



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 2025



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CORPORATE INFORMATION

PLACE OF INCORPORATION

Bermuda

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

U Po Chu

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

Low Chee Keong (*Chairman*)
Cheung Sum, Sam
Yang Yiu Chong, Ronald Jeffrey
Lo Kwok Kwei, David
Ng Lai Man, Carmen

REMUNERATION COMMITTEE

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

AUTHORISED REPRESENTATIVES

Cheung Sum, Sam
Yang Yiu Chong, Ronald Jeffrey

COMPANY SECRETARY

Wong Lai Chun

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL OFFICE

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

Tel: (852) 2741 0391

Fax: (852) 2785 2775

SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

INDEPENDENT AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

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

LISTING INFORMATION

Shares

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

Stock Code/Board Lot

571/2,000 shares

WEBSITE

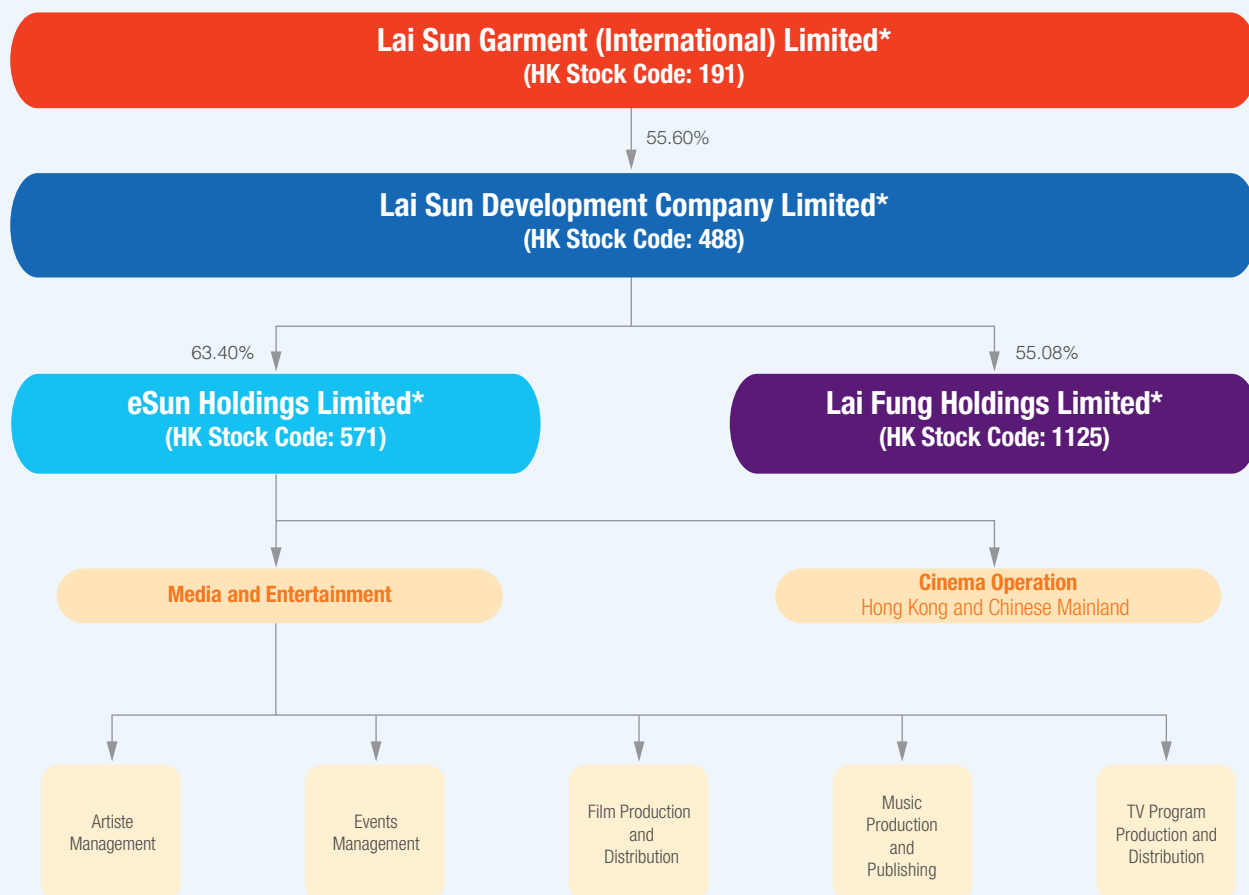
www.esun.com

INVESTOR RELATIONS

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

Corporate Structure as at 21 October 2025

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

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

Since 31 July 2025, Intercontinental Group Holdings Limited (“**IGHL**”, formerly known as “Kadokawa Intercontinental Group Holdings Limited”) has become a wholly-owned subsidiary of the Company. IGHL is one of the leading film distribution companies and one of the leading multiplex cinema operators in Hong Kong.

CHAIRMAN'S STATEMENT



Low Chee Keong
Chairman

I am pleased to present the audited consolidated results of eSun Holdings Limited (“**Company**”) and its subsidiaries (collectively, “**Group**”) for the year ended 31 July 2025.

OVERVIEW OF ANNUAL RESULTS

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

For the year ended 31 July 2025, the Group recorded a turnover of HK\$779.6 million (2024: HK\$1,167.5 million), representing a decrease in revenue of approximately 33.2%. The decrease was primarily driven by the reduction in revenue from film and TV program, as well as from the media and entertainment, while being slightly offset by the growth in income from cinema operation during the year under review as compared to last financial year.

Revenue from film and TV program experienced a significant decrease of approximately 86.3% as compared to last financial year. This decline was mainly attributed to the decrease in income from distribution commission, licence fee, sale of film and TV program products and film rights during the year under review. In particular, no TV program was released by the Group during the year under review. Furthermore, revenue from overall media and entertainment business decreased by approximately 25.6% compared to last financial year. The reduction was primarily driven by the fewer organisation and scales in concerts featuring our local and Asian renowned artistes by the Group during the year under review.

Revenue from cinema operation slightly increased by approximately 1.3% as compared to last financial year, which was primarily due to the blockbuster titles “*The Last Dance*” and “*Ne Zha 2*”, which demonstrated clout and helped the cinemas to charter their course through these rough waters. Nonetheless, unfavourable conditions such as significant shift in consumer habits driven by the rise of streaming platforms, high rental and operational costs, and lack of blockbusters titles generally remained a pressure to cinema operation. The Group is actively engaging in cost optimisation measures for the cinema operation.



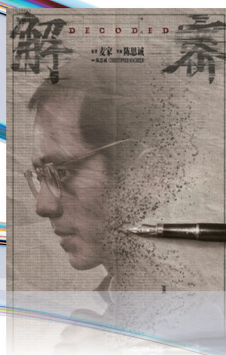
The gross profit of the Group decreased by approximately 16.2% to HK\$377.8 million for the year ended 31 July 2025 (2024: HK\$451.1 million). The decline was primarily driven by a reduction in contribution from film and TV program segment, because no TV program was released by the Group during the year under review. The net loss attributable to owners of the Company for the year ended 31 July 2025 significantly improved to approximately HK\$12.8 million (2024: net loss of HK\$510.9 million). The significant reduction in consolidated loss for the year was primarily attributed to (i) reversal of impairment of right-of-use assets and property, plant and equipment during the year under review whereas significant impairment losses have been provided to these assets in previous financial year; (ii) decrease in depreciation of right-of-use assets and property, plant and equipment as a result of the impairment losses provided for these assets in previous financial year; and (iii) increase in gain on modification of leases upon successful negotiation with landlords for rent concessions and rent restructuring. Net loss per share attributable to owners of the Company was HK\$0.007 (2024: net loss of HK\$0.291 per share).

Equity attributable to owners of the Company as at 31 July 2025 amounted to HK\$67.4 million (31 July 2024: HK\$118.5 million). Net asset value per share attributable to owners of the Company as at 31 July 2025 was HK\$0.038 per share (31 July 2024: HK\$0.067 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 2025 (2024: Nil).

CHAIRMAN'S STATEMENT



BUSINESS REVIEW AND OUTLOOK

During the year under review, the business landscape in Hong Kong continued to face significant headwinds. The retail sector encountered continuous challenges precipitated by a marked shift in consumer behaviours. These include a growing preference for northbound shopping and constrained domestic consumption. Although tourist arrivals increased in the first half of 2025 compared to the same period in 2024, both residents and visitors restrained from high-value expenditures.

The Hong Kong box office is navigating a complex landscape. The challenges encompass a significant shift in consumer habits, driven by the rise of streaming platforms and other digital entertainment, which has led to declining cinema attendance affecting theatre revenues. Moreover, the industry still contends with high rental and operational costs, and a lack of local and foreign blockbusters titles affects the theatre attendance. Although the record-breaking success of two local productions in 2024, *"The Last Dance"* and *"Twilight of the Warriors: Walled In"* – the highest-grossing domestic films ever – provided a much-needed stimulus, these challenging conditions persist and continue to impact the performance of cinema operations in Hong Kong.

Amidst the prevailing market conditions and economic uncertainties, a notable number of cinemas ceased operations in Hong Kong during the financial year, including the Group's MCL Cinemas Plus+ Plaza Hollywood and Grand Kornhill Cinema. In response, the Hong Kong government has introduced supportive initiatives such as "Cinema Day" and the "1st October Movie Fiesta" to boost box-office receipts, alongside the Film Development Fund, which aims to enhance the quality and quantity of local productions. The Group has consolidated its resources and leverage its brand to strengthen its competencies for cinema operation. Despite the challenging environment, the Group managed to achieve a slight revenue increase in its cinema operation with relatively good attendance, and remains committed to closely monitoring market conditions and improving overall operating efficiency. The Group will actively engage in cost optimisation measures and adopt a prudent approach in evaluating future opportunities for cinema operation.



Media Asia Group Holdings Limited (an indirect wholly-owned subsidiary of the Company), being the media and entertainment arm of the Group, will continue to produce high-quality and commercially viable products. Our recent releases, the crime thriller “*Octopus with Broken Arms*” and the mystery-comedy “*Detective Chinatown 1900*”, both produced by Chen Sicheng, one of the Chinese Mainland’s most consistently successful writers-directors-producers, have achieved commendable box office performance and critical acclaim. The Group will continue to be prudent in investing in original productions of quality films.

The Group continues to produce quality TV drama series in response to the ongoing strong demand for quality programs from TV stations and online video platforms in the Chinese Mainland. The Group is in discussion with various Chinese partners for new project development in TV drama production. It is expected that a new TV drama to be released around early 2026.

The distribution licence for music products with Tencent Music Entertainment (Shenzhen) Co., Ltd. and Warner Music continues to provide stable income to the Group. Recent concerts, including “*You & Mi Sammi Cheng Live in Macau 2025*”, “*STEP by STEPHY Live in Hong Kong 2025*”, and “*the SOUNDTRACK of my LIFE Jay Fung Concert 2024*”, earned good reputation and public praises. The Group will continue to work with prominent local and Asian artistes for concert promotion, with upcoming events including concerts of Grasshopper, Ekin Cheng, and Big Four.

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

Other Business Updates

As at 31 July 2025, the Group’s consolidated cash and bank deposits amounted to HK\$482.5 million (31 July 2024: HK\$354.3 million). After netting off total borrowings of HK\$275.8 million as at 31 July 2025 (31 July 2024: HK\$239.7 million), the Group had net cash of HK\$206.7 million as at 31 July 2025 (31 July 2024: net cash of HK\$114.6 million). The Group is in net cash position, therefore gearing ratio of the Group, being the net borrowings (total borrowings minus cash and bank deposits) to net assets attributable to the owners of the Company, is not applicable. The Group will continue its prudent and flexible approach in managing its financial position.

CHAIRMAN'S STATEMENT



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 would also like to thank Mr. Yip Chai Tuck who left the Board on 1 May 2025 for his valuable contributions to the Company during his tenure for which I am most grateful.

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

21 October 2025

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 consolidated financial statements of the Group, is set out below:

Results

	Year ended 31 July				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
TURNOVER	779,608	1,167,538	1,013,860	830,237	835,303
LOSS BEFORE TAX	(13,078)	(524,348)	(221,687)	(406,869)	(399,845)
Tax	(1,432)	(1,381)	(1,258)	37,023	(8,398)
LOSS FOR THE YEAR	(14,510)	(525,729)	(222,945)	(369,846)	(408,243)
Attributable to:					
Owners of the Company	(12,800)	(510,882)	(198,763)	(328,732)	(351,126)
Non-controlling interests	(1,710)	(14,847)	(24,182)	(41,114)	(57,117)
	(14,510)	(525,729)	(222,945)	(369,846)	(408,243)

FINANCIAL SUMMARY AND HIGHLIGHTS

Assets, Liabilities and Non-controlling Interests

	As at 31 July				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Property, plant and equipment	106,188	107,323	168,262	208,957	266,715
Right-of-use assets	169,552	280,157	614,189	758,895	883,505
Film rights	19,144	22,092	24,366	19,162	15,109
Film and TV program products	60,784	61,431	61,059	61,174	54,838
Music catalogs	—	—	—	663	3,124
Goodwill	—	—	—	10,000	10,000
Investments in joint ventures	67,318	56,189	39,943	30,729	20,461
Financial assets at fair value through profit or loss (classified as non-current assets)	29,113	96,048	64,897	111,878	35,308
Long-term deposits, prepayment, other receivables and other assets	83,486	123,425	158,800	131,398	119,037
Deferred tax assets	241	246	79	517	516
Current assets	1,095,793	1,089,392	1,379,394	1,837,311	2,308,488
TOTAL ASSETS	1,631,619	1,836,303	2,510,989	3,170,684	3,717,101
Current liabilities	(1,151,437)	(922,895)	(880,332)	(991,194)	(1,057,216)
Non-current liabilities – Long-term creditors, accruals, lease liabilities and bank and other borrowings	(445,070)	(865,314)	(1,052,645)	(1,177,021)	(1,333,890)
Deferred tax liabilities	(15)	(16)	(45)	(87)	(2,629)
TOTAL LIABILITIES	(1,596,522)	(1,788,225)	(1,933,022)	(2,168,302)	(2,393,735)
NON-CONTROLLING INTERESTS	(32,304)	(70,395)	(57,145)	37,225	59,986
Equity attributable to owners of the Company	67,401	118,473	635,112	965,157	1,263,380

FINANCIAL SUMMARY AND HIGHLIGHTS

Financial Highlights

		Year ended 31 July 2025	Year ended 31 July 2024
Turnover	(HK\$M)	779.6	1,167.5
Gross profit	(HK\$M)	377.8	451.1
Gross profit margin	(%)	48.5%	38.6%
Operating profit (loss)	(HK\$M)	36.0	(434.8)
Loss attributable to owners of the Company	(HK\$M)	(12.8)	(510.9)
Basic loss per share ^(Note 1)	(HK\$)	(0.007)	(0.291)
Net assets attributable to owners of the Company	(HK\$M)	67.4	118.5
Total borrowings	(HK\$M)	275.8	239.7
Net asset value per share ^(Note 2)	(HK\$)	0.038	0.067
Share price as at 31 July	(HK\$)	0.051	0.052
Gearing – net debt to equity ratio	(%)	Net cash	Net cash
Current ratio	(times)	1.0	1.2
Discount to net asset value	(%)	-34.2%	22.4%

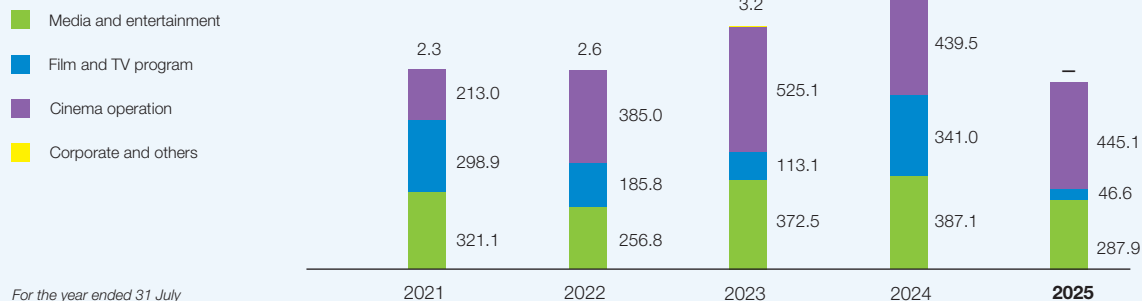
Notes:

1. Calculated based on the loss attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the year.
2. Calculated based on the number of ordinary shares outstanding as at the end of respective financial years.

FINANCIAL SUMMARY AND HIGHLIGHTS

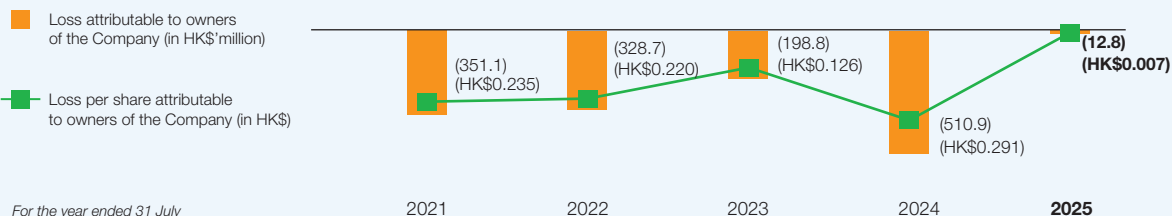
TURNOVER BY SEGMENT

in HK\$million



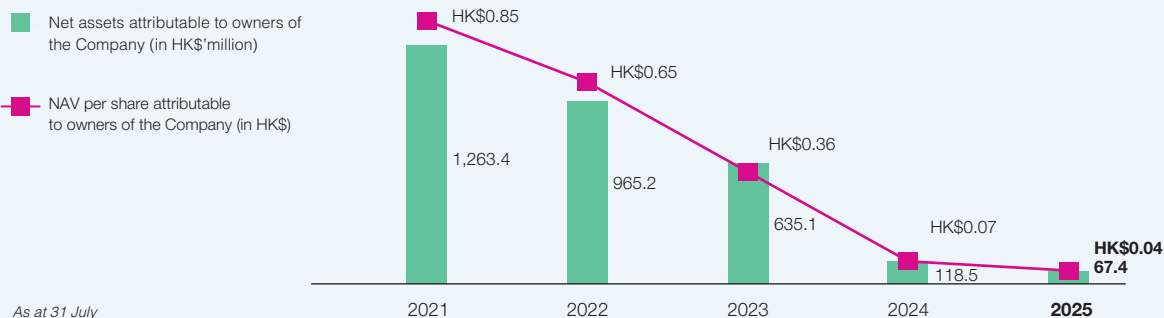
For the year ended 31 July

LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY



For the year ended 31 July

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



As at 31 July

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Cinema Operation

For the year ended 31 July 2025, this segment recorded a turnover of HK\$445.1 million (2024: HK\$439.5 million) and segment results of a profit of HK\$117.0 million (2024: a loss of HK\$351.5 million). As at the date of this Annual Report, the Group operates fourteen cinemas in Hong Kong and one cinema in Chinese Mainland. Details on the number of screens and seats of each existing cinema are disclosed in below table. Besides, the Group has extended its cinema network through two 50%-owned joint ventures with Emperor Cinemas Group, namely Emperor Cinemas Plus+ (The Wai) (opened in July 2023) and Emperor Cinemas Plus+ (The Southside) (opened in June 2024), which are managed by Emperor Cinemas Group.

Cinema (managed by the Group)	No. of screens	No. of seats
Chinese Mainland		
Suzhou Grand Cinema City	10	1,440
Subtotal	10	1,440
Hong Kong		
K11 Art House	12	1,708
Movie Town (including MX4D theatre)	7	1,702
Festival Grand Cinema	8	1,196
MCL AIRSIDE Cinema	7	944
MCL The ONE Cinema	6	831
MCL Cyberport Cinema	4	818
MCL Telford Cinema (including MX4D theatre)	6	789
MCL Metro City Cinema	6	690
MCL Citygate Cinema	4	673
STAR Cinema	6	622
MCL Amoy Cinema	3	603
MCL Cheung Sha Wan Cinema	4	418
MCL Green Code Cinema	3	285
Grand Windsor Cinema	3	246
Subtotal	79	11,525
Total	89	12,965

MANAGEMENT DISCUSSION AND ANALYSIS

Media and Entertainment

For the year ended 31 July 2025, this segment recorded a turnover of HK\$287.9 million (2024: HK\$387.1 million) and segment results of an increased profit to HK\$43.2 million from that of HK\$35.1 million last financial year.

Events Management

During the year under review, the Group organised and invested in 45 (2024: 77) shows by popular local and Asian renowned artistes, including Sammi Cheng, Raymond Lam, Grasshopper, Ekin Cheng, Jay Fung, Mayday, Stephy Tang, Cloud Wan, Jace Chan, Dear Jane, Tsai Chin, ILUB, YEAHS and Zhao Chuan.

Music Production, Distribution and Publishing

During the year under review, the Group released 19 (2024: 14) albums, including titles by Anita Mui, Leslie Cheung, Eason Chan, Ekin Cheng, Sammi Cheng, Miriam Yeung, Jay Fung, On Chan, Stephy Tang, Cloud Wan, Ansonbean and YEAHS. The Group expects to continue to increase its music licensing revenue from the exploitation of the music library through new media distribution.

Artiste Management

The Group has a strong artiste management team and a sizeable number of talents and will continue to expand its profile and in tandem with our growing TV drama production and film production businesses. The Group currently has 13 artistes under its management.

