19 pandemic has had a drastic impact on every facet of the global economy, including the entertainment industry. With the epidemic situation gradually stabilising in Hong Kong, social and economic activities have seen some revival but consumer sentiment might be dampened by the worse-than-expected economic outlook in Hong Kong and the deterioration of global economic prospects.

Due to the relaxation of social distancing measures and the release of a number of local and international blockbuster movies, the cinema operation of the Group recovered gradually from the worst of the COVID-19 pandemic. During the year under review, the Group's cinemas in Hong Kong were allowed to operate at 85% capacity for all screens before the hit of the fifth-wave of COVID-19 in January 2022 resulting in us being requested to close from 7 January 2022 to 20 April 2022 as part of the government's ramped up measures to contain the spread of COVID-19. When we re-opened on 21 April 2022 under the first phase of recent relaxation of social distancing measures in Hong Kong, the maximum number of customers allowed in cinemas was limited to 50% of their normal capacity, which has been relaxed to 85% since 19 May 2022. Cinemas in Mainland China have capped their attendance at 75% of capacity in low-risk areas and operations got suspended when their neighborhoods or districts were categorised as medium or high-risk areas. The box office in Mainland China has also shown a recovery since 2021 driven by the success of patriotic blockbusters. The performance of cinema operations in Hong Kong and Mainland China are still suffering from the social distancing measures as well as the challenging operating environment amid the economic uncertainty, the Group remains cautiously optimistic about the fundamental demand for entertainment in the long run and continues to evaluate opportunities to maintain and enhance its market positioning as a leading multiplex cinema operator in Hong Kong.

In February 2022, the Group extended the tenancy agreement of the Festival Grand Cinema in Festival Walk for 3 years commencing on 1 February 2024. Festival Walk is one of the most popular shopping and leisure destinations in Hong Kong with direct connection to the Kowloon Tong MTR Station and the Group has been operating the cinema since June 2016. Given its strategic location, the Group considers that the continued use of the premise after the expiry of the existing tenancy will be beneficial to the cinema operation of the Group and will further enhance its market position as a leading multiplex cinema operator in Hong Kong. MCL Cinemas Plus+ Plaza Hollywood, the new cinema at Plaza Hollywood in Diamond Hill, Kowloon through a joint venture company with Emperor Cinemas Group opened in July 2022. Another new cinema of the Group in Kai Tak, Kowloon, is expected to commence business in the second quarter of 2023. The Group also secured the cinema site at The ONE in Tsim Sha Tsui, Kowloon and the operation is expected to commence in the third quarter of 2023. In view of the challenging market condition and economic uncertainty in Mainland China, the Guangzhou Mayflower Cinema City was closed in October 2022. The Group is closely monitoring the market conditions and will continue to improve its overall operating efficiency and take a prudent approach in evaluating opportunities for further expansion of its footprint.

The COVID-19 pandemic has changed the consumption behavior of the general public. To rise to this challenge, Media Asia Group Holdings Limited ("**MAGHL**", a non-wholly-owned subsidiary of the Company, together with its subsidiaries, "**MAGHL Group**"), being the media and entertainment arm of 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.

MAGHL Group continues to invest in original productions of quality films with Chinese themes. The current production pipeline includes "*Twilight of the Warriors: Walled In*", an action film directed by Cheng Poi-Shui, featuring Louis Koo, Sammo Hung, Richie Jen and Raymond Lam and "*Tales from the Occult II & III*", both are psychological thrillers 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. MAGHL Group is in discussion with various Chinese portals and video websites for new project development in TV drama production.

The distribution licence of music products with Tencent Music Entertainment (Shenzhen) Co., Ltd and Warner Music continue to provide stable income to the Group. MAGHL Group 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 Concert 2022*", "*Here & Now Ekin In Concert 2022*" and "*Super Junior World Tour — Super Show 9: Road in Hong Kong*" will be held in the coming months. MAGHL 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.

It is believed that MAGHL Group's integrated media platform comprising movies, TV programs, music, new media, artiste management and live entertainment put it in a strong position to capture the opportunities of the entertainment market by a balanced and synergistic approach. The Group is monitoring market conditions closely and will take a prudent approach to explore cooperation and investment opportunities to enrich its portfolio and broaden its income stream.

The public float of the Company remains below the minimum public float requirement under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**" and "**Stock Exchange**", respectively) due to the increase in the Company's shareholding of Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk, they became substantial shareholders and core connected persons of the Company as defined under the Listing Rules. Trading in shares of the Company on the Stock Exchange has been suspended since 1 June 2022 and will remain suspended until the minimum public float is restored. The Company is taking appropriate steps to resolve the issues causing its trading suspension and further announcement(s) will be made by the Company as and when appropriate.

The clawback offer ("**Clawback Offer**") and the placing ("**Placing**") in relation to the loan capitalisation proposal jointly announced by the Company together with MAGHL, Lai Sun Development Company Limited and Lai Sun Garment (International) Limited on 6 November 2020 were completed on 18 January 2021. The net proceeds received by the Company from the Clawback Offer and the Placing are approximately HK$126.3 million after deducting the direct transaction costs incurred in the Clawback Offer and the Placing, and the Group placed the net proceeds together with the net proceeds of HK$1,515.9 million from the disposal of all shares of Lai Fung Holdings Limited owned by the Company as disclosed in the circular of the Company dated 24 April 2020. Up to 31 July 2022, approximately HK$1,075.8 million have been used, including approximately HK$499.4 million used for the development and enhancement of cinema operation; HK$250.0 million used for repayment of shareholder's loans; approximately HK$217.0 million used for film and TV production, distribution and media and entertainment businesses; and the remaining HK$109.4 million for general corporate uses.

As at 31 July 2022, the Group's consolidated cash and bank deposits amounted to HK$1,202.9 million (HK$1,028.3 million excluding MAGHL Group) (31 July 2021: HK$1,640.9 million (HK$1,345.4 million excluding MAGHL Group)) and the debt to equity ratio as at 31 July 2022 amounted to 38.4% (31 July 2021: 30.3%). The Group will continue its prudent and flexible approach in managing its financial position.

APPRECIATION

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

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

Low Chee Keong
Chairman
Hong Kong
18 October 2022

FINANCIAL SUMMARY AND HIGHLIGHTS

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited 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
CONTINUING OPERATIONS:					
TURNOVER	**830,237**	835,303	929,156	1,450,189	2,183,863
PROFIT/(LOSS) BEFORE TAX AND TAX INDEMNITY	**(406,869)**	(399,845)	(922,949)	(344,634)	915,651
Tax and tax indemnity	**37,023**	(8,398)	(79,262)	(3,077)	(242,234)
PROFIT/(LOSS) FOR THE YEAR	**(369,846)**	(408,243)	(1,002,211)	(347,711)	673,417
DISCONTINUED OPERATIONS:					
Profit/(loss) for the year from discontinued operations	**–**	–	(8,150,401)	365,816	–
	(369,846)	(408,243)	(9,152,612)	18,105	673,417
Attributable to:					
Owners of the Company	**(328,732)**	(351,126)	(8,585,404)	(77,645)	263,840
Non-controlling interests	**(41,114)**	(57,117)	(567,208)	95,750	409,577
	(369,846)	(408,243)	(9,152,612)	18,105	673,417

Note: The results of discontinued operations of 2018 had not been restated or reclassified. Therefore, the results of 2018 may not be comparable to 2019, 2020, 2021 and 2022.

Assets, Liabilities and Non-controlling Interests

	As at 31 July				
	2022 HK$'000	2021 HK$'000	2020 HK$'000	2019 HK$'000	2018 HK$'000
Property, plant and equipment	**208,957**	266,715	257,425	4,931,149	3,790,965
Right-of-use assets	**758,895**	883,505	786,397	—	—
Properties under development (classified as non-current assets)	**—**	—	—	713,590	410,157
Investment properties	**—**	—	—	20,424,800	18,601,100
Film rights	**19,162**	15,109	7,055	24,608	11,205
Film and TV program products	**61,174**	54,838	65,121	75,022	80,217
Music catalogs	**663**	3,124	8,584	15,629	9,657
Goodwill	**10,000**	10,000	10,000	82,440	82,440
Other intangible assets	**—**	—	—	—	586
Investments in joint ventures	**30,729**	20,461	15,979	22,993	1,868,316
Investments in associates	**—**	—	—	5,804	16,278
Financial assets at fair value through profit or loss (classified as non-current assets)	**111,878**	35,308	37,793	75,815	—
Available-for-sale investments	**—**	—	—	—	114,361
Long-term deposits, prepayments, other receivables and other assets	**131,398**	119,037	98,663	96,237	120,116
Deferred tax assets	**517**	516	2,121	9,108	4,189
Derivative financial instruments	**—**	—	—	20,581	2,531
Current assets	**1,837,311**	2,308,488	2,580,584	8,115,601	6,937,701
TOTAL ASSETS	**3,170,684**	3,717,101	3,869,722	34,613,377	32,049,819
Current liabilities	**(991,194)**	(1,057,216)	(1,026,294)	(5,100,557)	(3,311,059)
Non-current liabilities — Long-term creditors, accruals and deposits received, lease liabilities, bank and other borrowings, loans from a joint venture, loans from a fellow subsidiary, loans from a related company and guaranteed notes	**(1,177,021)**	(1,333,890)	(1,273,094)	(8,735,777)	(7,774,859)
Deferred tax liabilities	**(87)**	(2,629)	(101)	(3,351,747)	(3,318,953)
TOTAL LIABILITIES	**(2,168,302)**	(2,393,735)	(2,299,489)	(17,188,081)	(14,404,871)
NON-CONTROLLING INTERESTS	**(37,225)**	(59,986)	27,200	(8,326,675)	(8,385,483)
Equity attributable to owners of the Company	**965,157**	1,263,380	1,597,433	9,098,621	9,259,465

FINANCIAL HIGHLIGHTS

Financial Highlights on Continuing Operations

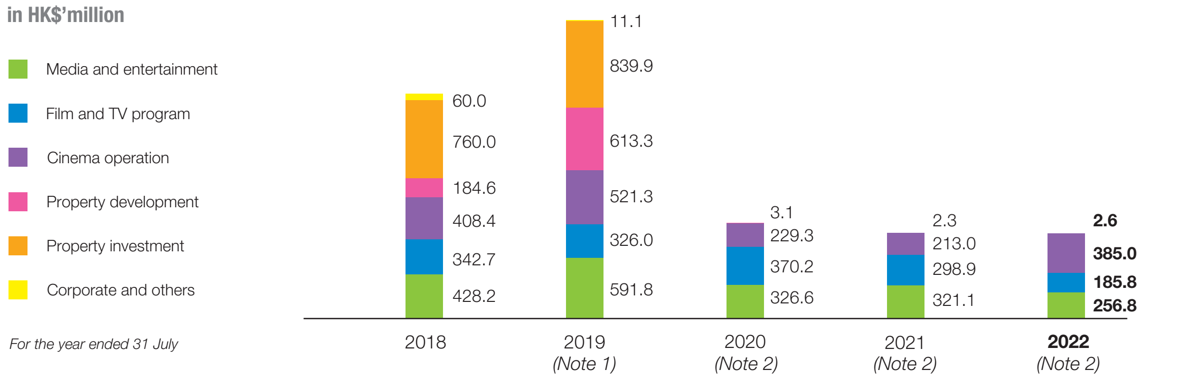
		Year ended 31 July 2022	Year ended 31 July 2021
Turnover	(HK$'M)	**830.2**	835.3
Gross profit	(HK$'M)	**348.9**	184.1
Gross profit margin	(%)	**42.0%**	22.0%
Operating loss	(HK$'M)	**(334.6)**	(339.3)
Loss attributable to owners of the Company	(HK$'M)	**(328.7)**	(351.1)
Basic loss per share *(Note 1)*	(HK$)	**(0.220)**	(0.235)
Net assets attributable to owners of the Company	(HK$'M)	**965.2**	1,263.4
Total borrowings	(HK$'M)	**370.8**	383.0
Net asset value per share *(Note 2)*	(HK$)	**0.647**	0.847
Gearing — debt to equity ratio	(%)	**38.4%**	30.3%
Current ratio	(times)	**1.9**	2.2
Discount to net asset value	(%)	**33.5%**	17.4%

Notes:

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

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

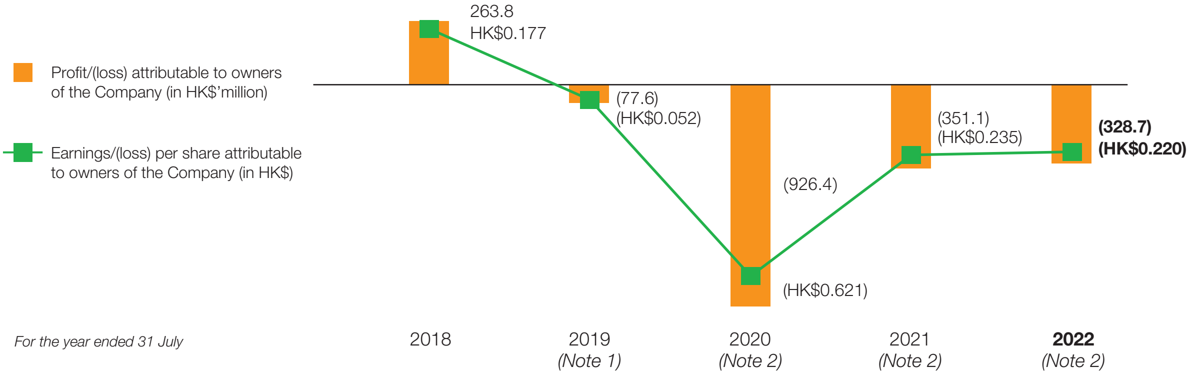
TURNOVER BY SEGMENT



Notes:

1. *As reported. Turnover from continuing operations of the Group amounted to HK$1,450.2 million.*
2. *For continuing operations of the Group*

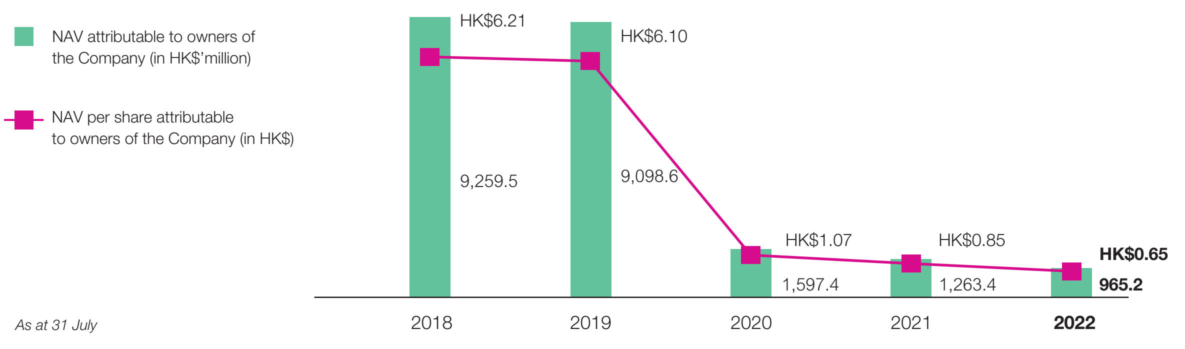
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY



Notes:

1. *As reported. Loss attributable to owners of the Company from continuing operations of the Group amounted to HK$293.9 million.*
2. *For continuing operations of the Group*

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



MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Cinema Operation

For the year ended 31 July 2022, this segment recorded a turnover of HK$385.0 million (2021: HK$213.0 million) and segment results of a loss of HK$128.6 million (2021: a loss of HK$151.0 million). During the year under review, the Group has one more cinema in Hong Kong commenced operation, namely MCL Cinemas Plus+ Plaza Hollywood (a joint venture project with Emperor Cinemas Group). The box office of its cinemas in Hong Kong recorded significant growth compared to the last financial year, especially during the holiday season before the surge of fifth-wave COVID-19 cases in January 2022 and after their re-opening from 21 April 2022 under the recent relaxation of social distancing measures in Hong Kong. As at the date of this Annual Report, the Group operates fifteen cinemas in Hong Kong (including one joint venture project) and two cinemas in Mainland China and details on the number of screens and seats of each existing cinema are as follows:

Cinema	Attributable interest to the Group (%)	No. of screens *(Note)*	No. of seats *(Note)*
Mainland China			
Suzhou Grand Cinema City	100	10	1,440
Zhongshan May Flower Cinema City	100	5	905
Subtotal		**15**	**2,345**
Hong Kong			
K11 Art House	100	12	1,708
Movie Town (including MX4D theatre)	100	7	1,702
MCL Cyberport Cinema	100	4	818
MCL Citygate Cinema	100	4	673
MCL Amoy Cinema	100	3	603
Festival Grand Cinema	95	8	1,196
MCL Metro City Cinema	95	6	690
MCL Telford Cinema (including MX4D theatre)	95	6	789
STAR Cinema	95	6	622
Grand Kornhill Cinema (including MX4D theatre)	95	5	706
MCL Cheung Sha Wan Cinema	95	4	418
MCL South Horizons Cinema	95	3	555
MCL Green Code Cinema	95	3	285
Grand Windsor Cinema	95	3	246
MCL Cinemas Plus+ Plaza Hollywood	50	6	1,595
Subtotal		**80**	**12,606**
Total		**95**	**14,951**

Note: On 100% basis

Media and Entertainment

For the year ended 31 July 2022, this segment recorded a turnover of HK$256.8 million (2021: HK$321.1 million) and segment results of a loss decreased to HK$7.7 million from that of HK$17.4 million in the same period of last year.

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.

Music Production, Distribution and Publishing

During the year under review, the Group released 18 (2021: 19) albums, including titles by Sammi Cheng, Joyce Cheng, Jay Fung, C AllStar, Ivana Wong, Leslie Cheung and Anita Mui. The Group is expected to continue to increase its music licensing revenue from the exploitation of the music library through new media distribution.

Artiste Management

The Group has a strong artiste management team and a sizeable number of talents and will continue to expand its profile and in tandem with our growing television drama production and film production business. The Group currently has 33 artistes under its management.

Film and TV Program Production and Distribution

For the year ended 31 July 2022, this segment recorded a turnover of HK$185.8 million (2021: HK$298.9 million) and segment results of a loss of HK$52.8 million (2021: a loss of HK$94.9 million).

During the year under review, a total of 8 (2021: 6) films produced/invested by the Group were theatrically released, namely "*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*". The Group also distributed 19 (2021: 27) films and 196 (2021: 165) videos with high profile titles including "*American Girl*", "*Fast & Furious 9*", "*No Time to Die*", "*Top Gun: Maverick" and "The Lost City*".

LIQUIDITY, FINANCIAL RESOURCES, CHARGE ON ASSETS AND GEARING

Cash and Bank Balances

As at 31 July 2022, cash and bank balances held by the Group amounted to HK$1,202.9 million (2021: HK$1,640.9 million) of which around 81.0% was denominated in Hong Kong dollars ("**HKD**") and around 15.9% was denominated in Renminbi ("**RMB**"). Cash and bank balances held by the Group excluding cash and bank balances held by MAGHL Group as at 31 July 2022 was HK$1,028.3 million (2021: HK$1,345.4 million). The conversion of RMB denominated cash and bank balances into foreign currencies and the remittance of such foreign currencies denominated balances out of Mainland China are subject to the relevant rules and regulations of foreign exchange control promulgated by the government authorities concerned. The Group does not have any derivative financial instruments or hedging instruments outstanding.

Borrowings

As at 31 July 2022, the Group had outstanding consolidated total borrowings (after intra-group elimination) in the amount of HK$370.8 million. The borrowings of the Group (other than MAGHL) and MAGHL, are as follows:

Group (other than MAGHL)

As at 31 July 2022, the Group had secured general banking facilities granted by a bank. As at 31 July 2022, the Group had outstanding bank loans of HK$143.9 million and utilised letter of credit and letter of guarantee facilities of HK$2.2 million. The Group's bank loans are repayable within one year. All bank loans are on floating rate basis and are denominated in HKD. The Group has undrawn facilities of HK$22.8 million as at 31 July 2022.

In addition, there existed unsecured other borrowings due to the late Mr. Lim Por Yen in the principal amount of HK$113.0 million which is interest-bearing at the HSBC prime rate per annum. The Group's recorded interest accruals were HK$113.9 million for the said unsecured other borrowings as at 31 July 2022. At the request of the Group, the joint executrixes of the estate of the late Mr. Lim Por Yen confirmed that no demand for the repayment of the outstanding other borrowings or the related interest would be made within one year from 31 July 2022.

MAGHL

As at 31 July 2022, MAGHL had unsecured interest-bearing loans from the Company of HK$137.0 million and are repayable in the third year. The loans are on floating rate basis and are denominated in HKD. The undrawn facility of MAGHL from the Company was HK$63.0 million as at 31 July 2022.

Charge on Assets and Gearing

As at 31 July 2022, time deposits of HK$146.3 million of the Group have been pledged to secure banking facilities of the Group.

As at 31 July 2022, the consolidated net assets attributable to the owners of the Company amounted to HK$965.2 million (2021: HK$1,263.4 million). As at 31 July 2022, the gearing ratio of the Group, being the total borrowings to net assets attributable to the owners of the Company was approximately 38.4%.

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

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 31 July 2022 are set out in note 41 to the financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 July 2022, the Group employed a total of around 560 (2021: 580) employees. The Group recognises the importance of maintaining a stable staff force in its continued success. Under the Group's existing policies, employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Discretionary bonuses are granted to employees based on their merit and in accordance with industry practice. Other benefits including share option scheme, mandatory provident fund scheme, free hospitalisation insurance plan, subsidised medical care and sponsorship for external education and training programs are offered to eligible employees.

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 27 to the Rules Governing the Listing of Securities on the main board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"). This report adheres to the four reporting principles listed in the Stock Exchange ESG Reporting Guide, including materiality, quantitative, balance and consistency for report disclosure and historical data comparison. 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 properties under the Group's cinema, media and entertainment businesses in Hong Kong and Mainland China. For further details of the specific properties covered in the reporting scope, please refer to the section on Summary of Environmental 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. The Group's environmental targets have been approved by the Board and will be reviewed by the Committee on a yearly basis. 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.

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 previously 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.

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	Cinema	Entertainment
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	✔	✔
	Community	Community investment	✔	✔

In comparison to the report of last year, legal compliance is removed, "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 a sustainable manner while reducing our environmental impacts. Aside from adopting effective management of the Group's carbon emissions, waste generation, consumption of water and energy 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 our 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 and Southern China could be materially impacted by flooding due to the proximity to coastal areas, while the flood risk for Eastern China operations are limited. However, since all of our cinemas and offices are located indoor of shopping malls and office buildings, the physical risk exposure is relatively low for our business. 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.

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.

Waste and Air Emissions to the Environment

The Group is also conscious of the effects our operations having 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.