Film and TV Program Production and Distribution

For the year ended 31 July 2025, this segment recorded a turnover of HK\$46.6 million (2024: HK\$341.0 million) and segment results of an increased loss to HK\$52.0 million (2024: loss of HK\$21.9 million).

During the year under review, a total of 7 (2024: 3) films and nil (2024: 3) TV program(s) produced/invested by the Group were theatrically released, namely “*Octopus with Broken Arms*”, “*Detective Chinatown 1900*”, “*An Abandoned Team*”, “*The Grey Men 2*”, “*Decoded*”, “*The Volunteers: The Battle of Life and Death*” and “*The Way Out*”. The Group also distributed 46 (2024: 42) films with high profile titles including “*The Last Dance*”, “*Gladiator II*”, “*Transformers One*” and “*Ne Zha 2*”.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

Cash and Bank Balances

As at 31 July 2025, cash and bank balances held by the Group amounted to HK\$482.5 million (2024: HK\$354.3 million) of which around 83.1% was denominated in Hong Kong dollars (“**HKD**”) and around 12.2% was denominated in Renminbi (“**RMB**”). The conversion of RMB denominated cash and bank balances into foreign currencies and the remittance of such foreign currencies denominated balances out of Chinese Mainland are subject to the relevant rules and regulations of foreign exchange control promulgated by the government authorities concerned. The Group does not have any derivative financial instruments or hedging instruments outstanding.

MANAGEMENT DISCUSSION AND ANALYSIS

Borrowings

As at 31 July 2025, the Group had outstanding consolidated total borrowings in the amount of HK\$275.8 million. The borrowings of the Group are as follows:

The Group had unsecured other borrowings due to the late Mr. Lim Por Yen in the principal amount of HK\$113.0 million which is interest-bearing at the HSBC prime rate per annum. The Group's recorded interest accruals were HK\$132.8 million for the said unsecured other borrowings as at 31 July 2025. As at 31 July 2025, the other borrowings of the Group were denominated in HKD and repayable on demand.

Apart from the other borrowings, the Group had an unsecured loan of HK\$30.0 million from a fellow subsidiary, which is a wholly-owned subsidiary of Lai Sun Development Company Limited. The loan is on floating rate basis, denominated in HKD and repayable within one year. The Group had an undrawn facility of HK\$20.0 million as at 31 July 2025.

Gearing

After netting off total borrowings, the Group had net cash of HK\$206.7 million as at 31 July 2025. The Group is in net cash position, therefore gearing ratio of the Group, being the net borrowings (total borrowings minus cash and bank deposits) to net assets attributable to the owners of the Company, is not applicable.

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

CONTINGENT LIABILITIES

The Group had no material contingent liability as at 31 July 2025.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 July 2025, the Group employed a total of around 390 (2024: 470) employees. The Group recognises the importance of maintaining a stable staff force in its continued success. Under the Group's existing policies, employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Discretionary bonuses are granted to employees based on their merit and in accordance with industry practice. Other benefits including share option scheme, mandatory provident fund scheme, free hospitalisation insurance plan, subsidised medical care and sponsorship for external education and training programs are offered to eligible employees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

The Company is delighted to publish its annual Environmental, Social and Governance (“**ESG**”) report, summarising the ESG management approach, strategies and performance of the Company and its subsidiaries (together, “**Group**”) in accordance with the ESG Reporting Code (“**HKEX ESG Reporting Code**”), as outlined in Appendix C2 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”). In anticipation of upcoming updates to ESG reporting standards, this report also considers the climate-related disclosure guidelines outlined in Part D: Climate-related Disclosures of the HKEX ESG Reporting Code. This report follows the four reporting principles listed in the HKEX ESG Reporting Code, including materiality, quantitative, balance and consistency for report disclosure and historical data comparison. We also mapped our strategies and initiatives with the United Nations’ Sustainable Development Goals (“**SDGs**”). 8 of the 17 SDGs, which are most relevant to our business profile, were mapped into our contribution in respective chapters of this report.

Unless otherwise specified, this report covers the ESG management and performance of the Group from 1 August 2024 to 31 July 2025. The reporting boundary of this report comprises properties under the Group’s cinema, media and entertainment businesses in Hong Kong and Chinese Mainland. For further details of the specific properties covered in the reporting scope, please refer to the Summary of Environmental Performance section. This report has been approved by the management team and the board of directors of the Company (“**Board**”).

ESG GOVERNANCE

Board Statement

The Group recognises the importance of tackling material ESG issues to pave the way for long-lasting business success. The Board holds the responsibility for endorsing the ESG report, prioritising and overseeing the material ESG issues for the incorporation to the Group’s ESG strategies, policies, procedures and initiatives.

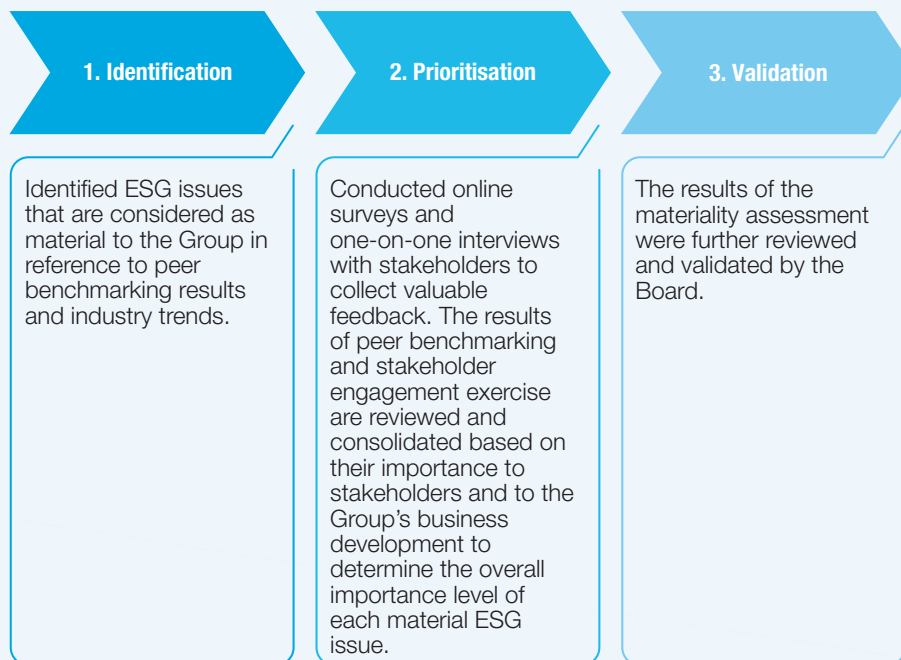
The Executive Committee of the Company (“**Committee**”) is appointed by the Board to assess the management and implementation efficacy of relevant material ESG issues encompassing the achievement of goals and targets. The Committee also arranges regular briefing sessions for the Board to support their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

Stakeholder Engagement

The Group is committed to fostering a deep-rooted relationship with stakeholders and maximising value creation by refining our sustainability programs based on their views gained through different engagement channels. The Group aims to identify and evaluate the materiality of various ESG issues and ensure the prioritisation of material ESG issues is aligned with stakeholders' expectations. During the reporting year, the Group conducted a comprehensive materiality assessment and stakeholder engagement, which included interviews with the senior management and an online survey for both internal and external stakeholders to identify material ESG issues. The identified material ESG issues will be reviewed on an annual basis by the Board to enhance the overall strategic framework.

Materiality Analysis

The Group undertakes the constant review on the pertinence of the material ESG issues to our business development and stakeholders to formulate well-defined ESG management and strategies for informed decision. The materiality assessment steps are shown below.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the reporting year, ESG issues that are regarded as material to our stakeholders and the Group are updated as follows. Governance has emerged as a new aspect, including a focus on Corporate Governance with reference to industry trends and stakeholders' input. The material ESG issues located in the upper right quadrant of the matrix are recognised as the most material to both the Group's business development and its stakeholders, based on their perspectives. This indicates that these issues are important and should be prioritised in decision-making processes to align with stakeholders' expectations and enhance overall business performance.

Materiality Matrix

Importance to Stakeholders	• Equal opportunities • Anti-corruption • Packaging materials		• Wellbeing, occupational health and safety
	• Forced and child labour	• Customer/tenant privacy and cybersecurity • Product/service quality and safety • Corporate governance	• Employee engagement • Training and development • Customer satisfaction
	• Water resources • Supply chain management • Community investment	• Waste management	• Climate resilience and greenhouse gas • Energy
Low			
Importance to Business Development			
• Environmental • People • Operating practices • Community • Governance			



Integrity and Discipline

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

Our Staff Handbook explicitly defines “advantages” and outlines the procedures for employees to follow, to prevent any bribery, corruption, and conflicts of interest from happening. Our Anti-Fraud and Anti-Corruption Policy ensures that the Group operates in a high standard of integrity, openness and discipline. We also expect employees to declare or disclose presents and gifts they handle to the management as the action could be deemed suspicious and unethical. If misconduct is discovered, the person responsible will be subject to termination of employment and legal consequences. Regular anti-fraud and anti-corruption training are provided to all employees including directors. We mandate our suppliers to sign a Declaration of Interest, ensuring their commitments to anti-corruption practices. On top of the aforementioned training program, briefings on anti-fraud and anti-corruption topics are also included in the orientation program, referencing the Staff Handbook.

Additionally, the Group also has a Whistleblowing Policy as a monitoring and controlling system to allow employees and relevant third parties such as customers, suppliers, creditors and debtors to report any concerns. The policy sets out how reports of inappropriate acts can be submitted, reviewed and investigated. The Group will handle all whistleblowing reports responsibly and treat the whistleblower’s concerns fairly and properly. During the reporting year, the Group abided by the relevant laws and regulations regarding bribery and anti-corruption while there were no material breaches of the relevant laws and regulations regarding bribery, extortion, fraud and money laundering in Hong Kong and Chinese Mainland. There were also no legal cases regarding corrupt practices brought against the Group or its employees.

Intellectual Property Rights

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

Respecting Creations in our Entertainment Business

The Group recognises the importance of intellectual property in the development of the entertainment business. The Group is committed to complying 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 obtained clarifications. In case of any violations of relevant regulations and infringements, actions will be taken immediately to address the rights or related matters. During the reporting year, there were no material breaches with the aforementioned laws and regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENT



Integrating Environmental Sustainability into Our Operations

The Group is dedicated to operating our businesses with a strong emphasis on environmental sustainability and minimising our environmental footprint. We have implemented robust strategies for managing climate change, carbon emissions, energy consumption, waste generation and water consumption, while also embedding environmental considerations into our decision-making procedures and operational practices.

Our environmental initiatives and performances are monitored on a regular basis to ensure full compliance with all relevant laws and regulations^{Note 1}. During the reporting year, the Group was not aware of any non-compliance cases related to environmental legislation.

Climate Resilience and Greenhouse Gas ("GHG") Emissions

To enhance our approach to climate change and comply with the new disclosure requirements, we adhere to the HKEX ESG Reporting Code, which introduces enhanced climate-related disclosure standards in Part D. During the reporting year, the Group has engaged an external consultant to prepare a comprehensive climate risk assessment and scenario analysis to identify potential climate risks and opportunities and understand their impacts to the Group operations. The scenario analysis will be evaluating our exposure to physical risks and transition risks. Results will be disclosed in the upcoming ESG report.

Governance

The Board is responsible for overseeing the Group's climate-related strategy, monitoring and evaluating progress on climate-related risks and opportunities, and ensuring alignment between corporate strategies and sustainability goals. ESG training topics including climate-related risks and opportunities are provided to the Board annually to update them on the latest climate-related topics and enhance their capabilities in overseeing climate-related topics. The Committee is responsible for identifying and assessing any climate-related risks to which the Group's operations are exposed to, and updating the Board with the latest news and developments on climate regulations and industry practice.

Strategy and Risk Management

In light of the considerable risks posed by climate change on a worldwide scale, the Group has improved our management practices to strengthen our climate resilience and adaptation capability.

Physical Risks

Tropical cyclones represent the most significant climate-related risk to our activities in terms of physical risk exposure, with the potential for catastrophic property destruction and economic loss. Our operations in Hong Kong could be considerably impacted by floods due to their proximity to coastal areas. The financial impact from physical risks is low, as the location of our cinemas and offices are located within enclosed shopping malls and indoor, which minimise the exposure to physical damage.

Note:

1. Laws and regulations include, but are not limited to, the following: Air Pollution Control, Water Pollution Control, Waste Disposal and Noise Control in Hong Kong.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Transition Risks

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

Risk Management

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

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

Metrics and Targets

No environmental targets were established during the reporting year for our cinema operation. However, the Group has engaged a third-party consultant and developed plans to set relevant targets in the future. For more details on our environmental initiatives, please refer to the sections as follows.

Energy

In our commitment to sustainability and operational efficiency, the Group emphasises the importance of effective energy management. We actively advocate for the implementation of green policies and environmental initiatives designed to reduce energy consumption across all operations. We have continued to develop and invest in advanced energy-saving technologies while adopting both locally and internationally recognised standards for building design and construction, guiding our efforts towards low-carbon operations.

Managing Energy Use in Cinema Operation

We have effectively controlled energy consumption through regular monitoring on the electricity consumption of cinemas. Furthermore, some cinemas have adopted additional energy saving initiatives through installing energy efficient lighting and automated induction systems. We also have a plan to retrofit lighting with energy-efficient LEDs.

Waste

The Group recognises the impact of our operations on the environment and is dedicated to minimising our waste generation. We have established a comprehensive range of group-wide and business unit-specific abatement procedures and control mechanisms. We have also put in place protocols for handling of non-hazardous waste across the Group to ensure that all generated waste is disposed of properly. Furthermore, the Group has complied with local legislation regarding single-use plastics products and relevant waste management policies. This commitment not only fulfils legal requirements but also reinforces our responsibility towards environmental sustainability.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Minimising Waste in Media and Entertainment Business

- Promoted eco-friendly practices such as cloud-sharing of work documents and adopting double-sided printing
- Implemented new policies on reusing envelopes for internal mailing

Water

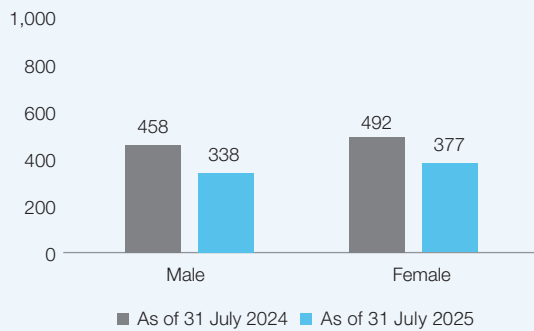
The Group withdraws water from the municipal supply, and the Group did not experience any difficulties sourcing water during the reporting period. All used water and sewage were discharged in accordance with the relevant laws and regulations. We also monitor our water consumption intensity to understand and track our resource usage for potential areas of reduction and optimisation.

PEOPLE

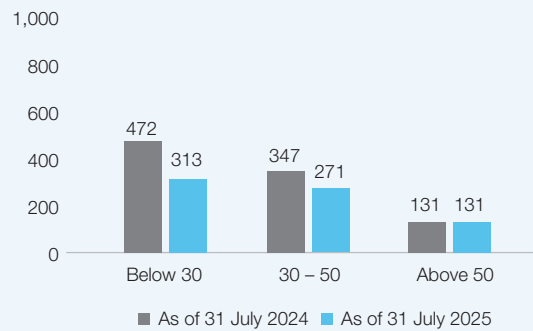


Employment Practices

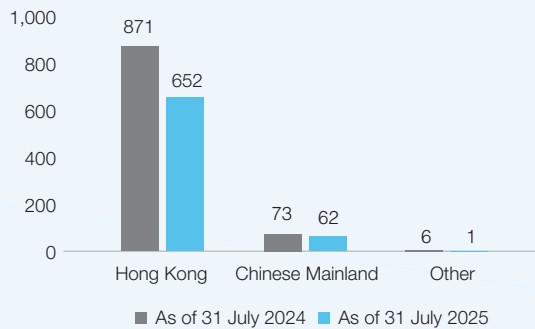
Number of Employees by Gender



Number of Employees by Age Group



Number of Employees by Geographical Region



Gender ratio:
Male : Female = 1:1.12

Turnover rate:
60%*

* The high turnover rate is due to business closure.

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

During the reporting year, there were no confirmed incidents 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 the resources and support employees need to grow professionally and personally. We aim to create a workplace that offers care, benefits, and work-life balance.

We also offer well-being programs and value-added benefits to our employees. These include a variety of non-wage compensations, such as additional holidays, annual health check-ups. To foster balanced lifestyles, we offer our full-time cinema staff flexible work options, including overtime allowance, flexible working hours, travel allowance, typhoon/rainstorm allowance, and attendance bonus. In Hong Kong, we arrange monthly “Lunch Talk” sessions on work ethics and health topics, DIY workshops, movie enjoyment, outings and departmental annual gatherings to engage employees. We prepare festive gifts such as mooncakes for traditional celebrations and foster their sense of belonging through birthday celebrations, staff-appreciation meetings, and Global Health Week that promotes physical and mental health.

Health and Safety

Committed to safeguarding the health and safety of our employees, the Group strives to minimise any potential occupational safety risks. We achieve this by strictly adhering to guidelines and information stipulated by the Labour Department regarding occupational safety and health. The management teams of different business units are responsible for implementing health and safety measures and providing regular safety training to all staff. The Group highly values its employees and views them as crucial assets for long-term business development. Various specialised workshops and events focused on employee health and safety are regularly conducted. The Group was not aware of any non-compliance cases with relevant laws and regulations regarding health and safety during the reporting year.

Training and Development

In an ever-evolving business environment, the Group recognises the importance of cultivating a lifelong learning culture to maximise employees’ potential and align their skills with the latest market standards. Our Staff Handbook outlines the Group’s progressive approaches towards employee development and training programs. A wide spectrum of on-the-job learning programs are made available for office and frontline employees to upskill their hands-on experience. To help our officers and supervisory-grade staff improve their communication and other business abilities, staff members at officer grade and above can visit the e-learning platform to learn about problem-solving skills and personality profile analysis that helps improve teamwork and communication. This is complemented by role-specific training for our employees in our cinema operation. Given the client-facing nature of their roles, our staff receive dedicated training quarterly which covers incident handling and customer services to uphold our high standards of service quality.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To foster talent retention, we value the contribution of our employees. Structured career progression frameworks, inclusive of promotion pathways and formal recognition initiatives such as the Long Service Award, enable employees to cultivate enduring careers within our organisation. To further professional advancement, we offer mentorship programs and leadership development initiatives designed to nurture growth across all levels. Additionally, our government-collaborated internship program serves to identify and develop emerging talent. Together, these measures are designed to cultivate a supportive and growth-oriented workplace, wherein employees can thrive and achieve long-term success.

**Total Training Hours:
> 600 hours**

**Percentage of Long Tenure Employees
(over 15 Years) in the Group: 11%**

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

The Group acknowledges a strong linkage between performance appraisals and employee motivation. With respect to remuneration, we maintain market-competitive compensation through regular salary reviews. Key Performance Indicators (“KPIs”) have been established by most of the business units. To recognise valued performers, the annual performance assessments are carried out. Employees with outstanding performance are offered with job promotions and salary adjustments.

Labour Standards

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

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

The Group was not aware of any non-compliance cases with relevant laws and regulations regarding forced and child labour 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.

Service Excellence

Ensuring Customer Satisfaction for Cinema Operation and Entertainment Business

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

In Hong Kong, the Group adheres to the Standard Operating Procedure to provide quality customer services. We provide customer service training for all employees including monthly complaint cases and guidelines, weekly site visits by operation managers. Aside from a centralised hotline, our operation managers quickly respond to customer feedback on-site and, if necessary, divert it to headquarters for further follow-up. We also perform regular checks on audio-visual equipment, including projectors and speakers, to uphold our high standard of service quality. During the reporting year, the Group abided by the relevant laws and regulations regarding film censorship and there were no major complaints in the entertainment business received by the Group.

Customer Health and Safety

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

Safety and Hygiene in Cinema Operation

Food safety is crucial to our cinema operation. To maintain a high standard of food hygiene, the management staff are appointed as hygiene supervisors in accordance with the Hygiene Manager and Hygiene Supervisor Scheme by the Food and Environmental Hygiene Department. The Group conducts frequent internal audits to monitor the quality of the food 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, the Group abided by the relevant laws and regulations regarding food safety and hygiene with no recorded incidents of non-compliance.

Data Protection and Privacy

The Group endeavours to build a trusting relationship with its customers by protecting their privacy. When handling personal data and confidential data, the Group fully abides by Chapter 486 Personal Data (Privacy) Ordinance in Hong Kong and the 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 and required to sign a Personal Information Collection Statement before or when their personal information is collected. The practice is also communicated to our business partners and clients to avoid confusion. During the reporting year, there were no confirmed incidents concerning breaches with data privacy.

Cinema Operation

In our cinema operation, the customers' personal data, including their names, birth dates, emails and telephone numbers, is solely collected for necessary use to manage customer memberships, which is strictly complied with relevant privacy guidance. 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 individuals who have not subscribed without their permission.

For our online ticketing system, access rights are strictly monitored and reviewed regularly, to ensure that only authorised personnel have access to the database. All data in the online ticketing system is stored in the head office's database to minimise access points. Our online ticketing platform is designed not to retain or store clients' credit card details after a transaction is completed to ensure the highest level of data security. The Group collects only minimal personal information of customers for potential refunds and ticket redemption. After the service is completed, all personally identifiable information will be securely destroyed.

Supply Chain Management

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

Our sustainable packaging initiative extends beyond material choices. We have transitioned from plastic to unprinted paper-based consumables, including straws, cups, and popcorn boxes. This eliminates ink usage entirely, further reducing the environmental footprint of our concessions. We also collaborated with the property management team where our asset locates, such as joint efforts in tenant recycling initiatives, environmental performance data sharing and participate in relevant ESG events.

COMMUNITY



As a responsible corporate, the Group recognises that our success is closely linked to the well-being and engagement of the communities in which we operate. We remain committed to fostering a vibrant and inclusive community. Our dedication to corporate social responsibility drives us to engage meaningfully with various stakeholders. Throughout the reporting year, we have undertaken a variety of initiatives focused on engaging with underprivileged groups, supporting local development through donations and assisting charitable organisations through voluntary services. We reinforce our beliefs that sustainable development goes hand in hand with community development and we are dedicated to continuously uplifting our community.

The Group is committed to encouraging our employees to engage in a variety of impactful community initiatives. This year, we continued to support the Hong Kong Young Women's Christian Association by participating in their elderly visit during Mid-Autumn Festival. To further our commitment to local causes and promote traditional culinary arts, we collaborated with Chi Lin Nunnery to organise a fortune pastry charity sale for fundraising purposes. Alongside these initiatives, we continued the Serve360 Sustainability Program to provide aid and support to those in need, and participated in food donation projects.

Our involvement in these activities reflects our strong dedication to contributing to the community and bringing positive impacts to society.

SUMMARY OF ENVIRONMENTAL PERFORMANCE *Note 2&3*

Reporting Scope

Media & Entertainment	Cinema		
Included in Cheung Sha Wan Plaza	- Movie Town - Festival Grand Cinema - MCL Metro City Cinema - MCL Telford Cinema - STAR Cinema - Grand Kornhill Cinema	- MCL Green Code Cinema - Grand Windsor Cinema - MCL Cheung Sha Wan Cinema - MCL Cyberport Cinema - K11 Art House	- MCL Citygate Cinema - MCL Amoy Cinema - MCL The ONE Cinema - MCL AIRSIDE Cinema - MCL Cinemas Plus+ Plaza Hollywood

Notes:

- 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 31 Dec 2024)" by the Stock Exchange and Guidelines to Account for and Report on GHG Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 edition), unless otherwise specified.
- Compared with the year ended 31 July 2024, Wyler Centre and MCL South Horizons Cinema were removed from the reporting scope.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	Units	Total		Cinema		Entertainment	
		2025	2024	2025	2024	2025	2024
A1.1 The types of air emissions and respective emissions data							
Nitrogen oxides ("NOx") emissions	kg	2	1	0	0	2	1
Sulphur oxides ("SOx") emissions	kg	0.08	0.20	0	0	0.08	0.20
Particulate matter ("PM") emissions	kg	0.14	0.10	0	0	0.14	0.10
Total air emissions	kg	2.22	1.30	0	0	2.22	1.30
A1.2 GHG emissions in total and intensity							
Direct GHG emissions (Scope 1)	tonnes CO ₂ e	15	34	0	0	15	34
Indirect GHG emissions (Scope 2)	tonnes CO ₂ e	2,346	3,035	2,324	2,968	22	67
Total GHG emissions	tonnes CO₂e	2,361	3,069	2,324	2,968	37	101
GHG emissions intensity	tonnes CO₂e/m²	0.05	0.06	0.05	0.07	0.03	0.03
A1.3 Total hazardous waste produced and intensity							
Total hazardous waste produced ^{Note 4}	kg	115	144	108	128	7	16
Percentage of hazardous waste recycled	%	3	0	0	0	52	0
Hazardous waste intensity	kg/m²	0.003	0.003	0.002	0.003	0.005	0.005
A1.4 Total non-hazardous waste produced and intensity							
Renovation waste produced	tonnes	3	3	N/A	N/A	3	3
General waste produced	tonnes	61	62	60	60	1	2
Total non-hazardous waste produced	tonnes	64	65	60	60	4	5
Non-hazardous waste produced intensity	kg/m²	1.42	1.35	1.39	1.32	2.91	1.78
A2.1 Direct and/or indirect energy consumption by type in total and intensity							
Electricity consumption	mWh	5,815	6,946	5,754	6,773	61	173
Gasoline consumption	mWh	55	131	N/A	N/A	55	131
Total energy consumption	mWh	5,870	7,077	5,754	6,773	116	304
Energy consumption intensity	kWh/m²	130	146	132	149	79	100
A2.2 Water consumption in total and intensity							
Total water consumption ^{Note 5}	m³	7,227	6,874	7,192	6,874	35	N/A
Water consumption intensity	m³/m²	0.20	0.16 ^{Note 6}	0.20	0.17	0.02	N/A

Notes:

4. Hazardous waste produced includes fluorescent lamps, chemicals, and toner cartridge waste disposed.
5. Grand Kornhill Cinema and MCL Cyberport Cinema were excluded from the scope of both financial years as their water consumption is managed by the central management of the property and there is no separate water meter for the cinemas. MCL Cinemas Plus+ Plaza Hollywood was also excluded in 2025 with no data availability due to operation closure.
6. Data was restated to reflect the actual situation.

SUMMARY OF SOCIAL PERFORMANCE

The Group ^{Note 7}	Units	2025	2024
B1.1 Total workforce by gender, employment type, age group and geographical region (excluding contractors and subcontractors)			
Number of employees	No. of people	715 ^{Note 8}	950
By gender			
Male	No. of people	338	458
Female	No. of people	377	492
By age group			
Below 30	No. of people	313	472
30—50	No. of people	271	347
Above 50	No. of people	131	131
By employment type			
Full time — Male	No. of people	190	239
Full time — Female	No. of people	197	226
Part time — Male	No. of people	148	219
Part time — Female	No. of people	180	266
By geographical region			
Hong Kong	No. of people	652	871
Chinese Mainland	No. of people	62	73
Other	No. of people	1	6
B1.2 Employee turnover rate by gender, age group and geographical region ^{Note 9}			
Employee turnover rate	%	60	59 ^{Note 10}
By gender			
Male	%	63	67
Female	%	57	52
By age group			
Below 30	%	96	83
30—50	%	38	39
Above 50	%	18	25
By geographical region			
Hong Kong	%	63	59
Chinese Mainland	%	32	64
Other	%	0	83

Notes:

7. The reporting scope of the Summary of Social Performance includes all cinema and entertainment operations under the Group.
8. Number of employees is significantly reduced due to business closure.
9. Turnover rate (in percentage) = Total number of employees leaving employment in the category/Total number of employees in the category × 100% , which includes all full-time and part-time employees.
10. High turnover rate due to internal transfer of staff to an affiliated company and the cessation of a cinema operation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group ^{Note 7}	Units	2025	2024
Employee retention			
Long tenure employees (over 15 years)	%	11	–
B2.1 Number and rate of work-related fatalities ^{Note 11}			
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	2	45
Number of attendees trained by gender and employee category			
By employee category			
Senior management	No. of attendees	2	0
Middle management	No. of attendees	67	72
General staff	No. of attendees	252	346
By gender			
Male	No. of attendees	136	228
Female	No. of attendees	185	190
B3.2 The average training hours completed per employee by gender and employee category ^{Note 12}			
By employee category			
Senior management	No. of hours	0	0
Middle management	No. of hours	2	2
General staff	No. of hours	1	1
By gender			
Male	No. of hours	1	1
Female	No. of hours	1	1
B5.1 Number of suppliers by geographical region			
Hong Kong	No. of suppliers	675	700
Chinese Mainland	No. of suppliers	83 ^{Note 13}	195
Other	No. of suppliers	19	43
B8.2 Resources contributed to community investment			
Cash donations	HKD	15,078	77,354
Volunteering hours	Hours	14	8

Notes:

11. Number and rate of work-related fatalities occurred in each of the past three years including the reporting year was 0.
12. Average number of training hours per employee = Total training hours in the category/Total workforce in the category.
13. The number of suppliers in Chinese Mainland has been significantly reduced due to business closures.

REFERENCES TO HKEX ESG REPORTING CODE

Subject Areas, Aspects, General Disclosures 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 emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Integrating Environmental Sustainability into Our Operations; Climate Resilience and GHG Emissions; Waste
A1.1	The types of emissions and respective emissions data.	Summary of Environmental Performance
A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). <i>Note: Repealed on 1 January 2025</i>	Summary of Environmental Performance
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Summary of Environmental Performance
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Summary of Environmental Performance
A1.5	Description of emission target(s) set and steps taken to achieve them.	Integrating Environmental Sustainability into Our Operations; Climate Resilience and GHG Emissions; Waste
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Integrating Environmental Sustainability into Our Operations; Waste

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures 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; Climate Resilience and GHG Emissions; Energy
A2.1	Direct and/or indirect consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Summary of Environmental Performance
A2.2	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.	Integrating Environmental Sustainability into Our Operations; Climate Resilience and GHG Emissions; Energy
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water; 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 majority of the Group's businesses.
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.	Integrating Environmental Sustainability into Our Operations; Climate Resilience and GHG Emissions; Energy; Waste; Water
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. <i>Note: Repealed on 1 January 2025</i>	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. <i>Note: Repealed on 1 January 2025</i>	Integrating Environmental Sustainability into Our Operations

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures 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, and how they are implemented and monitored.	Integrity and Discipline
B7.3	Description of anti-corruption training provided to directors and staff.	Integrity and Discipline
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community
B8.2	Resources contributed (e.g. money or time) to the focus area.	Summary of Social Performance

CORPORATE GOVERNANCE REPORT

The Company is committed to achieving and maintaining high standards of corporate governance and has established policies and procedures for compliance with the principles and code provisions set out from time to time in the Corporate Governance Code (“**CG Code**”) contained in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**” and “**Stock Exchange**”, respectively).

(1) CORPORATE GOVERNANCE PRACTICES

The Company has reinforced its corporate governance framework for ensuring proper corporate management and business integrity as well as enhancing corporate transparency and accountability, which emphasise the effective communication and engagement with the Company’s shareholders (“**Shareholders**”) and safeguarding the interests of the Shareholders and other stakeholders and the value of the Shareholders. This Corporate Governance Report explains the corporate governance framework and practices that the Company has adopted, and illustrates how the Company has applied the CG Code.

The Company has complied with all applicable code provisions set out in the CG Code for the year ended 31 July 2025 (“**Year**”).

(2) CORPORATE CULTURE AND STRATEGY

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

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

- (i) Integrity — we strive to do what is right;
- (ii) Excellence — we aim to deliver excellence;
- (iii) Collaboration — we are always better together;
- (iv) Accountability — we are accountable for delivering on our commitments;
- (v) Empathy — we care about our stakeholders — employees, customers, supply chain and the community; and
- (vi) Sustainability — we are committed to a sustainable future.

The Group continuously reviews and updates its strategies to provide better clarity on direction and business models. In addition, it 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. Its 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 of the Company ("**Audit Committee**", "**Executive Committee**", "**Nomination Committee**" and "**Remuneration Committee**", respectively). Specific responsibilities have been delegated to the above committees.

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

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

The independent non-executive Directors ("**INEDs**") have made invaluable contributions to the development of the Company's strategies and policies by providing the Board with independent, constructive, and well-informed advice. They possess diverse academic and professional qualifications, financial and management expertise, and have given the Board and its committees (including the Audit Committee, Nomination Committee and Remuneration Committee) on which they serve, the benefit of their skills, expertise, and diversified backgrounds and qualifications through regular attendance and active participation. They also attend annual general meetings of the Company ("**AGMs**") to understand Shareholders' view.

All Directors are required to disclose to the Company any offices they held in public companies or organisations, as well as other significant commitments. Each Director ensures that he/she devotes sufficient time and attention to the affairs of the Company.

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

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

Executive Directors

Mr. Yang Yiu Chong, Ronald Jeffrey (*Chief Executive Officer*)

Mr. Cheung Sum, Sam (*Group Chief Financial Officer*)

Mr. Lam Hau Yin, Lester (*also alternate director to Madam U Po Chu*)

Mr. Yip Chai Tuck (resigned on 1 May 2025)

Non-executive Director

Madam U Po Chu

Independent Non-executive Directors

Mr. Low Chee Keong (*Chairman*)

Mr. Lo Kwok Kwei, David

Dr. Ng Lai Man, Carmen

Mr. Poon Kwok Hing, Albert

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 current Directors as at the date of this Annual Report are set out in the section headed “*Biographical Details of Directors*” of this Annual Report.

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

(3.3) Board Independence

The Board has established mechanisms to ensure independent views and input are available to the Board and such mechanisms will be reviewed annually by the Board. On 21 October 2025, the Board has reviewed the implementation and effectiveness of the following mechanisms at the Board meeting:

- (a) Five out of the nine Directors are INEDs, which exceeds the Listing Rules requirements to have more than three INEDs and comprises at least one-third of the Board. Chairpersons of major Board Committees are INEDs.
- (b) The Nomination Committee will assess the independence of a candidate for a new INED appointment and also the continued independence of existing INEDs on an annual basis. All INEDs are required to submit a written confirmation to the Company annually to confirm the independence of each of them and their immediate family members, and their compliance with the requirements as set out in the Rule 3.13 of the Listing Rules.
- (c) External independent professional advice is available as and when required by individual Directors.
- (d) All Directors are encouraged to express their views in an open and candid manner during the Board/Board Committees meetings.
- (e) The Chairman of the Board will meet with INEDs at least annually without the presence of the EDs and NED.
- (f) A Director (including INED) who has material interest in any contract, transaction or arrangement shall abstain from voting and not be counted in the quorum on any Board resolution approving the same.
- (g) No equity-based remuneration with performance-related elements will be granted to INEDs.

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

The Board concluded that the above mechanisms were implemented effectively.

CORPORATE GOVERNANCE REPORT

(3.4) Attendance Record at Board Meetings

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

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

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

Note: Mr. Yip Chai Tuck resigned on 1 May 2025.

During the Year, apart from the Board meetings, consents and/or approvals of the Board were also obtained by way of written resolutions on a number of matters/transactions. In compliance with code provision C.2.7 of the CG Code to provide an avenue for independent views to be communicated to the Chairman of the Board directly, the Chairman of the Board met all INEDs without the presence of the EDs and NED after the Board meeting held on 14 January 2025.

(3.5) Appointment and Re-election of Directors

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

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

In accordance with Bye-law 87 of the Bye-laws and code provision B.2.2 of the CG Code, Directors shall retire from office by rotation once every three years since their last election. Madam U (a NED) will retire from office as Director by rotation at the forthcoming AGM to be held on Friday, 19 December 2025 ("**2025 AGM**") and being eligible, will offer herself for re-election.

Details of the above retiring Director proposed for re-election at the 2025 AGM required to be disclosed under Rule 13.51(2) of the Listing Rules are set out in the Company's circular dated 20 November 2025 ("**Circular**").

(3.6) Non-executive Directors

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

(3.7) Independent Non-executive Directors

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

Under code provision B.2.4(b) of the CG Code, Mr. Poon Kwok Hing, Albert ("**Mr. Poon**") has been appointed an additional INED on 1 August 2023, with an aim to complement the existing balance of skills and experience on the Board and to further the objective of having a strong independent element on the Board which can effectively exercise independent judgement.

CORPORATE GOVERNANCE REPORT

As at the date of this Annual Report, the length of tenure of other INEDs, namely Mr. Low Chee Keong (“**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 was more than 26 years, 16 years, 16 years and 28 years, respectively.

The Company has received from each of the INEDs a written annual confirmation of his/her independence for the Year. Up to the date of this Annual Report, neither any INED has been involved in the daily management of the Company nor has been financially dependent on the Company which would materially interfere with their exercise of independent judgement. In addition, the Board has not been aware of the occurrence of any events which would cause it to believe that their independence has been impaired. Therefore, both the Nomination Committee and the Board considered that all INEDs are independent.

(3.8) Directors' and Officers' Liabilities Insurance

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

(4) DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

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

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 required to provide to the Company training records undertaken which are maintained by the company secretary of the Company (“**Company Secretary**”). During the Year, the Company has arranged for the Directors to attend the seminars/webinars organised by certain organisations and professional bodies.

CORPORATE GOVERNANCE REPORT

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

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. Yang Yiu Chong, Ronald Jeffrey (Chief Executive Officer)	✓	✓	✓	✓
Mr. Cheung Sum, Sam (Group Chief Financial Officer)	✓	✓	✓	✓
Mr. Lam Hau Yin, Lester (also alternate director to Madam U Po Chu)	✓	✓	✓	✓
Mr. Yip Chai Tuck (Note)	✓	✓	✓	✓
Non-executive Director				
Madam U Po Chu	✓	✓	✓	—
Independent Non-executive Directors				
Mr. Low Chee Keong (Chairman)	✓	✓	✓	✓
Mr. Lo Kwok Kwei, David	✓	✓	✓	✓
Dr. Ng Lai Man, Carmen	✓	✓	✓	✓
Mr. Poon Kwok Hing, Albert	✓	✓	✓	✓
Mr. Alfred Donald Yap	✓	✓	✓	✓

Note: Mr. Yip Chai Tuck resigned on 1 May 2025.

(5) BOARD COMMITTEES

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

(5.1) Audit Committee

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

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

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

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

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

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

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

(b) Work Performed by the Audit Committee

The Audit Committee held three meetings during the Year and has met its responsibilities in its review of, among other things, (i) the audited results of the Company for the year ended 31 July 2024, the unaudited interim results of the Company for the six months ended 31 January 2025 and other matters related to the financial and accounting policies and practices of the Company as well as the nature and scope of the audit for the Year; (ii) the Company's internal control review reports ("**ICR Reports**") and enterprise risk management report ("**ERM Report**") prepared by Deloitte Advisory (Hong Kong) Limited ("**Deloitte**", an independent advisor of the Company ("**Independent Advisor**") and the effectiveness of the Group's risk management and internal control systems; (iii) the Company's compliance with the CG Code and the disclosure requirements in the Corporate Governance Report; (iv) budget of the Group for the ensuing year; and (v) the audit fees payables to the Company's independent auditor ("**Independent Auditor**", i.e. Ernst & Young, Certified Public Accountants ("**Ernst & Young**") for the three years ending 31 July 2027 and put forward relevant recommendations to the Board for approval. In addition, the Audit Committee held private session with Ernst & Young separately without the presence of management.

On 21 October 2025, the Audit Committee reviewed the draft audited consolidated financial statements of the Group as well as the accounting principles and policies for the Year with the Company's management in the presence of the representatives of the Independent Auditor. It also reviewed this Corporate Governance Report (including but not limited to the implementation and effectiveness of the shareholders' communication policy adopted by the Company ("**Shareholders' Communication Policy**")), the Company's ICR Report and ERM Report prepared by the Independent Advisor, and assessed the effectiveness of the Group's risk management and internal control systems.

(c) Attendance Record at Audit Committee Meetings

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

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

Note: Mr. Lo and Mr. Poon (both INEDs) participated in part of the Audit Committee meeting held on 15 October 2024 for reviewing the continuing connected transactions of the Company during the Year.

(5.2) Nomination Committee

On 21 January 2022, the Board established a Nomination Committee which currently comprises five members, including three INEDs, namely Mr. Low (Chairman), Mr. Lo and Dr. Ng (appointed on 15 July 2025 in place of Mr. Yap who has ceased to be a member on the same date) and two EDs, namely Mr. Cheung Sum, Sam (“**Mr. Cheung**”) and Mr. Yang Yiu Chong, Ronald Jeffrey (“**Mr. Yang**”), up to the date of this Annual Report. The composition of the Nomination Committee meets the requirements of chairmanship, independence and different gender under Rule 3.27A of the Listing Rules and code provision B.3.5 of the CG Code. Pursuant to code provision B.3.2 of the CG Code, the terms of reference of the Nomination Committee setting out its authority, duties and responsibilities (last updated on 15 July 2025) are available on both the websites of HKEX and the Company.

(a) Duties of the Nomination Committee

The principal duties of the Nomination Committee are, inter alia, to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least once annually, assist the Board in maintaining a board skills matrix, and make recommendations to the Board on any proposed changes to complement the Company’s corporate strategy and promote shareholder value; to make recommendation to the Board on selection of candidates for directorship and on appointment or re-appointment of Directors and succession planning for Directors; to assess the independence of the INEDs; and to ensure fair and transparent procedures for the appointment and re-appointment of Directors. The Nomination Committee is responsible for monitoring the implementation of and will also annually review the Nomination Policy, the board diversity policy (“**Board Diversity Policy**”) and the workforce diversity policy of the Company (“**Workforce Diversity Policy**”), as appropriate, to ensure their effectiveness and discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval. The newly added responsibilities of the Nomination Committee include to support the Company’s regular evaluation of the Board’s performance and annually assess each Director’s time commitment and contribution to the Board, as well as the Director’s ability to discharge his/her responsibilities effectively.

(i) *Nomination Policy*

The Nomination Policy, adopted by the Board on 22 January 2019 with updates last made on 15 July 2025, sets out the criteria for identifying and selecting potential candidates for the appointment of new Director(s) as well as for considering the renewal of director appointment. The Nomination Committee will conduct the relevant selection process against the proposed candidate, make recommendations and furnish with the terms and conditions of the appointment for Board’s consideration. The Nomination Policy contains a number of factors in assessing the suitability of a proposed candidate which include the candidate’s skills and knowledge, the reputation for integrity, accomplishment and experience in the industry(ies) that are relevant to the Company’s businesses, commitment for responsibilities of the Board in respect of available time and relevant interests, potential contributions to the Board, diversity perspectives set out in the Board Diversity Policy, the independence criteria under Rule 3.13 of the Listing Rules if the candidate is proposed to be appointed an INED, etc. and other relevant factors as the Nomination Committee and/or the Board may determine from time to time.