Managing Waste in Cinema Operation

The COVID-19 outbreak caused a significant portion of this reporting year's cinema closures. The Hong Kong government's Prevention and Control of Disease (Requirements and Directions) (Business and Premises) Regulation (Chapter 599F) policy forbids eating and drinking in cinema houses. Therefore, the amount of food and drinks available at the concession counters as well as their variety have been limited by the Group. The Group has also decided to stop selling goods with a limited shelf life in order to reduce the amount of food waste produced by our business.

Minimising Waste in Media and Entertainment Business

Our media and entertainment operations reduce waste through employee-oriented initiatives. We encourage employees in office to reduce paper usage 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.

Managing Water and Energy Use in Cinema Operation

Energy continues to be the primary resource used in our cinema operation and we have developed a variety of management measures to effectively control our electrical consumption. To ensure our high standards were upheld and met in the cinemas, electricity consumption of cinemas is monitored on a regular basis. Some of the Group's cinemas have also implemented further energy-saving measures, such as the installation of energy-efficient lighting and automated induction systems. Regarding water reduction initiatives, infrared sensor water taps were installed in toilets in new cinemas and some recently-renovated cinemas.

Reducing Water and Energy Consumption in Media and Entertainment Business

Our media and entertainment 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 offices.

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.

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. During COVID-19, we also allow our employees to take paid special leave and offered financial support if those Hong Kong, Macau or Taiwan and foreign nationals employed in Mainland China need to undergo compulsory hotel quarantine when returning to their homes for personal reasons or returning to Mainland China for work. In Hong Kong, we arranged movie screenings and monthly "Lunch Talk" on topics like the MPF and health and safety-related knowledge. We also prepared festive gifts to celebrate traditional festivals with 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.

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 safety awareness, the ambassadors are also responsible for reporting and 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 a valuable asset to the long-term business development, and takes their physical and mental 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 in Hong Kong. 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, to enhance the communication skills and other business skills of our officers and supervisory grade staff.

Apart from internal programs, we also provide financial support if our employees wish to obtain professional qualifications or attend programs that are being held externally, as pursuing career interests is vital to one's professional development. To be eligible for the tuition schemes, the applicants must have worked for the Group for at least 12 months and the nature of the courses that they apply for should be relevant to their original job positions as well as their scope of work.

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 two performance appraisals take place every July and December for employees of Mainland China. With reference to the results, we make salary adjustments and decide on the candidates for promotion.

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 materials containing misleading information. We make sure that all of our goods and services abide by the laws and rules pertaining to product responsibility that are included in the section under "List of Significant Laws and Regulations".

Service Excellence

Ensuring Customer Experience for Cinema Operation and Entertainment Business

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

In Hong Kong, the Group adheres to the Standard Operating Procedure to provide quality customer services. We provide customer service training for all employees such as monthly complaint cases and guidelines sharing and conduct weekly site visits by operation managers. Aside from a centralised hotline, our operation managers will respond quickly to customer feedback on-site and, if necessary, divert it to headquarters for further follow-up. During the reporting year, the Group received a total of 110 complaint cases for cinema operation, most of which were related to issues such as ticketing, membership scheme, staff or facility performance, and the special closure arrangement during the COVID-19 pandemic. While for entertainment business, 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.

Preventive Measures Against COVID-19 at Cinemas

Since 2019, the COVID-19 pandemic has brought us to a new normal. Besides strictly following the government's recommendations and operation instructions related to the social distancing measures, our cinemas have adopted infection prevention and control measures to safeguard our customers' health. While all employees are required to receive all 3 doses of COVID-19 vaccination, customers should register their entry with the Leave Home Safe application and both parties shall always wear masks and have their temperature taken before entering the premises. Seating capacity limit is applied to the cinemas to maximise physical distancing in accordance with government's requirements. Disinfection of corridors, theatres and seats is performed daily while hand sanitisers are also provided at the ticketing kiosk, snack bar and entrance for customers.

Safety and Hygiene in Cinema Operation

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

During the reporting year, there were no non-compliance cases related to food safety and hygiene.

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.

Cinema Operation

While the Group provides individualised and superior services to customers, information security maintains the top priority.

In our cinema operations, the customers' personal data, including their names, birthdays, emails and telephone numbers, are solely collected for necessary use to manage customer memberships. Customers' acknowledgement of the Personal Information Collection Statement and Privacy Policy Statement is required prior to their enrolment in the loyalty program. The statements outline appropriate steps and procedures for data collection and disposal for all relevant staff. No marketing materials will be sent to unsubscribed individuals without any permission.

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

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 type of suppliers are service providers including film distributors, concession suppliers, landlords and POS system vendors, where material environmental impact is not generated.

Responsible Food Sourcing in Cinema Operation

To fulfil the growing demand for healthy and sustainable food among the customers, priorities will be given to suppliers who provide ASC, MSC or organic-certified food with ISO or HACCP certifications to ensure responsible food sourcing. Healthiness, organic and fair trade are also taken into consideration when purchasing concession stand products for our cinema operation. Site visits with our existing suppliers are also conducted regularly to monitor their environmental and social compliances and initiatives.

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 operates 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 trainings are provided 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. There were no legal cases regarding corrupt practices brought against the Group or its employees during the reporting year.

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, the Group 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 *Note 1*

Cinema *Notes 2, 3 & 4*	**Unit**	**2022**	**2021**
A1.2 Greenhouse gas emissions in total and intensity			
Indirect GHG emissions (Scope 2)	tonnes CO_2e	2,244	1,601
GHG emissions intensity	**tonnes CO_2e/m^2**	**0.06**	**0.06**
A1.3 Total hazardous waste produced and intensity			
Fluorescent lamp waste	kg	197	116
Hazardous waste disposed intensity	**kg/m^2**	**0.0056**	**0.0044**
A1.4 Total non-hazardous waste produced and intensity			
General waste	kg	36,379	27,977
Non-hazardous waste disposed intensity	**kg/m^2**	**1.04**	**1.06**
A2.1 Direct and/or indirect energy consumption by type in total and intensity			
Electricity consumption	kWh	4,896,534	3,419,451
Energy consumption intensity	**kWh/m^2**	**139.41**	**129.90**
A2.2 Water consumption in total and intensity *Note 5 & 6*			
Water consumption	m^3	7,389 *Note 7*	3,724
Water consumption intensity	**m^3/m^2**	**0.21**	**0.14**

Notes:

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

2. *The reporting scope of the summary of environmental performance includes the cinemas in Hong Kong held by the Group (namely Festival Grand Cinema, MCL Cheung Sha Wan Cinema, MCL Metro City Cinema, MCL Telford Cinema, STAR Cinema, Grand Kornhill Cinema, MCL South Horizons Cinema, MCL Green Code Cinema, Grand Windsor Cinema, Movie Town and MCL Cyberport Cinema). Compared with the year ended 31 July 2021, K11 Art House, MCL Citygate Cinema and MCL Amoy Cinema were newly added.*

3. *Air emissions and direct GHG emissions (Scope 1) are not significant and thus not reported. Packaging material used for finished products is not a material issue for the cinema business and thus not reported.*

4. *Closure of cinemas due to COVID-19 outbreak in both financial years.*

5. *Grand Kornhill Cinema and MCL Cyberport Cinema are excluded from the scope of both financial years as their water consumption is managed by the central management of the property and there are no separate water meter for the cinemas.*

6. *For MCL South Horizons Cinema and Grand Windsor Cinema, the water consumption is partially estimated based on their average daily water amount.*

7. *Significant increase in water consumption in 2022 was mainly due to three newly added cinemas in the reporting scope.*

Entertainment *Notes 8 & 9*	**Unit**	**2022**	**2021**
A1.1 Types of emissions and respective emissions data *Note 10*			
Sulphur oxides (“SOx”) emissions	**kg**	**0.12**	**0.13**
A1.2 Greenhouse gas emissions in total and intensity *Note 11*			
Direct GHG emissions (Scope 1)	tonnes CO_2e	22	24
Indirect GHG emissions (Scope 2)	tonnes CO_2e	95	91
Total GHG emissions	**tonnes CO_2e**	**117**	**115**
GHG emissions intensity	**tonnes CO_2e/m^2**	**0.05**	**0.05**
A1.4 Total non-hazardous waste produced			
Non-hazardous waste *Note 12*	**kg**	**2,835**	**2,880**
Total non-hazardous waste produced intensity	**kg/m²**	**1.19**	**1.21**
A2.1 Direct and/or indirect energy consumption by type in total and intensity			
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/m²**	**136.61**	**140.08**

Notes:

8. *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, Hong Kong.*

9. *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 entertainment business and thus not reported. Hazardous wastes are not significant for entertainment operation and thus not reported.*

10. *It refers to air emission from fuel consumption of company vehicles. For data comparability, respective data for the year ended 31 July 2021 were also calculated according to the same method. Subject to data availability, only SOx emission is disclosed.*

11. *Direct GHG emission (Scope 1) refers to gasoline combustion of company vehicles. Indirect GHG emission (Scope 2) refers to electricity consumed.*

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

SUMMARY OF SOCIAL PERFORMANCE

The Group [Note 13]	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	1,194	1,009
By gender			
Male	No. of people	565	471
Female	No. of people	629	538
By age group			
Below 30	No. of people	667	528
30-50	No. of people	394	362
Above 50	No. of people	133	119
By employment type			
Full time — Male	No. of people	272	280
Full time — Female	No. of people	288	299
Part time — Male	No. of people	293	191
Part time — Female	No. of people	341	239
By geographical region			
Hong Kong	No. of people	1,049	862
Mainland China	No. of people	132	138
Other	No. of people	13	9
B1.2 Employee turnover rate by gender, age group and geographical region [Note 14]			
Total employee turnover rate	%	13	12
By gender			
Male	%	13	16 [Note 15]
Female	%	13	9
By age group			
Below 30	%	11	13
30-50	%	17	10
Above 50	%	9	13
By geographical region			
Hong Kong	%	11	10
Mainland China	%	25	30
Other	%	0	11

Notes:

13. *The reporting scope of the summary of social performance includes the Company and its subsidiaries.*

14. *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 all full-time and part-time employees.*

15. *Data for the financial year ended 31 July 2021 was re-stated after data review.*

The Group *Note 13*	**Unit**	**2022**	**2021**
B2.1 Number and rate of work-related fatalities *Note 16*			
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	202.5	157
Number of attendance by employees attended training by gender and employee category			
By employee category			
Senior management	No. of attendance	4	13
Middle management	No. of attendance	51	15
General staff	No. of attendance	73	131
By gender			
Male	No. of attendance	64	58
Female	No. of attendance	64	101 *Note 15*
B3.2 The average training hours completed per employee by gender and employee category *Note 17*			
By employee category			
Senior management	No. of hours	0.1	0.2
Middle management	No. of hours	1.1	0.3
General staff	No. of hours	0.2	0.5
By gender			
Male	No. of hours	0.4	0.4
Female	No. of hours	0.3	1
B5.1 Number of suppliers by geographical region			
Hong Kong	No. of suppliers	677	640
Mainland China	No. of suppliers	115	50
Other	No. of suppliers	37	26
B8.2 Resources contributed to community investment			
Cash donations/Sponsorships	HKD	13,248	15,958
Volunteering hours	Hours	29	199

Notes:

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

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

LIST OF SIGNIFICANT LAWS AND REGULATIONS

Environment

Aspect A1–A3: Environmental

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

Employee

Aspect B1: Employment

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

Mainland China:
- Labour Law of the People's Republic of China ("**PRC**")
- Labour Contract Law of the PRC

Aspect B2: Health and Safety

Hong Kong:
- Chapter 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

Aspect B4: Labour Standards

Hong Kong:
- Chapter 57B Employment of Children Regulations
- Chapter 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 612 Food Safety Ordinance
- Chapter 528 Copyright Ordinance
- Chapter 544 Prevention of Copyright Piracy Ordinance
- Chapter 559 Trade Marks Ordinance
- Food Hygiene Code

Aspect B7: Anti-corruption

Hong Kong:

- Chapter 201 Prevention of Bribery Ordinance

REFERENCES TO STOCK EXCHANGE 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.	Waste and Air 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).	Summary of Environmental Performance
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Summary of Environmental Performance
A1.5	Description of emission target(s) set and steps taken to achieve them.	Emissions are not considered as material in relation to the Group's businesses, 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.	Waste and Air 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.

Subject Areas, Aspects, General Disclosure and KPIs		Sections/Remarks
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).	Summary of Environmental Performance
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Waste and Air Emissions to the Environment; 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.	Use of Resources; 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 business.
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising 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.	Waste and Air Emissions to the Environment; Use of Resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Integrating Environmental Sustainability into Our Operations
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Integrating Environmental Sustainability into Our Operations

Subject Areas, Aspects, General Disclosure and KPIs		Sections/Remarks
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment Practices; Employee Welfare
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Summary of Social Performance
B1.2	Employee turnover rate by gender, age group and geographical region.	Summary of Social Performance
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	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).	During the reporting year, only the number of training attendees are being recorded and disclosed.
B3.2	The average training hours completed per employee by gender and employee category.	Summary of Social Performance

Subject Areas, Aspects, General Disclosure and KPIs		Sections/Remarks
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.
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; 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.	Service Excellence
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Data Protection and Privacy

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

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 in the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**").

(1) 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 ("**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 the quarantine requirements travelling from Singapore to Hong Kong in light of the epidemic situation of the novel coronavirus (COVID-19), Mr. Low Chee Keong ("**Mr. Low**", the chairman of the board of directors ("**Board**" and "**Directors**", respectively)) had not attended the annual general meeting of the Company ("**AGM**") held on 17 December 2021 ("**2021 AGM**"). However, Mr. Lui Siu Tsuen, Richard ("**Mr. Lui**", an executive Director ("**ED**") and the chief executive officer of the Company ("**Chief Executive Officer**")) present at that meeting, took the chair pursuant to Bye-law 63 of the Bye-laws of the Company ("**Bye-laws**") to ensure an effective communication with the shareholders of the Company ("**Shareholders**") thereat.

The Stock Exchange published its consultation conclusions on the consultation paper entitled "Review of the Corporate Governance Code and Related Listing Rules" in December 2021. The revised Listing Rules and new CG Code have come into effect on 1 January 2022, and the requirements under the new CG Code will be applied to corporate governance reports for financial years commencing on or after 1 January 2022. The Company has complied with most of the new requirements and has already implemented certain new requirements including, but not limited to, the setting up of the Nomination Committee and reflecting the relevant new requirements in the updated nomination policy ("**Nomination Policy**"), board diversity policy ("**Board Diversity Policy**") and shareholders' communication policy ("**Shareholders' Communication Policy**") of the Company. The provisions of the updated CG Code will be fully complied with in the Company's 2022-2023 Annual Report.

(2) CORPORATE CULTURE AND STRATEGY

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

The Company acts as an investment holding company and the principal activities of its subsidiaries (together with the Company, "**Group**") include the 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. 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 care about our stakeholders — employees, customers, supply chain and the community; and

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

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

(3) BOARD OF DIRECTORS

(3.1) Responsibilities and Delegation

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

The Board has established specific committees with written terms of reference to assist it in the efficient implementation of its functions, namely the Audit Committee, the Executive Committee, the Nomination Committee and the Remuneration Committee. Specific responsibilities have been delegated to the above Committees.

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

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

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

(3.2) Composition of the Board

The Board currently comprises nine members, of whom four are EDs, one is non-executive Director ("**NED**") and the remaining four are independent non-executive Directors ("**INEDs**"), exceeding the minimum number of INEDs required under Rule 3.10(1) of the Listing Rules. The Company has also complied with Rule 3.10A of the Listing Rules with INEDs representing at least one-third of the Board. The Board will review the management structure regularly to ensure that it continues to meet the Group's objectives and is in line with the industry practices.

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

Executive Directors
Mr. Lui Siu Tsuen, Richard *(Chief Executive Officer)*
Mr. Chew Fook Aun
Mr. Lam Hau Yin, Lester *(also alternate director to Madam U Po Chu)*
Mr. Yip Chai Tuck

Non-executive Director
Madam U Po Chu

Independent Non-executive Directors
Mr. Low Chee Keong *(Chairman)*
Mr. Lo Kwok Kwei, David
Dr. Ng Lai Man, Carmen
Mr. Alfred Donald Yap

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

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

(3.3) 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 18 October 2022 and set out below:

(a) Four out of the nine Directors are INEDs which exceeds the 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 3.13 of the Listing Rules.

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

(d) All Directors are encouraged to express 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 the EDs and NED.

(3.4) Attendance Record at Board Meetings

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

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

Directors	Number of Meetings Attended/ Number of Meetings Held
Executive Directors	
Mr. Lui Siu Tsuen, Richard *(Chief Executive Officer)*	4/4
Mr. Chew Fook Aun	4/4
Mr. Lam Hau Yin, Lester *(also alternate director to Madam U Po Chu)*	4/4
Mr. Yip Chai Tuck	4/4
Non-executive Director	
Madam U Po Chu	3/4
Independent Non-executive Directors	
Mr. Low Chee Keong *(Chairman)*	4/4
Mr. Lo Kwok Kwei, David	4/4
Dr. Ng Lai Man, Carmen	4/4
Mr. Alfred Donald Yap	4/4

For the Year, apart from the Board meetings, consents and/or approvals of the Board were also obtained by way of written resolutions on a number of matters/transactions. The Chairman of the Board met all INEDs without the presence of the EDs after the Board meeting held on 21 January 2022 in compliance with code provision C.2.7 in Part 2 of the CG Code.

(3.5) Independent Non-executive Directors

Save as disclosed in paragraph (3.2) above, the Company has also complied with Rule 3.10(2) of the Listing Rules which requires that at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise. The Company has received from each of the INEDs a written annual confirmation of his/her independence for the Year pursuant to Rule 3.13 of the Listing Rules. The Board considers that all INEDs are independent. Further, up to the date of this Annual Report, the Board has not been aware of the occurrence of any events which would cause it to believe that their independence has been impaired.

All INEDs have been serving more than nine years on the Board. The length of tenure of Mr. Low, Mr. Lo Kwok Kwei, David ("**Mr. Lo**"), Dr. Ng Lai Man, Carmen ("**Dr. Ng**") and Mr. Alfred Donald Yap ("**Mr. Yap**") with the Company as at the date of this Annual Report was more than 23 years, 13 years, 13 years and 25 years, respectively.

(3.6) Non-executive Directors

None of the existing NEDs (including the INEDs) is appointed for a specific term. 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, all Directors are required to retire from office by rotation once every three years since their last election by Shareholders and the retiring Directors are eligible for re-election. In addition, any person appointed by the Board as a Director (including a NED) will hold office only until the next following 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. Further, each of the Directors appointed to fill a casual vacancy has been/will be subject to election by the Shareholders at the first general meeting after his/her appointment pursuant to Bye-law 86(2) of the Bye-laws.

(3.7) Directors' and Officers' Liabilities Insurance

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

(4) CHAIRMAN AND CHIEF EXECUTIVE

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

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

(5) DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

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

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

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

According to the records maintained by the Company, the current 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:

Directors	Corporate Governance/ Updates on Laws, Rules and Regulations		Accounting/Financial/ Management or Other Professional Skills	
	Read Materials	Attend Seminars/ Webinars/ Briefings	Read Materials	Attend Seminars/ Webinars/ Briefings
Executive Directors				
Mr. Lui Siu Tsuen, Richard *(Chief Executive Officer)*	✔	✔	✔	✔
Mr. Chew Fook Aun	✔	✔	✔	✔
Mr. Lam Hau Yin, Lester *(also alternate director to Madam U Po Chu)*	✔	✔	✔	✔
Mr. Yip Chai Tuck	✔	✔	✔	✔
Non-executive Director				
Madam U Po Chu	✔	✔	✔	–
Independent Non-executive Directors				
Mr. Low Chee Keong *(Chairman)*	✔	✔	✔	✔
Mr. Lo Kwok Kwei, David	✔	✔	✔	✔
Dr. Ng Lai Man, Carmen	✔	✔	✔	✔
Mr. Alfred Donald Yap	✔	✔	✔	✔

(6) BOARD COMMITTEES

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

(6.1) Audit Committee

On 29 April 1999, the Board established an Audit Committee which currently comprises three INEDs, namely Dr. Ng (Chairwoman), Mr. Low and Mr. Yap.

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

(a) Duties of the Audit Committee

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

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

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

Pursuant to code provision D.3.4 in Part 2 of the CG Code, the terms of reference of the Audit Committee setting out its authority, duties and responsibilities are available on both the websites of HKEX and the Company.

(b) Work Performed by the Audit Committee

The Audit Committee held three meetings during the Year and has met its responsibilities in its review of, among other things, (i) the audited results of the Company for the year ended 31 July 2021, the unaudited interim results of the Company for the six months ended 31 January 2022 and other matters related to the financial and accounting policies and practices; (ii) the audit fees payable to the Company's independent auditor ("**Independent Auditor**", i.e. Ernst & Young, Certified Public Accountants ("**Ernst & Young**")); (iii) the Company's internal control review reports and enterprise risk management report prepared by Deloitte Advisory (Hong Kong) Limited (an independent advisor of the Company ("**Independent Advisor**")); (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. In addition, the Audit Committee held private session with the Independent Auditor separately without the presence of management.

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, the Company's internal control review report and enterprise risk management report prepared by the Independent Advisor.

(c) Attendance Record at Audit Committee Meetings

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

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

Note: Mr. Lo (an INED) participated in part of an Audit Committee meeting held during the Year for reviewing the continuing connected transactions of the Company.

(6.2) Nomination Committee

On 21 January 2022, the Board established a Nomination Committee which currently comprises five members, including three INEDs, namely Mr. Low (Chairman), Mr. Lo and Mr. Yap and two EDs, namely Mr. Chew Fook Aun ("**Mr. Chew**") and Mr. Lui. The composition meets the requirements of chairmanship and independence under Rule 3.27A of the Listing Rules. Pursuant to code provision B.3.2 in Part 2 of the CG Code, the terms of reference of the Nomination Committee setting out its authority, duties and responsibilities are available on both the websites of HKEX and the Company.

(a) Duties of the Nomination Committee

The principal duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least once annually and make recommendations to the Board on any proposed changes; to make recommendation to the Board on selection of candidates for directorship, on appointment or re-appointment of Directors and succession planning for Directors; and to access the independence of the INEDs. The Nomination Committee will also periodically review the Nomination Policy and the Board Diversity 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 to review and recommend the proposed amendments to the Board Diversity Policy; and the structure, size and composition (including the skills, knowledge and experience) of the Board taking into account the Nomination Policy and the Board Diversity Policy.

On 17 October 2022, the Nomination Committee reviewed/recommended, among other things, the Nomination Policy and the Board Diversity 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 a 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.

(c) Board Diversity Policy

Following the establishment of the Nomination Committee, the Board Diversity Policy adopted by the Board in July 2013 was revised on 22 March 2022 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 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 governance practices. Full details of the Board Diversity Policy are available on the Company's website.

In compliance with code provision B.3.1 in Part 2 of the CG Code, the Nomination Committee had, at its meeting held on 21 March 2022, reviewed the structure, size and composition of the Board with reference to the Board Diversity Policy. The Company considers that the current composition of the Board, two out of its nine members being women, is characterised by diversity, whether considered in terms of gender, nationality, professional background and skills. The current Directors have extensive experience and skills in, including, but not limited to, media and entertainment businesses, corporate advisory, business development and investment banking, laws, accounting and auditing services and corporate finance, etc.