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

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

The Nomination Policy was last reviewed by the Nomination Committee on 21 October 2025.

(ii) *Board Diversity Policy*

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

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

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

CORPORATE GOVERNANCE REPORT

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

The Board Diversity Policy was last reviewed by the Nomination Committee on 21 October 2025.

(iii) *Workforce Diversity Policy*

In compliance with Rule 13.92(1) of the Listing Rules and paragraph J(b) of the CG Code, the Company adopted a Workforce Diversity Policy in July 2025, which outlines its approach to embedding diversity and inclusion across all levels of the Group, from the Board to all employees.

The Company recognises that diversity encompasses both visible and invisible characteristics, including but not limited to gender, age, ethnicity, disability, religion, sexual orientation, family status, educational background, professional experience, and cognitive approaches. Our commitment extends beyond representation to creating an environment where all individuals feel valued, respected and empowered to contribute fully.

The Company adheres to the Workforce Diversity Policy in the workplace and integrates diversity and inclusion throughout the employee lifecycle. Recruitment processes employ structured interviews and diverse hiring panels to ensure equitable opportunities. Career development programs include targeted mentorship initiatives and leadership training designed to support underrepresented groups. The Company offers flexible work arrangements to accommodate diverse needs and maintain Employee Resource Groups that foster inclusive communities. The Board will review and amend the Workforce Diversity Policy periodically to ensure its relevance and effectiveness.

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

The Board places emphasis on diversity (including gender diversity) across all levels of the Company. As at 31 July 2025, we had 22.22% female ratio on senior management of the Company and a 1.12:1 female-to-male ratio in the overall workforce (excluding senior management). Details on the gender ratio of the Group together with relevant data can be found in the "*Environmental, Social and Governance Report*" on pages 23, 31 and 32 of this Annual Report.

The Workforce Diversity Policy was last reviewed by the Nomination Committee on 21 October 2025.

(b) Work Performed by the Nomination Committee

The Nomination Committee held a meeting during the Year to review, assess and consider the adequacy and effectiveness of the Nomination Policy and the Board Diversity Policy; to review and discuss the structure, size and composition of the Board (including the skills, knowledge and experience) taking into account the Nomination Policy and the Board Diversity Policy, ensuring that it has good diversity (including the proportion of female directors of the Board (with two out of nine for the Year) and a balanced composition of skills and experience appropriate for the requirements of the businesses of the Group; to review and assess the independence of all INEDs with reference to the independence criteria set out in Rule 3.13 of the Listing Rules and was of the view that the long service of the INEDs would not affect their exercise of independent judgement and would remain committed to their role as the INEDs; and to review and recommend to the Board the re-election of the retiring Directors at the AGM held on 13 December 2024 ("**2024 AGM**").

On 21 October 2025, the Nomination Committee reviewed again the structure, skills set, expertise and competencies of members of the Board, affirmed the independence of INEDs, deliberated Madam U's re-election at the 2025 AGM and recommended the same for the Board's consideration. It also reviewed the Nomination Policy, the Board Diversity Policy and the Workforce Diversity Policy and considered that the said policies were appropriate and effective. Further, the Nomination Committee reviewed the time commitment of Directors for performance of their responsibilities and considered that each Director has devoted sufficient time to the Company and discharged his/her responsibilities effectively during the Year. It formed the view that the Board has maintained an appropriate mix and balance of skills, knowledge, experience and diversity of perspectives appropriate to the requirements of the Company's businesses.

(c) Attendance Record at Nomination Committee 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
<i>Executive Directors</i>	
Mr. Yang Yiu Chong, Ronald Jeffrey	1/1
Mr. Cheung Sum, Sam	1/1
<i>Independent Non-executive Directors</i>	
Mr. Low Chee Keong (<i>Chairman</i>)	1/1
Mr. Lo Kwok Kwei, David	1/1
Mr. Alfred Donald Yap (<i>Note</i>)	1/1
Dr. Ng Lai Man, Carmen (<i>Note</i>)	0/0

Note: Dr. Ng was appointed a member of the Nomination Committee on 15 July 2025 in place of Mr. Yap who has ceased to be a member on the same date.

(5.3) Remuneration Committee

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

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

(a) Duties of the Remuneration Committee

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

(b) Work Performed by the Remuneration Committee

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

(c) Attendance Record at Remuneration Committee 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
<i>Executive Directors</i>	
Mr. Yang Yiu Chong, Ronald Jeffrey	1/1
Mr. Cheung Sum, Sam	1/1
<i>Independent Non-executive Directors</i>	
Mr. Low Chee Keong (<i>Chairman</i>)	1/1
Dr. Ng Lai Man, Carmen	1/1
Mr. Alfred Donald Yap	1/1

(6) CHAIRMAN AND CHIEF EXECUTIVE

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

During the Year and up to the date of this Annual Report, Mr. Low (an INED) is the Chairman of the Board and Mr. Yang (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.

(7) SECURITIES TRANSACTIONS BY DIRECTORS AND DESIGNATED EMPLOYEES

The Company has adopted with updates last made on 1 May 2025 a Code of Practice for Securities Transactions by Directors and Designated Employees ("**Securities Code**") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Listing Rules. The Company has made specific enquiry of all Directors and they have confirmed in writing their compliance with the required standard set out in the Securities Code throughout the Year.

(8) WHISTLEBLOWING POLICY

Pursuant to code provision D.2.3 of the CG Code, the Board adopted the Whistleblowing Policy on 19 July 2022 with updates last made on 3 October 2023 which provides formal channels and guidance to facilitate the raising of matters of concern by employees of the Group ("**Employees**") and those who deal with the Group (e.g. customers, suppliers, creditors and debtors) ("**Third Parties**", each a "**Whistleblower**"), in confidence, without fear of reprisals. Procedures are formulated to enable the Whistleblower to report suspected improprieties in any matters related to the Group directly addressed to the designated EDs as well as Head of Group Human Resources and Administration Department. An email account (whistleblowing@laisun.com) has been set up for this purpose. All reported matters will be investigated independently and, in the meantime, all information received from a Whistleblower and its identity will be kept confidential.

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

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

(9) ANTI-FRAUD AND ANTI-CORRUPTION POLICY

Pursuant to code provision D.2.4 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 Group's commitment to the practice of ethical business conduct and compliance with all applicable laws and regulations related to anti-corruption and anti-bribery.

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

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

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

At 2024 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\$3,100,000 and HK\$1,355,000, respectively. The non-audit services mainly consisted of certain agreed-upon procedures, tax advisory and other reporting services.

(11) DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

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

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

(12) INDEPENDENT AUDITOR'S REPORTING RESPONSIBILITY

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

(13) RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

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

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

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

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

(14) COMPANY SECRETARY

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

(15) SHAREHOLDERS' RIGHTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(16) COMMUNICATION WITH SHAREHOLDERS

(16.1) Shareholders' Communication Policy

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

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

- (i) Shareholders can choose the means of receiving corporate communications such as annual reports, interim reports and circulars either in printed form or in electronic form by assessing the corporate communications published on HKEX's website at www.hkexnews.hk and the Company's website at www.esun.com;
- (ii) financial highlights, press releases and results roadshows presentations are also posted on the Company's website;

CORPORATE GOVERNANCE REPORT

- (iii) periodic announcements are made through the Stock Exchange and published on the respective websites of HKEX and the Company;
- (iv) corporate information is made available on the Company's website and the Memorandum of Association and New Bye-laws of the Company has been posted on the respective websites of HKEX and the Company;
- (v) participate in roadshows and investors' conferences to meet Shareholders/investors, media and financial analysts;
- (vi) AGMs and SGMs provide a forum for the Shareholders to make comments and exchange views with the Directors and senior management of the Company; and
- (vii) the Registrar serves the Shareholders in respect of share registration, dividend payment, change of Shareholders' particulars and related matters.

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

(16.2) Directors' Attendance at General Meeting

During the Year, the Company held the 2024 AGM and the attendance record of each Director at this meeting is set out below:

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

Note: Mr. Yip Chai Tuck resigned on 1 May 2025.

(16.3) Details of the Last General Meeting

The 2024 AGM was held at 10:00 a.m. at Grand Ballrooms 1 and 2, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong. During which the Directors (except Mr. Lam and Madam U), the designated senior management of the Company and the representatives of Ernst & Young, presented to answer the Shareholders' questions. At the 2024 AGM, Shareholders unanimously approved (i) the adoption of the audited financial statements of the Company for the year ended 31 July 2024 and the reports of the directors and the independent auditor thereon; (ii) the re-election of Mr. Lam as ED and Mr. Lo and Dr. Ng as INEDs, as well as the authorisation for the Board to fix the remuneration of the Directors; (iii) the re-appointment of Ernst & Young as the Independent Auditor for the Year and the authorisation for the Board to fix their remuneration; and (iv) the granting to the Directors a general mandate to allot, issue and deal with additional shares of the Company ("**Shares**") not exceeding 20% of the total issued Shares and to buy back the Shares not exceeding 10% of the total issued Shares; and the extension of the general mandate granted to the Directors to issue Shares by adding the number of Shares to be bought back.

The notice of the 2024 AGM and the poll results announcement in respect of the 2024 AGM dated 14 November 2024 and 13 December 2024 respectively, were published on the websites of both HKEX and the Company.

(17) DIVIDEND POLICY

Pursuant to paragraph M 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. All dividend decisions made by the Board shall be made in accordance with the Dividend Policy.

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

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

(18) INVESTOR RELATIONS

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

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

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

(19) CONSTITUTIONAL DOCUMENTS

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

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

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

Mr. Yang Yiu Chong, Ronald Jeffrey, aged 58, was appointed an Executive Director and the Chief Executive Officer of the Company as well as a member of each of the executive committee, nomination committee and remuneration committee of the Company ("**Executive Committee**", "**Nomination Committee**" and "**Remuneration Committee**", respectively) on 3 October 2023. He has over 31 years of experience in finance and investment arena in Greater China and North America. Mr. Yang has a double bachelor degree in Accounting and Finance from Boston University, the United States of America ("**USA**"). He held senior management position in several listed companies and the issued shares of which are listed and traded on the Stock Exchange. Mr. Yang was also a Responsible Officer and has participated in numerous corporate finance activities for many listed companies in Hong Kong, as well as worked in a leading international bank.

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

Mr. Cheung Sum, Sam, aged 61, was appointed an Executive Director in August 2023. He is currently a member of each of the Executive Committee, Nomination Committee and Remuneration Committee. Mr. Cheung joined the Company as Group Chief Financial Officer in July 2023. He is also an executive director of each of LSG, LSD and Lai Fung.

Mr. Cheung was the chief financial officer of FTLife Insurance Company Limited (now known as Chow Tai Fook Life Insurance Company Limited), a wholly-owned subsidiary of CTF Services Limited, from September 2019 to November 2020, the chief financial officer and vice president of Agile Group Holdings Limited from July 2013 to May 2019, an Executive Director from March 2011 to August 2012, and an executive director of each of LSD and Lai Fung from March 2011 to August 2012 and from June 2007 to October 2009.

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

BIOGRAPHICAL DETAILS OF DIRECTORS

Mr. Lam Hau Yin, Lester, aged 44, was appointed an Executive Director on 1 November 2012 and is presently a member of the Executive Committee. He is also an executive director of both LSG and LSD, as well as an executive director and the chief executive officer of Lai Fung. Further, Mr. Lam is also the alternate director to Madam U Po Chu ("**Madam U**", a non-executive director of the Company ("**NED**")) in her capacity as an executive director of each of LSG and Lai Fung and a non-executive director of each of LSD and the Company.

Mr. Lam holds a Bachelor of Science in Business Administration Degree from the Northeastern University in Boston of the USA. 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 member of the general committee of The Chamber of Hong Kong Listed Companies.

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

NON-EXECUTIVE DIRECTOR

Madam U Po Chu, aged 100, is a NED and was first appointed as Director in October 1996. She is also an executive director of LSG and Lai Fung as well as a non-executive director of LSD.

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Low Chee Keong, aged 65, 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 30 years' experience in the property development and maintenance industry in Singapore.

Mr. Lo Kwok Kwei, David, aged 65, joined the Board as a NED in March 2009 and has been re-designated from a NED to an INED with effect from 1 September 2011 and is presently a member of the Nomination Committee.

Mr. Lo holds the degrees of Bachelor of Laws and Bachelor of Jurisprudence from the University of New South Wales, Australia. He was admitted as a solicitor of the Supreme Court of New South Wales, Australia in 1984 and has been a member of The Law Society of Hong Kong since 1987. Mr. Lo has been practising as a solicitor in Hong Kong for over 36 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).

BIOGRAPHICAL DETAILS OF DIRECTORS

Dr. Ng Lai Man, Carmen, aged 61, was appointed an INED in March 2009 and is presently the chairwoman of the Audit Committee and a member of each of the Nomination Committee (from 15 July 2025) and Remuneration Committee. She has over 37 years of experience in professional accounting services and corporate finance in Hong Kong, Chinese Mainland, Singapore, the USA, Canada and Europe.

Dr. Ng is a Certified Public Accountant (Practising) regulated by the Accounting and Financial Reporting Council and is currently a director of Cosmos CPA Limited in Hong Kong. She is a fellow member of the HKICPA and ACCA in the UK, and an associate member of The Institute of Chartered Accountants in England and Wales. Dr. Ng received her Doctor of Business Administration from The Hong Kong Polytechnic University, Degree of Juris Doctor from The Chinese University of Hong Kong, Master of Laws in Corporate and Financial Laws from The University of Hong Kong, Master of Business Administration from The Chinese University of Hong Kong, Master of Professional Accounting from The Hong Kong Polytechnic University as well as Master of Science in Global Finance jointly offered by Leonard N. Stern School of Business of New York University and The Hong Kong University of Science & Technology.

In addition, Dr. Ng is currently an independent non-executive director of Global International Credit Group Limited and Moisselle International Holdings Limited. She was an independent non-executive director of Lion Rock Group Limited from June 2011 to May 2024 and Hua Lien International (Holding) Company Limited from September 2024 to June 2025. The issued shares of all the aforesaid companies are listed and traded on the Main Board of the Stock Exchange.

Mr. Poon Kwok Hing, Albert, aged 64, was appointed an INED on 1 August 2023. He is currently an independent non-executive director of Shaw Brothers Holdings Limited (the issued shares of which are listed and traded on the Main Board of the Stock Exchange). Mr. Poon was an independent non-executive director of each of Media Asia Group Holdings Limited (has been privatised and become a wholly-owned subsidiary of the Company since 16 March 2023 and delisted on GEM of the Stock Exchange on 21 March 2023) from April 2020 to April 2023, Greater Bay Area Dynamic Growth Holding Limited (the issued shares of which are listed and traded on the Main Board of the Stock Exchange) from March 2007 to October 2022 and Master Glory Group Limited (delisted on the Main Board of the Stock Exchange on 8 February 2021) from February 2007 to December 2020, respectively.

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

Mr. Alfred Donald Yap, J.P., aged 86, is an INED and presently a member of each of the Audit Committee and Remuneration Committee. He was first appointed to the Board in December 1996 and was a member of the Nomination Committee from 21 January 2022 to 14 July 2025.

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

REPORT OF THE DIRECTORS

The directors of the Company (“**Directors**”) present their report and the audited consolidated financial statements of the Company and its subsidiaries (together, “**Group**”) for the year ended 31 July 2025 (“**Financial Statements**” and “**Year**”, respectively).

PRINCIPAL ACTIVITIES

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

Particulars of the Company’s principal subsidiaries as at 31 July 2025 are set out in note 39 to the Financial Statements. There were no significant changes in the nature of the Group’s principal activities during the Year and up to the date of this Report.

BUSINESS REVIEW

A review of the Group’s businesses during the Year and a discussion and analysis of the Group’s future business development, possible risks and uncertainties that the Group may be facing are provided in the “*Chairman’s Statement*” and “*Management Discussion and Analysis*” on pages 4 to 8 and pages 13 to 15 of this Annual Report, respectively. An analysis of the Group’s performance during the Year using financial key performance indicators is provided in the “*Financial Summary and Highlights*” on pages 9 to 12 of this Annual Report. The financial risk management objectives and policies of the Group are set out in note 37 to the Financial Statements. In addition, discussions on the Group’s environmental policies, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the “*Environmental, Social and Governance Report*” and “*Corporate Governance Report*” on pages 16 to 37 and pages 38 to 61 of this Annual Report, respectively. These discussion form part of this Report.

RESULTS AND DIVIDENDS

Details of the results of the Group for the Year and the Group’s financial position as at 31 July 2025 are set out in the Financial Statements and their accompanying notes on pages 86 to 180 of this Annual Report.

The board of Directors (“**Board**”) does not recommend the payment of a final dividend in respect of the Year (2024: Nil). No interim dividend was paid or declared in respect of the Year (2024: Nil).

REPORT OF THE DIRECTORS

DIRECTORS

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

Executive Directors (“EDs”)

Mr. Yang Yiu Chong, Ronald Jeffrey (*Chief Executive Officer*)

Mr. Cheung Sum, Sam (*Group Chief Financial Officer*)

Mr. Lam Hau Yin, Lester (*also alternate director to Madam U Po Chu*)

Mr. Yip Chai Tuck

(resigned on 1 May 2025)

Non-executive Director (“NED”)

Madam U Po Chu

Independent Non-executive Directors (“INEDs”)

Mr. Low Chee Keong (*Chairman*)

Mr. Lo Kwok Kwei, David

Dr. Ng Lai Man, Carmen

Mr. Poon Kwok Hing, Albert

Mr. Alfred Donald Yap

In accordance with Bye-law 87 of the New Bye-laws of the Company adopted on 16 December 2022 (“**Bye-laws**”), Directors shall retire from office by rotation once every three years since their last election. Madam U Po Chu (“**Madam U**”, a NED) will retire from office as Director by rotation at the forthcoming annual general meeting of the Company (“**AGM**”) and being eligible, will offer herself for re-election.

Details of Madam U 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 20 November 2025.

Madam U has confirmed that there are no other matters that need to be brought to the attention of the shareholders of the Company (“**Shareholders**”) and there is no information to be disclosed pursuant to the requirements under Rule 13.51(2) of the Listing Rules.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical particulars of the existing Directors are set out on pages 62 to 64 of this Annual Report. Directors’ other particulars are contained elsewhere in this Report and this Annual Report.

DIRECTORS’ SERVICE CONTRACTS

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

DIRECTORS' REMUNERATION

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

PERMITTED INDEMNITY PROVISION AND DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

MANAGEMENT CONTRACTS

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

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "*Share Option Schemes*" and "*Directors' and Chief Executive's Interests*" in this Report below, in note 32 to the Financial Statements, and the share option schemes adopted by Lai Sun Garment (International) Limited ("**LSG**", the ultimate holding company of the Company) and Lai Sun Development Company Limited ("**LSD**", an intermediate holding company of the Company), at no time during the Year was the Company or any of its holding companies and its subsidiaries a party to any arrangement to enable a Director to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

Three EDs, namely Messrs. Yang Yiu Chong, Ronald Jeffrey (“**Mr. Yang**”), Cheung Sum, Sam (“**Mr. Cheung**”) and Lam Hau Yin, Lester (“**Mr. Lester Lam**”, also alternate director to Madam U, a NED), and Madam U (collectively, “**Interested Directors**”) held shareholding interests and/or other interests and/or directorships in companies/entities engaged in the businesses of the production and distribution of films and TV programs, music production and publishing, management and production of concerts, artiste management and cinema operation.

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

SHARE OPTION SCHEMES

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

Upon the closing of the Company's offers on 22 August 2018, all outstanding share options granted under the 2015 Scheme had been cancelled. On 21 January 2022, the Company granted share options under the 2015 Scheme to the eligible participants to subscribe for a total of 1,500,000 underlying Shares (equivalent to approximately 0.10% of the total issued Shares as at that date (that is, 1,491,854,598)) at the exercise price of HK\$0.50 per Share with the exercise period from 21 January 2022 to 20 January 2032. On 15 August 2023 and 30 November 2024, share options comprising 800,000 and 300,000 underlying Shares granted to two eligible participants under the 2015 Scheme lapsed respectively.

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

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

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

REPORT OF THE DIRECTORS

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

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

As at 31 July 2025 and the date of this Report, share options comprising a total of 400,000 underlying Shares (representing approximately 0.02% of the total issued Shares (excluding treasury shares, if any) as at those dates (that is, 1,755,876,866)) granted under the 2015 Scheme were outstanding, and no further share options could be granted under the 2015 Scheme upon its termination on 16 December 2022. Therefore, a total number of 149,585,459 Shares were available for issue under the 2015 Scheme and the 2022 Scheme representing approximately 8.52% of the total issued Shares (excluding treasury shares, if any) as at those dates.