The 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 53% female and 47% male. Further details of gender ratio are disclosed in the section headed "*Environmental, Social and Governance Report*" of this Annual Report.

(d) Nomination Policy

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

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

The Shareholders may also propose a person for election as a Director, details of which are set out in "Procedures for Shareholders to Propose a Person for Election as a Director of the Company" which is available on the Company's website at www.esun.com. No candidate has been proposed for appointment as a Director during the Year.

(e) Attendance Record at Nomination Committee Meeting

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

Committee Members	Number of Meeting Attended/ Number of Meeting Held
Executive Directors	
Mr. Lui Siu Tsuen, Richard	1/1
Mr. Chew Fook Aun	1/1
Independent Non-executive Directors	
Mr. Low Chee Keong *(Chairman)*	1/1
Mr. Lo Kwok Kwei, David	1/1
Mr. Alfred Donald Yap	1/1

(6.3) Remuneration Committee

On 16 September 2005, the Board established a Remuneration Committee which currently comprises five members, including three INEDs, namely Mr. Low (Chairman), Dr. Ng and Mr. Yap, and two EDs, namely Mr. Chew and Mr. Lui. The composition meets the requirements of chairmanship and independence under Rule 3.25 of the Listing Rules.

The Remuneration Committee has adopted the operation model where it performs an advisory role to the Board, with the Board retaining the final authority to approve the remuneration packages of Directors and senior management of the Company. Pursuant to code provision E.1.3 in Part 2 of the CG Code, the terms of reference of the Remuneration Committee setting out its authority, duties and responsibilities are available on both 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, in consultation with the Chairman of the Board and/or the Chief Executive Officer, on an appropriate policy and framework for all aspects of remuneration of all Directors and senior management of the Company, including but not limited to Directors' fees, salaries, allowances, bonuses, share options, benefits in kind and pension rights, to ensure that the level of remuneration offered by the Company is competitive and sufficient to attract, retain and motivate personnel of the required quality to manage the Company successfully.

(b) Work Performed by the Remuneration Committee

The Remuneration Committee held a meeting during the Year to review/recommend for the Board's approval the salary increment and discretionary bonus payments to EDs (except Mr. Lam) 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 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/her own remuneration at the meeting of the Remuneration Committee. Details of Directors' remuneration and five highest pay individuals are set out in note 10 to the financial statements pursuant to code provision E.1.5 in Part 2 of the CG Code.

(c) Attendance Record at Remuneration Committee Meeting

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

Committee Members	Number of Meeting Attended/ Number of Meeting Held
Executive Directors	
Mr. Lui Siu Tsuen, Richard	1/1
Mr. Chew Fook Aun	1/1
Independent Non-executive Directors	
Mr. Low Chee Keong *(Chairman)*	1/1
Dr. Ng Lai Man, Carmen	1/1
Mr. Alfred Donald Yap	1/1

(7) SECURITIES TRANSACTIONS BY DIRECTORS AND DESIGNATED EMPLOYEES

The Company has adopted a Code of Practice for Securities Transactions by Directors and Designated Employees ("**Securities Code**") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the 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 throughout the Year.

(8) WHISTLEBLOWING POLICY

In compliance with code provision D.2.6 in Part 2 of the CG Code, the Board adopted a whistleblowing policy ("**Whistleblowing Policy**") on 19 July 2022 which provides formal channels and guidance to facilitate the raising of matters of concern by employees of the Group ("**Employees**") and those who deal with the Group (e.g. customers, suppliers, creditors and debtors) ("**Third Parties**", each a "**Whistleblower**"), in confidence, without fear of reprisals. Procedures are formulated to enable the Whistleblower to report suspected improprieties in any matters related to the Group directly addressed to the designated EDs as well as Head of Group Human Resources and Administration Department. An email account (whistleblowing@laisun.com) has been set up for this purpose.

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.

(9) 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 ("**AFAC Policy**") on 19 July 2022 which sets out the specific behavioral guidelines that the Employees, the Third Parties and those acting in an agency or fiduciary capacity on behalf of the Group must follow to combat fraud and corruption.

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

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

The Board and the Audit Committee will review the 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.

(10) DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

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

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

(11) INDEPENDENT AUDITOR' S REPORTING RESPONSIBILITY

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

(12) INDEPENDENT AUDITOR'S REMUNERATION

At the 2021 AGM, Ernst & Young was re-appointed by the Shareholders as the Independent Auditor at a fee to be agreed by the Board. The fees in respect of the audit and non-audit services provided to the Group by Ernst & Young for the Year amounted to approximately HK$6,552,000 and HK$1,758,000, respectively. The non-audit services mainly consisted of certain agreed-upon procedures, tax advisory and other reporting services. An analysis of such fees is set out below:

	Audit service HK$'000	**Non-audit service** HK$'000
The Group (excluding Media Asia Group Holdings Limited ("**MAGHL**") and its subsidiaries)	4,208	1,128
MAGHL and its subsidiaries	2,344	630
Total	**6,552**	**1,758**

(13) RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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 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 and propose 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 Advisor for the Year.

The Company's enterprise risk management report and internal control review report are prepared by the Independent Advisor and submitted to the Audit Committee and the Board at least once a year. The Board has performed annual review on the effectiveness of the Group's risk management and internal control systems, including but not limited to the Group's ability to cope with its business transformation and changing external environment; the scope and quality of management's review on risk management and internal control systems; result of internal audit work; the extent and frequency of communication with the Board in relation to result of risk and internal control review; significant failures or weaknesses identified and their related implications; and status of compliance with the Listing Rules. The Board considers that 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 the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("**SFO**") and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures that the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensuring that information contained in the Company's announcements are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

(14) COMPANY SECRETARY

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

(15) SHAREHOLDERS' RIGHTS

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

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

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

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

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

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

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

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

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

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

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

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

11/F., Lai Sun Commercial Centre
680 Cheung Sha Wan Road
Kowloon, Hong Kong

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

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

(16) COMMUNICATION WITH SHAREHOLDERS

(16.1) Shareholders' Communication Policy

On 29 March 2012, the Board adopted a 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 regularly with updates last made on 19 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.

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

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

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

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

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

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

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

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

With the above measures in place, the Shareholders' Communication Policy is considered to have been effectively implemented and adequate. And with the continuing COVID-19 situation, the manner of engagement with the Shareholders will be monitored closely.

(16.2) Directors' Attendance at General Meeting

The attendance record of each Director at the 2021 AGM is set out below:

Directors	Number of Meeting Attended/ Number of Meetings Held Annual General Meeting
Executive Directors	
Mr. Lui Siu Tsuen, Richard *(Chief Executive Officer)*	1/1
Mr. Chew Fook Aun	1/1
Mr. Lam Hau Yin, Lester *(also alternate director to Madam U Po Chu)*	0/1
Mr. Yip Chai Tuck	1/1
Non-executive Director	
Madam U Po Chu	0/1
Independent Non-executive Directors	
Mr. Low Chee Keong *(Chairman)*	0/1
Mr. Lo Kwok Kwei, David	1/1
Dr. Ng Lai Man, Carmen	1/1
Mr. Alfred Donald Yap	1/1

(16.3) Details of the Last General Meeting

The 2021 AGM was held at 10:00 a.m., at Grand Ballrooms 1 and 2, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong. During which the Directors (except Mr. Low, Mr. Lam and Madam U), the designated senior management of the Company and the representatives of Ernst & Young presented to answer the Shareholders' questions. At the 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 Mr. Chew and Mr. Lam as EDs and Mr. Lo and Dr. Ng as INEDs 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 ("**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 2021 AGM and the poll results announcement in respect of 2021 AGM were published on the respective websites of HKEX and the Company on 17 November 2021 and 17 December 2021, respectively.

(17) DIVIDEND POLICY

In compliance with code provision F.1.1 in Part 2 of the CG Code, the Board adopted a dividend policy ("**Dividend Policy**") on 22 January 2019 setting out the criteria and forms of dividend payout of the Company.

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

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

(18) INVESTOR RELATIONS

To ensure our investors have a better understanding of the Company, our management engages in a proactive investor relations program. Our EDs and Investor Relations Department communicate with research analysts and institutional investors on an on-going basis and meet with research analysts and the press after our results announcements, attend major investors' conferences and participate in international non-deal roadshows to communicate the Company's financial performance and global business strategy.

Despite the pandemic, the Group maintains proactive interactions with the investment community and provides them with updates on the Group's operations, financial performance and outlook. During the year under review, the Company has been communicating with a number of research analysts and investors via online meetings and conference calls as follows:

Month	Event (Virtual)	Organiser	Investor Base
October 2021	Post results non-deal roadshow	DBS	Hong Kong
October 2021	Post results non-deal roadshow	DBS	United States
October 2021	Post results non-deal roadshow	HSBC	Hong Kong/Singapore/Mainland China
November 2021	Post results non-deal roadshow	DBS	United States
March 2022	Post results non-deal roadshow	DBS	Hong Kong/Singapore/United Kingdom/ United Arab Emirates
March 2022	Post results non-deal roadshow	DBS	United States
March 2022	Post results non-deal roadshow	HSBC	Hong Kong
July 2022	DBS Vickers Hong Kong Property and Logistics Conference Calls	DBS	Hong Kong/Singapore/United States

The Company is keen on promoting investor relations and enhancing communication with the Shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public who may contact the Investor Relations Department by phone on (852) 2853 6116, by fax at (852) 2853 6651 or by e-mail at ir@esun.com.

(19) CONSTITUTIONAL DOCUMENTS

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

Subsequent to the financial year and as announced in the Company's announcement dated 18 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 the Core Shareholder Protection Standards as set out in Appendix 3 to the 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 17 November 2022.

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Each of the executive directors of the Company ("**Directors**" and "**Executive Directors**", respectively) named below holds directorships in a number of subsidiaries of the Company and certain of its listed affiliates, namely Lai Sun Garment (International) Limited ("**LSG**"), Lai Sun Development Company Limited ("**LSD**"), Lai Fung Holdings Limited ("**Lai Fung**") and Media Asia Group Holdings Limited ("**MAGHL**") (collectively, "**Lai Sun Group**"). The issued shares of LSG, LSD and Lai Fung are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") and MAGHL's issued shares are listed and traded on GEM of the Stock Exchange. LSG is the ultimate holding company of the Company, LSD is a subsidiary of LSG and the intermediate holding company of the Company, Lai Fung is the fellow subsidiary of the Company and MAGHL is a subsidiary of the Company.

Mr. Lui Siu Tsuen, Richard, aged 66, was appointed the Chief Executive Officer of the Company in January 2011 and is presently a member of each of the Executive Committee, Nomination Committee and Remuneration Committee of the Company ("**Executive Committee**", "**Nomination Committee**" and "**Remuneration Committee**", respectively). He joined the Company in April 2010 as the chief operating officer of its Media and Entertainment Division and became an Executive Director since 1 July 2010. Mr. Lui is also an executive director of MAGHL and he 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 ("**UK**") and holds a Master of Business Administration Degree from The University of Adelaide in Australia.

Mr. Chew Fook Aun, aged 60, was appointed an Executive Director on 5 June 2012 and is presently a member of each of the Executive Committee, Nomination Committee and Remuneration Committee. He is also the deputy chairman and an executive director of both LSG and LSD as well as the chairman and an executive director of Lai Fung.

Prior to joining the Lai Sun Group, Mr. Chew was an executive director and the group chief financial officer of Esprit Holdings Limited ("**Esprit**") from 1 February 2009 to 1 May 2012, and an executive director and the chief financial officer of The Link Management Limited (now known as Link Asset Management Limited), acting as manager of The Link Real Estate Investment Trust (now known as Link Real Estate Investment Trust ("**Link REIT**")), from February 2007 to January 2009. He was also the chief financial officer of Kerry Properties Limited ("**Kerry Properties**") from 1996 to 2004, a director of corporate finance for Kerry Holdings Limited from 1998 to 2004, and an executive director of Kyard Limited in charge of the property portfolio of a private family office from 2004 to 2007. The issued shares of Esprit and Kerry Properties and the issued units of the Link REIT are listed and traded on the Main Board of the Stock Exchange.

Mr. Chew has over 30 years of experience in accounting, auditing and finance in the UK and Hong Kong. He graduated from the London School of Economics and Political Science of the University of London in the UK with a Bachelor of Science (Economics) degree. Mr. Chew is a certified public accountant, a fellow member of The Institute of Chartered Accountants in England and Wales ("**ICAEW**"), the HKICPA and The Hong Kong Institute of Directors (HKIoD).

Mr. Chew was a council member of the HKICPA from 2003 to 2010 and its vice president in 2010. He was appointed a council member of the Financial Reporting Council ("**FRC**") in 2009 until 30 November 2015, a member of the Independent Audit Oversight Reform Committee for the FRC from 11 December 2015 to 30 September 2019 and a member of the Investigation and Compliance Committee of the FRC from 1 October 2019 to 30 September 2021. Mr. Chew was a member of the Advisory Committee of the Securities and Futures Commission ("**SFC**") from 1 June 2007 to 31 May 2013, the Citizens Advisory Committee on Community Relations of the Independent Commission Against Corruption ("**ICAC**") from 1 January 2007 to 31 December 2008, the Corruption Prevention Advisory Committee of the ICAC from 1 January 2009 to 31 December 2014 and the Operations Review Committee of the ICAC from 1 January 2015 to 31 December 2020. He was also appointed a member of the Standing Committee on Company Law Reform of the Companies Registry from 1 February 2009 to 31 January 2015.

Mr. Chew is presently a member of the Hong Kong Judiciary Barristers Disciplinary Tribunal Panel since 2015. He is a member of the Board of Directors of the Hong Kong Sports Institute Limited (HKSI) from 1 April 2017 and was appointed its Vice Chairman from 1 April 2021. He is also a member of the Board of Directors of the Asian Youth Orchestra since 2018. Mr. Chew was appointed as a member of the Council of The Hong Kong Polytechnic University for a term of three years from 1 April 2022 to 31 March 2025 and is a deputy chairman of The Malaysian Chamber of Commerce (Hong Kong and Macau) Limited since 13 June 2022. Mr. Chew was appointed a non-executive director of the SFC on 17 October 2022 for a term of two years with effect from 1 January 2023.

Mr. Lam Hau Yin, Lester, aged 41, was appointed an Executive Director on 1 November 2012 and is presently a member of the Executive Committee. He is also an executive director of both LSG and LSD, as well as an executive director and the chief executive officer of Lai Fung. Further, Mr. Lam is also the alternate director to Madam U Po Chu ("**Madam U**") in her capacity as an executive director of each of LSG and Lai Fung and a non-executive director of each of LSD and the Company.

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

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

Mr. Yip Chai Tuck, aged 48, was appointed an Executive Director on 14 February 2014 and is presently a member of the Executive Committee. He is also the chief executive officer of LSG and an executive director of MAGHL. 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 ("**M&A**") for China of Goldman Sachs. Mr. Yip had also worked for PCCW Limited, a Hong Kong listed company, as vice president of ventures and M&A, responsible for strategic investments and M&A transactions.

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

NON-EXECUTIVE DIRECTOR

Madam U Po Chu, aged 97, is a NED and was first appointed as Director in October 1996. She is also an executive director of both LSG and Lai Fung as well as a non-executive director of LSD.

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Low Chee Keong, aged 62, has been the Chairman of the board of Directors ("**Board**") since June 2010 and is presently an independent non-executive director of the Company ("**INED**"), a member of the Audit Committee of the Company ("**Audit Committee**") and the chairman of the Nomination Committee and Remuneration Committee. Mr. Low first joined the Board in August 1999 as an INED, was re-designated as a NED in June 2010, and was further re-designated as an INED on 1 September 2011. Serving as a member of the Remuneration Committee since October 2009, he was the chairman of the Remuneration Committee from October 2009 to late March 2011 and re-assumed the Remuneration Committee chairmanship on 1 September 2011.

Mr. Low graduated from the Chartered Institute of Marketing in the UK in 1986. He has over 27 years' experience in the property development and maintenance industry in Singapore.

Mr. Lo Kwok Kwei, David, aged 62, joined the Board as a NED in March 2009 and has been re-designated from a NED to an INED with effect from 1 September 2011 and is presently a member of the Nomination Committee.

Mr. Lo holds the degrees of Bachelor of Laws and Bachelor of Jurisprudence from the University of New South Wales, Australia. He was admitted as a solicitor of the Supreme Court of New South Wales, Australia in 1984 and has been a member of The Law Society of Hong Kong since 1987. Mr. Lo has been practicing as a solicitor in Hong Kong for over 33 years and is a partner of a law firm David Lo & Partners. In addition, he is currently an independent non-executive director of Man Yue Technology Holdings Limited and Futong Technology Development Holdings Limited (the issued shares of both companies are listed and traded on the Main Board of the Stock Exchange).

Dr. Ng Lai Man, Carmen, aged 58, was appointed an INED in March 2009 and is presently the chairwoman of the Audit Committee and a member of the Remuneration Committee. She has over 30 years of experience in professional accounting services and corporate finance in Hong Kong, Mainland China, Singapore, US, Canada and Europe.

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

In addition, Dr. Ng is an independent non-executive director of Lion Rock Group Limited (formerly known as 1010 Printing Group Limited) and Global International Credit Group Limited (the issued shares of both companies are listed and traded on the Main Board of the Stock Exchange).

Mr. Alfred Donald Yap, J.P., aged 83, is an INED and presently a member of each of the Audit Committee, Nomination Committee and Remuneration Committee. He was first appointed to the Board in December 1996.

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

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

PRINCIPAL ACTIVITIES

During the Year, the Company acted as an investment holding company. The principal activities of its subsidiaries include the 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.

Particulars of the Company's principal subsidiaries as at 31 July 2022 are set out in note 43 to the Financial Statements. There were no significant changes in the nature of the Group's principal activities during the Year and up to the date of this Report.

BUSINESS REVIEW

A review of the Group's businesses during the Year and a discussion and analysis of the Group's future business development, possible risks and uncertainties that the Group may be facing are provided in the "*Chairman's Statement*" and "*Management Discussion and Analysis*" on pages 4 to 9 and pages 14 to 16 of this Annual Report, respectively. An analysis of the Group's performance during the Year using financial key performance indicators is provided in the "*Financial Summary and Highlights*" on pages 10 to 13 of this Annual Report. The financial risk management objectives and policies of the Group are set out in note 40 to the Financial Statements. In addition, discussions on the Group's environmental policies, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the "*Environmental, Social and Governance Report*" and "*Corporate Governance Report*" on pages 17 to 36 and pages 37 to 56 of this Annual Report, respectively. These discussion form part of this Report.

RESULTS AND DIVIDENDS

Details of the results of the Group for the Year and the Group's financial position as at 31 July 2022 are set out in the Financial Statements and their accompanying notes on pages 86 to 184 of this Annual Report.

The board of Directors ("**Board**") does not recommend the payment of a final dividend in respect of the Year (2021: Nil). No interim dividend was paid or declared in respect of the Year (2021: Nil).

DIRECTORS

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

Executive Directors ("EDs")
Mr. Lui Siu Tsuen, Richard *(Chief Executive Officer)*
Mr. Chew Fook Aun
Mr. Lam Hau Yin, Lester *(also alternate director to Madam U Po Chu)*
Mr. Yip Chai Tuck

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

Independent Non-executive Directors ("INEDs")
Mr. Low Chee Keong *(Chairman)*
Mr. Lo Kwok Kwei, David
Dr. Ng Lai Man, Carmen
Mr. Alfred Donald Yap

In accordance with Bye-law 87 of the Bye-laws of the Company ("**Bye-laws**"), Directors shall retire from office by rotation once every three years since their last election. Mr. Lui Siu Tsuen, Richard ("**Mr. Richard Lui**", an ED) and Madam U Po Chu ("**Madam U**", a NED) (collectively "**Retiring Directors**") will retire from office as Directors by rotation at the forthcoming annual general meeting of the Company ("**AGM**") and, being eligible, will offer themselves for re-election.

Details of the Retiring Directors proposed for re-election at the forthcoming AGM, required to be disclosed under Rule 13.51(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**" and "**Stock Exchange**", respectively) are set out in the Company's circular dated 17 November 2022.

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

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical particulars of the existing Directors are set out on pages 57 to 60 of this Annual Report. Directors' other particulars are contained elsewhere in this Report and this Annual Report.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' REMUNERATION

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

PERMITTED INDEMNITY PROVISION AND DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

MANAGEMENT CONTRACTS

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

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

Four EDs, namely Messrs. Richard Lui, Chew Fook Aun ("**Mr. FA Chew**"), Lam Hau Yin, Lester ("**Mr. Lester Lam**", also alternate director to Madam U) and Yip Chai Tuck ("**Mr. CT Yip**") as well as Madam U, a NED, held shareholding interests and/or other interests and/or directorships in companies/entities engaged in the businesses of cinema operation, media and entertainment, music production and distribution as well as film and TV program production and distribution.

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

SHARE OPTION SCHEMES

1. The Company

On 11 December 2015, the Company adopted a new share option scheme ("**2015 Scheme**") and terminated the share option scheme previously adopted on 23 December 2005 ("**2005 Scheme**"). The 2015 Scheme which became effective on 23 December 2015 remains in force for a period of 10 years commencing on its adoption date. The details of the 2015 Scheme are set out in the circular of the Company dated 12 November 2015. The maximum number of the Company's ordinary shares of HK$0.50 each ("**Shares**") issuable pursuant to the 2015 Scheme is 124,321,216, being 10% of the total issued Shares on the date of the approval of the 2015 Scheme.

Upon the closing of the Company's offers on 22 August 2018, all outstanding share options granted under the 2005 Scheme and the 2015 Scheme had lapsed or had been cancelled.

On 21 January 2022, the Company granted share options under the 2015 Scheme to the eligible participants to subscribe for a total of 1,500,000 underlying Shares (equivalent to approximately 0.1% of the total issued Shares as at that date (i.e. 1,491,854,598)) at the exercise price of HK$0.50 per Share with the exercise period from 21 January 2022 to 20 January 2032.

As at 31 July 2022 and the date of this Report, share options comprising a total of 1,500,000 underlying Shares granted under the 2015 Scheme were outstanding.

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

Category/ Name of participants	Date of grant (dd/mm/yyyy) *(Note 1)*	Number of underlying Shares comprised in share options			Exercise period (dd/mm/yyyy)	Exercise price per Share (HK$) *(Note 2)*
		As at 1 August 2021	Grant during the Year	As at 31 July 2022		
Employees and other eligible participants						
Employees (in aggregate)	21/01/2022	–	1,500,000 *(Note 3)*	1,500,000	21/01/2022–20/01/2032	0.50
Total		**–**	**1,500,000**	**1,500,000**		

Notes:

1. *The above share options were vested on the date of grant.*

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

3. *The closing price of each Share immediately before the date on which the share options were granted (i.e. 21 January 2022) was HK$0.37.*

Save as disclosed above, no share options were granted, exercised, cancelled, or lapsed in accordance with the terms of the 2015 Scheme during the Year. Further details of the 2015 Scheme are disclosed in note 33(a) to the Financial Statements.