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

Category of grantees	Date of grant (dd/mm/yyyy)	Number of underlying Shares comprised in share options				As at 31 July 2025	Exercise period (dd/mm/yyyy)	Exercise price per Share (HK\$) (Note 1)	Vesting period
		As at 1 August 2024	Granted during the Year	Exercised during the Year	Cancelled/ lapsed during the Year				
Eligible Participants									
Employee	21/01/2022	400,000	—	—	—	400,000	21/01/2022 – 20/01/2032	0.50	No
Other eligible participant	21/01/2022	300,000	—	—	(300,000) (Note 2)	—	21/01/2022 – 20/01/2032	0.50	No
Total		700,000	—	—	(300,000)	400,000			

Notes:

1. The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
2. A share option comprising 300,000 underlying Shares granted to an eligible participant under the 2015 Scheme on 21 January 2022 at the exercise price of HK\$0.50 per Share lapsed on 30 November 2024.

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

Further details of the 2015 Scheme and the 2022 Scheme are disclosed in note 32 to the Financial Statements.

REPORT OF THE DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

The following Directors and chief executive of the Company who held office on 31 July 2025 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

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

Note: The total number of issued Shares as at 31 July 2025 (that is, 1,755,876,866 Shares) has been used for the calculation of the approximate percentage.

(II) Interests in the Associated Corporations

(a) LSG

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

REPORT OF THE DIRECTORS

Notes:

1. The total number of issued LSG Shares as at 31 July 2025 (that is, 883,373,901 LSG Shares) has been used for the calculation of the approximate percentage.
2. These interests in underlying LSG Shares represent the interests in share options granted to a Director under a share option scheme of LSG, particulars of which are as follows:

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

(b) LSD

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

Note: The total number of issued LSD Shares as at 31 July 2025 (that is, 1,453,328,830 LSD Shares) has been used for the calculation of the approximate percentage.

Save as disclosed above, as at 31 July 2025, 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.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

As at 31 July 2025, 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:

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

Notes:

- The total number of issued Shares as at 31 July 2025 (that is, 1,755,876,866 Shares) has been used for the calculation of the approximate percentage.
- As at 31 July 2025, Mr. Cheung and Mr. Lester Lam were also the executive directors of LSD; and Madam U was also a non-executive director of LSD.
- As at 31 July 2025, Mr. Yang, Mr. Cheung, Mr. Lester Lam and Madam U were also executive directors of LSG.
- 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 2025, LSG and Dr. Lam Kin Ngok, Peter ("**Dr. Peter Lam**", a substantial shareholder of the Company within the meaning of Part XV of the SFO) were deemed to be interested in the same 1,113,260,072 Shares (approximately 63.40% of the total issued Shares) indirectly owned by LSD by virtue of his personal and deemed interests of approximately 43.85% (excluding share options) of the total issued LSG Shares; LSD was approximately 55.60% directly and indirectly owned by LSG; and LSG was approximately 14.62% (excluding share options) owned by Dr. Peter Lam and approximately 29.23% owned by Wisdoman Limited, which was in turn 100% beneficially owned by Dr. Peter Lam.

As at 31 July 2025, Dr. Peter Lam also held 2,794,443 Shares as beneficial owner.

- Based on the disclosure of interests notices received by the Company, as at 31 July 2025, Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk were both taken to be interested in the same 149,864,000 Shares (approximately 8.53% of the total issued Shares), which were held jointly by them.

Save as disclosed above, the Directors are not aware of any other corporation or individual (other than a Director or the chief executive of the Company) which/who, as at 31 July 2025, had the Voting Entitlements or 5% or more interests or short positions in the Shares or underlying Shares as recorded in the Register of Shareholders.

CONTROLLING SHAREHOLDER'S INTERESTS IN SIGNIFICANT CONTRACTS

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

CONTINUING CONNECTED TRANSACTIONS

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

1. Commercial Letting Framework Agreements

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

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

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

- (i) the annual cap amount for the total value of the right-of-use assets in respect of the 2023-2026 Transactions is HK\$12,000,000 for the Year and HK\$16,000,000 for the financial year ending 2026; and
- (ii) the annual cap amount for licensing and other fees other than the fixed rental payments in respect of the 2023-2026 Transactions (“**Licensing and Other Fees Payments**”) is HK\$1,000,000 for the Year and the financial year ending 2026, respectively.

During the year ended 31 July 2024, in view of the Group’s relocation of its major office of the media and entertainment businesses to the premises held by the LSD Group, the annual caps of Licensing and Other Fees Payments in respect of the 2023-2026 Transactions were revised from HK\$1,000,000 to HK\$3,000,000 for each of the financial years ended 2024 and 2025 and the financial year ending 2026, taking into account of the expected increase in lease-related payments (including property management fees).

REPORT OF THE DIRECTORS

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

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

During the Year, the total value of the right-of-use assets recognised for the 2023-2026 Transactions amounted to approximately HK\$8,261,000 representing right-of-use assets newly recognised; while Licensing and Other Fees Payments paid or payable by the Group amounted to approximately HK\$2,989,000.

2. Cheung Sha Wan Cinema Lease

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

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

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

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

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

During the Year, the total value of licensing and other fees other than the base rent paid or payable by the Group to LSD amounted to approximately HK\$2,288,000.

3. Licence Arrangement – The Receipt of Service Fee

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

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

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

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

As the Licence Arrangement contemplated under the Shareholders Agreement was a new CCT with LSD Group, no historical data was available for reference as far as the determination of the proposed annual caps for each of the financial years ended 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 amount payable by GTL to MCL for the financial year ended 31 July 2025 was no more than HK\$2,400,000.

GTL is a wholly-owned subsidiary of Love Grubers which is an associate of LSD. GTL is therefore deemed as an associate (as defined in Chapter 14A of the Listing Rules) of the controlling shareholder of the Company as at 6 December 2017 (i.e. the date of the Company’s announcement), and hence the connected person of the Company. MCL was 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.

During the Year, total Service Fee under the term of the Licence Arrangement received or receivable by MCL from GTL amounted to HK\$276,000.

REPORT OF THE DIRECTORS

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

- (a) in the ordinary and usual course of business of the Group;
- (b) on normal commercial terms or better; and
- (c) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

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

- (i) have not been approved by the Board;
- (ii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and
- (iii) have exceeded the annual caps as set by the Company.

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

RELATED PARTY TRANSACTIONS

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

SHARE CAPITAL

Details of movements in the Company's share capital during the Year are set out in note 31 to the Financial Statements.

DISTRIBUTABLE RESERVES

As at 31 July 2025, the Company's contributed surplus of HK\$845,455,000 is available for distribution in accordance with the Companies Act 1981 of Bermuda (as amended) ("**Companies Act**").

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

- (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (ii) the realisable value of the Company's assets would thereby be less than its liabilities.

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this Report, the Company has maintained sufficient public float exceeding 25% of its total number of issued Shares (excluding treasury shares, if any) throughout the Year and up to the date of this Report.

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

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company's listed securities (including sale of treasury shares, if any).

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 20% of the Group's total revenue and revenue from the largest customer included therein amounted to approximately 8%. Purchases from the Group's five largest suppliers accounted for approximately 28% of the Group's total purchases, the largest supplier accounted for approximately 8% of the Group's total purchases for the Year.

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

REPORT OF THE DIRECTORS

LOANS AND BORROWINGS

Details of the Company's loan from a fellow subsidiary and other borrowings as at 31 July 2025 are set out in note 28 and note 29 to the Financial Statements.

SUMMARY OF FINANCIAL INFORMATION

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

CORPORATE GOVERNANCE

Particulars of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 38 to 61 of this Annual Report.

EQUITY-LINKED AGREEMENT

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

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company ("**Audit Committee**") currently comprises three INEDs, namely Dr. Ng 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's 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

21 October 2025

TAXATION OF HOLDERS OF SHARES

(a) Hong Kong

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

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

(b) Bermuda

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

(c) Consultation with professional advisers

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

SHAREHOLDERS' INFORMATION

KEY DATES

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

For Financial Year 2024/2025	
Annual results announcement for the year ended 31 July 2025	21 October 2025
Record date to ascertain entitlement to attend, speak and vote at the 2025 annual general meeting (" AGM ")	15 December 2025
Latest time and date to lodge transfer documents with the branch share registrar in Hong Kong to ascertain entitlement to attend, speak and vote at the 2025 AGM	4:30 p.m. on 15 December 2025
2025 AGM	19 December 2025
For Financial Year 2025/2026	
Interim results announcement for the six months ending 31 January 2026	on or before 31 March 2026
Annual results announcement for the year ending 31 July 2026	on or before 31 October 2026
2026 AGM	December 2026

INDEPENDENT AUDITOR'S REPORT



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 180, which comprise the consolidated statement of financial position as at 31 July 2025, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 July 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as 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**”) as 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.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Impairment of property, plant and equipment and right-of-use assets</i>	
As at 31 July 2025, the Group had property, plant and equipment ("PPE") and right-of-use assets ("ROU assets") of approximately HK\$106.2 million and HK\$169.6 million, respectively. In view of the operating performance of the Group and market condition for the year, management performed impairment assessments on the Group's cash-generating units ("CGUs") to which the PPE and ROU assets belonged at the end of the reporting period. A net reversal of impairment losses in relation to PPE and ROU assets of HK\$13.7 million and HK\$17.8 million have been recognised in the consolidated income statement for the year ended 31 July 2025, respectively. When performing the impairment test, management determined the recoverable amounts of the relevant CGUs or groups of CGUs as at 31 July 2025 based on the value in use calculations using the discounted cash flow method. Significant judgements and estimates were involved in the assessments of the recoverable amounts of CGUs or groups of CGUs, including assumptions on the growth rate and the discount rate. The outcome was sensitive to expected future market conditions and the actual performance of the CGUs or groups of CGUs. The related disclosures are included in notes 3, 13 and 14 to the financial statements.	Our audit procedures included, among others, evaluating the Group's policies and procedures in identifying indicators for reversal of impairment or indicators for impairment and determining the relevant CGUs or groups of CGUs. In evaluating management's impairment assessment, we assessed (i) the valuation methodologies adopted by management in determining the recoverable amounts of CGUs or groups of CGUs and (ii) the key assumptions used in the value in use calculations, including the growth rates and the discount rates, by: – evaluating the growth rates with reference to the historical results and economic environment; – comparing the discount rates used with the relevant industry's weighted average cost of capital. We involved our internal valuation specialists to assist us in evaluating the appropriateness of the methodology, the key assumptions and discount rates used in the value in use calculations.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Impairment of film rights, film and TV program products and films and TV programs under production</i>	
As at 31 July 2025, the Group had films and TV programs under production, film rights and film and TV program products of approximately HK\$169.8 million, HK\$19.1 million and HK\$60.8 million, respectively. Impairment loss of HK\$27.8 million has been recognised in the consolidated income statement for the year ended 31 July 2025. Management makes significant judgements and estimates in assessing whether there is any impairment for these assets. In making such assessments, management considers both internal and external information available on the films and TV programs under production, film rights and film and TV program products, and reviews the estimated costs to be incurred to complete production and distribution, projected revenues and related future cash flows of the relevant assets, as appropriate. The related disclosures are included in notes 3, 15, 16 and 22 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 impairment assessment on films and TV programs under production, film rights and film and TV program products which included, among others, by (i) performing inquiries with management about the main artistes and directors involved in the films and TV programs, the production plan, the progress of the production, and the distribution plan of the respective films and TV programs; and (ii) performing searches through external sources for relevant media coverage on the related popularity of the main artistes and directors of the respective films and TV programs and past performance of similar films and TV programs to corroborate management's production and distribution plans. - Evaluated the key assumptions used by management in the impairment assessment, which included, among others, the projected revenues, estimated costs to be incurred to complete the production and distribution by referencing with the agreements for future licensing, historical cash flows of comparable films and TV programs and the production plan in relation to the films and TV programs. - Involved our internal valuation specialists to assist us in evaluating the key assumptions, discount rates and methodologies used by the Group in the discounted cash flow projections.

INDEPENDENT AUDITOR'S REPORT

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 HKFRS Accounting Standards as 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 HKSA's 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 HKSA's, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 (practising certificate number: P06559).

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

21 October 2025

CONSOLIDATED INCOME STATEMENT

Year ended 31 July 2025

	Notes	2025 HK\$'000	2024 HK\$'000
TURNOVER	6	779,608	1,167,538
Cost of sales		(401,854)	(716,414)
Gross profit		377,754	451,124
Other revenue	7	34,498	42,171
Selling and marketing expenses		(8,522)	(52,237)
Administrative expenses		(223,121)	(234,045)
Other operating gains		144,345	73,957
Other operating expenses		(288,973)	(715,757)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES		35,981	(434,787)
Finance costs	9	(42,651)	(45,035)
Share of profits and losses of joint ventures		(6,408)	(44,526)
LOSS BEFORE TAX	8	(13,078)	(524,348)
Tax	11	(1,432)	(1,381)
LOSS FOR THE YEAR		(14,510)	(525,729)
Attributable to:			
Owners of the Company		(12,800)	(510,882)
Non-controlling interests		(1,710)	(14,847)
		(14,510)	(525,729)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	12		
Basic and diluted		(HK\$0.007)	(HK\$0.291)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 July 2025

	2025 HK\$'000	2024 HK\$'000
LOSS FOR THE YEAR	(14,510)	(525,729)
OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX		
<i>Items that may be subsequently reclassified to the income statement:</i>		
Exchange realignment on translation of foreign operations	(1,216)	(293)
Share of other comprehensive income/(loss) of joint ventures	26	(32)
Release of exchange reserve upon deregistration of subsidiaries	2,719	(5,090)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	1,529	(5,415)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(12,981)	(531,144)
Attributable to:		
Owners of the Company	(11,221)	(516,639)
Non-controlling interests	(1,760)	(14,505)
	(12,981)	(531,144)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 July 2025

	Notes	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	106,188	107,323
Right-of-use assets	14(a)	169,552	280,157
Film rights	15	19,144	22,092
Film and TV program products	16	60,784	61,431
Music catalogs	17	—	—
Investments in joint ventures	18	67,318	56,189
Financial assets at fair value through profit or loss	20	29,113	96,048
Deposits, prepayments, other receivables and other assets	21	83,486	123,425
Deferred tax assets	30	241	246
Total non-current assets		535,826	746,911
CURRENT ASSETS			
Films and TV programs under production and film investments	22	344,024	277,468
Inventories	23	3,389	7,720
Debtors	24	97,207	191,195
Financial assets at fair value through profit or loss	20	65,399	40,215
Deposits, prepayments, other receivables and other assets	21	103,228	218,522
Prepaid tax		21	—
Cash and cash equivalents	25	482,525	354,272
Total current assets		1,095,793	1,089,392
CURRENT LIABILITIES			
Creditors and accruals	26	526,683	565,746
Deposits received and contract liabilities	27	184,406	149,651
Lease liabilities	14(b)	154,753	197,717
Other borrowings	29	245,829	—
Loan from a fellow subsidiary	28	30,000	—
Tax payable		9,766	9,781
Total current liabilities		1,151,437	922,895
NET CURRENT ASSETS/(LIABILITIES)		(55,644)	166,497
TOTAL ASSETS LESS CURRENT LIABILITIES		480,182	913,408

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 July 2025

	Notes	2025 HK\$'000	2024 HK\$'000
NON-CURRENT LIABILITIES			
Creditors and accruals	26	8,291	8,877
Lease liabilities	14(b)	436,779	616,742
Other borrowings	29	—	239,695
Deferred tax liabilities	30	15	16
Total non-current liabilities		445,085	865,330
Net assets		35,097	48,078
EQUITY			
Equity attributable to owners of the Company			
Issued capital	31	877,938	877,938
Reserves	33	(810,537)	(759,465)
		67,401	118,473
Non-controlling interests		(32,304)	(70,395)
Total equity		35,097	48,078

Low Chee Keong
Director

Yang Yiu Chong, Ronald Jeffrey
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 July 2025

	Notes	Attributable to owners of the Company							Non-controlling interests	Total equity
		Issued capital	Share premium account	Contributed surplus	Share option reserve	Exchange reserve	Other reserve	Accumulated losses		
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Note (i))						
At 1 August 2024		877,938	4,257,351	891,289	113	(20,503)	(82,031)	(5,805,684)	118,473	48,078
Loss for the year		–	–	–	–	–	–	(12,800)	(1,710)	(14,510)
Other comprehensive income/(loss) for the year, net of tax:										
Exchange realignment on translation of foreign operations		–	–	–	–	(1,166)	–	–	(50)	(1,216)
Share of other comprehensive income of joint ventures		–	–	–	–	26	–	–	–	26
Release of exchange reserve upon deregistration of subsidiaries		–	–	–	–	2,719	–	–	–	2,719
Total comprehensive income/(loss) for the year		–	–	–	–	1,579	–	(12,800)	(1,760)	(12,981)
Release of reserve upon lapse of share options	32	–	–	–	(48)	–	–	48	–	–
Acquisition of additional interests in subsidiaries	39	–	–	–	–	–	(39,851)	–	39,851	–
At 31 July 2025		877,938	4,257,351*	891,289*	65*	(18,924)*	(121,882)*	(5,818,436)*	67,401	35,097

* These reserve accounts comprise the consolidated deficit of HK\$810,537,000 (2024: HK\$759,465,000) 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 2025 (2024: Nil), nor has any dividend been proposed since the end of the reporting period.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 July 2025

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 July 2025

	Notes	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(13,078)	(524,348)
Adjustments for:			
Fair value changes from film investments	8	1,258	2,568
Fair value changes from entertainment events organised by co-investors	8	(6,227)	(8,314)
Fair value losses on financial liabilities at fair value through profit or loss		34	39
Fair value losses/(gains) on financial assets at fair value through profit or loss	8	(2,939)	29,112
Fair value gains on derivative financial instruments		—	(618)
Finance costs	9	42,651	45,035
Share of profits and losses of joint ventures		6,408	44,526
Interest income		(5,176)	(6,259)
Dividend income from listed investments	7	(917)	(1,656)
Gain on disposal of items of property, plant and equipment		(8)	—
Loss/(gain) on disposal of financial assets at fair value through profit or loss	8	(3,175)	140
Gain on disposal of financial liabilities at fair value through profit or loss		(208)	(372)
Gain on termination of leases	8	(2,835)	(12,156)
Gain on modification of leases	8	(75,978)	(28,959)
Loss/(gain) on deregistration of subsidiaries	8	2,719	(3,835)
Gain on disposal of a joint venture		—	(264)
Depreciation of property, plant and equipment	8	21,232	45,986
Depreciation of right-of-use assets	8	62,221	119,645
Amortisation of film rights	8	2,948	2,274
Amortisation of film and TV program products	8	5,553	68,522
Write-off of items of property, plant and equipment	8	23	2,422
Impairment of property, plant and equipment	8	5,418	87,931
Reversal of impairment of property, plant and equipment, net	8	(19,155)	—
Impairment of right-of-use assets	8	7,590	200,551
Reversal of impairment of right-of-use assets, net	8	(25,364)	—
Impairment of films and TV programs under production	8	27,785	9,956
Impairment of debtors	24	234	142
Write-back of impairment of debtors	24	(220)	(190)
Impairment of advances and other receivables	8	11,255	15,905
Write-back of impairment of advances and other receivables	8	(672)	(4,040)
Impairment of amounts due from joint ventures	8	2,393	793
Write-back of impairment of amounts due from joint ventures	8	(4,156)	(15,259)
Impairment of amounts due from associates	19	13	590
Write-back of impairment of amounts due from associates	19	(2)	(1)
Impairment of inventories	8	—	13,769
Foreign exchange differences, net	8	(2,398)	2,590
		37,227	86,225

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 July 2025

	Notes	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES (continued)			
Decrease in inventories		4,331	6,188
Additions of films and TV programs under production		(29,089)	(141,770)
Increase in film investments		(71,501)	(68,965)
Decrease in film and TV program products		872	156,619
Decrease/(increase) in debtors		93,974	(55,441)
Decrease/(increase) in deposits, prepayments, other receivables and other assets		149,487	(88,778)
Increase/(decrease) in creditors and accruals		(37,912)	43,781
Increase/(decrease) in deposits received and contract liabilities		34,755	(27,461)
Cash from/(used in) operations		182,144	(89,602)
Hong Kong profits tax paid, net		(33)	(4,628)
Chinese Mainland taxes paid, net		(1,431)	(1,532)
Net cash flows from/(used in) operating activities		180,680	(95,762)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		5,176	6,259
Dividend income from listed investments		917	1,656
Proceeds from disposal of items of property, plant and equipment		8	—
Purchases of items of property, plant and equipment		(8,120)	(16,348)
Capital contributions to joint ventures		(3,000)	(42,000)
Advances to joint ventures		(14,675)	(5,508)
Repayment from joint ventures		1,892	574
Proceeds from disposal of a joint venture		35	860
Advances to associates		(13)	(590)
Repayment from associates		2	1
Decrease/(increase) in financial assets at fair value through profit or loss		47,867	(8,548)
Increase in financial liabilities at fair value through profit or loss		174	333
Decrease in derivative financial instruments		—	1,366
Decrease in pledged time deposits		—	9,307
Net cash flows from/(used in) investing activities		30,263	(52,638)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 July 2025

	Notes	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease payments	14(b)	(113,163)	(146,404)
Loan from a fellow subsidiary		30,000	—
Interest paid to a fellow subsidiary		(91)	—
Net cash flows used in financing activities		(83,254)	(146,404)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		127,689	(294,804)
Cash and cash equivalents at beginning of year		354,272	651,012
Effect of foreign exchange rate changes, net		564	(1,936)
CASH AND CASH EQUIVALENTS AT END OF YEAR		482,525	354,272
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Non-pledged and non-restricted cash and bank balances	25	459,640	322,677
Non-pledged and non-restricted time deposits	25	22,885	31,595
Cash and cash equivalents as stated in the consolidated statement of financial position		482,525	354,272

NOTES TO FINANCIAL STATEMENTS

31 July 2025

1. CORPORATE AND GROUP INFORMATION

eSun Holdings Limited (“**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 “**Group**”) were involved in the following principal activities:

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

Details of the principal subsidiaries are set out in note 39 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 (“**Stock Exchange**”).

2.1 BASIS OF PREPARATION

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

For the year ended 31 July 2025, the Group recorded a net loss of HK\$14,510,000, and as at 31 July 2025, the current liabilities of the Group exceeded its current assets by HK\$55,644,000. As at 31 July 2025, the Group’s current liabilities of HK\$1,151,437,000 included other borrowings of HK\$245,829,000, a loan from a fellow subsidiary of HK\$30,000,000 and other current liabilities of HK\$875,608,000; while its cash and cash equivalents amounted to HK\$482,525,000.

NOTES TO FINANCIAL STATEMENTS

31 July 2025

2.1 BASIS OF PREPARATION (continued)

In view of the above circumstances, the directors have given careful consideration to the Group's future liquidity requirements, operating performance and available sources of financing in assessing the Group's ability to continue operating as a going concern. The following plans and measures are formulated to manage the working capital and improve the financial position of the Group:

- (a) the Group will continue to implement cost-saving measures and negotiate with landlords for rent relief or rent restructuring;
- (b) the Group plans to dispose of certain non-core assets of the Group;
- (c) the Group will streamline/enhance existing operations to reduce operating costs and take active measures to control administrative costs; and
- (d) the Group will continue to maintain containment of capital expenditures.

In addition, the Group's outstanding other borrowings (a principal amount of HK\$112,938,000 and all accrued interests due or to be due) are repayable on demand as at 31 July 2025. Subsequent to the reporting date, the Group has obtained a legal opinion from an external solicitor that there is unlikely any demand for repayment of the other borrowings for the period up to 31 October 2026.

The directors have reviewed the Group's cash flow forecast, covering a period of at least 12 months from the reporting date, prepared by the management. They are of the opinion that, taking into account of the above-mentioned plans and measures, and the legal opinion from the external solicitor, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within the next 12 months from 31 July 2025. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements for the year ended 31 July 2025 on a going concern basis.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 July 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

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

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The adoption of the above revised standards has had no significant financial effect on these financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

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

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to HKAS 21	<i>Lack of Exchangeability</i> ¹
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ²
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ²

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual/reporting periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet determined but available for adoption

NOTES TO FINANCIAL STATEMENTS

31 July 2025

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS *(continued)*

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

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates and joint ventures

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

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

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

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Interests in joint operations

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

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

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

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

Business combinations and goodwill

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 July 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 July. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("**CGUs**"), or groups of CGUs, 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 CGU (group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (group of CGUs) 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 CGU (or group of CGUs) 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 CGU retained.

Fair value measurement

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or CGU'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 CGU to which the asset belongs. In testing a CGU for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual CGU if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of CGUs.

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.

NOTES TO FINANCIAL STATEMENTS

31 July 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Related parties

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

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

Property, plant and equipment and depreciation

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

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

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

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

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

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

Intangible assets

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

Intangible assets with indefinite useful lives are stated at cost less any impairment losses. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU 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.

NOTES TO FINANCIAL STATEMENTS

31 July 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Music catalogs

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

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

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

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

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

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

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

Derecognition of financial assets

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

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial assets (continued)

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

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

Impairment of financial assets

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

General approach

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

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

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

NOTES TO FINANCIAL STATEMENTS

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

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

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

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

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

Financial liabilities

Initial recognition and measurement

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

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

After initial recognition, trade and other creditors, accruals and 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.

Inventories

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

Cash and cash equivalents

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

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

NOTES TO FINANCIAL STATEMENTS

31 July 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

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.

(a) *Right-of-use assets*

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

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

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

(b) *Lease liabilities*

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

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

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

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

Revenue recognition

Revenue from contracts with customers

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

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

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

(a) Entertainment events

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

(b) Film distribution

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

(c) Film licence fee

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

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

NOTES TO FINANCIAL STATEMENTS

31 July 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(d) *Sale of products and albums*

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

(e) *Distribution commission*

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

(f) *Album licensing and music publishing*

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

(g) *Box-office takings*

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

(h) *Advertising and artiste management*

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

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 MATERIAL ACCOUNTING POLICIES (continued)

Employee benefits

Share-based payments

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

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.

NOTES TO FINANCIAL STATEMENTS

31 July 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Retirement benefit schemes

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

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

Borrowing costs

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

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

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.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

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

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

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

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

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

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 New 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.

NOTES TO FINANCIAL STATEMENTS

31 July 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax

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

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

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

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

- when the deferred tax liability arises from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

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

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

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

Government grants

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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.

NOTES TO FINANCIAL STATEMENTS

31 July 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Income tax (continued)

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

Estimation uncertainty

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

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

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

The estimated costs to be incurred to complete production, projected revenues and related future cash flows can change significantly due to a variety of factors. Based on both internal and external information available on the films and TV programs under production, film rights and film and TV program products, management reviews the estimated costs to be incurred to complete production, the projected revenues and the related future cash flows of the relevant assets, as appropriate, to assess whether there is any impairment or reversal of impairment. Any change in estimates may have a significant impact on the Group's financial performance. The carrying amounts of film rights, film and TV program products and films and TV programs under production are disclosed in notes 15, 16 and 22 to the financial statements, respectively.

(ii) Impairment assessment 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(iii) 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 24 to the financial statements.

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

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

The information about the provision for ECLs on the Group's other receivables is disclosed in note 21 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

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4. OPERATING SEGMENT INFORMATION

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

- (a) the media and entertainment segment engages in the management and production of concerts and the provision of related advertising services, the provision of artiste management services, album sales and the distribution and licensing of music and the trading of gaming products;
- (b) the film and TV program segment engages in the investment in, production of, sale, distribution and licensing of films and TV programs, the provision of related advertising services;
- (c) the cinema operation segment engages in the operation of cinemas in Hong Kong and Chinese Mainland; and
- (d) the corporate and others segment comprises business segments not constituting a reportable segment individually, together with corporate income and expense items.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income, finance costs and other unallocated income and expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, prepaid tax and other unallocated corporate assets as these assets are managed on a group basis.

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

NOTES TO FINANCIAL STATEMENTS

31 July 2025

4. OPERATING SEGMENT INFORMATION (continued)

Segment revenue/results:

	Media and entertainment		Film and TV program		Cinema operation		Corporate and others		Consolidated	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Segment revenue:										
Sales to external customers (note 6)	287,897	387,082	46,566	340,950	445,145	439,506	—	—	779,608	1,167,538
Intersegment sales	—	—	21,241	14,697	5,135	4,209	1,692	1,961	28,068	20,867
Other revenue	2,023	10,841	1,989	1,476	22,109	19,574	3,201	4,021	29,322	35,912
Total	289,920	397,923	69,796	357,123	472,389	463,289	4,893	5,982	836,998	1,224,317
Elimination of intersegment sales									(28,068)	(20,867)
Total revenue									808,930	1,203,450
Segment results	43,172	35,075	(51,998)	(21,913)	116,966	(351,491)	(77,335)	(102,717)	30,805	(441,046)
Unallocated interest income									5,176	6,259
Profit/(loss) from operating activities									35,981	(434,787)
Finance costs									(42,651)	(45,035)
Share of profits and losses of joint ventures	1,854	229	—	(69)	(8,262)	(44,686)	—	—	(6,408)	(44,526)
Loss before tax									(13,078)	(524,348)
Tax									(1,432)	(1,381)
Loss for the year									(14,510)	(525,729)

Segment assets/liabilities:

	Media and entertainment		Film and TV program		Cinema operation		Corporate and others		Consolidated	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Segment assets	193,620	217,033	708,360	779,993	399,604	579,990	262,455	202,852	1,564,039	1,779,868
Investments in joint ventures	37,094	22,458	—	37	22,060	26,862	8,164	6,832	67,318	56,189
Unallocated assets									262	246
Total assets									1,631,619	1,836,303
Segment liabilities	113,895	121,024	438,026	442,967	668,197	907,453	90,794	67,289	1,310,912	1,538,733
Unallocated liabilities									285,610	249,492
Total liabilities									1,596,522	1,788,225

NOTES TO FINANCIAL STATEMENTS

31 July 2025

4. OPERATING SEGMENT INFORMATION (continued)

Other segment information:

	Media and entertainment		Film and TV program		Cinema operation		Corporate and others		Consolidated	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	194	323	3	6	17,272	45,413	3,763	244	21,232	45,986
Depreciation of right-of-use assets	800	698	873	978	58,095	113,584	2,453	4,385	62,221	119,645
Impairment of property, plant and equipment	1,031	318	12	48	4,692	87,179	4,375	386	10,110	87,931
Reversal of impairment of property, plant and equipment	—	—	—	—	(23,847)	—	—	—	(23,847)	—
Impairment of right-of-use assets	1,260	1,352	2,199	2,700	20,634	190,673	4,131	5,826	28,224	200,551
Reversal of impairment of right-of-use assets	—	—	—	—	(45,998)	—	—	—	(45,998)	—
Impairment of films and TV programs under production	—	—	27,785	9,956	—	—	—	—	27,785	9,956
Amortisation of film rights	—	—	2,948	2,274	—	—	—	—	2,948	2,274
Amortisation of film and TV program products	—	—	5,553	68,522	—	—	—	—	5,553	68,522
Impairment of advances and other receivables	4,896	10,284	1,980	5,621	4,379	—	—	—	11,255	15,905
Write-back of impairment of advances and other receivables	(616)	(4,040)	(56)	—	—	—	—	—	(672)	(4,040)
Impairment of amounts due from joint ventures	1,277	793	—	—	1,116	—	—	—	2,393	793
Write-back of impairment of amounts due from joint ventures	(4,156)	(15,259)	—	—	—	—	—	—	(4,156)	(15,259)
Gain on modification of leases	—	—	—	—	(75,978)	(28,959)	—	—	(75,978)	(28,959)
Gain on termination of leases	(71)	—	(2,229)	—	—	(8,606)	(535)	(3,550)	(2,835)	(12,156)
Impairment of inventories	—	13,769	—	—	—	—	—	—	—	13,769
Fair value losses/(gains) on financial assets at fair value through profit or loss	—	—	(4)	(5)	—	—	(2,935)	29,117	(2,939)	29,112
Loss/(gain) on disposal of financial assets at fair value through profit or loss	—	—	—	—	—	—	(3,175)	140	(3,175)	140
Additions of property, plant and equipment	1,214	449	15	58	237	74,840	4,838	90	6,304	75,437
Additions of films and TV programs under production and film investments, net	—	—	120,779	234,557	—	—	—	—	120,779	234,557
Additions of right-of-use assets	2,089	—	1,701	—	—	—	5,326	318	9,116	318

NOTES TO FINANCIAL STATEMENTS

31 July 2025

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information:

	Hong Kong		Chinese Mainland and Macau		Others		Consolidated	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Revenue:								
Sales to external customers	593,900	769,348	157,621	343,743	28,087	54,447	779,608	1,167,538
Non-current assets:								
Segment assets	374,775	527,320	9,940	13,665	—	—	384,715	540,985
Financial instruments							150,870	205,680
Unallocated assets							241	246
Total							535,826	746,911

The revenue information above is based on the locations of the customers. The non-current segment asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers:

No customer of the Group has individually accounted for over 10% of the Group's total revenue during the year ended 31 July 2025. Revenue from one customer which accounted for revenue exceeding 10% of the Group's total revenue amounted to approximately HK\$179,032,000 for the year ended 31 July 2024.

NOTES TO FINANCIAL STATEMENTS

31 July 2025

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	2025 HK\$'000	2024 HK\$'000
LSG and Lai Sun Development Company Limited ("LSD"), the holding companies:			
Lease payments and building management fee paid or payable	(i)	4,962	3,094
Sharing of corporate salaries on a cost basis allocated from		22,724	23,340
Sharing of administrative expenses on a cost basis allocated from		5,903	6,919
Sharing of corporate salaries on a cost basis allocated to		234	2,187
Sharing of administrative expenses on a cost basis allocated to		262	616
Fellow subsidiaries:			
Lease payments and building management fee paid or payable	(ii)	312	610
Interest expense	(iii)	179	—
Sharing of corporate salaries on a cost basis allocated from		1,423	1,415
Sharing of corporate salaries on a cost basis allocated to		172	968
Sharing of administrative expenses on a cost basis allocated to		1,066	624
Joint ventures:			
Production fee	(iv)	3,195	3,500
Service fee income	(iv)	1,035	1,656
Film releasing income	(iv)	3,682	2,649
Sale of products and management fee income	(iv)	1,165	2,628
Share of net gain from entertainment events organised by the Group to co-investors	(iv)	—	773

Notes:

- (i) The Group leased properties from the holding companies for office and cinema use. The monthly lease payables were charged with reference to market rates. In addition to the lease payments for short-term leases to the related parties, right-of-use assets of HK\$10,699,000 and lease liabilities of HK\$26,329,000 related to the leases were recognised in the consolidated statement of financial position as at 31 July 2025. During the year, depreciation of right-of-use assets of HK\$5,212,000 (2024: HK\$4,288,000) and finance costs on lease liabilities of HK\$1,693,000 (2024: HK\$1,471,000) were recognised in the consolidated income statement.

5. RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with related parties (continued)

Notes: (continued)

- (ii) The Group leased properties from fellow subsidiaries for office and cinema use. The monthly lease payables were charged with reference to market rates. In addition to the lease payments for short-term leases to the related parties, right-of-use assets of HK\$3,132,000 and lease liabilities of HK\$4,046,000 related to the leases were recognised in the consolidated statement of financial position as at 31 July 2025. During the year, depreciation of right-of-use assets of HK\$394,000 (2024: HK\$3,437,000) and finance costs on lease liabilities of HK\$152,000 (2024: HK\$630,000) were recognised in the consolidated income statement.

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

- (iii) The terms of the loan is determined based on an agreement entered into between the Group and a fellow subsidiary as set out in note 28 to the financial statements.

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

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

(b) Compensation of key management personnel of the Group

	2025 HK\$'000	2024 HK\$'000
Short-term employee benefits	19,209	19,442
Post-employment benefits	58	64
Total	19,267	19,506

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

NOTES TO FINANCIAL STATEMENTS

31 July 2025

6. TURNOVER

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

	2025 HK\$'000	2024 HK\$'000
Turnover from contracts with customers		
Entertainment event income	182,259	255,119
Distribution commission income, licence income from and sales of film and TV program products and film rights	41,411	334,023
Album sales, licence income and distribution commission income from music publishing and licensing	60,355	59,346
Box-office takings, concessionary income and related income from cinemas	445,145	439,506
Artiste management fee income	9,010	17,024
Advertising income	5,155	6,927
Sale of game products	36,273	55,593
Total	779,608	1,167,538

(a) Disaggregated revenue information

For the year ended 31 July 2025

	Media and entertainment HK\$'000	Film and TV program HK\$'000	Cinema operation HK\$'000	Total HK\$'000
Geographical markets				
Hong Kong	129,974	28,983	434,943	593,900
Chinese Mainland and Macau	142,050	5,369	10,202	157,621
Others	15,873	12,214	—	28,087
Total	287,897	46,566	445,145	779,608
Timing of revenue recognition				
At a point in time	263,817	46,566	445,145	755,528
Over time	24,080	—	—	24,080
Total	287,897	46,566	445,145	779,608

6. TURNOVER (continued)**(a) Disaggregated revenue information** (continued)

For the year ended 31 July 2024

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

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\$23,200,000 (2024: HK\$131,331,000).

(b) Performance obligations

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

Entertainment events

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

Film and TV program licence income

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

Distribution commission

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

NOTES TO FINANCIAL STATEMENTS

31 July 2025

6. TURNOVER (continued)

(b) Performance obligations (continued)

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

Box-office takings income

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

Sale of products

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

(c) Transaction price allocated to the remaining performance obligations

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

7. OTHER REVENUE

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

	Note	2025 HK\$'000	2024 HK\$'000
Bank interest income		3,673	4,437
Other interest income		1,503	1,822
Government grants*		5,605	4,976
Rent concessions	14(c)	7,460	—
Dividend income from listed investments		917	1,656
Others		15,340	29,280
Total		34,498	42,171

* During the years ended 31 July 2025 and 2024, government grants mainly represented the amount received related to Hong Kong Cinema Day. There are no unfulfilled conditions or contingencies related to these grants.

NOTES TO FINANCIAL STATEMENTS

31 July 2025

8. LOSS BEFORE TAX

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

	Notes	2025 HK\$'000	2024 HK\$'000
Cost of film rights, licence rights and film and TV program products		59,997	257,461
Cost of artiste management services and services for entertainment events provided		146,397	230,139
Cost of theatrical releasing and concessionary sales		159,760	161,028
Cost of inventories sold		35,700	67,786
Total cost of sales		401,854	716,414
Employee benefit expense (including directors' remuneration (note 10)):			
Wages and salaries		209,332	229,551
Pension scheme contributions ^{##}		5,912	6,616
Less: Capitalised in films and TV programs under production		—	(720)
Total		215,244	235,447
Auditor's remuneration		3,100	5,920
Depreciation of property, plant and equipment [^]	13	21,232	45,986
Depreciation of right-of-use assets [^]	14(a)	62,221	119,645
Amortisation of film rights [#]	15	2,948	2,274
Amortisation of film and TV program products [#]	16	5,553	68,522
Lease payments not included in the measurement of lease liabilities:			
Entertainment events [#]		4,602	4,214
Cinemas [*]		891	245
Others		7,092	7,251
Subtotal		12,585	11,710
Contingent rents incurred for:			
Entertainment events [#]		2,090	16,719
Cinemas [*]		22,665	26,966
Subtotal		24,755	43,685
Total		37,340	55,395

NOTES TO FINANCIAL STATEMENTS

31 July 2025

8. LOSS BEFORE TAX (continued)

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

	Notes	2025 HK\$'000	2024 HK\$'000
Impairment of property, plant and equipment*	13	5,418	87,931
Reversal of impairment of property, plant and equipment, net [@] **	13	(19,155)	—
Impairment of right-of-use assets*	14(a)	7,590	200,551
Reversal of impairment of right-of-use assets, net [@] &	14(a)	(25,364)	—
Impairment of films and TV programs under production [#]	22(a)	27,785	9,956
Fair value changes from film investments*	22(b)	1,258	2,568
Fair value changes from entertainment events organised by co-investors [@]		(6,227)	(8,314)
Write-off of items of property, plant and equipment*		23	2,422
Impairment of advances and other receivables*	21	11,255	15,905
Write-back of impairment of advances and other receivables [@]	21	(672)	(4,040)
Impairment of amounts due from joint ventures*	18	2,393	793
Write-back of impairment of amounts due from joint ventures [@]	18	(4,156)	(15,259)
Loss/(gain) on deregistration of subsidiaries ^{*/@}		2,719	(3,835)
Fair value losses/(gains) on financial assets at fair value through profit or loss ^{*/@}		(2,939)	29,112
Loss/(gain) on disposal of financial assets at fair value through profit or loss ^{*/@}		(3,175)	140
Gain on modification of leases [@]		(75,978)	(28,959)
Gain on termination of leases [@]		(2,835)	(12,156)
Impairment of inventories [#]		—	13,769
Foreign exchange differences, net ^{@/*}		(2,398)	2,590

^{##} 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\$75,367,000 (2024: HK\$158,997,000) 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.

^{**} The item includes reversal of impairment of HK\$23,847,000 net of impairment losses of HK\$4,692,000 related to cinema operation.

[&] The item includes reversal of impairment of HK\$45,998,000 net of impairment losses of HK\$20,634,000 related to cinema operation.

NOTES TO FINANCIAL STATEMENTS

31 July 2025

9. FINANCE COSTS

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

	Note	2025 HK\$'000	2024 HK\$'000
Interest on:			
Lease liabilities	14(b)	34,980	36,955
Other borrowings		6,134	6,642
Loan from a fellow subsidiary		179	—
Other finance costs		1,358	1,438
Total		42,651	45,035

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:

	2025 HK\$'000	2024 HK\$'000
Fees	2,035	2,156
Other emoluments:		
Salaries, allowances and benefits in kind	6,108	5,945
Pension scheme contributions	58	64
Subtotal	6,166	6,009
Total	8,201	8,165

NOTES TO FINANCIAL STATEMENTS

31 July 2025

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 2025				
Executive directors:				
Yang Yiu Chong, Ronald Jeffrey [^]	—	306	16	322
Cheung Sum, Sam	—	420	15	435
Lam Hau Yin, Lester (also alternate director to U Po Chu)	—	—	—	—
Yip Chai Tuck (resigned on 1 May 2025)	—	5,163	27	5,190
Subtotal	—	5,889	58	5,947
Non-executive director:				
U Po Chu	—	—	—	—
Independent non-executive directors:				
Low Chee Keong	775	59	—	834
Lo Kwok Kwei, David	290	35	—	325
Ng Lai Man, Carmen	390	45	—	435
Poon Kwok Hing, Albert	290	30	—	320
Alfred Donald Yap	290	50	—	340
Subtotal	2,035	219	—	2,254
Total	2,035	6,108	58	8,201

[^] Yang Yiu Chong, Ronald Jeffrey is also the chief executive officer of the Company.