2. Media Asia Group Holdings Limited ("MAGHL")

On 18 December 2012, MAGHL, a company listed on GEM of the Stock Exchange and a non-wholly-owned subsidiary of the Company since 9 June 2011, adopted a share option scheme ("**MAGHL Scheme**") which was also approved by the Shareholders at a special general meeting of the Company held on 18 December 2012. The MAGHL Scheme will remain in force for 10 years commencing on its adoption date.

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

No share options have been granted under the MAGHL Scheme since its adoption. As a result of (a) the Share Consolidation; (b) the completion of its loan capitalisation on 18 January 2021; (c) the issue of its fee shares to Anglo Chinese Corporate Finance, Limited on 17 March 2021; and (d) the issue of its subscription shares to THL G Limited on 28 June and 3 August 2021 respectively, the total issued MAGHL's shares increased to 2,986,314,015. As at the date of this Report, MAGHL may grant options under the MAGHL Scheme to subscribe for a maximum of 21,360,568 MAGHL's shares (after the adjustment for the Share Consolidation), representing approximately 0.72% of its total issued shares as at 31 July 2022 (i.e. 2,986,314,015 MAGHL's shares). Further details of the MAGHL Scheme are disclosed in note 33(b) to the Financial Statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

The following Directors and chief executive of the Company who held office on 31 July 2022 and their respective close associates (as defined in the Listing Rules) were interested, or were deemed to be interested, in the following long or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("**SFO**")) on that date (a) as required to be notified to the Stock Exchange and the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); or (b) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO ("**Register of Directors and Chief Executive**"); or (c) as notified to the Stock Exchange and the Company pursuant to the Code of Practice for Securities Transactions by Directors and Designated Employees adopted by the Company ("**Securities Code**"); or (d) as otherwise known by the Directors:

(I) Interests in the Company

		Long positions in the Shares and underlying Shares				
		Number of Shares		Number of underlying Shares		
Name of Director	Capacity	Personal interests	Corporate interests	Personal interests	Total	Approximate percentage of total issued Shares *(Note)*
Lam Hau Yin, Lester	Beneficial owner	2,794,443	Nil	Nil	2,794,443	0.19%

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

(II) Interests in the Associated Corporations

(a) LSG

Name of Directors	Capacity	Long positions in ordinary shares of LSG ("LSG Shares") and underlying LSG Shares: Number of LSG Shares – Personal interests	Number of LSG Shares – Corporate interests	Number of underlying LSG Shares – Personal interests (Note 1)	Total	Approximate percentage of total issued LSG Shares (Note 2)
Chew Fook Aun	Beneficial owner	Nil	Nil	4,869,867	4,869,867	0.83%
Lam Hau Yin, Lester	Beneficial owner	18,688,812 (Note 3)	Nil	6,182,167 (Note 5)	24,870,979	4.22%
Lui Siu Tsuen, Richard	Beneficial owner	93,400 (Notes 3 and 6)	Nil	Nil	93,400	0.02%
U Po Chu	Beneficial owner	1,238,287 (Note 3)	Nil	Nil	1,238,287	0.21%

Notes:

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

Name of Directors	*Date of grant (dd/mm/yyyy)*	*Number of underlying LSG Shares comprised in share options*	*Exercise period (dd/mm/yyyy)*	*Exercise price per LSG Share (HK$)*
Chew Fook Aun	*19/06/2017*	*4,869,867 (Note 4)*	*19/06/2017 – 18/06/2027*	*11.763 (Note 4)*
Lam Hau Yin, Lester	*19/06/2017*	*4,869,867 (Note 4)*	*19/06/2017 – 18/06/2027*	*11.763 (Note 4)*
	25/01/2022	*1,312,300*	*25/01/2022 – 24/01/2032*	*3.874 (Note 5)*

2. *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. The total number of issued LSG Shares increased to 588,915,934 due to the allotment and issue of 196,305,311 rights shares by LSG ("**LSG Rights Shares**") following completion of its rights issue on the basis of one LSG Rights Share for every two existing LSG Shares on 2 August 2021 ("**LSG Rights Issue**").*

3. *On 2 August 2021, the personal interests of (i) Mr. Lester Lam in LSG increased from 12,459,208 LSG Shares to 18,688,812 LSG Shares due to the allotment and issue of 6,229,604 LSG Rights Shares; (ii) Mr. Richard Lui in LSG increased from 600 LSG shares to 93,400 LSG Shares due to the allotment and issue of 92,800 LSG Rights Shares; and (iii) Madam U in LSG increased from 825,525 LSG Shares to 1,238,287 LSG Shares due to the allotment and issue of 412,762 LSG Rights Shares.*

4. *Upon completion of the LSG Rights Issue, the share option comprising 3,819,204 underlying LSG Shares at the exercise price of HK$15.00 per LSG Share granted to each of Mr. FA Chew and Mr. Lester Lam has been adjusted to 4,869,867 underlying LSG Shares at the exercise price of HK$11.763 per LSG Share respectively.*

5. *On 25 January 2022, Mr. Lester 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.*

6. *On 16 August 2022, Mr. Richard Lui disposed of 93,400 LSG Shares.*

(b) LSD

		Long positions in ordinary shares of LSD ("LSD Shares") and underlying LSD Shares				
		Number of LSD Shares		Number of underlying LSD Shares		
Name of Directors	Capacity	Personal interests	Corporate interests	Personal interests (Note 1)	Total	Approximate percentage of total issued LSD Shares (Note 2)
Chew Fook Aun	Beneficial owner and owner of controlled corporation	Nil	1,831,500 (Note 3)	Nil (Note 3)	1,831,500 (Note 3)	0.19%
Lam Hau Yin, Lester	Beneficial owner	Nil	Nil	4,864,519 (Note 5)	4,864,519	0.50%
Lui Siu Tsuen, Richard	Beneficial owner	Nil	Nil	121,232 (Note 5)	121,232	0.01%
U Po Chu	Beneficial owner	40,378 (Note 4)	Nil	Nil	40,378	0.004%

Notes:

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

Name of Directors	*Date of grant (dd/mm/yyyy)*	*Number of underlying LSD Shares comprised in share options*	*Exercise period (dd/mm/yyyy)*	*Exercise price per LSD Share (HK$)*
Lam Hau Yin, Lester	*18/01/2013*	*4,864,519 (Note 5)*	*18/01/2013 – 17/01/2023*	*13.811 (Note 5)*
Lui Siu Tsuen, Richard	*18/01/2013*	*121,232 (Note 5)*	*18/01/2013 – 17/01/2023*	*13.811 (Note 5)*

2. *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. The total number of issued LSD Shares increased to 968,885,887 due to (i) the completion of the subscription of 33,834,900 LSD Shares by Jinlong Road Limited on 30 August 2021; and (ii) the allotment and issue of 322,961,962 rights shares by LSD ("**LSD Rights Shares**") following completion of its rights issue on the basis of one LSD Rights Share for every two existing LSD Shares on 6 October 2021 ("**LSD Rights Issue**").*

3. *Mr. FA Chew was deemed to be interested in the same 1,831,500 LSD Shares owned by The Orchid Growers Association Limited by virtue of his 100% shareholding interest in the said company.*

   On 6 October 2021, the corporate interests of Mr. FA Chew in LSD increased from 1,221,000 LSD Shares to 1,831,500 LSD Shares due to the allotment and issue of 610,500 LSD Rights Shares.

   The share option comprising 2,275,301 underlying LSD Shares at the exercise price of HK$4.59 per LSD Share (adjusted upon completion of the LSD Rights Issue) granted to Mr. FA Chew lapsed on 5 June 2022.

4. *On 6 October 2021, the personal interests of Madam U in LSD increased from 26,919 LSD Shares to 40,378 LSD Shares due to the allotment and issue of 13,459 LSD Rights Shares.*

5. *Upon completion of the LSD Rights Issue, the share option comprising (i) 4,173,081 underlying LSD Shares at the exercise price of HK$16.10 per LSD Share granted to Mr. Lester Lam has been adjusted to 4,864,519 underlying LSD Shares at the exercise price of HK$13.811 per LSD Share; and (ii) 104,000 underlying LSD Shares at the exercise price of HK$16.10 per LSD Share granted to Mr. Richard Lui has been adjusted to 121,232 underlying LSD Shares at the exercise price of HK$13.811 per LSD Share.*

(c) Lai Fung Holdings Limited ("Lai Fung")

Name of Director	Capacity	Long positions in ordinary shares of Lai Fung ("Lai Fung Shares") and underlying Lai Fung Shares — Number of Lai Fung Shares: Personal interests	Number of Lai Fung Shares: Corporate interests	Number of underlying Lai Fung Shares: Personal interests (Note 1)	Total	Approximate percentage of total issued Lai Fung Shares (Note 2)
Lam Hau Yin, Lester	Beneficial owner	Nil	Nil	3,219,182	3,219,182	0.97%

Notes:

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

Name of Director	*Date of grant (dd/mm/yyyy)*	*Number of underlying Lai Fung Shares comprised in share option*	*Exercise period (dd/mm/yyyy)*	*Exercise price per Lai Fung Share (HK$)*
Lam Hau Yin, Lester	*18/01/2013*	*3,219,182*	*18/01/2013—17/01/2023*	*11.40*

2. *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.*

Save as disclosed above, as at 31 July 2022, none of the Directors and the chief executive of the Company and their respective close associates had, or was deemed to have, any interest in the long or short positions in the shares, underlying shares and/or debentures of the Company or any of its associated corporations, which was required to be notified to the Stock Exchange and the Company pursuant to the SFO, or recorded in the Register of Directors and Chief Executive, or notified to the Stock Exchange and the Company under the Securities Code or otherwise known by the Directors.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

As at 31 July 2022, so far as it is known by or otherwise notified by any Director or the chief executive of the Company, the particulars of the corporations or individuals, who had 5% or more interests in the following long positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO ("**Register of Shareholders**") or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company ("**Voting Entitlements**") (i.e. within the meaning of substantial shareholders of the Listing Rules) were as follows:

	Long positions in the Shares and underlying Shares		
Name	**Capacity**	**Number of Shares and underlying Shares held**	**Approximate percentage of total issued Shares** *(Note 1)*
Substantial Shareholders			
Lai Sun Development Company Limited *(Note 2)*	Owner of controlled corporation	1,113,260,072	74.62% *(Note 4)*
Lai Sun Garment (International) Limited *(Note 3)*	Owner of controlled corporations	1,113,260,072	74.62% *(Note 4)*
Dr. Lam Kin Ngok, Peter ("**Dr. Peter Lam**")	Beneficial owner and owner of controlled corporations	1,116,054,515	74.81% *(Note 4)*
Other Persons			
Mr. Yu Cheuk Yi	Beneficial Owner	149,864,000	10.05% *(Note 5)*
Ms. Yu Siu Yuk	Beneficial Owner	149,864,000	10.05% *(Note 5)*

Notes:

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

2. *As at 31 July 2022, Mr. FA Chew and Mr. Lester Lam were also executive directors of LSD. Madam U was also a non-executive director of LSD.*

3. *As at 31 July 2022, Mr. FA Chew, Mr. Lester Lam and Madam U were also executive directors of LSG. Mr. CT Yip was also the chief executive officer of LSG.*

4. *These interests in the Company represented all the Shares beneficially owned by Transtrend Holdings Limited, an indirect wholly-owned subsidiary of LSD. As at 31 July 2022, LSG and Dr. Peter Lam were deemed to be interested in the same 1,113,260,072 Shares (approximately 74.62% of the total issued Shares) indirectly owned by LSD by virtue of his personal and deemed interests of approximately 41.93% (excluding share option) of the total issued LSG Shares; and LSD was approximately 53.19% directly and indirectly owned by LSG; and LSG was approximately 12.70% (excluding share option) owned by Dr. Peter Lam and approximately 29.23% owned by Wisdoman Limited, which in turn 100% beneficially owned by Dr. Peter Lam.*

   As at 31 July 2022, Dr. Peter Lam also held 2,794,443 Shares as beneficial owner.

5. *Based on the disclosure of interests notices received by the Company, as at 31 July 2022, Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk ("**YUs**") were both taken to be interested in the same 149,864,000 Shares (approximately 10.05% of the total issued Shares), which were held jointly by them.*

Save as disclosed above, the Directors are not aware of any other corporation or individual (other than a Director or the chief executive of the Company) which/who, as at 31 July 2022, had the Voting Entitlements or 5% or more interests or short positions in the Shares or underlying Shares as recorded in the Register of Shareholders.

CONTROLLING SHAREHOLDER'S INTERESTS IN SIGNIFICANT CONTRACTS

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

CONTINUING CONNECTED TRANSACTIONS

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

1. Commercial Letting Framework Agreement

On 31 July 2020, the Company (together with its subsidiaries), LSG (together with its subsidiaries, "**LSG Group**"), LSD (together with its subsidiaries, "**LSD Group**"), Lai Fung (together with its subsidiaries, "**Lai Fung Group**") and MAGHL (together with its subsidiaries) (collectively, "**Lai Sun Group**") entered into the commercial letting framework agreement ("**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 ("**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 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.

According to Hong Kong Financial Reporting Standard 16 *Leases* ("**HKFRS 16**"), 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 the 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 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 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. As a result, the Company as the lessee has set the following cap amounts:

(i) the annual cap amount for the total value of the right-of-use assets in respect of the Transactions of HK$5,600,000 for the Year and HK$24,400,000 for the year ending 2023; and

(ii) the annual cap amount for licensing and other fees other than the fixed rental payments in respect of the Transactions of HK$1,900,000 for the Year and the year ending 2023, respectively.

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

Details of the Commercial Letting Framework Agreement are set out in the joint announcement dated 31 July 2020 published by the Lai Sun Group.

The total value of the right-of-use assets recognised for the Transactions amounted to approximately HK$2,782,000 representing right-of-use assets newly recognised during the Year.

Licensing and other fees other than the fixed rental payments paid or payable to the LSG Group (excluding LSD Group) and LSD Group by the Group amounted to approximately HK$615,000 during the Year.

2. May Flower Cinema Leases

On 31 October 2015, 廣東五月花電影城有限公司 (Guangdong May Flower Cinema City Company Limited*) ("**Guangdong Cinema City**", an indirect wholly-owned subsidiary of the Company), as lessee, entered into an agreement with 中山市寶麗房地產發展有限公司 (Zhongshan Baoli Property Development Company Limited*, an indirect wholly-owned subsidiary of Lai Fung), as lessor, for extension of the lease of certain premises in Zhongshan Palm Spring (a multi-phase development project wholly-owned by Lai Fung) for operation of Zhongshan May Flower Cinema for a term of 15 years from 1 November 2015 to 31 October 2030 ("**Zhongshan May Flower Cinema Lease**").

On 1 November 2015, Guangdong Cinema City, as lessee, entered into an agreement with 廣州捷麗置業有限公司 (Guangzhou Jieli Real Estate Company Limited*) ("**Guangzhou Jieli**", an indirect wholly-owned subsidiary of Lai Fung), as lessor, for extension of the lease of certain premises in Guangzhou May Flower Plaza (a commercial property wholly-owned by Lai Fung) for operation of Guangzhou May Flower Cinema for a further term of 15 years from 1 November 2015 to 31 October 2030 ("**Guangzhou May Flower Cinema Lease**", together with Zhongshan May Flower Cinema Lease (collectively, "**May Flower Cinema Leases**")).

* *For identification purposes only*

The Company has ceased to be a substantial shareholder of Lai Fung on 14 May 2020, Lai Fung has become a connected person of the Company because it is a subsidiary of LSD, which is the intermediate holding company of the Company. Hence, the May Flower Cinema Leases have become the CCTs of the Company. The May Flower Cinema Leases were entered into pursuant to memorandum of agreement dated 24 May 2013 entered into between the members of the Lai Sun Group ("**Memorandum of Agreement**"), the term of which expired on 31 July 2020. Notwithstanding the expiry of the term of the Memorandum of Agreement, each May Flower Cinema Lease will continue for the remainder of its term.

As set out in the joint announcement dated 31 July 2020 published by the Company, LSG, LSD and Lai Fung, the amounts payable by the Company other than the base rent (such as the property management fees and any additional turnover rent) under each May Flower Cinema Lease are recorded as expenses incurred over the remainder of the term of that May Flower Cinema Lease subject to an annual cap of RMB6,000,000 for each of the ten financial years ending 31 July 2030 and an annual cap of RMB1,500,000 for the financial year ending 31 July 2031 ("**Guangdong Cinema City Caps**").

For the Year, the total value of licensing and other fees other than the base rent paid or payable by the Group to Lai Fung Group amounted to approximately RMB2,121,000 (equivalent to approximately HK$2,553,000).

On 15 September 2022, Guangzhou Jieli and Guangdong Cinema City entered into a termination agreement to terminate the Guangzhou May Flower Cinema Lease in advance with effect from 15 October 2022. After termination of the Guangzhou May Flower Cinema Lease, the revised Guangdong Cinema City Caps under the Zhongshan May Flower Cinema Lease are below HK$3,000,000, and all applicable percentage ratios in respect of the revised Guangdong Cinema City Caps are less than 5%, therefore, the revised Guangdong Cinema City Caps are fully exempt from independent shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules with effect from 16 October 2022, details of which are set out in the joint announcement dated 15 September 2022 published by the Company, LSG, LSD and Lai Fung.

3. Cheung Sha Wan Cinema Lease

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

Notwithstanding the expiry of the term of the Memorandum of Agreement, the Cheung Sha Wan Cinema Lease will continue for the remainder of its term.

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

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

For the Year, the total value of licensing and other fees other than the base rent paid or payable by the Group to LSD amounted to approximately HK$1,305,000.

4. Licence Arrangement – The Receipt of Service Fee

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

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

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

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

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

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

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

For the Year, total Service Fee received or receivable by MCL from GTL amounted to HK$1,177,000.

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

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

(b) on normal commercial terms or better; and

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

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

(i) have not been approved by the Board;

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

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

A copy of their letter has been provided by the Company to the Stock Exchange.

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

RELATED PARTY TRANSACTIONS

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

SHARE CAPITAL

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

DISTRIBUTABLE RESERVES

As at 31 July 2022, the Company's contributed surplus of HK$845,455,000 is available for distribution in accordance with the Companies Act 1981 of Bermuda (as amended) ("**Companies Act**").

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

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

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

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

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained sufficient public float exceeding 25% of its issued share capital throughout the Year, except during the period from 30 May 2022 to 31 July 2022 and up to the date of this Report, the public float of the Company has fallen below 25% as prescribed by Rule 8.08(1)(a) of the Listing Rules and caused the suspension of the trading in the Shares on the Stock Exchange from 1 June 2022 at the request of the Company.

As disclosed in the Company's announcement dated 31 May 2022, the shortfall in the public float of the Company was due to the purchase of 882,000 Shares by YUs on 30 May 2022. As YUs held an aggregate of 149,864,000 Shares (representing approximately 10.05% of the total issued Shares), YUs became substantial shareholders and core connected persons of the Company as defined under the Listing Rules and the Shares held by YUs were excluded for the public float of the Company.

According to the information that is publicly available to the Company and within the knowledge of the Directors, the public float of the Company is approximately 14.96% as at the date of this Report. The Company is taking appropriate steps to resolve the issues causing its trading suspension and to fully comply with the Listing Rules to the Stock Exchange's satisfaction, and will seek to resume trading in the Shares as soon as possible. Details of the insufficient public float of the Company are set out in the Company's announcements dated 31 May and 31 August 2022.

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

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

PRE-EMPTIVE RIGHTS

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

DONATIONS

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

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the Group's five largest customers accounted for approximately 23% of the Group's total revenue and revenue from the largest customer included therein amounted to approximately 13%. Purchases from the Group's five largest suppliers accounted for approximately 39% of the Group's total purchases, the largest supplier accounted for approximately 10% of the Group's total purchases for the Year.

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

BANK LOANS AND OTHER BORROWINGS

Details of the Company's bank loans and other borrowings as at 31 July 2022 are set out in notes 29 and 30 to the Financial Statements, respectively.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements, is set out in the section headed "*Financial Summary and Highlights*" on pages 10 to 13 of this Annual Report. This summary does not form part of the Financial Statements.

CORPORATE GOVERNANCE

Particulars of the Company's corporate governance practices are set out in the Corporate Governance Report of this Annual Report on pages 37 to 56.

EQUITY-LINKED AGREEMENT

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

REVIEW BY AUDIT COMMITTEE

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

INDEPENDENT AUDITOR

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

On behalf of the Board

Low Chee Keong
Chairman
Hong Kong
18 October 2022

SHAREHOLDERS' INFORMATION

TAXATION OF HOLDERS OF SHARES

(a) Hong Kong

The purchase, sale and transfer of shares registered in the Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller (or transferee and transferor) is 0.13% of the consideration or, if greater, the fair value of the shares being bought/sold or transferred (rounded up to the nearest HK$'000). In addition, a fixed duty of HK$5.00 is currently payable on an instrument of transfer of shares.

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

(b) Bermuda

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

(c) Consultation with professional advisers

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

KEY DATES

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

	For Financial Year 2021/2022
Annual results announcement for the year ended 31 July 2022	18 October 2022
Latest time and date to lodge transfer documents with the branch share registrar in Hong Kong for entitlement to attending and voting at the 2022 annual general meeting ("**AGM**")	4:30 p.m. on 12 December 2022
2022 AGM	10:00 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 31 March 2023
Annual results announcement for the year ending 31 July 2023	on or before 31 October 2023
2023 AGM	December 2023

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

OPINION

We have audited the consolidated financial statements of eSun Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 86 to 184, which comprise the consolidated statement of financial position as at 31 July 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 ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of property, plant and equipment and right-of-use assets	
As at 31 July 2022, the Group had property, plant and equipment ("**PPE**") and right-of-use assets ("**ROU assets**") of approximately HK$209 million and HK$759 million, respectively. Management performs impairment assessments on the Group's PPE and ROU assets where an indicator of impairment of these assets exists. Impairment losses of approximately HK$9 million and HK$54 million have been recognised during the year to reduce the carrying amounts of certain PPE and ROU assets, respectively, to their recoverable amounts. Management determined the recoverable amounts of the relevant cash-generating units ("**CGUs**") or groups of CGUs as at 31 July 2022 based on the value in use calculations using the discounted cash flow method. Significant judgements and estimates were involved in the assessments of the recoverable amounts of CGUs or groups of CGUs, including assumptions on the growth rate and the discount rate. The outcome was sensitive to expected future market conditions, e.g. the impact of Covid-19, recovery of economy, etc., and the actual performance of the CGUs or groups of CGUs. The related disclosures are included in notes 2, 3, 13 and 14 to the financial statements.	Our audit procedures included, among others, evaluating the Group's policies and procedures in identifying impairment indicators and determining the relevant CGUs or groups of CGUs. In evaluating management's impairment assessments, we also assessed (i) the value in use calculation methodologies adopted by management in determining the recoverable amounts of CGUs or groups of CGUs, and (ii) the key assumptions used in the value in use calculations, including the growth rates and the discount rates, by: – evaluating the growth rates with reference to the historical results and economic environment; – comparing the discount rates used with the relevant industry's weighted average cost of capital. We involved our internal valuation specialists to assist us in evaluating the appropriateness of the methodology, the key assumptions and discount rates used in the value in use calculations. We also assessed the disclosures relating to the assumptions used in the impairment assessments of PPE and ROU assets.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of film rights, film and TV program products and films and TV programs under production	
As at 31 July 2022, the Group had films and TV programs under production, film rights and film and TV program products of approximately HK$245 million, HK$19 million and HK$61 million, respectively. Management makes significant judgements and estimates in assessing whether there is any impairment or reversal of impairment for these assets. In making such assessments, management considers both internal and external information available on the films and TV programs under production, film rights and film and TV program products, and reviews the estimated costs to be incurred to complete production, projected revenues and related future cash flows of the relevant assets, as appropriate. Further details are included in note 3 to the financial statements. The related disclosures are included in notes 2, 3, 15, 16 and 23 to the financial statements.	We have evaluated management's impairment assessments of films and TV programs under production, film rights and film and TV program products by performing, among others, the following procedures: — Obtained an understanding of the procedures used by management to perform the impairment assessments on films and TV programs under production, film rights and film and TV program products. — Assessed the sources of information used by management in identifying impairment indicators on films and TV programs under production, film rights and film and TV program products which included, among others, by (i) performing inquiries with management about the main artistes and directors involved in the films and TV programs, the production plan, the progress of the production, and the distribution plan of the respective films and TV programs; and (ii) performing searches through external sources for relevant media coverage on the related popularity and past performance of the main artistes and directors of the respective films and TV programs to corroborate management's production and distribution plans. — Evaluated the key assumptions used by management in the impairment assessment, which included, among others, the projected revenues from films and TV programs and estimated costs to be incurred to complete the production by comparing with the production plan, 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 October 2022

CONSOLIDATED INCOME STATEMENT

Year ended 31 July 2022

	Notes	2022 HK$'000	2021 HK$'000
TURNOVER	6	**830,237**	835,303
Cost of sales		**(481,366)**	(651,209)
Gross profit		**348,871**	184,094
Other revenue	7	**91,649**	133,511
Selling and marketing expenses		**(22,108)**	(24,525)
Administrative expenses		**(279,014)**	(282,837)
Other operating gains		**24,529**	73,333
Other operating expenses		**(498,565)**	(422,854)
LOSS FROM OPERATING ACTIVITIES		**(334,638)**	(339,278)
Finance costs	9	**(54,379)**	(60,987)
Share of profits and losses of joint ventures		**(17,852)**	420
LOSS BEFORE TAX	8	**(406,869)**	(399,845)
Tax	11	**37,023**	(8,398)
LOSS FOR THE YEAR		**(369,846)**	(408,243)
Attributable to:			
Owners of the Company		**(328,732)**	(351,126)
Non-controlling interests		**(41,114)**	(57,117)
		(369,846)	(408,243)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	12		
Basic and diluted		**(HK$0.220)**	(HK$0.235)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 July 2022

	2022 HK$'000	2021 HK$'000
LOSS FOR THE YEAR	**(369,846)**	(408,243)
OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX		
Items that may be subsequently reclassified to the income statement:		
Exchange realignment on translation of foreign operations	**400**	(9,789)
Share of other comprehensive income/(loss) of joint ventures	**(153)**	235
Release of exchange reserve upon dissolution and deregistration of subsidiaries	**335**	(265)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**582**	(9,819)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(369,264)**	(418,062)
Attributable to:		
Owners of the Company	**(327,838)**	(357,790)
Non-controlling interests	**(41,426)**	(60,272)
	(369,264)	(418,062)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 July 2022

	Notes	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**208,957**	266,715
Right-of-use assets	14(a)	**758,895**	883,505
Film rights	15	**19,162**	15,109
Film and TV program products	16	**61,174**	54,838
Music catalogs	17	**663**	3,124
Goodwill	18	**10,000**	10,000
Investments in joint ventures	19	**30,729**	20,461
Financial assets at fair value through profit or loss	21	**111,878**	35,308
Deposits, prepayments, other receivables and other assets	22	**131,398**	119,037
Deferred tax assets	31	**517**	516
Total non-current assets		**1,333,373**	1,408,613
CURRENT ASSETS			
Films and TV programs under production and film investments	23	**317,109**	235,844
Inventories	24	**16,611**	5,203
Debtors	25	**135,930**	106,919
Financial assets at fair value through profit or loss	21	**6,822**	145,113
Deposits, prepayments, other receivables and other assets	22	**157,753**	174,493
Prepaid tax		**199**	—
Pledged time deposits	26	**146,300**	164,120
Cash and cash equivalents	26	**1,056,587**	1,476,796
Total current assets		**1,837,311**	2,308,488
CURRENT LIABILITIES			
Creditors and accruals	27	**425,772**	405,960
Deposits received and contract liabilities	28	**139,871**	205,067
Interest-bearing bank loans	29	**143,956**	107,950
Lease liabilities	14(b)	**202,724**	217,110
Tax payable		**78,871**	121,129
Total current liabilities		**991,194**	1,057,216
NET CURRENT ASSETS		**846,117**	1,251,272
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,179,490**	2,659,885

	Notes	2022 HK$'000	2021 HK$'000
NON-CURRENT LIABILITIES			
Creditors and accruals	27	**8,163**	8,019
Interest-bearing bank loans	29	**–**	53,831
Lease liabilities	14(b)	**941,994**	1,050,823
Other borrowings	30	**226,864**	221,217
Deferred tax liabilities	31	**87**	2,629
Total non-current liabilities		**1,177,108**	1,336,519
Net assets		**1,002,382**	1,323,366
EQUITY			
Equity attributable to owners of the Company			
Issued capital	32	**745,927**	745,927
Reserves	34	**219,230**	517,453
		965,157	1,263,380
Non-controlling interests		**37,225**	59,986
Total equity		**1,002,382**	1,323,366

Low Chee Keong
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$'000 *(Note (i))*	Share option reserve HK$'000	Exchange reserve HK$'000	Other reserve HK$'000	Statutory reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 August 2021		745,927	4,257,351	891,289	–	(16,924)	151,473	370	(4,766,106)	1,263,380	59,986	1,323,366
Loss for the year		–	–	–	–	–	–	–	(328,732)	(328,732)	(41,114)	(369,846)
Other comprehensive income/(loss) for the year, net of tax:												
Exchange realignment on translation of foreign operations		–	–	–	–	605	–	–	–	605	(205)	400
Share of other comprehensive loss of joint ventures		–	–	–	–	(103)	–	–	–	(103)	(50)	(153)
Release of exchange reserve upon dissolution and deregistration of subsidiaries		–	–	–	–	392	–	–	–	392	(57)	335
Total comprehensive income/(loss) for the year		–	–	–	–	894	–	–	(328,732)	(327,838)	(41,426)	(369,264)
Equity-settled share option arrangements	33(a)	–	–	–	243	–	–	–	–	243	–	243
Shares issued by a subsidiary to a non-controlling shareholder of a subsidiary	43(a)	–	–	–	–	–	29,372	–	–	29,372	18,665	48,037
Release of statutory reserve upon deregistration of a subsidiary		–	–	–	–	–	–	(370)	370	–	–	–
At 31 July 2022		**745,927**	**4,257,351***	**891,289***	**243***	**(16,030)***	**180,845***	**–***	**(5,094,468)***	**965,157**	**37,225**	**1,002,382**

* *These reserve accounts comprise the consolidated reserves of HK$219,230,000 (2021: HK$517,453,000) in the consolidated statement of financial position.*

Notes:

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

(ii) No dividend was paid or proposed during the year ended 31 July 2022 (2021: Nil), nor has any dividend been proposed since the end of the reporting period.

		Attributable to owners of the Company									
	Note	Issued capital HK$'000	Share premium account HK$'000	Contributed surplus HK$'000 *(Note (i))*	Exchange reserve HK$'000	Other reserve HK$'000	Statutory reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 August 2020		745,927	4,257,351	891,289	(10,260)	127,736	370	(4,414,980)	1,597,433	(27,200)	1,570,233
Loss for the year		–	–	–	–	–	–	(351,126)	(351,126)	(57,117)	(408,243)
Other comprehensive income/(loss) for the year, net of tax:											
Exchange realignment on translation of foreign operations		–	–	–	(6,620)	–	–	–	(6,620)	(3,169)	(9,789)
Share of other comprehensive income of joint ventures		–	–	–	162	–	–	–	162	73	235
Release of exchange reserve upon deregistration of subsidiaries		–	–	–	(206)	–	–	–	(206)	(59)	(265)
Total comprehensive loss for the year		–	–	–	(6,664)	–	–	(351,126)	(357,790)	(60,272)	(418,062)
Acquisition of additional equity interest in a subsidiary	43(a)	–	–	–	–	(7,881)	–	–	(7,881)	129,040	121,159
Equity-settled share-based payment of a subsidiary	43(a)	–	–	–	–	128	–	–	128	172	300
Shares issued by a subsidiary to a non-controlling shareholder of a subsidiary	43(a)	–	–	–	–	31,490	–	–	31,490	19,041	50,531
Deregistration of subsidiaries		–	–	–	–	–	–	–	–	(795)	(795)
At 31 July 2021		745,927	4,257,351*	891,289*	(16,924)*	151,473*	370*	(4,766,106)*	1,263,380	59,986	1,323,366

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		**(406,869)**	(399,845)
Adjustments for:			
Fair value changes from film investments	8	**(1,656)**	12,702
Fair value changes from entertainment events organised by co-investors	8	**(155)**	1,280
Fair value losses on financial assets at fair value through profit or loss	8	**56,414**	6,552
Finance costs	9	**54,379**	60,987
Rent concessions related to COVID-19	7	**(57,923)**	(75,668)
Share of profits and losses of joint ventures		**17,852**	(420)
Interest income		**(7,188)**	(9,383)
Dividend income from listed investments	7	**(312)**	—
Gain on disposal of items of property, plant and equipment		**(5)**	(25)
Gain on disposal of financial assets at fair value through profit or loss		**(118)**	—
Gain on termination of leases	8	**(298)**	(163)
Gain on disposal of assets classified as held for sale	8	**—**	(22,323)
Loss/(gain) on dissolution/deregistration of subsidiaries	8	**335**	(576)
Loss on disposal of joint ventures	8	**—**	142
Depreciation of property, plant and equipment	8	**50,612**	53,512
Depreciation of right-of-use assets	8	**152,231**	141,437
Amortisation of film rights	8	**5,397**	6,595
Amortisation of film and TV program products	8	**10,076**	176,388
Amortisation of music catalogs	8	**2,461**	5,460
Write-off of items of property, plant and equipment		**22**	40
Impairment of property, plant and equipment	8	**9,444**	9,411
Impairment of right-of-use assets	8	**54,145**	32,767
Impairment of films and TV programs under production	8	**39,977**	2,553
Write-back of impairment of film rights	8	**(8,901)**	(12,803)
Impairment of debtors	8	**7,100**	9,892
Write-back of impairment of debtors	8	**(223)**	—
Impairment of advances and other receivables	8	**5,507**	22,976
Write-back of impairment of advances and other receivables	8	**(6,460)**	—
Impairment of amounts due from joint ventures	8	**1,711**	1,273
Write-back of impairment of amounts due from joint ventures	8	**(1,551)**	(1,183)
Write-back of impairment of amounts due from associates	20	**(54)**	(85)
Impairment of inventories	8	**1,483**	1,602
Equity-settled share option expenses		**243**	—
Equity-settled share-based payment		**—**	300
Foreign exchange differences, net		**6,784**	(36,325)
		(15,540)	(12,930)

	Notes	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES (continued)			
Decrease/(increase) in inventories		**(12,891)**	7,475
Additions of films and TV programs under production		**(204,177)**	(177,193)
Increase in film investments		**(28,576)**	(37,825)
Additions of film and TV program products		**–**	(2,661)
Decrease in film and TV program products		**92,245**	132,684
Additions of film rights		**(549)**	(1,846)
Increase in debtors		**(35,888)**	(22,129)
Decrease/(increase) in deposits, prepayments, other receivables and other assets		**4,908**	(42,446)
Increase in creditors and accruals		**24,042**	68,793
Decrease in deposits received and contract liabilities		**(65,196)**	(55,977)
Cash used in operations		**(241,622)**	(144,055)
Hong Kong profits tax paid, net		**(264)**	(1,533)
Mainland China taxes paid, net		**(5,555)**	(2,809)
Net cash flows used in operating activities		**(247,441)**	(148,397)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**7,188**	9,383
Dividend income from listed investments		**312**	–
Proceeds from disposal of an asset classified as held for sale		**–**	30,380
Proceeds from disposal of items of property, plant and equipment		**10**	33
Purchases of items of property, plant and equipment		**(7,721)**	(78,142)
Dividend income from joint ventures		**–**	6,775
Capital contributions to joint ventures		**(27,346)**	–
Advances to joint ventures		**(8,080)**	(13,195)
Repayment from joint ventures		**6,993**	1,257
Repayment from associates		**54**	85
Proceeds from disposal of joint ventures		**–**	1,104
Decrease in financial assets at fair value through profit or loss		**5,271**	4,379
Decrease in pledged and restricted time deposits		**17,820**	41,000
Net cash flows generated from/(used in) investing activities		**(5,499)**	3,059

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 July 2022

	Notes	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the clawback offer and placing of shares of a subsidiary		**–**	129,595
Proceeds from issuance of shares of a subsidiary		**48,735**	51,265
Transaction costs of issuance of shares of a subsidiary		**(698)**	(9,170)
Repayment of bank loans		**(18,000)**	(18,000)
Interest and bank financing charges paid		**(2,219)**	(3,152)
Lease payments	14(b)	**(189,112)**	(161,858)
Net cash flows used in financing activities		**(161,294)**	(11,320)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(414,234)**	(156,658)
Cash and cash equivalents at beginning of year		**1,476,796**	1,613,979
Effect of foreign exchange rate changes, net		**(5,975)**	19,475
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,056,587**	1,476,796
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Non-pledged and non-restricted cash and bank balances	26	**585,705**	1,028,394
Non-pledged and non-restricted time deposits	26	**470,882**	448,402
Cash and cash equivalents as stated in the consolidated statement of financial position		**1,056,587**	1,476,796

1. CORPORATE AND GROUP INFORMATION

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

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

- development and operation of and investment in media, entertainment, music production and distribution;
- investment in and production and distribution of television programs, films and video format products;
- cinema operation; and
- investment holding.

Details of the principal subsidiaries are set out in note 43 to the financial statements.

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, 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.

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 July 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.

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 this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

If the Group loses control over a subsidiary, it derecognises (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.

2.2 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*

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("**RFR**"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate ("**HIBOR**") and had other borrowings denominated in Hong Kong dollars based on The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**") prime rate as at 31 July 2022. The Group expects that HIBOR and HSBC prime rate will continue to exist and the interest rate benchmark reform has had no significant financial effect on the financial performance or financial position of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

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

2.4 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.

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interests in joint operations

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

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

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

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

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree 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 at its acquisition date fair value and any resulting gain or loss is recognised in the income statement.

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

2.4 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 assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in the income statement as a gain on bargain purchase.

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

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

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

Fair value measurement

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

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

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

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

or

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

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

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

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

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

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

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

Intangible assets

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amounts and fair values less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment properties that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

Music catalogs

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Films and TV programs under production include production costs, costs of services, direct labour costs, facilities and raw materials consumed in the creation of films or TV programs. Upon completion and available for commercial exploitation, these films and TV programs under production are reclassified as film and TV programs 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.

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 debtors that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Debtors that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Impairment of financial assets

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

General approach

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

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 debtors which apply the simplified approach as detailed below.

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

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

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

Simplified approach

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

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

Financial liabilities

Initial recognition and measurement

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

The Group's financial liabilities include creditors and accruals, deposits received, lease liabilities, interest-bearing bank loans and other borrowings.

2.4 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.

Derivative financial instruments

Initial recognition and subsequent measurement

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

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

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

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

Cash and cash equivalents

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 which 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.

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(a) *Right-of-use assets*

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

Leasehold land	Over the unexpired lease terms
Cinema related properties	2 to 16 years
Other properties	2 to 3 years
Equipment	5 years

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

(b) *Lease liabilities*

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

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

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

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

(a) *Entertainment events*

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

(b) *Film distribution*

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

(c) *Film licence fee*

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

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

(d) *Sale of products and albums*

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(e) *Distribution commission*

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

(f) *Album licensing and music publishing*

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

(g) *Box-office takings*

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

(h) *Advertising, artiste management, producer and consultancy services*

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

Other income

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

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

Contract liabilities

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Share-based payments

The Group operates share option schemes 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 payments, 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. The fair value is determined by using the Binomial Option Pricing Model ("**Binomial Model**").

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

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

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

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

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

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

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

Foreign currencies

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

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

2.4 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, joint ventures and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their income statements are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve. 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.

Dividends

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

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

Income tax

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

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

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

2.4 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, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Income tax

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

As explained in note 31 to the financial statements, withholding tax is levied on dividends to be distributed by subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. Deferred tax is provided, at the applicable withholding tax rate, on the undistributed earnings of the Group's PRC subsidiaries that would be distributed to their respective holding companies outside Mainland China in the foreseeable future.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

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

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

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

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

(ii) Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that is used in a similar way. Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at each financial year end date based on changes in circumstances.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(iii) Impairment of goodwill

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

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

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

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

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

(vi) Leases – Estimating the incremental borrowing rate

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

(vii) Provision for corporate income tax ("CIT")

The Group is mainly subject to CIT in the PRC. Under the circumstances that certain matters relating to the CIT have not been confirmed by the tax authorities, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for CIT. Upon the final outcome of these matters are finalised with the tax authorities, the differences of the impact on the CIT and related provision are adjusted in the period.

4. OPERATING SEGMENT INFORMATION

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

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

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

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

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income, finance costs, fair value losses on financial assets at fair value through profit or loss, gain on disposal of an asset classified as held for sale and other unallocated income and expenses are excluded from such measurement.

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

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

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

4. OPERATING SEGMENT INFORMATION (continued)

Segment revenue/results:

	Media and entertainment		Film and TV program		Cinema operation		Corporate and others		Consolidated	
	2022 HK$'000	2021 HK$'000	**2022 HK$'000**	2021 HK$'000	**2022 HK$'000**	2021 HK$'000	**2022 HK$'000**	2021 HK$'000	**2022 HK$'000**	2021 HK$'000
Segment revenue:										
Sales to external customers *(note 6)*	**256,771**	321,126	**185,794**	298,892	**385,023**	213,003	**2,649**	2,282	**830,237**	835,303
Intersegment sales	**–**	4	**3,891**	8,597	**1,972**	478	**1,726**	1,869	**7,589**	10,948
Other revenue	**1,802**	4,584	**1,737**	4,308	**76,177**	107,253	**4,745**	7,983	**84,461**	124,128
Total	**258,573**	325,714	**191,422**	311,797	**463,172**	320,734	**9,120**	12,134	**922,287**	970,379
Elimination of intersegment sales									**(7,589)**	(10,948)
Total revenue									**914,698**	959,431
Segment results	**(7,735)**	(17,400)	**(52,757)**	(94,894)	**(128,584)**	(151,033)	**(96,336)**	(101,105)	**(285,412)**	(364,432)
Unallocated interest income									**7,188**	9,383
Fair value losses on financial assets at fair value through profit or loss	**–**	–	**(4,418)**	–	**–**	–	**(51,996)**	(6,552)	**(56,414)**	(6,552)
Gain on disposal of an asset classified as held for sale	**–**	–	**–**	–	**–**	–	**–**	22,323	**–**	22,323
Loss from operating activities									**(334,638)**	(339,278)
Finance costs									**(54,379)**	(60,987)
Share of profits and losses of joint ventures	**(543)**	1,309	**(847)**	(889)	**(16,462)**	–	**–**	–	**(17,852)**	420
Loss before tax									**(406,869)**	(399,845)
Tax									**37,023**	(8,398)
Loss for the year									**(369,846)**	(408,243)

Segment assets/liabilities:

	Media and entertainment		Film and TV program		Cinema operation		Corporate and others		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	**2022 HK$'000**	2021 HK$'000
Segment assets	**268,037**	356,758	**706,865**	588,886	**1,234,545**	1,337,956	**811,092**	1,232,103	**3,020,539**	3,515,703
Investments in joint ventures	**10,524**	15,018	**1,659**	1,057	**12,690**	–	**5,856**	4,386	**30,729**	20,461
Unallocated assets									**119,416**	180,937
Total assets									**3,170,684**	3,717,101
Segment liabilities	**83,049**	134,911	**370,275**	367,812	**1,225,677**	1,340,446	**39,523**	43,810	**1,718,524**	1,886,979
Unallocated liabilities									**449,778**	506,756
Total liabilities									**2,168,302**	2,393,735

4. OPERATING SEGMENT INFORMATION (continued)

Other segment information:

	Media and entertainment		Film and TV program		Cinema operation		Corporate and others		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	2022 HK$'000	2021 HK$'000
Depreciation of property, plant and equipment	**993**	1,081	**165**	155	**49,068**	51,684	**386**	592	**50,612**	53,512
Depreciation of right-of-use assets	**1,302**	1,795	**4,324**	2,693	**143,242**	133,676	**3,363**	3,273	**152,231**	141,437
Impairment of property, plant and equipment	**618**	493	**142**	125	**7,829**	8,149	**855**	644	**9,444**	9,411
Impairment of right-of-use assets	**3,262**	4,255	**8,234**	865	**40,309**	25,945	**2,340**	1,702	**54,145**	32,767
Impairment of films and TV programs under production	**–**	–	**39,977**	2,553	**–**	–	**–**	–	**39,977**	2,553
Amortisation of film rights	**–**	–	**5,397**	6,595	**–**	–	**–**	–	**5,397**	6,595
Amortisation of film and TV program products	**–**	–	**10,076**	176,388	**–**	–	**–**	–	**10,076**	176,388
Amortisation of music catalogs	**2,461**	5,460	**–**	–	**–**	–	**–**	–	**2,461**	5,460
Write-back of impairment of film rights	**–**	–	**(8,901)**	(12,803)	**–**	–	**–**	–	**(8,901)**	(12,803)
Impairment of advances and other receivables	**5,507**	19,788	**–**	3,188	**–**	–	**–**	–	**5,507**	22,976
Write-back of impairment of advances and other receivables	**(6,460)**	–	**–**	–	**–**	–	**–**	–	**(6,460)**	–
Impairment of debtors	**7,050**	7,209	**50**	2,683	**–**	–	**–**	–	**7,100**	9,892
Impairment of amounts due from joint ventures	**1,711**	1,273	**–**	–	**–**	–	**–**	–	**1,711**	1,273
Write-back of impairment of amounts due from joint ventures	**–**	–	**(1,551)**	(1,183)	**–**	–	**–**	–	**(1,551)**	(1,183)
Impairment of inventories	**1,164**	821	**319**	777	**–**	4	**–**	–	**1,483**	1,602
Additions of property, plant and equipment	**548**	606	**732**	142	**708**	68,545	**618**	1,405	**2,606**	70,698
Additions of film rights	**–**	–	**549**	1,846	**–**	–	**–**	–	**549**	1,846
Additions of film and TV program products	**–**	–	**–**	2,661	**–**	–	**–**	–	**–**	2,661
Additions of films and TV programs under production and film investments	**–**	–	**244,246**	224,588	**–**	–	**–**	–	**244,246**	224,588
Additions of right-of-use assets	**–**	3,879	**–**	1,395	**–**	261,885	**1,279**	1,181	**1,279**	268,340

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information:

	Hong Kong		Mainland China and Macau		Others		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
Revenue:								
Sales to external customers	**599,590**	484,748	**183,012**	299,469	**47,635**	51,086	**830,237**	835,303
Assets:								
Segment assets:								
– non-current assets	**1,200,328**	1,323,674	**20,597**	48,853	**53**	262	**1,220,978**	1,372,789
– current assets	**1,521,860**	1,848,150	**293,705**	305,173	**14,725**	10,052	**1,830,290**	2,163,375
Unallocated assets							**119,416**	180,937
Total assets							**3,170,684**	3,717,101

Information about major customers:

Revenue from one (2021: one) customer which accounted for revenue exceeding 10% of the Group's total revenue amounted to approximately HK$109,650,000 for the year ended 31 July 2022 (2021: HK$147,881,000).