10. DIRECTORS' AND EMPLOYEES' REMUNERATION (continued)

(a) Directors' remuneration (continued)

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

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

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

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 July 2025 and 2024.

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10. DIRECTORS' AND EMPLOYEES' REMUNERATION (continued)

(b) Employees' remuneration

The five highest paid employees during the year included one (2024: one) director, details of whose emoluments are set out above. Details of the remuneration for the year of the remaining four (2024: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries, allowances and benefits in kind	21,529	20,494
Pension scheme contributions	36	36
Total	21,565	20,530

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

	Number of employees	
	2025	2024
HK\$2,500,001 – HK\$3,000,000	1	1
HK\$3,000,001 – HK\$3,500,000	1	2
HK\$4,500,001 – HK\$5,000,000	1	—
HK\$11,000,001 – HK\$11,500,000	1	1
Total	4	4

NOTES TO FINANCIAL STATEMENTS

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11. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 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	2025 HK\$'000	2024 HK\$'000
Current			
– Hong Kong			
Charge for the year		8	55
Overprovision in prior years		(1)	(9)
		7	46
– Chinese Mainland			
Charge for the year		1,421	1,531
Subtotal		1,428	1,577
Deferred tax	30	4	(196)
Total		1,432	1,381

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11. TAX (continued)

A reconciliation of the tax 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 and/or operate to the tax expense at the effective tax rate is as follows:

	2025 HK\$'000	2024 HK\$'000
Loss before tax	(13,078)	(524,348)
Tax at the applicable tax rates	(2,107)	(85,040)
Profits and losses attributable to joint ventures	1,057	7,347
Income not subject to tax	(15,532)	(13,626)
Expenses and losses not deductible for tax	14,114	11,312
Other temporary differences	(30,101)	36,026
Estimated tax losses from prior years utilised	(10,595)	(18,661)
Estimated tax losses not recognised	44,597	64,032
Adjustments in respect of current tax of prior years	(1)	(9)
Tax charge at the Group's effective rate	1,432	1,381

12. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares of 1,755,876,866 (2024: 1,755,876,866) outstanding during the year.

No adjustment had been made to the basic loss per share amounts presented for the years ended 31 July 2025 and 2024 in respect of a dilution as the impact of share options of the Company had an anti-dilutive effect on the basic loss per share amounts presented.

NOTES TO FINANCIAL STATEMENTS

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13. PROPERTY, PLANT AND EQUIPMENT

	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 2023	70,851	445,240	204,335	11,611	12,280	744,317
Additions	—	60,700	14,623	—	114	75,437
Write-off	—	(59,979)	(21,714)	(586)	(2,476)	(84,755)
Exchange realignment	—	(793)	(384)	(45)	(52)	(1,274)
At 31 July 2024 and 1 August 2024	70,851	445,168	196,860	10,980	9,866	733,725
Additions	—	5,950	299	—	55	6,304
Write-off	—	(45,889)	(19,644)	—	(1,248)	(66,781)
Disposals	—	—	—	—	(135)	(135)
Exchange realignment	—	373	183	38	21	615
At 31 July 2025	70,851	405,602	177,698	11,018	8,559	673,728
Accumulated depreciation and impairment:						
At 1 August 2023	34,715	354,583	163,159	11,418	12,180	576,055
Depreciation	2,171	29,409	14,182	191	33	45,986
Impairment	—	78,845	8,999	—	87	87,931
Write-off	—	(57,922)	(21,361)	(586)	(2,464)	(82,333)
Exchange realignment	—	(784)	(359)	(43)	(51)	(1,237)
At 31 July 2024 and 1 August 2024	36,886	404,131	164,620	10,980	9,785	626,402
Depreciation	2,170	9,875	9,173	—	14	21,232
Impairment	—	5,246	163	—	9	5,418
Reversal of impairment, net	—	(19,155)	—	—	—	(19,155)
Write-off	—	(45,889)	(19,633)	—	(1,236)	(66,758)
Disposals	—	—	—	—	(135)	(135)
Exchange realignment	—	312	167	38	19	536
At 31 July 2025	39,056	354,520	154,490	11,018	8,456	567,540
Net carrying amount:						
At 31 July 2025	31,795	51,082	23,208	—	103	106,188
At 31 July 2024	33,965	41,037	32,240	—	81	107,323

Details of impairment assessment for the years ended 31 July 2025 and 2024 were set out in note 14 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 July 2025

14. LEASES

The Group as a lessee

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

(a) Right-of-use assets

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

	Leasehold land HK\$'000	Cinema related properties HK\$'000	Other properties HK\$'000	Total HK\$'000
At 1 August 2023	11,098	594,799	8,292	614,189
Additions	—	—	318	318
Lease modification	—	(22,209)	8,084	(14,125)
Depreciation	(666)	(112,918)	(6,061)	(119,645)
Impairment loss	—	(190,673)	(9,878)	(200,551)
Exchange realignment	—	(29)	—	(29)
At 31 July 2024 and 1 August 2024	10,432	268,970	755	280,157
Additions	—	—	9,116	9,116
Lease modification	—	(80,099)	4,944	(75,155)
Termination	—	—	(141)	(141)
Depreciation	(666)	(58,095)	(3,460)	(62,221)
Impairment loss	—	—	(7,590)	(7,590)
Reversal of impairment, net	—	25,364	—	25,364
Exchange realignment	—	19	3	22
At 31 July 2025	9,766	156,159	3,627	169,552

14. LEASES (continued)

The Group as a lessee (continued)

(a) Right-of-use assets (continued)

Cinema segment

During the year ended 31 July 2025, in light of operating performance and favourable market circumstances, items of property, plant and equipment ("**PPE**") and right-of-use assets of each cinema (being an individual CGU) have been tested for impairment or reversal of impairment. A net reversal of impairment losses of HK\$19,155,000 (2024: impairment of HK\$87,179,000) and HK\$25,364,000 (2024: impairment of HK\$190,673,000) on PPE and right-of-use assets of relevant CGUs have been recognised in the consolidated income statement for the year ended 31 July 2025. As at 31 July 2025, the aggregate recoverable amount of these CGUs amounted to HK\$180,129,000 (2024: HK\$335,894,000) and was determined based on their value in use amounts using cash flow projections covering the remaining lease term of the relevant CGU and discount rates ranging from 9% to 10% (2024: 10% to 10.5%).

Segments other than cinema

During the year ended 31 July 2025, in light of unfavourable market condition and operating performance of business segments other than cinema operation, items of PPE and right-of-use assets of business segments other than cinema operation have been tested for impairment. Impairment losses of HK\$5,418,000 (2024: HK\$752,000) and HK\$7,590,000 (2024: HK\$9,878,000) of certain PPE and right-of-use assets of business segments other than cinema operation were recognised in the consolidated income statement for the year ended 31 July 2025. As at 31 July 2025, the aggregate recoverable amount of these CGUs amounted to nil (2024: nil) and was determined based on their value in use amounts estimated using cash flow projections covering the remaining lease term of the relevant CGU and a discount rate of 9.5% (2024: 11%).

NOTES TO FINANCIAL STATEMENTS

31 July 2025

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:

	2025 HK\$'000	2024 HK\$'000
At beginning of the reporting period	814,459	979,324
Additions	9,093	318
Accretion of interest recognised during the year	34,980	36,955
Termination	(2,976)	(12,156)
Lease modification	(151,133)	(43,084)
Payments	(113,163)	(146,404)
Exchange realignment	272	(494)
At end of the reporting period	591,532	814,459
Less: Portion classified as current	(154,753)	(197,717)
Non-current portion	436,779	616,742

The maturity analysis of lease liabilities is disclosed in note 37 to the financial statements.

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

	2025 HK\$'000	2024 HK\$'000
Interest on lease liabilities	34,980	36,955
Depreciation of right-of-use assets	62,221	119,645
Impairment of right-of-use assets	7,590	200,551
Expense relating to short-term leases and other leases with remaining lease terms less than one year and leases of low-value assets	12,585	11,710
Variable lease payments not included in the measurement of lease liabilities	24,755	43,685
Gain on modification of leases	(75,978)	(28,959)
Reversal of impairment of right-of-use assets, net	(25,364)	—
Rent concessions	(7,460)	—
Gain on termination of leases	(2,835)	(12,156)
Total	30,494	371,431

(d) The total cash outflow for leases included in the consolidated statement of cash flows was HK\$143,043,000 (2024: HK\$201,799,000) during the year ended 31 July 2025.

15. FILM RIGHTS

	HK\$'000
Cost:	
At 1 August 2023	257,537
Write-off	(638)
At 31 July 2024 and 1 August 2024	256,899
Write-off	(1,097)
At 31 July 2025	255,802
Accumulated amortisation and impairment:	
At 1 August 2023	233,171
Amortisation provided during the year	2,274
Write-off	(638)
At 31 July 2024 and 1 August 2024	234,807
Amortisation provided during the year	2,948
Write-off	(1,097)
At 31 July 2025	236,658
Net carrying amount:	
At 31 July 2025	19,144
At 31 July 2024	22,092

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

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16. FILM AND TV PROGRAM PRODUCTS

	Note	HK\$'000
Cost:		
At 1 August 2023		1,954,285
Additions		45
Transfer from films and TV programs under production	22	225,513
Sale of film and TV program products		(156,664)
Exchange realignment		(2,701)
At 31 July 2024 and 1 August 2024		2,020,478
Additions		36
Transfer from films and TV programs under production	22	5,778
Sale of film and TV program products		(908)
Exchange realignment		2,234
At 31 July 2025		2,027,618
Accumulated amortisation and impairment:		
At 1 August 2023		1,893,226
Amortisation provided during the year		68,522
Exchange realignment		(2,701)
At 31 July 2024 and 1 August 2024		1,959,047
Amortisation provided during the year		5,553
Exchange realignment		2,234
At 31 July 2025		1,966,834
Net carrying amount:		
At 31 July 2025		60,784
At 31 July 2024		61,431

In light of the specific circumstances of the film and TV industry, the Group regularly reviews its film and TV program products to assess the marketability/future economic benefits of the film and TV program products and the corresponding recoverable amounts. The estimated recoverable amounts as at 31 July 2025 and 31 July 2024 were determined based on the present value of expected future revenues and related cash flows arising from the distribution and sublicensing of the film and TV program products, which were derived from discounting the projected cash flows covering a period within 5 years using a discount rate of 12.5% (2024: 12.5%) and a long term growth rate of 2.3% (2024: 2.3%) for the relevant assets.

17. MUSIC CATALOGS

	HK\$'000
Cost:	
At 1 August 2023, 31 July 2024, 1 August 2024 and 31 July 2025	150,834
Accumulated amortisation:	
At 1 August 2023, 31 July 2024, 1 August 2024 and 31 July 2025	150,834
Net carrying amount:	
At 31 July 2025	—
At 31 July 2024	—

18. INVESTMENTS IN JOINT VENTURES

	2025 HK\$'000	2024 HK\$'000
Share of net assets	18,086	21,522
Amounts due from joint ventures	90,404	77,429
Provision for impairment [#]	(41,172)	(42,762)
Subtotal	49,232	34,667
Total	67,318	56,189

[#] As at 31 July 2025, an impairment of HK\$41,172,000 (2024: HK\$42,762,000) was recognised for amounts due from joint ventures with gross carrying amounts of HK\$77,866,000 (2024: HK\$68,672,000) 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, except for an amount of HK\$7,683,000 (2024: HK\$2,254,000) due from a joint venture which is interest bearing at HSBC prime rate. In the opinion of the directors, these amounts due from joint ventures are unlikely to be repaid in the foreseeable future and are considered as part of the Group's net investments in the joint ventures.

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

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31 July 2025

18. INVESTMENTS IN JOINT VENTURES (continued)

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

	2025 HK\$'000	2024 HK\$'000
At the beginning of the reporting period	42,762	57,435
Impairment loss recognised	2,393	793
Write-back of impairment loss recognised	(4,156)	(15,259)
Exchange realignment	173	(207)
At the end of the reporting period	41,172	42,762

18. INVESTMENTS IN JOINT VENTURES (continued)**For the years ended 31 July 2025 and 2024**

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

	2025 HK\$'000	2024 HK\$'000
Non-current assets	150,053	146,365
Cash and cash equivalents	9,785	6,536
Other current assets	1,699	4,088
Current liabilities	(18,274)	(20,965)
Non-current liabilities	(190,085)	(194,685)
Net liabilities	(46,822)	(58,661)
Reconciliation to the Group's interest in ECPTW:		
The Group's 50% share of net liabilities of ECPTW	(23,411)	(29,330)
Capital contribution to ECPTW	38,000	35,000
Amounts due from ECPTW	4,321	2,709
Carrying amount of the Group's investment in ECPTW	18,910	8,379
Turnover	51,033	52,022
Other income and gains (including interest income of HK\$366,000 (2024: HK\$334,000))	20,178	334
Administrative and other operating expenses (including depreciation of HK\$17,936,000 (2024: HK\$22,386,000))	(51,540)	(91,986)
Interest expenses	(7,832)	(7,950)
Profit/(loss) and total comprehensive income/(loss) for the year	11,839	(47,580)
The Group's share of total comprehensive income/(loss) for the year	5,919	(23,790)

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18. INVESTMENTS IN JOINT VENTURES (continued)

For the years ended 31 July 2025 and 2024

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

	2025 HK\$'000	2024 HK\$'000
Non-current assets	40,080	85,420
Cash and cash equivalents	2,386	2,246
Other current assets	796	1,162
Current liabilities	(10,729)	(6,911)
Non-current liabilities	(83,586)	(87,556)
Net liabilities	(51,053)	(5,639)
Reconciliation to the Group's interest in ECPSS:		
The Group's 50% share of net liabilities of ECPSS	(25,526)	(2,819)
Capital contribution to ECPSS	17,000	17,000
Cumulative unrecognised share of loss of ECPSS	8,526	—
Amounts due from ECPSS	1,370	—
Carrying amount of the Group's investment in ECPSS	1,370	14,181
Turnover	19,650	3,258
Other income (including interest income of HK\$135,000 (2024: HK\$64,000))	136	64
Administrative and other operating expenses (including depreciation of HK\$9,458,000 (2024: HK\$3,331,000))	(61,899)	(7,248)
Interest expenses	(3,301)	(1,713)
Loss and total comprehensive loss for the year	(45,414)	(5,639)
The Group's share of total comprehensive loss for the year	(14,181)	(2,819)

18. INVESTMENTS IN JOINT VENTURES (continued)**For the year ended 31 July 2024**

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

	2024 HK\$'000
Non-current assets	11,116
Cash and cash equivalents	15,858
Other current assets	1,034
Current liabilities	(27,147)
Non-current liabilities	(145,392)
Net liabilities	(144,531)
Reconciliation to the Group's interest in H Cinematic:	
The Group's 50% share of net liabilities of H Cinematic	(72,266)
Capital contribution to H Cinematic	39,750
Amounts due from H Cinematic	4,302
Cumulative unrecognised share of loss of H Cinematic	32,516
Carrying amount of the Group's investment in H Cinematic	4,302
Turnover	30,404
Other income (including interest income of HK\$131,000)	682
Administrative and other operating expenses (including depreciation of HK\$16,496,000)	(130,096)
Interest expenses	(2,175)
Loss and total comprehensive loss for the year	(101,185)
The Group's share of total comprehensive loss for the year	(18,077)

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

	2025 HK\$'000	2024 HK\$'000
The Group's share of profits and losses	1,854	160
The Group's share of other comprehensive income/(loss)	26	(32)
The Group's share of total comprehensive income	1,880	128
Aggregate carrying amount of the Group's investments in joint ventures	47,038	29,327

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19. INVESTMENTS IN ASSOCIATES

	2025 HK\$'000	2024 HK\$'000
Share of net assets	—	—
Amounts due from associates	15,442	15,431
Provision for impairment	(15,442)	(15,431)
Subtotal	—	—
Total	—	—

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

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

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

	2025 HK\$'000	2024 HK\$'000
At the beginning of the reporting period	15,431	14,842
Impairment loss recognised	13	590
Write-back of impairment loss recognised	(2)	(1)
At the end of the reporting period	15,442	15,431

As at 31 July 2025 and 31 July 2024, 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.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	2025 HK\$'000	2024 HK\$'000
Unlisted investments, at fair value	(i)	94,284	96,048
Listed investments, at fair value	(ii)	228	40,215
		94,512	136,263
Less: Portion classified as current		(65,399)	(40,215)
Non-current portion		29,113	96,048

Notes:

- (i) The unlisted investments were mainly fund investments and equity investments which were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not SPPI.
- (ii) The listed investments were classified as financial assets at fair value through profit or loss as they were held for trading.

21. DEPOSITS, PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 HK\$'000	2024 HK\$'000
Deposits, prepayments and advances for artiste management, music production and film and TV program production	77,211	225,899
Other deposits, prepayments, other receivables and other assets	109,503	116,048
	186,714	341,947
Less: Portion classified as current	(103,228)	(218,522)
Non-current portion	83,486	123,425

Included in deposits, prepayments, other receivables and other assets as at 31 July 2025 were investments in entertainment events of HK\$14,654,000 (2024: HK\$14,180,000) and club debentures of HK\$9,858,000 (2024: HK\$9,858,000), which are classified as financial assets at fair value through profit or loss and intangible assets, respectively.

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

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

	2025 HK\$'000	2024 HK\$'000
At the beginning of the reporting period	99,125	87,485
Impairment loss recognised	11,255	15,905
Write-back of impairment loss recognised	(672)	(4,040)
Write-off	(4,379)	—
Exchange realignment	231	(225)
At the end of the reporting period	105,560	99,125

Included in the above loss allowances for deposits, prepayments and other receivables are allowances for individually impaired other receivables in aggregate of HK\$44,422,000 (2024: HK\$44,457,000) which were considered in default due to indicators which showed that the Group was unlikely to receive the outstanding contractual amount in full. Except for the aforementioned impaired other receivables, the remaining financial assets, included in deposits, prepayments, other receivables and other assets for which there was no recent history of default and past due amounts, and the loss allowance was assessed to be minimal as at 31 July 2025 and 31 July 2024.

22. FILMS AND TV PROGRAMS UNDER PRODUCTION AND FILM INVESTMENTS

	Notes	2025 HK\$'000	2024 HK\$'000
Films and TV programs under production	(a)	169,809	172,908
Film investments, at fair value	(b)	174,215	104,560
Total		344,024	277,468

Notes:

(a) *Films and TV programs under production*

	Note	2025 HK\$'000	2024 HK\$'000
At the beginning of the reporting period		172,908	267,598
Additions, net		29,089	141,770
Transfer to film and TV program products	16	(5,778)	(225,513)
Impairment [#]		(27,785)	(9,956)
Exchange realignment		1,375	(991)
At the end of the reporting period		169,809	172,908

22. FILMS AND TV PROGRAMS UNDER PRODUCTION AND FILM INVESTMENTS

(continued)

Notes: (continued)

(a) Films and TV programs under production (continued)

Impairment of films and TV programs under production was made based on management's estimation of the recoverable amount against the carrying amount on a project-by-project basis. The recoverable amount of films and TV programs under production were estimated by value-in-use approach, which is calculated based on the present value of future cash flows directly generated by the relevant films and TV programs and future costs to be incurred to complete production, using a discount rate.

During the year ended 31 July 2025, an impairment loss on certain films and TV programs under production of HK\$27,785,000 (2024: HK\$9,956,000) was recognised in the consolidated income statement as the recoverable amount of these assets was nil (2024: nil), with reference to the latest production plan and management expectation on the market condition.

(b) Film investments, at fair value

	2025 HK\$'000	2024 HK\$'000
Film investments classified as financial assets at fair value through profit or loss:		
At the beginning of the reporting period	104,560	38,544
Additions	91,690	92,787
Changes in fair value	(1,258)	(2,568)
Settlement	(20,189)	(23,822)
Exchange realignment	(588)	(381)
At the end of the reporting period	174,215	104,560

23. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Work in progress	435	818
Finished goods	2,954	6,902
Total	3,389	7,720

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24. DEBTORS

	2025 HK\$'000	2024 HK\$'000
Trade debtors	127,861	222,020
Impairment	(30,654)	(30,825)
Net carrying amount	97,207	191,195

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

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

	2025 HK\$'000	2024 HK\$'000
Trade debtors:		
Unbilled or neither past due nor impaired	49,180	68,510
1 to 90 days past due	36,480	100,938
Over 90 days past due	11,547	21,747
Total	97,207	191,195

As at 31 July 2025, unbilled trade debtors amounted to HK\$486,000 (2024: HK\$22,604,000).

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24. DEBTORS (continued)

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

	2025 HK\$'000	2024 HK\$'000
At the beginning of the reporting period	30,825	30,873
Impairment loss recognised	234	142
Write-back of impairment loss recognised	(220)	(190)
Write-off	(185)	—
At the end of the reporting period	30,654	30,825

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

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

As at 31 July 2025

	Current	Past due			Total
		1 to 90 days	Over 90 days	Over 90 days – specific provision	
Expected credit loss rate	0.7%	0.6%	0.6%	100.0%	24.0%
Gross carrying amount (HK\$'000)	49,510	36,703	11,617	30,031	127,861
Expected credit losses (HK\$'000)	330	223	70	30,031	30,654

As at 31 July 2024

	Current	Past due			Total
		1 to 90 days	Over 90 days	Over 90 days – specific provision	
Expected credit loss rate	0.6%	0.2%	0.1%	100.0%	13.9%
Gross carrying amount (HK\$'000)	68,950	101,148	21,772	30,150	222,020
Expected credit losses (HK\$'000)	440	210	25	30,150	30,825

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25. CASH AND CASH EQUIVALENTS

	2025 HK\$'000	2024 HK\$'000
Non-pledged and non-restricted cash and bank balances	459,640	322,677
Non-pledged and non-restricted time deposits	22,885	31,595
Cash and cash equivalents	482,525	354,272

The conversion of Renminbi (“RMB”) denominated time deposits and cash and bank balances into foreign currencies and the remittance of such foreign currencies denominated balances out of Chinese Mainland are subject to the relevant rules and regulations of foreign exchange control promulgated by the government authorities concerned. As at 31 July 2025, such RMB denominated time deposits and cash and bank balances of the Group amounted to HK\$47,841,000 (2024: HK\$62,453,000).