5. RELATED PARTY TRANSACTIONS

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

(a) Transactions with related parties

	Notes	2022 HK$'000	2021 HK$'000
LSG and its subsidiaries, excluding the Group:			
Lease payments and building management fee paid or payable	(i)	**2,807**	886
Sharing of corporate salaries on a cost basis allocated from		**27,279**	25,924
Sharing of administrative expenses on a cost basis allocated from		**2,311**	2,269
Sharing of corporate salaries on a cost basis allocated to		**7,678**	7,288
Sharing of administrative expenses on a cost basis allocated to		**6,458**	2,463
Licence income from TV program	(ii)	**1,219**	—
Joint ventures:			
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
Service fee income	(ii)	**1,177**	1,656
Sale of products and management fee income	(iii)	**3,506**	—

Notes:

(i) The Group leased properties from fellow subsidiaries for office and cinema use. The monthly lease payables were charged with reference to market rates. In addition to the lease payments for short-term leases to the related parties, right-of-use assets of HK$36,634,000 and lease liabilities of HK$83,632,000 related to the leases were recognised in the consolidated statement of financial position as at 31 July 2022. During the year, depreciation of right-of-use assets of HK$10,021,000 (2021: HK$10,975,000) and finance costs on lease liabilities of HK$3,945,000 (2021: HK$4,567,000) were recognised in the consolidated income statement.

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

(iii) The sale of products and management fee income were recognised in accordance with contractual terms with the joint venture.

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

5. RELATED PARTY TRANSACTIONS (continued)

(b) Compensation of key management personnel of the Group

	2022 HK$'000	2021 HK$'000
Short-term employee benefits	**25,358**	23,005
Post-employment benefits	**54**	58
Total compensation paid to key management personnel	**25,412**	23,063

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

6. TURNOVER

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

	2022 HK$'000	2021 HK$'000
Turnover from contracts with customers		
Entertainment event income	**36,963**	72,429
Distribution commission income, licence income from and sales of film and TV program products and film rights	**181,394**	297,562
Album sales, licence income and distribution commission income from music publishing and licensing	**80,713**	79,171
Box-office takings, concessionary income and related income from cinemas	**385,023**	213,003
Artiste management fee income	**11,052**	11,929
Advertising income	**4,400**	1,330
Sale of game products	**128,043**	157,597
Sale of merchandising products	**2,649**	2,282
	830,237	835,303

6. TURNOVER (continued)

(a) Disaggregated revenue information

For the year ended 31 July 2022

	Media and entertainment HK$'000	Film and TV program HK$'000	Cinema operation HK$'000	Corporate and others HK$'000	Total HK$'000
Geographical markets					
Hong Kong	**197,793**	**33,992**	**365,156**	**2,649**	**599,590**
Mainland China and Macau	**34,467**	**128,678**	**19,867**	**–**	**183,012**
Others	**24,511**	**23,124**	**–**	**–**	**47,635**
Total turnover from contracts with customers	**256,771**	**185,794**	**385,023**	**2,649**	**830,237**
Timing of revenue recognition					
At a point in time	**216,627**	**185,794**	**385,023**	**2,649**	**790,093**
Over time	**40,144**	**–**	**–**	**–**	**40,144**
Total turnover from contracts with customers	**256,771**	**185,794**	**385,023**	**2,649**	**830,237**

For the year ended 31 July 2021

	Media and entertainment HK$'000	Film and TV program HK$'000	Cinema operation HK$'000	Corporate and others HK$'000	Total HK$'000
Geographical markets					
Hong Kong	243,899	52,582	185,985	2,282	484,748
Mainland China and Macau	49,915	222,536	27,018	–	299,469
Others	27,312	23,774	–	–	51,086
Total turnover from contracts with customers	321,126	298,892	213,003	2,282	835,303
Timing of revenue recognition					
At a point in time	264,212	298,442	213,003	2,282	777,939
Over time	56,914	450	–	–	57,364
Total turnover from contracts with customers	321,126	298,892	213,003	2,282	835,303

The revenue from contracts with customers recognised in the current reporting period that was included in contract liabilities at the beginning of the reporting period was HK$76,185,000 (2021: HK$173,653,000).

6. TURNOVER (continued)

(b) Performance obligations

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

Entertainment events

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

Film and TV program licence income

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

Distribution commission

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

Box-office takings income

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

Sale of products

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

(c) Transaction price allocated to the remaining performance obligations

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

7. OTHER REVENUE

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

	Note	2022 HK$'000	2021 HK$'000
Bank interest income		**5,685**	7,940
Other interest income		**1,503**	1,443
Rent concessions related to COVID-19	14(b)	**57,923**	75,668
Government grants*		**15,317**	23,757
Dividend income from listed investments		**312**	—
Others		**10,909**	24,703
		91,649	133,511

* *During the years ended 31 July 2022 and 2021, government grants mainly represented the amount received under the "Anti-epidemic Fund" of the Government of the Hong Kong Special Administrative Region. There are no unfulfilled conditions or contingencies related to these grants.*

8. LOSS BEFORE TAX

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

	Notes	2022 HK$'000	2021 HK$'000
Cost of film rights, licence rights and film and TV program products		**146,400**	346,297
Cost of artiste management services and services for entertainment events provided		**57,905**	84,108
Cost of theatrical releasing and concessionary sales		**159,154**	80,483
Cost of inventories sold		**117,907**	140,321
Total cost of sales		**481,366**	651,209
Employee benefit expense (including directors' remuneration (note 10)):			
Wages and salaries		**246,025**	231,415
Equity-settled share option expense		**243**	—
Pension scheme contributions##		**6,062**	5,648
Total		**252,330**	237,063
Auditor's remuneration		**6,552**	6,360
Depreciation of property, plant and equipment^	13	**50,612**	53,512
Depreciation of right-of-use assets^	14(a)	**152,231**	141,437
Lease payments not included in the measurement of lease liabilities:			
Entertainment events#		**1,045**	474
Cinemas*		**113**	264
Others		**7,882**	8,250
		9,040	8,988
Contingent rents incurred for:			
Entertainment events#		**2,199**	6,215
Cinemas*		**4,646**	625
		6,845	6,840
Total		**15,885**	15,828

8. LOSS BEFORE TAX (continued)

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

	Notes	2022 HK$'000	2021 HK$'000
Impairment of property, plant and equipment*	13	**9,444**	9,411
Impairment of right-of-use assets*	14(a)	**54,145**	32,767
Impairment of films and TV programs under production#	23(a)	**39,977**	2,553
Fair value changes from film investments@/*	23(b)	**(1,656)**	12,702
Fair value changes from entertainment events organised by co-investors@/*		**(155)**	1,280
Amortisation of film rights#	15	**5,397**	6,595
Amortisation of film and TV program products#	16	**10,076**	176,388
Amortisation of music catalogs#	17	**2,461**	5,460
Impairment of debtors*	25	**7,100**	9,892
Write-back of impairment of debtors@	25	**(223)**	–
Impairment of advances and other receivables*	22	**5,507**	22,976
Write-back of impairment of advances and other receivables@	22	**(6,460)**	–
Impairment of amounts due from joint ventures*	19	**1,711**	1,273
Write-back of impairment of amounts due from joint ventures@	19	**(1,551)**	(1,183)
Write-back of impairment of film rights@	15	**(8,901)**	(12,803)
Loss/(gain) on dissolution/deregistration of subsidiaries*/@		**335**	(576)
Loss on disposal of joint ventures*		**–**	142
Fair value losses on financial assets at fair value through profit or loss*		**56,414**	6,552
Gain on termination of leases@		**(298)**	(163)
Impairment of inventories#		**1,483**	1,602
Gain on disposal of an asset classified as held for sale@		**–**	(22,323)
Share of net gain/(loss) from entertainment events organised by the Group to co-investors*/@		**(555)**	3,242
Foreign exchange differences, net*/@		**6,784**	(36,325)

8. LOSS BEFORE TAX (continued)

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

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

^ *Depreciation charge of HK$192,310,000 (2021: HK$185,360,000) related to cinema operation is included in "Other operating expenses" on the face of the consolidated income statement.*

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

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

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

9. FINANCE COSTS

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

	Note	2022 HK$'000	2021 HK$'000
Interest on:			
Lease liabilities	14(b)	**44,817**	50,572
Bank loans		**2,238**	3,091
Other borrowings		**5,647**	5,640
Amortisation of transaction fee for bank loans		**175**	175
Other finance costs		**1,502**	1,509
Total finance costs		**54,379**	60,987

10. DIRECTORS' AND EMPLOYEES' REMUNERATION

(a) Directors' remuneration

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

	2022 HK$'000	2021 HK$'000
Fees	**2,081**	2,055
Other emoluments:		
Salaries, allowances and benefits in kind	**10,580**	9,582
Pension scheme contributions	**54**	58
	10,634	9,640
	12,715	11,695

10. DIRECTORS' AND EMPLOYEES' REMUNERATION (continued)

(a) Directors' remuneration (continued)

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Year ended 31 July 2022				
Executive directors:				
Lui Siu Tsuen, Richard^	180	3,304	–	3,484*
Chew Fook Aun	–	4,481	18	4,499
Lam Hau Yin, Lester (also alternate director to U Po Chu)	–	–	–	–
Yip Chai Tuck	180	2,620	36	2,836#
	360	10,405	54	10,819
Non-executive director:				
U Po Chu	–	–	–	–
Independent non-executive directors:				
Low Chee Keong	751	45	–	796
Alfred Donald Yap	290	50	–	340
Ng Lai Man, Carmen	390	45	–	435
Lo Kwok Kwei, David	290	35	–	325
	1,721	175	–	1,896
	2,081	10,580	54	12,715

^ *Lui Siu Tsuen, Richard is also the chief executive officer of the Company.*

* *The amounts included fees of HK$180,000 paid by Media Asia Group Holdings Limited ("**MAGHL**", together with its subsidiaries, "**MAGHL Group**").*

The amounts included fees, salaries and pension scheme contributions of HK$1,508,000 paid by MAGHL.

10. DIRECTORS' AND EMPLOYEES' REMUNERATION (continued)

(a) Directors' remuneration (continued)

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Year ended 31 July 2021				
Executive directors:				
Lui Siu Tsuen, Richard^	180	3,056	4	3,240*
Chew Fook Aun	—	4,005	18	4,023
Lam Hau Yin, Lester (also alternate director to U Po Chu)	—	—	—	—
Yip Chai Tuck	180	2,341	36	2,557#
	360	9,402	58	9,820
Non-executive director:				
U Po Chu	—	—	—	—
Independent non-executive directors:				
Low Chee Keong	725	45	—	770
Alfred Donald Yap	290	50	—	340
Ng Lai Man, Carmen	390	50	—	440
Lo Kwok Kwei, David	290	35	—	325
	1,695	180	—	1,875
	2,055	9,582	58	11,695

^ *Lui Siu Tsuen, Richard is also the chief executive officer of the Company.*

* *The amounts included fees of HK$180,000 paid by MAGHL.*

The amounts included fees, salaries and pension scheme contributions of HK$1,369,000 paid by MAGHL.

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 July 2022 and 2021.

10. DIRECTORS' AND EMPLOYEES' REMUNERATION (continued)

(b) Employees' remuneration

The five highest paid employees during the year included two (2021: three) directors, details of whose emoluments are set out above. Details of the remuneration for the year of the remaining three (2021: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2022 HK$'000	2021 HK$'000
Salaries, allowances and benefits in kind	**20,371**	15,394
Pension scheme contributions	**18**	18
	20,389	15,412

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

	Number of employees	
	2022	2021
HK$3,000,001 — HK$3,500,000	**1**	—
HK$4,000,001 — HK$4,500,000	**1**	1
HK$11,000,001 — HK$11,500,000	**—**	1
HK$12,500,001 — HK$13,000,000	**1**	—
	3	2

11. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Note	2022 HK$'000	2021 HK$'000
Current			
— Hong Kong			
Charge for the year		**2,113**	1,586
Overprovision in prior years		**(178)**	(91)
		1,935	1,495
— Mainland China			
Charge for the year		**5,556**	2,809
Overprovision in prior years		**(41,971)**	(39)
		(36,415)	2,770
		(34,480)	4,265
Deferred tax	31	**(2,543)**	4,133
		(37,023)	8,398

11. TAX (continued)

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

	2022 HK$'000	2021 HK$'000
Loss before tax	**(406,869)**	(399,845)
Tax at the applicable tax rates	**(65,834)**	(78,042)
Profits and losses attributable to joint ventures and associates	**2,946**	37
Income not subject to tax	**(10,455)**	(13,452)
Expenses and losses not deductible for tax	**17,579**	11,904
Other temporary differences	**687**	(2,873)
Estimated tax losses from prior years utilised	**(9,373)**	(3,926)
Estimated tax losses not recognised	**69,576**	92,381
Adjustments in respect of current tax of prior years	**(42,149)**	(130)
Withholding tax on the distributable earnings of the subsidiaries established in Mainland China	**–**	2,499
Tax charge/(credit) at the Group's effective rate	**(37,023)**	8,398

12. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares of 1,491,854,598 (2021: 1,491,854,598) in issue during the year.

No adjustment had been made to the basic loss per share amount presented for the year ended 31 July 2022 in respect of a dilution as the impact of share options of the Company had an anti-dilutive effect on the basic loss per share amount presented.

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

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Computers HK$'000	Total HK$'000
Cost:						
At 1 August 2020	70,851	428,091	198,964	13,262	10,459	721,627
Additions	–	52,656	16,593	–	1,449	70,698
Write-off	–	(79)	(987)	–	(45)	(1,111)
Disposals	–	(138)	(817)	–	(66)	(1,021)
Exchange realignment	–	8,955	3,741	337	254	13,287
At 31 July 2021 and 1 August 2021	70,851	489,485	217,494	13,599	12,051	803,480
Additions	–	12	1,550	–	1,044	2,606
Write-off	–	–	(200)	–	(362)	(562)
Disposals	–	–	(649)	–	(94)	(743)
Exchange realignment	–	(3,854)	(1,604)	(143)	(134)	(5,735)
At 31 July 2022	**70,851**	**485,643**	**216,591**	**13,456**	**12,505**	**799,046**
Accumulated depreciation and impairment:						
At 1 August 2020	28,207	305,688	109,921	10,738	9,648	464,202
Depreciation provided during the year	2,170	24,752	25,063	838	689	53,512
Impairment provided during the year	–	7,820	767	–	824	9,411
Write-off	–	(79)	(950)	–	(42)	(1,071)
Disposals	–	(138)	(817)	–	(58)	(1,013)
Exchange realignment	–	8,704	2,679	132	209	11,724
At 31 July 2021 and 1 August 2021	30,377	346,747	136,663	11,708	11,270	536,765
Depreciation provided during the year	2,170	32,445	14,648	853	496	50,612
Impairment provided during the year	–	6,669	1,654	–	1,121	9,444
Write-off	–	–	(178)	–	(362)	(540)
Disposals	–	–	(646)	–	(92)	(738)
Exchange realignment	–	(3,811)	(1,412)	(108)	(123)	(5,454)
At 31 July 2022	**32,547**	**382,050**	**150,729**	**12,453**	**12,310**	**590,089**
Net carrying amount:						
At 31 July 2022	**38,304**	**103,593**	**65,862**	**1,003**	**195**	**208,957**
At 31 July 2021	40,474	142,738	80,831	1,891	781	266,715

During the year ended 31 July 2022, the impairment loss of HK$9,444,000 (2021: HK$9,411,000) represented the write-down of the carrying amounts of certain leasehold improvements, furniture, fixtures, equipment and computers to their recoverable amounts because the market conditions and the impact of the outbreak of COVID-19 were out of management's expectation. The estimated recoverable amounts as at 31 July 2022 were determined based on their value in use amounts estimated by using discount rates ranging from 9.51% to 11% (2021: 9% to 11%).

14. LEASES

The Group as a lessee

The Group has lease contracts for certain cinema related properties, other properties and equipment. Leases of cinema related properties generally have lease terms between 2 and 16 years, while other properties generally have lease terms between 2 and 3 years. Leases of equipment generally have lease terms of 5 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

	Leasehold land HK$'000	Cinema related properties HK$'000	Other properties HK$'000	Equipment HK$'000	Total HK$'000
At 1 August 2020	13,095	759,918	13,384	–	786,397
Additions	–	261,885	6,455	–	268,340
Lease modification	–	353	66	–	419
Depreciation charged	(666)	(133,010)	(7,761)	–	(141,437)
Impairment loss charged	–	(25,945)	(6,822)	–	(32,767)
Exchange realignment	–	2,496	57	–	2,553
At 31 July 2021 and 1 August 2021	12,429	865,697	5,379	–	883,505
Additions	–	–	–	1,279	1,279
Lease modification	–	63,098	18,144	–	81,242
Termination	–	–	–	(376)	(376)
Depreciation charged	(666)	(142,576)	(8,871)	(118)	(152,231)
Impairment loss charged	–	(40,309)	(13,051)	(785)	(54,145)
Exchange realignment	–	(336)	(43)	–	(379)
At 31 July 2022	**11,763**	**745,574**	**1,558**	**–**	**758,895**

During the year ended 31 July 2022, the impairment loss of HK$54,145,000 (2021: HK$32,767,000) represented the write-down of the carrying amounts of right-of-use assets of certain cinema related properties, other properties and equipment to their recoverable amounts because the market conditions and the impact of the outbreak of COVID-19 were out of management's expectation. The estimated recoverable amounts as at 31 July 2022 were determined based on their value in use amounts estimated by using discount rates ranging from 9.51% to 11% (2021: 9% to 11%).

14. LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities

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

	2022 HK$'000	2021 HK$'000
At beginning of the reporting period	**1,267,933**	1,178,397
Additions	**1,279**	268,316
Accretion of interest recognised during the year	**44,817**	50,572
Termination	**(674)**	(163)
Lease modification	**81,155**	419
Payments	**(189,112)**	(161,858)
Rent concessions related to COVID-19	**(57,923)**	(75,668)
Exchange realignment	**(2,757)**	7,918
At end of the reporting period	**1,144,718**	1,267,933
Less: Portion classified as current	**(202,724)**	(217,110)
Non-current portion	**941,994**	1,050,823

The maturity analysis of lease liabilities is disclosed in note 40 to the financial statements.

The Group has adopted the amendment to HKFRS 16 and applied the practical expedient to all eligible rent concessions granted by lessors during the year.

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

	2022 HK$'000	2021 HK$'000
Interest on lease liabilities	**44,817**	50,572
Depreciation charge of right-of-use assets	**152,231**	141,437
Impairment of right-of-use assets	**54,145**	32,767
Expense relating to short-term leases and other leases with remaining lease terms less than one year and leases of low-value assets	**9,040**	8,988
Variable lease payments not included in the measurement of lease liabilities	**6,845**	6,840
Rent concessions related to COVID-19	**(57,923)**	(75,668)
Gain on termination of leases	**(298)**	(163)
Total	**208,857**	164,773

14. LEASES (continued)

The Group as a lessee (continued)

(d) The Group has lease contracts that have not yet commenced as at 31 July 2022. The future lease payments for these non-cancellable lease contracts are HK$7,800,000 (2021: Nil) due within one year, HK$129,800,000 (2021: HK$118,600,000) due in the second to fifth years, inclusive and HK$195,790,000 (2021: HK$214,790,000) due after five years.

(e) The total cash outflow for leases included in the statement of cash flows was HK$204,997,000 (2021: HK$177,686,000) during the year ended 31 July 2022.

15. FILM RIGHTS

	HK$'000
Cost:	
At 1 August 2020	277,503
Additions	1,846
At 31 July 2021 and 1 August 2021	279,349
Additions	549
Write-off	(1,070)
At 31 July 2022	**278,828**
Accumulated amortisation and impairment:	
At 1 August 2020	270,448
Amortisation provided during the year	6,595
Write-back of impairment during the year	(12,803)
At 31 July 2021 and 1 August 2021	264,240
Amortisation provided during the year	5,397
Write-back of impairment during the year	(8,901)
Write-off	(1,070)
At 31 July 2022	**259,666**
Net carrying amount:	
At 31 July 2022	**19,162**
At 31 July 2021	15,109

In light of the specific circumstances of the film industry, the Group regularly reviews its library of film rights to assess the marketability/future economic benefits of film rights and the corresponding recoverable amounts. The estimated recoverable amounts were determined based on the present value of expected future revenues and related cash flows arising from the distribution and sublicensing of the film rights, which were derived from discounting the projected cash flows using a discount rate of 13.5% (2021: 13.5%) for the relevant assets. The impairment of HK$8,901,000 (2021: HK$12,803,000) was written back because the estimated recoverable amounts of the film rights were higher than their carrying amounts after taking into account of the performance of the film rights during the year.

16. FILM AND TV PROGRAM PRODUCTS

	Note	HK$'000
Cost:		
At 1 August 2020		1,747,820
Additions		2,661
Transfer from films and TV programs under production	23	296,128
Sale of film and TV program products		(132,684)
Exchange realignment		10,479
At 31 July 2021 and 1 August 2021		1,924,404
Transfer from films and TV programs under production	23	108,681
Sale of film and TV program products		(92,245)
Exchange realignment		(7,994)
At 31 July 2022		**1,932,846**
Accumulated amortisation and impairment:		
At 1 August 2020		1,682,699
Amortisation provided during the year		176,388
Exchange realignment		10,479
At 31 July 2021 and 1 August 2021		1,869,566
Amortisation provided during the year		10,076
Exchange realignment		(7,970)
At 31 July 2022		**1,871,672**
Net carrying amount:		
At 31 July 2022		**61,174**
At 31 July 2021		54,838

In light of the specific circumstances of the film and TV industry, the Group regularly reviews its film and TV program products to assess the marketability/future economic benefits of 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: ranging from 13.5% to 15%) for the relevant assets.

17. MUSIC CATALOGS

	HK$'000
Cost:	
At 1 August 2020, 31 July 2021, 1 August 2021 and 31 July 2022	**150,834**
Accumulated amortisation:	
At 1 August 2020	142,250
Amortisation provided during the year	5,460
At 31 July 2021 and 1 August 2021	147,710
Amortisation provided during the year	2,461
At 31 July 2022	**150,171**
Net carrying amount:	
At 31 July 2022	**663**
At 31 July 2021	3,124

18. GOODWILL

	HK$'000
Cost:	
At 1 August 2020	126,917
Deregistration of a subsidiary	(849)
At 31 July 2021, 1 August 2021 and 31 July 2022	**126,068**
Accumulated impairment:	
At 1 August 2020	116,917
Deregistration of a subsidiary	(849)
At 31 July 2021, 1 August 2021 and 31 July 2022	**116,068**
Net carrying amount:	
At 31 July 2022	**10,000**
At 31 July 2021	10,000

Impairment testing of goodwill

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

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

As at 31 July 2022, the recoverable amount of the IGHL CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period with a growth rate approved by senior management, which is based on past experience and management's expectation for market development. The discount rate applied to the cash flow projections is 14.5% (2021: 14.5%). The growth rate used to extrapolate the cash flows of the IGHL CGU beyond the five-year period is 3% (2021: 3%).

Assumptions were used in the value in use calculation of the IGHL CGU for 31 July 2022 and 31 July 2021. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

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

Discount rate — The discount rate used is before tax.

19. INVESTMENTS IN JOINT VENTURES

	2022 HK$'000	2021 HK$'000
Share of net assets	**11,515**	2,057
Amounts due from joint ventures	**72,634**	72,287
Provision for impairment#	**(53,420)**	(53,883)
	19,214	18,404
Total investments in joint ventures	**30,729**	20,461

As at 31 July 2022, impairment of HK$53,420,000 (2021: HK$53,883,000) was recognised for amounts due from joint ventures with gross carrying amounts of HK$66,605,000 (2021: HK$68,004,000) because these joint ventures have been loss-making for some time.

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

During the year ended 31 July 2021, the Group entered into sale and purchase agreements with a joint venture partner to sell 50% equity interests of certain joint ventures to the joint venture partner at the aggregate consideration of approximately HK$1,104,000. Loss on disposal of HK$142,000 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 loss allowance for impairment of amounts due from joint ventures are as follows:

	2022 HK$'000	2021 HK$'000
At the beginning of the reporting period	**53,883**	52,132
Impairment loss recognised	**1,711**	1,273
Write-back of impairment loss recognised	**(1,551)**	(1,183)
Exchange realignment	**(623)**	1,661
At the end of the reporting period	**53,420**	53,883

During the year ended 31 July 2021, the Group received dividend income amounting to HK$6,775,000 from certain joint ventures.

19. INVESTMENTS IN JOINT VENTURES (continued)

H Cinematic Limited ("**H Cinematic**"), a 50%-owned joint venture, is incorporated in Hong Kong during the year ended 31 July 2022, engages in cinema operation in Hong Kong and is accounted for using the equity method. The following table illustrates the summarised financial information of H Cinematic reconciled to the carrying amount in the financial statements:

	2022 HK$'000
Non-current assets	**125,433**
Cash and cash equivalents	**21,284**
Other current assets	**1,723**
Current liabilities	**(40,370)**
Non-current liabilities	**(140,495)**
Net liabilities	**(32,425)**
Reconciliation to the Group's interest in H Cinematic:	
The Group's 50% share of net liabilities of H Cinematic	**(16,213)**
Capital contribution to H Cinematic	**24,750**
Amounts due from H Cinematic	**4,153**
Carrying amount of the Group's investment in H Cinematic	**12,690**
Turnover	**4,238**
Other income (including interest income of HK$87,000)	**105**
Administrative and other operating expenses (including depreciation of HK$4,829,000)	**(36,342)**
Interest expenses	**(926)**
Loss and total comprehensive loss for the year	**(32,925)**
The Group's share of total comprehensive loss for the year	**(16,462)**

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

	2022 HK$'000	2021 HK$'000
The Group's share of profits and losses	**(1,390)**	420
The Group's share of other comprehensive income/(loss)	**(153)**	235
The Group's share of total comprehensive income/(loss)	**(1,543)**	655
Aggregate carrying amount of the Group's investments in joint ventures	**18,039**	20,461

20. INVESTMENTS IN ASSOCIATES

	2022 HK$'000	2021 HK$'000
Share of net assets	–	–
Amounts due from associates	**15,489**	15,543
Provision for impairment	**(15,489)**	(15,543)
	–	–
Total investments in associates	–	–

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

Loss allowance for impairment of the amounts due from associates represented lifetime ECLs made for credit-impaired balance.

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

	2022 HK$'000	2021 HK$'000
At the beginning of the reporting period	**15,543**	15,628
Write-back of impairment loss recognised	**(54)**	(85)
At the end of the reporting period	**15,489**	15,543

As at 31 July 2022 and 31 July 2021, there were no material associates which principally affected the results for the year or formed a substantial portion of the net assets of the Group.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	2022 HK$'000	2021 HK$'000
Unlisted investments, at fair value	(i)	**111,878**	180,421
Listed investments, at fair value	(ii)	**6,822**	—
		118,700	180,421
Less: Portion classified as current		**(6,822)**	(145,113)
Non-current portion		**111,878**	35,308

Notes:

(i) The unlisted investments were mainly fund investments and an equity investment which were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not SPPI.

(ii) The listed investments were classified as financial assets at fair value through profit or loss as they were held for trading.

22. DEPOSITS, PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2022 HK$'000	2021 HK$'000
Deposits, prepayments and advances for artiste management, music production and film and TV program production	**134,561**	148,777
Other deposits, prepayments, other receivables and other assets	**154,590**	144,753
	289,151	293,530
Less: Portion classified as current	**(157,753)**	(174,493)
Non-current portion	**131,398**	119,037

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

Included in deposits, prepayments, other receivables and other assets as at 31 July 2022 were investments in entertainment events of HK$4,425,000 (2021: HK$5,687,000) and club debentures of HK$9,858,000 (2021: HK$9,858,000), which are classified as financial assets at fair value through profit or loss and intangible assets, respectively. The intangible assets are regarded to have indefinite useful lives and are stated at cost less any impairment losses.

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

Movements in the loss allowance for impairment of deposits, prepayments and other receivables are as follows:

	2022 HK$'000	2021 HK$'000
At the beginning of the reporting period	**103,291**	92,807
Impairment loss recognised	**5,507**	22,976
Write-back of impairment loss recognised	**(6,460)**	—
Write-off	**(550)**	(13,813)
Exchange realignment	**(551)**	1,321
At the end of the reporting period	**101,237**	103,291

Loss allowance for impairment of deposits, prepayments and other receivables as at 31 July 2022 includes impairment of other receivables of HK$43,335,000 (2021: HK$42,884,000). The ECLs as at 31 July 2022 and 31 July 2021 were estimated by applying a credit risk approach with reference to the historical loss record of the Group as at 31 July 2022 and 31 July 2021. The loss allowance for impairment of other receivables is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

23. FILMS AND TV PROGRAMS UNDER PRODUCTION AND FILM INVESTMENTS

	Notes	2022 HK$'000	2021 HK$'000
Films and TV programs under production	(a)	**245,389**	192,110
Film investments, at fair value	(b)	**71,720**	43,734
		317,109	235,844

Notes:

(a) *Films and TV programs under production*

	Note	2022 HK$'000	2021 HK$'000
At the beginning of the reporting period		**192,110**	296,668
Additions		**204,177**	177,193
Transfer to film and TV program products	16	**(108,681)**	(296,128)
Impairment#		**(39,977)**	(2,553)
Exchange realignment		**(2,240)**	16,930
At the 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 the recoverable amount against the carrying amount.*

23. FILMS AND TV PROGRAMS UNDER PRODUCTION AND FILM INVESTMENTS (continued)

Notes: (continued)

(b) *Film investments, at fair value*

	2022 HK$'000	2021 HK$'000
Film investments classified as financial assets at fair value through profit or loss:		
At the 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 the end of the reporting period	**71,720**	43,734

24. INVENTORIES

	2022 HK$'000	2021 HK$'000
Work in progress	**392**	89
Finished goods	**16,219**	5,114
	16,611	5,203

25. DEBTORS

	2022 HK$'000	2021 HK$'000
Trade debtors	**167,115**	133,263
Impairment	**(31,185)**	(26,344)
	135,930	106,919

The trading terms of the Group with its customers are mainly on credit. Invoices are normally payable within 30 to 90 days of issuance, except for certain well-established customers, where the terms are extended to 120 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise its credit risk. Overdue balances are regularly reviewed by senior management. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's debtors are widely dispersed in different sectors and industries. The Group's debtors are non-interest-bearing. The Group does not hold any collateral or other credit enhancements over these balances.

An ageing analysis of the trade debtors, net of loss allowance, based on payment due date, as at the end of the reporting period, is as follows:

	2022 HK$'000	2021 HK$'000
Trade debtors:		
Unbilled or neither past due nor impaired	**66,227**	72,671
1 to 90 days past due	**62,607**	29,019
Over 90 days past due	**7,096**	5,229
	135,930	106,919

As at 31 July 2022, unbilled trade debtors amounted to HK$8,612,000 (2021: HK$17,974,000).

25. DEBTORS (continued)

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

	2022 HK$'000	2021 HK$'000
At the beginning of the reporting period	**26,344**	16,606
Impairment loss recognised	**7,100**	9,892
Write-back of impairment loss recognised	**(223)**	—
Write-off	**(2,034)**	(155)
Exchange realignment	**(2)**	1
At the end of the reporting period	**31,185**	26,344

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

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

As at 31 July 2022

		Past due		
	Current	1 to 90 days	Over 90 days	Total
Expected credit loss rate	**0.6%**	**0.0%**	**81.3%**	**18.7%**
Gross carrying amount (HK$'000)	**66,595**	**62,628**	**37,892**	**167,115**
Expected credit losses (HK$'000)	**368**	**21**	**30,796**	**31,185**

As at 31 July 2021

		Past due		
	Current	1 to 90 days	Over 90 days	Total
Expected credit loss rate	0%	2.5%	83.0%	19.8%
Gross carrying amount (HK$'000)	72,706	29,759	30,798	133,263
Expected credit losses (HK$'000)	35	740	25,569	26,344

26. CASH AND CASH EQUIVALENTS AND PLEDGED TIME DEPOSITS

	Note	2022 HK$'000	2021 HK$'000
Non-pledged and non-restricted cash and bank balances		**585,705**	1,028,394
Time deposits		**617,182**	612,522
Less: Pledged time deposits			
— Pledged for banking facilities		**(2,300)**	(2,120)
— Pledged for bank loans	29	**(144,000)**	(162,000)
		(146,300)	(164,120)
Non-pledged and non-restricted time deposits		**470,882**	448,402
Cash and cash equivalents		**1,056,587**	1,476,796

The conversion of Renminbi ("**RMB**") denominated time deposits and cash and bank balances into foreign currencies and the remittance of such foreign currencies denominated balances out of Mainland China are subject to the relevant rules and regulations of foreign exchange control promulgated by the government authorities concerned. As at 31 July 2022, such RMB denominated time deposits and cash and bank balances of the Group amounted to HK$94,466,000 (2021: HK$122,465,000).

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

27. CREDITORS AND ACCRUALS

An ageing analysis of the trade creditors, prepared based on the date of receipt of the goods and services purchased/payment due date, as at the end of the reporting period, is as follows:

	2022 HK$'000	2021 HK$'000
Trade creditors:		
Less than 30 days	**63,791**	16,068
31 to 60 days	**595**	1,159
61 to 90 days	**93**	1,162
Over 90 days	**1,783**	960
	66,262	19,349
Other creditors and accruals	**367,673**	394,630
	433,935	413,979
Less: Portion classified as current	**(425,772)**	(405,960)
Non-current portion	**8,163**	8,019

Trade creditors and other creditors are interest-free and have an average credit term of three months.

28. DEPOSITS RECEIVED AND CONTRACT LIABILITIES

An analysis of the deposits received and contract liabilities is as follows:

	2022 HK$'000	2021 HK$'000
Deposits received	**6,815**	75,630
Contract liabilities	**133,056**	129,437
	139,871	205,067

As at 1 August 2020, 31 July 2021 and 31 July 2022, the Group's total contract liabilities of HK$208,298,000, HK$129,437,000 and HK$133,056,000, respectively, mainly represented consideration received in advance from customers and deferred revenue. The increase in total contract liabilities during the year ended 31 July 2022 was mainly due to the deposits received from customers. The decrease in total contract liabilities during the year ended 31 July 2021 was mainly due to the recognition of revenue.

29. INTEREST-BEARING BANK LOANS

	2022		2021	
	Effective interest rate (%)	**HK$'000**	Effective interest rate (%)	HK$'000
Current:				
Secured	**2.00 – 2.58**	**143,956**	1.33 – 1.34	107,950
Non-current:				
Secured	**–**	**–**	1.33	53,831
		143,956		161,781
Analysed into:				
Within one year		**143,956**		107,950
In the second year		**–**		53,831
		143,956		161,781

Bank loans of the Group as at 31 July 2022 were secured by charges over certain time deposits of the Group with an aggregate carrying amount of HK$144,000,000 (2021: HK$162,000,000) (note 26).

30. OTHER BORROWINGS

	2022		2021	
	Effective interest rate (%)	**HK$'000**	Effective interest rate (%)	HK$'000
Non-current:				
Interest-bearing other borrowings – unsecured	**5.00**	**226,864**	5.00	221,217
Maturity profile:				
In the second year		**226,864**		221,217

The unsecured other borrowings represented amounts due to the late Mr. Lim Por Yen which bear interest at the HSBC prime rate per annum except for the accrued interest portion with an amount of HK$113,926,000 (2021: HK$108,279,000) which is interest-free.

At the request of the Group, the joint executrixes of the estate of the late Mr. Lim Por Yen confirmed to the Group that no demand for the repayment of the outstanding other borrowings or the related interest would be made within one year from the end of the respective reporting periods.

31. DEFERRED TAX

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2022 HK$'000	2021 HK$'000
Deferred tax assets	**517**	516
Deferred tax liabilities	**(87)**	(2,629)
	430	(2,113)

The movements of deferred tax assets/(liabilities) during the year are as follows:

	Note	Accelerated tax depreciation HK$'000	Withholding tax HK$'000	Losses available for offsetting against future taxable profits HK$'000	Total HK$'000
At 1 August 2020		(733)	–	2,753	2,020
Deferred tax credited/(charged) to the income statement during the year	11	606	(2,499)	(2,240)	(4,133)
At 31 July 2021 and 1 August 2021		(127)	(2,499)	513	(2,113)
Deferred tax credited to the income statement during the year	11	44	2,499	–	2,543
At 31 July 2022		**(83)**	**–**	**513**	**430**

At 31 July 2022, the Group had tax losses arising in Hong Kong of HK$2,543,585,000 (2021: HK$2,335,465,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

As at 31 July 2022, the Group had tax losses arising in Mainland China of HK$257,893,000 (2021: HK$327,225,000) that would expire in one to five years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses could be utilised.

31. DEFERRED TAX (continued)

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 applied 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 to be 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 has been recognised for withholding taxes that would be payable on the unremitted earnings that were subject to withholding taxes of certain subsidiaries established in Mainland China. In the opinion of the directors, it was not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$15,546,000 as at 31 July 2022 (2021: HK$24,500,000).

32. SHARE CAPITAL

Shares

	2022		2021	
	Number of shares '000	**Nominal value HK$'000**	Number of shares '000	Nominal value HK$'000
Authorised:				
Ordinary shares of HK$0.50 each	**2,500,000**	**1,250,000**	2,500,000	1,250,000
Issued and fully paid:				
Ordinary shares of HK$0.50 each	**1,491,855**	**745,927**	1,491,855	745,927

Share options

Details of the share option schemes of the Company and MAGHL and the share options issued under the respective schemes are included in note 33 to the financial statements.

33. SHARE OPTION SCHEMES

(a) The Company

2015 Share Option Scheme

On 11 December 2015 ("**2015 Adoption Date**"), the Company adopted a new share option scheme ("**2015 Share Option Scheme**") and terminated its share option scheme previously adopted on 23 December 2005. The purpose of the 2015 Share Option Scheme is to recognise the contribution or future contribution of the Eligible Participants (as defined in the scheme) to the Group by granting share options to them as incentives or rewards and to attract, retain and motivate the Eligible Participants in line with the performance goals of the Relevant Companies (as defined in the scheme). Eligible Participants include but are not limited to the directors and any employees of the Group. Unless otherwise cancelled or amended, the 2015 Share Option Scheme will remain in force for 10 years from the 2015 Adoption Date.

The principal terms of the 2015 Share Option Scheme are:

(i) The maximum number of shares in respect of which share options may be granted under the 2015 Share Option Scheme and any other share option schemes of the Company (i) shall not in aggregate exceed 10% of the total issued shares of the Company on the 2015 Adoption Date; (ii) shall not exceed 30% of the total issued shares of the Company from time to time; and (iii) to each Eligible Participant in the 2015 Share Option Scheme and within any 12-month period, is limited to 1% of the total issued shares of the Company at any time. Any further grant of share options in excess of the limits set out in (i) and (iii) must be subject to the approval of the shareholders of the Company and the shareholders of Lai Sun Development Company Limited ("**LSD**") (so long as the Company is a subsidiary of LSD under the Listing Rules) in the respective general meetings.

(ii) Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, are subject to the approval by the independent non-executive directors of the Company and LSD (so long as the Company is a subsidiary of LSD under the Listing Rules). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, in excess of 0.1% of the total issued shares of the Company at any time and with an aggregate value (based on the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet at the date of grant) in excess of HK$5 million, within any 12-month period up to and including the date of grant, are subject to the approval by the shareholders of the Company and the shareholders of LSD (so long as the Company is a subsidiary of LSD under the Listing Rules) in the respective general meetings.

(iii) The offer of a grant of share options may be accepted within 30 days from the date of offer, to be accompanied by payment of a consideration of HK$1 per share option by the grantee. The exercise period of the share options granted is determined by the board of directors of the Company in its absolute discretion.

33. SHARE OPTION SCHEMES (continued)

(a) The Company (continued)

2015 Share Option Scheme (continued)

The principal terms of the 2015 Share Option Scheme are: (continued)

(iv) The subscription (or exercise) price of any share options is determinable by the directors of the Company, and shall be at least the highest of (i) the closing price of the Company's shares in the Stock Exchange's daily quotation sheet on the date of the offer of grant; (ii) the average closing price of the Company's shares in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of a Company's share on the date of the offer of grant.

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

Details of the share options outstanding granted under the 2015 Share Option Scheme during the year are as follows:

	Number of underlying shares comprised in share options	Weighted average exercise price per share* HK$
Outstanding as at 1 August 2021	—	—
Granted during the year	1,500,000	0.50
Outstanding as at 31 July 2022	**1,500,000**	**0.50**

The exercise price and exercise period of the share options outstanding as at the end of the reporting period are as follows:

2022

Number of underlying shares comprised in share options	Exercise price per share* HK$	Exercise period (dd/mm/yyyy)
1,500,000	**0.50**	**21/01/2022 to 20/01/2032**

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

33. SHARE OPTION SCHEMES (continued)

(a) The Company (continued)

2015 Share Option Scheme (continued)

Other than the movements of the share options as detailed above, no share options were granted, exercised, cancelled or lapsed in accordance with the terms of the 2015 Share Option Scheme during the year ended 31 July 2022.

The closing price of the Company's share immediately before the date of grant of share options during the year was HK$0.37. The fair value of the share options granted during the year was approximately HK$243,000 (2021: Nil), which was recognised as share option expense during the year ended 31 July 2022.

The fair value of equity-settled share options granted during the year was estimated as at the date of grant using the Binomial Model, taking into account the terms and conditions upon which the share options were granted. The following table lists the inputs to the model used:

Date of valuation	21 January 2022
Closing share price (HK$ per share)	0.360
Exercise price (HK$ per share)	0.500
Share option life (years)	10
Risk-free interest rate (%)	1.737
Dividend yield (%)	0.0
Expected volatility (%)	52.626
Historical volatility (%)	52.626
Forfeiture rate (%)	2.200

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The value of the share options is subject to a number of assumptions and with regard to the limitation of the Binomial Model. Therefore, the value may be subjective and would change should any of the assumptions change.

As at 31 July 2022, a total of 1,500,000 (2021: Nil) underlying shares relating to share options granted under the 2015 Share Option Scheme were outstanding and it represented approximately 0.1% of the total issued shares of the Company as at that date.

33. SHARE OPTION SCHEMES (continued)

(b) MAGHL

MAGHL Share Option Scheme

On 18 December 2012, MAGHL adopted a share option scheme ("**MAGHL Share Option Scheme**") which will remain in force for 10 years commencing from the adoption date. The purpose of the MAGHL Share Option Scheme is to recognise the contribution or future contribution of the eligible participants to MAGHL 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 MAGHL Group or the affiliated companies. Eligible participants include any employee, director, officer or consultant of MAGHL Group and the affiliated companies, and any other group or classes of participants which the board of the directors of MAGHL, 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 MAGHL Group.

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

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

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

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

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

(v) The maximum number of MAGHL's shares issued and to be issued upon exercise of the share options granted to each eligible participant under the MAGHL 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 MAGHL's shares in issue at any time. Any further grant of share options in excess of this limit must be separately approved by the shareholders of MAGHL and the Company (so long as MAGHL is a subsidiary of the Company under the GEM Listing Rules) at the respective general meetings with such eligible participant and his associates abstaining from voting.

33. SHARE OPTION SCHEMES (continued)

(b) MAGHL (continued)

MAGHL Share Option Scheme (continued)

The principal terms of the MAGHL Share Option Scheme are as follows: (continued)

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

(vii) Any grant of share options to a substantial shareholder or an independent non-executive director of MAGHL, and to any of their respective associates, in excess of 0.1% of MAGHL's shares in issue at any time and with an aggregate value (based on the closing price of MAGHL'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 MAGHL and the Company (so long as MAGHL is a subsidiary of the Company under the GEM Listing Rules) in advance at the respective general meetings.

(viii) 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.

(ix) The exercise period of the share options granted is determined by the directors of MAGHL provided that such period must not be longer than 10 years from the date upon which any share option is granted in accordance with the MAGHL Share Option Scheme.

(x) The exercise price of the share options is determined by the directors of MAGHL, but must be at least the highest of (i) the closing price of MAGHL'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 MAGHL'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 a MAGHL's share on the date of the offer of grant.

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

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

34. RESERVES

The amounts of the Group's reserves and the movements therein for the years ended 31 July 2022 and 2021 are presented in the consolidated statement of changes in equity.

Statutory reserve

Pursuant to the relevant laws and regulations in the PRC, the subsidiaries and the joint ventures of the Company, which are registered in the PRC, are required to transfer a certain percentage of their net profit after tax (after offsetting any prior years' losses, if any) to statutory reserve funds which are restricted as to use, until the balance of the statutory reserve funds reaches 50% of the entity's registered capital.

35. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below. The summarised financial information below represents amounts before intragroup eliminations.

MAGHL

	2022 HK$'000	2021 HK$'000
Current assets	657,093	722,804
Non-current assets	72,903	56,805
Total assets	729,996	779,609
Current liabilities	(331,054)	(457,476)
Non-current liabilities	(141,852)	(2,160)
Total liabilities	(472,906)	(459,636)
Equity attributable to non-controlling interests of the Group	71,386	89,711
Turnover	222,466	354,986
Other income	6,086	10,323
Share of profits and losses of joint ventures	(1,390)	420
Expenses, net	(336,646)	(537,210)
Loss for the year	(109,484)	(171,481)
Other comprehensive loss for the year	(1,436)	(10,856)
Total comprehensive loss for the year	(110,920)	(182,337)
Loss attributable to the non-controlling interests	(36,793)	(52,728)
Other comprehensive loss attributable to the non-controlling interests	(197)	(3,316)
Total comprehensive loss attributable to the non-controlling interests	(36,990)	(56,044)
Net cash flows used in operating activities	(293,794)	(133,480)
Net cash flows from/(used in) investing activities	1,904	(1,593)
Net cash flows from financing activities	172,768	109,534
Net cash outflows	(119,122)	(25,539)

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 July 2022, the Group had non-cash additions and modifications to right-of-use assets of HK$82,521,000 (2021: HK$268,759,000) and lease liabilities of HK$82,434,000 (2021: HK$268,735,000), in respect of lease arrangements for cinema related properties, other properties and equipment and reclassified rental prepayment of HK$87,000 (2021: HK$24,000) to right-of-use assets.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank loans HK$'000	Lease liabilities HK$'000	Other borrowings HK$'000
At 1 August 2020	179,606	1,178,397	215,577
Changes from financing cash flows	(18,000)	(161,858)	—
Interest expense	175	50,572	5,640
Rent concessions related to COVID-19	—	(75,668)	—
Additions	—	268,316	—
Lease modification	—	419	—
Termination	—	(163)	—
Exchange realignment	—	7,918	—
At 31 July 2021 and 1 August 2021	161,781	1,267,933	221,217
Changes from financing cash flows	(18,000)	(189,112)	—
Interest expense	175	44,817	5,647
Rent concessions related to COVID-19	—	(57,923)	—
Additions	—	1,279	—
Lease modification	—	81,155	—
Termination	—	(674)	—
Exchange realignment	—	(2,757)	—
At 31 July 2022	**143,956**	**1,144,718**	**226,864**

37. COMMITMENTS

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

	2022 HK$'000	2021 HK$'000
Contracted but not provided for:		
Acquisition of items of property, plant and equipment	**3,150**	1,950

38. 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 HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Due from joint ventures	–	19,214	19,214
Financial assets at fair value through profit or loss	118,700	–	118,700
Film investments	71,720	–	71,720
Debtors	–	135,930	135,930
Financial assets included in deposits, prepayments and other receivables	4,425	117,289	121,714
Pledged time deposits	–	146,300	146,300
Cash and cash equivalents	–	1,056,587	1,056,587
	194,845	1,475,320	1,670,165

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade creditors	66,262
Financial liabilities included in other creditors and accruals	313,749
Financial liabilities included in deposits received	6,815
Lease liabilities	1,144,718
Interest-bearing bank loans	143,956
Other borrowings	226,864
	1,902,364

38. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

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

31 July 2021

Financial assets

	Financial assets at fair value through profit or loss HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Due from joint ventures	—	18,404	18,404
Financial assets at fair value through profit or loss	180,421	—	180,421
Film investments	43,734	—	43,734
Debtors	—	106,919	106,919
Financial assets included in deposits, prepayments and other receivables	5,687	132,418	138,105
Pledged time deposits	—	164,120	164,120
Cash and cash equivalents	—	1,476,796	1,476,796
	229,842	1,898,657	2,128,499

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade creditors	19,349
Financial liabilities included in other creditors and accruals	346,897
Financial liabilities included in deposits received	74,999
Lease liabilities	1,267,933
Interest-bearing bank loans	161,781
Other borrowings	221,217
	2,092,176

39. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Financial instruments measured at fair value:

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

As at 31 July 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				
Financial assets at fair value through profit or loss	**6,822**	**95,853**	**16,025**	**118,700**
Film investments	**–**	**–**	**71,720**	**71,720**
Financial assets included in deposits, prepayments and other receivables	**–**	**–**	**4,425**	**4,425**
	6,822	**95,853**	**92,170**	**194,845**

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				
Financial assets at fair value through profit or loss	–	175,850	4,571	180,421
Film investments	–	–	43,734	43,734
Financial assets included in deposits, prepayments and other receivables	–	–	5,687	5,687
	–	175,850	53,992	229,842

Other than the above financial assets, the carrying amounts of the Group's financial instruments are carried at amortised cost and they were not materially different from their fair values as at 31 July 2022 and 31 July 2021.

39. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Financial instruments measured at fair value: (continued)

During the years ended 31 July 2021 and 2022, there were no transfers of fair value measurement between Level 1 and Level 2 for both financial assets and financial liabilities.

During the year ended 31 July 2022, fair value measurement of a financial asset at fair value through profit or loss had been transferred from Level 2 to Level 3 and the transfer is primarily attributable to changes in observable valuation inputs in valuing this investment. During the year ended 31 July 2021, there were no transfers into or out of Level 3 for both financial assets and financial liabilities.

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

	2022 HK$'000	2021 HK$'000
At the beginning of the reporting period	**53,992**	44,478
Increase in investment amount, net	**41,084**	48,556
Changes in fair value	**10,579**	(13,982)
Transfer from Level 2	**2,840**	—
Settlement	**(13,925)**	(27,431)
Exchange realignment	**(2,400)**	2,371
At the end of the reporting period	**92,170**	53,992

Valuation techniques

The fair values of financial assets at fair value through profit or loss in Level 2 are based on quoted prices/values from the fund manager or using a discounted cash flow valuation model.

The Group has estimated the fair value of the above unlisted investments, except for equity investment, in Level 3 by using the latest available transaction prices or the discounted cash flow method.

39. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Valuation techniques (continued)

For the equity investment in Level 3, the Group's management appoints an external valuer to be responsible for the valuation of the Group's equity investment. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the external valuer on the valuation assumptions when the valuation is performed.

The fair values of the financial assets are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair value of the equity investment has been determined by equity value allocation model with Black-Scholes option pricing formula. Under this valuation methodology, the underlying total equity values have been determined based on the most recent transactions of share subscriptions by the independent third-party investors in the investee companies.

Information about fair value measurement of the equity investment in Level 3 using significant unobservable input is as follows:

31 July 2022

	Valuation technique	Significant unobservable inputs	Value of unobservable inputs	Notes
Equity investment at fair value through profit or loss	Market approach	Expected volatility	57.503%	1
		Expected time to exit	3.001 years	2

Notes:

1. *The higher the expected volatility, the lower the fair value*

2. *The longer the expected time to exit, the lower the fair value*

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank loans, other borrowings, pledged time deposits, and cash and cash equivalents. The main purpose of these financial instruments is to raise fund for the Group's operations. The Group has various other financial assets and liabilities such as debtors and creditors, which arise directly from its operations, and financial assets which are held by the Group for investment purposes.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The directors of the Company meet periodically to analyse and formulate measures to manage the Group's exposure to these risks. Generally, the Group introduces relatively conservative strategies on its risk management. The directors review and agree policies for managing each of these risks and they are summarised as follows:

(i) Interest rate risk

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

As the Group has some interest-bearing assets, the Group's income and operating cash flows will be affected by changes in market interest rates. The Group's interest rate risk also arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the post-tax profit (through the impact on floating rate borrowings and other borrowings at prime rate) and the equity of the Group.

	Change in interest rate %	Impact on post-tax profit HK$'000	Impact on equity* HK$'000
2022	**+0.25**	**(603)**	**(587)**
	-0.25	**479**	**469**
2021	+0.25	(641)	(623)
	-0.25	521	509

* *excluding amounts attributable to non-controlling interests*

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Foreign currency risk

RMB

Certain subsidiaries of the Group have transactions denominated in RMB. The Group is exposed to foreign exchange risk arising from the exposure of RMB against HK$.

US$

Certain of the Group's monetary assets and liabilities are denominated in US$. The Group is exposed to foreign exchange risk arising from the exposure of US$ against HK$.

The Group considered the impact on the equity from the change in the US$ exchange rate was nominal at the end of the reporting period since HK$ is pegged to US$.

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

	Change in exchange rate %	Impact on post-tax profit HK$'000	Impact on equity* HK$'000
2022			
If US$/HK$ weakens against RMB	**5**	**14,803**	**10,263**
If US$/HK$ strengthens against RMB	**5**	**(14,779)**	**(10,247)**
2021			
If US$/HK$ weakens against RMB	5	15,760	10,739
If US$/HK$ strengthens against RMB	5	(15,760)	(10,739)

* *excluding amounts attributable to non-controlling interests*

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Credit risk

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

Maximum exposure and year-end staging

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

As at 31 July 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Due from joint ventures					
Normal**	6,029	–	–	–	6,029
Doubtful**	–	–	66,605	–	66,605
Due from associates					
Doubtful**	–	–	15,489	–	15,489
Debtors*	–	–	–	167,115	167,115
Financial assets included in deposits, prepayments and other receivables					
Normal**	117,289	–	–	–	117,289
Doubtful**	–	–	43,335	–	43,335
Pledged time deposits	146,300	–	–	–	146,300
Cash and cash equivalents	1,056,587	–	–	–	1,056,587
	1,326,205	–	125,429	167,115	1,618,749

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 July 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Due from joint ventures					
Normal**	4,283	–	–	–	4,283
Doubtful**	–	–	68,004	–	68,004
Due from associates					
Doubtful**	–	–	15,543	–	15,543
Debtors*	–	–	–	133,263	133,263
Financial assets included in deposits, prepayments and other receivables					
Normal**	132,354	–	–	–	132,354
Doubtful**	–	–	42,948	–	42,948
Pledged time deposits	164,120	–	–	–	164,120
Cash and cash equivalents	1,476,796	–	–	–	1,476,796
	1,777,553	–	126,495	133,263	2,037,311

* *For debtors to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 25 to the financial statements.*

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

Further quantitative data in respect of the Group's exposure to credit risk arising from other receivables and trade debtors are disclosed in notes 22 and 25 to the financial statements, respectively.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Liquidity risk

The Group's objective is to ensure adequate funds are available to meet commitments associated with its financial liabilities. Cash flows are closely monitored on an ongoing basis. The Group will raise funds either through the financial markets or from the realisation of its assets if required.

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

	Less than 1 year HK$'000	**1 to 5 years HK$'000**	**Over 5 years HK$'000**	**Total HK$'000**
31 July 2022				
Trade creditors	**66,262**	**–**	**–**	**66,262**
Financial liabilities included in other creditors and accruals	**313,749**	**–**	**–**	**313,749**
Financial liabilities included in deposits received	**6,815**	**–**	**–**	**6,815**
Lease liabilities	**239,726**	**773,062**	**264,252**	**1,277,040**
Interest-bearing bank loans	**144,962**	**–**	**–**	**144,962**
Other borrowings	**–**	**232,511**	**–**	**232,511**
	771,514	**1,005,573**	**264,252**	**2,041,339**

	Less than 1 year HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
31 July 2021				
Trade creditors	19,349	–	–	19,349
Financial liabilities included in other creditors and accruals	346,897	–	–	346,897
Financial liabilities included in deposits received	74,999	–	–	74,999
Lease liabilities	263,053	766,824	418,636	1,448,513
Interest-bearing bank loans	108,948	54,507	–	163,455
Other borrowings	–	226,864	–	226,864
	813,246	1,048,195	418,636	2,280,077

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The Group manages its capital structure to ensure that the Group will be able to continue to operate as a going concern while maximising the return to stakeholders through the setting up and maintenance of an optimal debt and equity capital structure.

The capital structure of the Group mainly consists of interest-bearing bank loans, other borrowings, cash and cash equivalents, pledged time deposits and equity attributable to owners of the Company comprising issued share capital and reserves.

The directors of the Company review the capital structure regularly. They will take into consideration the cost of capital and the risks associated with each class of capital prevailing in the market. Based on recommendations of the directors, the Group will balance its overall capital structure through various types of equity fund raising exercises as well as maintaining appropriate types and levels of debts.

The Group monitors capital using, inter alia, a gearing ratio which is net debt divided by total equity. As at 31 July 2022, the consolidated net assets attributable to owners of the Company amounted to approximately HK$965.2 million (2021: HK$1,263.4 million).

41. CONTINGENT LIABILITIES

The Group had pledged certain time deposits to certain banks in connection with the banking facilities granted to certain subsidiaries and the respective letter of credit and letter of guarantee facilities of approximately HK$2,246,000 (2021: HK$1,673,000) were utilised.

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**1,406,615**	1,217,574
Deposits, prepayments and other receivables	**10,180**	9,858
Total non-current assets	**1,416,795**	1,227,432
CURRENT ASSETS		
Deposits, prepayments and other receivables	**930**	453
Cash and cash equivalents	**418,090**	810,965
Total current assets	**419,020**	811,418
CURRENT LIABILITIES		
Creditors and accruals	**2,984**	2,509
Lease liabilities	**688**	—
Total current liabilities	**3,672**	2,509
NET CURRENT ASSETS	**415,348**	808,909
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,832,143**	2,036,341
NON-CURRENT LIABILITIES		
Other borrowings	**226,864**	221,217
Lease liabilities	**290**	—
Total non-current liabilities	**227,154**	221,217
Net assets	**1,604,989**	1,815,124
EQUITY		
Issued capital	**745,927**	745,927
Reserves *(note)*	**859,062**	1,069,197
Total equity	**1,604,989**	1,815,124

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium account HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 August 2020	4,257,351	845,455	–	(4,269,061)	833,745
Profit for the year and total comprehensive income for the year	–	–	–	235,452	235,452
At 31 July 2021 and 1 August 2021	4,257,351	845,455	–	(4,033,609)	1,069,197
Loss for the year and total comprehensive loss for the year	–	–	–	(210,378)	(210,378)
Equity-settled share option arrangements	–	–	243	–	243
At 31 July 2022	**4,257,351**	**845,455**	**243**	**(4,243,987)**	**859,062**

The Company's contributed surplus represents the excess of the fair value of the subsidiaries' shares acquired pursuant to the Group reorganisation in November 1996 over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda (as amended), distributions may be made out of the contributed surplus in certain circumstances.

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 July 2022 are as follows:

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Capital Artists Limited	Hong Kong	HK$44,394,500	–	100	Music production and distribution
East Asia Music (Holdings) Limited	Hong Kong	HK$10,000	–	100	Music production and distribution
eSun High-Tech Limited	Hong Kong	HK$2	–	100	Investment in and licensing of film rights
Fascinating Screens Limited	Hong Kong	HK$1,000,001	–	100	Cinema operation
Fortunate Sound Limited	Hong Kong	HK$1	–	100	Music production and distribution
Fortune Spark Limited	Hong Kong	HK$10,000,000	–	100	Cinema operation
Glynhill International Limited	Hong Kong	HK$915,631,997	100	–	Investment holding and provision of management service
Intercontinental Film Distributors (H.K.) Limited	Hong Kong	HK$700,400	–	95	Film distribution
Intercontinental Group Holdings Limited	Cayman Islands/ Hong Kong	US$50,000	–	95	Investment holding
Intercontinental Video Limited	Hong Kong	HK$100	–	95	Distribution of movie digital video discs and blu-ray discs
Kaleidoscope International Limited	British Virgin Islands/ Hong Kong	US$1	100	–	Property holding
Lauro Game Entertainment Limited	Hong Kong	HK$100,000	–	95	Trading of gaming products
Media Asia Distribution Ltd.	British Virgin Islands/ Hong Kong	US$80	–	100	Film distribution, licensing of film rights and film investment
Media Asia Distribution (HK) Limited	Hong Kong	HK$2	–	100	Film distribution and film library management
Media Asia Entertainment Group Limited	Bermuda/Hong Kong	HK$100	–	100	Investment holding
Media Asia Films (BVI) Ltd.	British Virgin Islands/ Hong Kong	US$7	–	100	Film production, licensing of films and investment holding

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Particulars of the Company's principal subsidiaries as at 31 July 2022 are as follows: (continued)

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Media Asia Group Limited	Hong Kong	HK$2	–	100	Investment holding and provision of management services
Media Asia Holdings Ltd.	British Virgin Islands/ Hong Kong	US$6,831	–	100	Investment holding
Mega Star Video Distribution (HK) Limited	Hong Kong	HK$2	–	100	Licensing of film rights and sale of video products
Multiplex Cinema Limited	Hong Kong	HK$71,000,000	–	95	Cinema operation
Perfect Advertising & Production Company Limited	Hong Kong	HK$10,000	–	95	Provision of advertising services, video duplication services, and translating and subtitling of television programs
Perfect Sky Holdings Limited	British Virgin Islands/ Hong Kong	US$1	100	–	Investment holding
Rich & Famous Talent Management Group Limited	Hong Kong	HK$100	–	75	Provision of artiste management services
Style International Management Group Limited	Hong Kong	HK$1	–	58.20	Provision of artiste management services
寰亞風尚演藝經紀(上海)有限公司##	PRC/Mainland China	RMB2,000,000#	–	58.20	Provision of artiste management services
廣東五月花電影城有限公司##	PRC/Mainland China	RMB100,000,000#	–	100	Cinema operation
東亞豐麗演出經紀(北京)有限公司##	PRC/Mainland China	RMB25,000,000#	–	100	Provision of artiste management and performance agency services
MAGHL (Listed on the GEM of the Stock Exchange) (note a)	Incorporated in the Cayman Islands and continued in Bermuda/ Hong Kong	HK$298,631,402	–	67.70	Investment holding
Champ Universe Limited^	Hong Kong	HK$1	–	67.70	Provision of management services

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Particulars of the Company's principal subsidiaries as at 31 July 2022 are as follows: (continued)

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Lam & Lamb Entertainment Limited^	Hong Kong	HK$1	–	67.70	Provision of artiste management services and entertainment activity production
Media Asia Distribution (Beijing) Co., Ltd.^##	PRC/Mainland China	RMB130,000,000#	–	67.70	Film distribution
Media Asia Entertainment Limited^	Hong Kong	HK$100	–	67.70	Entertainment activity production, and event and film investments
Media Asia Film International Limited^	British Virgin Islands	US$100	–	67.70	Film investment and production and event investments
Media Asia Film Production Limited^	Hong Kong	HK$100	–	67.70	Investment holding and film production
Media Asia Music Limited^	Hong Kong	HK$1	–	67.70	Music production and distribution and event investments
Media Asia Talent Management Limited^	Hong Kong	HK$1	–	67.70	Provision of artiste management services
Media Asia TV Program Distribution Limited^	Hong Kong	HK$1	–	67.70	Licensing of television dramas
Media Asia TV Program Production (HK) Limited^	Hong Kong	HK$1	–	47.39	TV program production
寰亞文化傳播(中國)有限公司^##	PRC/Mainland China	HK$38,000,000#	–	67.70	Entertainment activity production

\# *The registered capital of these subsidiaries was fully paid up, except for Media Asia Distribution (Beijing) Co., Ltd. of which the capital of RMB29,480,000 (equivalent to approximately HK$34,271,000) was unpaid as at 31 July 2022.*

\## *Registered as wholly-foreign-owned enterprises under the laws of the PRC.*

^ *They are subsidiaries of MAGHL.*

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.

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Particulars of the Company's principal subsidiaries as at 31 July 2022 are as follows: (continued)

As at 31 July 2022, the Group had unpaid capital contributions of approximately HK$126,218,000 (2021: HK$168,139,000) to two (2021: three) non-wholly-owned subsidiaries and a wholly-owned subsidiary (2021: one) which are not included in the above table.

Note:

(a) Interests in MAGHL

For the year ended 31 July 2022
On 3 August 2021, MAGHL allotted and issued a total of 40,612,197 ordinary shares to THL G Limited at HK$1.2 per share. The equity interest of the Group in MAGHL decreased from 68.64% to 67.70%. The net proceeds received by the Group were approximately HK$48,037,000. The change in the Group's equity interest in MAGHL resulted in an increase in other reserve of HK$29,372,000 and an increase in the non-controlling interests of HK$18,665,000.

For the year ended 31 July 2021
On 18 January 2021, a total of 2,687,500,000 ordinary shares of MAGHL were issued at HK$0.16 per share under the loan capitalisation. The aggregate consideration for the allotment and issue of the shares was settled by way of setting off against the outstanding principal amount of HK$430,000,000 of shareholder's loan from the Company to MAGHL.

On the same date, a total of 41,217,036 ordinary shares of MAGHL were offered by the Company through a clawback offer to the clawback qualifying shareholders. In addition, the Company placed a total of 768,750,000 ordinary shares of MAGHL through the placing agent to not less than six placees. The net proceeds received by the Group from the clawback offer and the placing were approximately HK$121,159,000. Upon the completion of the loan capitalisation, the clawback offer and the placing, the Group took up the remaining 1,877,532,964 ordinary shares of MAGHL and the Group's equity interest in MAGHL increased from 67.56% to 69.69%. The change in the Group's equity interest in MAGHL resulted in a decrease in other reserve of HK$7,881,000 and an increase in the non-controlling interests of HK$129,040,000 in the consolidated statement of changes in equity. Details were set out in joint announcements of the Company, LSD, LSG and MAGHL dated 6 November 2020 and 18 January 2021.

*On 17 March 2021, a total of 1,875,000 ordinary shares were issued by MAGHL to Anglo Chinese Corporate Finance, Limited ("**Anglo Chinese**"), an independent third party, in settlement of the advisory fee of HK$300,000 at the election of Anglo Chinese. The equity interest of the Group in MAGHL decreased from 69.69% to 69.65%. The change in the Group's equity interest in MAGHL resulted in an increase in other reserve of HK$128,000 and an increase in the non-controlling interests of HK$172,000.*

On 28 June 2021, MAGHL allotted and issued a total of 42,721,136 ordinary shares to THL G Limited at HK$1.2 per share. The equity interest of the Group in MAGHL decreased from 69.65% to 68.64%. The net proceeds received by the Group were approximately HK$50,531,000. The change in the Group's equity interest in MAGHL resulted in an increase in other reserve of HK$31,490,000 and an increase in the non-controlling interests of HK$19,041,000.

44. COMPARATIVE FIGURES

Certain comparative amounts in the consolidated income statement and certain notes to the financial statements have been re-presented to conform with the current year's presentation. In the opinion of the directors of the Company, this presentation would better reflect the financial performance of the Group.

45. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 18 October 2022.

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