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.

26. CREDITORS AND ACCRUALS

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

	2025 HK\$'000	2024 HK\$'000
Trade creditors:		
Less than 30 days	76,387	47,083
31 to 60 days	6,587	5,554
61 to 90 days	983	6,440
Over 90 days	3,039	2,889
Subtotal	86,996	61,966
Other creditors and accruals	447,978	512,657
Total	534,974	574,623
Less: Portion classified as current	(526,683)	(565,746)
Non-current portion	8,291	8,877

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

Included in the Group’s other creditors and accruals are amounts due to LSG and its subsidiaries (excluding the Group) of HK\$50,330,000 (2024: HK\$26,262,000) and the balances are unsecured, interest free and repayable on demand.

27. DEPOSITS RECEIVED AND CONTRACT LIABILITIES

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

	2025 HK\$'000	2024 HK\$'000
Deposits received	4,480	7,145
Contract liabilities	179,926	142,506
Total	184,406	149,651

As at 1 August 2023, 31 July 2024 and 31 July 2025, the Group's total contract liabilities of HK\$166,228,000, HK\$142,506,000 and HK\$179,926,000, respectively, mainly represented consideration received in advance from customers and deferred revenue. The increase in total contract liabilities during the year ended 31 July 2025 was mainly due to the deposits received from customers. The decrease in total contract liabilities during the year ended 31 July 2024 was mainly due to the recognition of revenue.

28. LOAN FROM A FELLOW SUBSIDIARY

The balance represented a loan from a fellow subsidiary, which is a wholly-owned subsidiary of LSD. The loan is unsecured, interest-bearing and repayable within one year.

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29. OTHER BORROWINGS

	2025		2024	
	Effective interest rate (%)	HK\$'000	Effective interest rate (%)	HK\$'000
Interest-bearing other borrowings – unsecured	5.25	245,829	5.88	239,695
Maturity profile:				
On demand		245,829		—
In the second year		—		239,695
Total		245,829		239,695

The unsecured other borrowings represented amounts due to the late Mr. Lim Por Yen in the principal amount of HK\$112,938,000 (2024: HK\$112,938,000), which is interest-bearing at the HSBC prime rate per annum, and the accrued interest of HK\$132,891,000 (2024: HK\$126,757,000) which is interest-free.

As at 31 July 2024, at the request of the Group, the joint executrixes of the estate of the late Mr. Lim Por Yen confirmed 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 31 July 2024.

As at 31 July 2025, the other borrowings were repayable on demand. The Group has not obtained a confirmation that no demand for the repayment of the outstanding other borrowings or the related interest would be made within one year from 31 July 2025. However, subsequent to the reporting date, the Group has obtained a legal opinion from an external solicitor that there is unlikely any demand for repayment of the other borrowings for the period up to 31 October 2026.

30. DEFERRED TAX

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

	2025 HK\$'000	2024 HK\$'000
Deferred tax assets	241	246
Deferred tax liabilities	(15)	(16)
	226	230

30. DEFERRED TAX (continued)

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

	Note	Accelerated tax depreciation HK\$'000	Losses available for offsetting against future taxable profits HK\$'000	Total HK\$'000
At 1 August 2023		(45)	79	34
Deferred tax credited to the income statement during the year	11	29	167	196
At 31 July 2024 and 1 August 2024		(16)	246	230
Deferred tax credited/(debited) to the income statement during the year	11	1	(5)	(4)
At 31 July 2025		(15)	241	226

At 31 July 2025, the Group had tax losses arising in Hong Kong of HK\$2,919,767,000 (2024: HK\$2,802,088,000) 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 2025, the Group had tax losses arising in Chinese Mainland of HK\$240,239,000 (2024: HK\$280,622,000) that would expire in one to five years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses could be utilised.

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

At 31 July 2025, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that were subject to withholding taxes of certain subsidiaries established in Chinese Mainland. In the opinion of the directors, it was not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Chinese Mainland for which deferred tax liabilities have not been recognised totalled approximately HK\$11,056,000 as at 31 July 2025 (2024: HK\$12,019,000).

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31. SHARE CAPITAL

Shares

	2025		2024	
	Number of shares '000	Nominal value HK\$'000	Number of shares '000	Nominal value HK\$'000
Authorised:				
Ordinary shares of HK\$0.50 each	4,000,000	2,000,000	4,000,000	2,000,000
Issued and fully paid:				
Ordinary shares of HK\$0.50 each	1,755,877	877,938	1,755,877	877,938

Share options

Details of the share option schemes of the Company and the share options issued under the scheme are included in note 32 to the financial statements.

32. SHARE OPTION SCHEMES

2015 Share Option Scheme

On 11 December 2015 (“**2015 Adoption Date**”), the Company adopted a share option scheme (“**2015 Scheme**”). The purpose of the 2015 Scheme is to recognise the contribution or future contribution of the Eligible Participants (as defined in the 2015 Scheme) to the Group by granting share options to them as incentives or rewards and to attract, retain and motivate the Eligible Participants in line with the performance goals of the Relevant Companies (as defined in the 2015 Scheme). Eligible Participants include but are not limited to the directors and any employees of the Group. Upon the termination of the 2015 Scheme at the annual general meeting of the Company held on 16 December 2022, no further share options can be granted thereunder but the subsisting share options granted prior to the termination will continue to be valid and exercisable in accordance with the terms of the 2015 Scheme.

The principal terms of the 2015 Scheme are:

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

32. SHARE OPTION SCHEMES (continued)**2015 Share Option Scheme** (continued)

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

- (ii) Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, are subject to the approval by the independent non-executive directors of the Company and LSD (so long as the Company is a subsidiary of LSD under the Listing Rules). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, in excess of 0.1% of the total issued shares of the Company at any time and with an aggregate value (based on the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of grant) in excess of HK\$5 million, within any 12-month period up to and including the date of grant, are subject to the approval by the shareholders of the Company and the shareholders of LSD (so long as the Company is a subsidiary of LSD under the Listing Rules) in the respective general meetings.
- (iii) The offer of a grant of share options may be accepted within 30 days from the date of offer, to be accompanied by payment of a consideration of HK\$1 per share option by the grantee.
- (iv) The exercise period of the share options granted is determined by the directors of the Company provided that such period must not be longer than 10 years from the date upon which any share option is granted in accordance with the 2015 Scheme.
- (v) The subscription (or exercise) price of any share options is determinable by the directors of the Company, and shall be at least the highest of (i) the closing price of the Company's shares in the Stock Exchange's daily quotation sheet on the date of the offer of grant; (ii) the average closing price of the Company's shares in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of a Company's share on the date of the offer of grant.

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

Details of the movement of the share options outstanding under the 2015 Scheme during the year are as follows:

	Number of underlying shares comprised in share options	Weighted average exercise price per share* HK\$
Outstanding as at 1 August 2023	1,500,000	0.50
Lapsed during the year	(800,000)	0.50
Outstanding as at 31 July 2024 and 1 August 2024	700,000	0.50
Lapsed during the year	(300,000)	0.50
Outstanding as at 31 July 2025	400,000	0.50

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32. SHARE OPTION SCHEMES (continued)

2015 Share Option Scheme (continued)

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

2025

Number of underlying shares comprised in share options	Exercise price per share* HK\$	Exercise period (dd/mm/yyyy)
400,000	0.50	21/01/2022 to 20/01/2032

2024

Number of underlying shares comprised in share options	Exercise price per share* HK\$	Exercise period (dd/mm/yyyy)
700,000	0.50	21/01/2022 to 20/01/2032

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

Other than the movements of the share options as detailed above, no share options were granted, exercised, cancelled or lapsed in accordance with the terms of the 2015 Scheme during the years ended 31 July 2025 and 2024.

As at 31 July 2025, a total of 400,000 (2024: 700,000) underlying shares relating to share options granted under the 2015 Scheme were outstanding and they represented approximately 0.02% (2024: 0.04%) of the total issued shares of the Company as at that date.

32. SHARE OPTION SCHEMES (continued)

2022 Share Option Scheme

At the annual general meeting of the Company held on 16 December 2022 (“**2022 Adoption Date**”), the shareholders of the Company approved the adoption of a new share option scheme (“**2022 Scheme**”) which became effective on 19 December 2022 (“**Effective Date**”). Unless otherwise cancelled or amended, the 2022 Scheme will remain in force for 10 years from the Effective Date, which will expire on 19 December 2032.

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

The principal terms of the 2022 Scheme are:

- (i) The maximum number of shares in respect of which share options may be granted under the 2022 Scheme and any other share option schemes and share award schemes of the Company (i) shall not in aggregate exceed 10% of the number of the total issued shares of the Company on the 2022 Adoption Date (i.e. 149,185,459 shares); (ii) to the Service Provider(s) (as defined in the 2022 Scheme), shall not exceed 1% of the number of the total issued shares of the Company on the 2022 Adoption Date (i.e. 14,918,545 shares); and (iii) to each Eligible Participant in the 2022 Scheme and within any 12-month period, is limited to 1% of the total issued shares of the Company at any time. Any further grant of share options in excess of the limits set out in (i) and (ii) must be subject to the approval of the shareholders of the Company and the shareholders of LSD and/or LSG (so long as the Company is a subsidiary of LSD and/or LSG under the Listing Rules) in the respective general meetings after 3 years of the 2022 Adoption Date or the last refreshment.
- (ii) Share options granted to an Eligible Participant (as defined in the 2022 Scheme), including a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, are subject to the approval by the independent non-executive directors of the Company and LSD and/or LSG (so long as the Company is a subsidiary of LSD and/or LSG under the Listing Rules). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, in excess of 0.1% of the relevant class of shares of the Company, within any 12-month period up to and including the date of grant, are subject to the approval by the shareholders of the Company and the shareholders of LSD and/or LSG (so long as the Company is a subsidiary of LSD and/or LSG under the Listing Rules) in the respective general meetings.
- (iii) The offer of a grant of share options may be accepted within 30 days from the date of offer, to be accompanied by payment of a consideration of HK\$1 per share option by the grantee.
- (iv) The exercise period of the share options granted is determined by the directors of the Company provided that such period must not be longer than 10 years from the date upon which any share option is granted in accordance with the 2022 Scheme.

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32. SHARE OPTION SCHEMES (continued)

2022 Share Option Scheme (continued)

The principal terms of the 2022 Scheme are: (continued)

- (v) A share option must be held by the option holder for at least 12 months before the share option can be exercised. A shorter vesting period may be granted to the Employee Participants (as defined in the 2022 Scheme) at the discretion of the board of directors of the Company in the circumstances as set out in the 2022 Scheme.
- (vi) The exercise price of any share options is determinable by the directors of the Company, and shall be at least the highest of (i) the closing price of the Company's share as stated in the Stock Exchange's daily quotation sheet on the date of the offer of grant; (ii) the average of the closing price of the Company's share as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Company's share on the date of the offer of grant.

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

During the years ended 31 July 2025 and 2024, no share options were granted, exercised, cancelled or lapsed in accordance with the terms of the 2022 Scheme.

33. RESERVES

The amounts of the Group's reserves and the movements therein for the years ended 31 July 2025 and 2024 are presented in the consolidated statement of changes in equity.

Other reserve

Other reserve mainly arose from change in ownership interest in the existing subsidiaries.

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 July 2025, the Group had non-cash additions and modifications to right-of-use assets of HK\$15,782,000 (2024: HK\$26,074,000) and lease liabilities of HK\$15,759,000 (2024: HK\$26,074,000), in respect of lease arrangements for cinema related properties and other properties and reclassified rental prepayment of HK\$23,000 (2024: Nil) to right-of-use assets.

(b) Changes in liabilities arising from financing activities

	Lease liabilities HK\$'000	Other borrowings HK\$'000	Loan from a fellow subsidiary HK\$'000
At 1 August 2023	979,324	233,053	—
Changes from financing cash flows	(146,404)	—	—
Interest expense	36,955	6,642	—
Additions	318	—	—
Lease modification	(43,084)	—	—
Termination	(12,156)	—	—
Exchange realignment	(494)	—	—
At 31 July 2024 and 1 August 2024	814,459	239,695	—
Changes from financing cash flows	(113,163)	—	30,000
Interest expense	34,980	6,134	—
Additions	9,093	—	—
Lease modification	(151,133)	—	—
Termination	(2,976)	—	—
Exchange realignment	272	—	—
At 31 July 2025	591,532	245,829	30,000

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35. 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 2025

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	—	49,232	49,232
Financial assets at fair value through profit or loss	94,512	—	94,512
Film investments	174,215	—	174,215
Debtors	—	97,207	97,207
Financial assets included in deposits, prepayments, other receivables and other assets	14,654	102,303	116,957
Cash and cash equivalents	—	482,525	482,525
Total	283,381	731,267	1,014,648

Financial liabilities

	Financial liabilities at amortised cost HK\$'000
Trade creditors	86,996
Financial liabilities included in other creditors and accruals	376,649
Financial liabilities included in deposits received	4,480
Lease liabilities	591,532
Other borrowings	245,829
Loan from a fellow subsidiary	30,000
Total	1,335,486

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35. 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 2024

Financial assets

	Financial assets at fair value through profit or loss HK\$'000	Financial assets at amortised cost HK\$'000	Total HK\$'000
Due from joint ventures	—	34,667	34,667
Financial assets at fair value through profit or loss	136,263	—	136,263
Film investments	104,560	—	104,560
Debtors	—	191,195	191,195
Financial assets included in deposits, prepayments, other receivables and other assets	14,180	158,301	172,481
Cash and cash equivalents	—	354,272	354,272
Total	255,003	738,435	993,438

Financial liabilities

	Financial liabilities at amortised cost HK\$'000
Trade creditors	61,966
Financial liabilities included in other creditors and accruals	360,405
Financial liabilities included in deposits received	7,145
Lease liabilities	814,459
Other borrowings	239,695
Total	1,483,670

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36. 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 2025	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Financial assets				
Financial assets at fair value through profit or loss	228	70,008	24,276	94,512
Film investments	—	—	174,215	174,215
Financial assets included in deposits, prepayments, other receivables and other assets	—	—	14,654	14,654
Total	228	70,008	213,145	283,381

As at 31 July 2024	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Financial assets				
Financial assets at fair value through profit or loss	40,215	42,942	53,106	136,263
Film investments	—	—	104,560	104,560
Financial assets included in deposits, prepayments, other receivables and other assets	—	—	14,180	14,180
Total	40,215	42,942	171,846	255,003

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 2025 and 31 July 2024.

36. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Financial instruments measured at fair value: (continued)

During the years ended 31 July 2025 and 2024, there were no transfers of fair value measurement between Level 1 and Level 2 for both financial assets and financial liabilities.

During the years ended 31 July 2025 and 2024, 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:

	2025 HK\$'000	2024 HK\$'000
At the beginning of the reporting period	171,846	93,013
Increase in investment amount, net	106,349	119,283
Changes in fair value	(23,860)	6,227
Settlement	(40,601)	(46,283)
Exchange realignment	(589)	(394)
At the end of the reporting period	213,145	171,846

Valuation techniques

The fair value of financial assets at fair value through profit or loss in Level 2 are estimated based on quoted prices/values from the fund manager.

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

As at 31 July 2024, 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 value of the equity investment has been determined using equity value allocation model with the Black-Scholes option pricing formula. Under this valuation methodology, the underlying total equity values have been determined based on the most recent transactions of share subscriptions by the independent third-party investors in the investee companies.

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36. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Valuation techniques (continued)

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

	Valuation technique	Significant unobservable inputs	Value of unobservable inputs	Notes
31 July 2024				
Equity investment at fair value through profit or loss	Market approach	Expected volatility	63%	1
		Expected time to exit	2 years	2

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

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise other borrowings, and cash and cash equivalents. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group has various other financial assets and liabilities such as debtors and creditors, which arise directly from its operations, and financial assets which are held by the Group for investment purposes.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The directors of the Company meet periodically to analyse and formulate measures to manage the Group's exposure to these risks. Generally, the Group introduces relatively conservative strategies on its risk management. The directors review and agree policies for managing each of these risks and they are summarised as follows:

(i) Interest rate risk

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

As the Group has some interest-bearing assets, the Group's income and operating cash flows will be affected by changes in market interest rates. The Group's interest rate risk also arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the post-tax profit (through the impact on floating rate borrowings) and the equity of the Group.

	Change in interest rate %	Impact on post-tax profit HK\$'000	Impact on equity* HK\$'000
2025	+0.25	(292)	(292)
	-0.25	292	292
2024	+0.25	(282)	(282)
	-0.25	282	282

* excluding amounts attributable to non-controlling interests

NOTES TO FINANCIAL STATEMENTS

31 July 2025

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Foreign currency risk

RMB

Certain subsidiaries of the Group have transactions denominated in RMB. The Group is exposed to foreign exchange risk arising from the exposure of RMB against HK\$.

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

	Change in exchange rate %	Impact on post-tax profit HK\$'000	Impact on equity* HK\$'000
2025			
If HK\$ weakens against RMB	5	6,332	6,332
If HK\$ strengthens against RMB	5	(6,332)	(6,332)
2024			
If HK\$ weakens against RMB	5	7,539	7,539
If HK\$ strengthens against RMB	5	(7,539)	(7,539)

* excluding amounts attributable to non-controlling interests

37. 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 2025

	12-month ECLs	Lifetime ECLs			Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
Due from joint ventures					
Normal**	12,538	—	—	—	12,538
Doubtful**	—	—	77,866	—	77,866
Due from associates					
Doubtful**	—	—	15,442	—	15,442
Debtors*	—	—	—	127,861	127,861
Financial assets included in deposits, prepayments, other receivables and other assets					
Normal**	102,303	—	—	—	102,303
Doubtful**	—	—	44,422	—	44,422
Cash and cash equivalents	482,525	—	—	—	482,525
Total	597,366	—	137,730	127,861	862,957

NOTES TO FINANCIAL STATEMENTS

31 July 2025

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 July 2024

	12-month ECLs	Lifetime ECLs			Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
Due from joint ventures					
Normal**	8,757	—	—	—	8,757
Doubtful**	—	—	68,672	—	68,672
Due from associates					
Doubtful**	—	—	15,431	—	15,431
Debtors*	—	—	—	222,020	222,020
Financial assets included in deposits, prepayments, other receivables and other assets					
Normal**	158,301	—	—	—	158,301
Doubtful**	—	—	44,457	—	44,457
Cash and cash equivalents	354,272	—	—	—	354,272
Total	521,330	—	128,560	222,020	871,910

* For debtors to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 24 to the financial statements.

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

Further quantitative data in respect of the Group's exposure to credit risk arising from other receivables and trade debtors are disclosed in notes 21 and 24 to the financial statements, respectively.

37. 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:

	On demand or less than 1 year HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
31 July 2025				
Trade creditors	86,996	—	—	86,996
Financial liabilities included in other creditors and accruals	376,649	—	—	376,649
Financial liabilities included in deposits received	4,480	—	—	4,480
Lease liabilities	173,092	417,521	57,135	647,748
Other borrowings	251,758	—	—	251,758
Loan from a fellow subsidiary	30,097	—	—	30,097
Total	923,072	417,521	57,135	1,397,728
	Less than 1 year HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
31 July 2024				
Trade creditors	61,966	—	—	61,966
Financial liabilities included in other creditors and accruals	360,405	—	—	360,405
Financial liabilities included in deposits received	7,145	—	—	7,145
Lease liabilities	229,610	565,002	114,987	909,599
Other borrowings	—	246,330	—	246,330
Total	659,126	811,332	114,987	1,585,445

NOTES TO FINANCIAL STATEMENTS

31 July 2025

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The Group manages its capital structure to ensure that the Group will be able to continue to operate as a going concern while maximising the return to stakeholders through the setting up and maintenance of an optimal debt and equity capital structure.

The capital structure of the Group mainly consists of other borrowings, a loan from a fellow subsidiary, cash and cash equivalents and equity attributable to owners of the Company comprising issued share capital and reserves.

The directors of the Company review the capital structure regularly. They will take into consideration the cost of capital and the risks associated with each class of capital prevailing in the market. Based on recommendations of the directors, the Group will balance its overall capital structure through various types of fund raising exercises as well as maintaining appropriate types and levels of debts.

As at 31 July 2025, the Group had net cash of HK\$206.7 million (2024: HK\$114.6 million), being cash and bank deposits minus total borrowing.

NOTES TO FINANCIAL STATEMENTS

31 July 2025

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	Note	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS			
Investments in subsidiaries		271,154	403,264
Deposits, prepayments, other receivables and other assets		10,150	10,150
Total non-current assets		281,304	413,414
CURRENT ASSETS			
Deposits, prepayments and other receivables		12,778	11,006
Cash and cash equivalents		68,516	16,021
Total current assets		81,294	27,027
CURRENT LIABILITIES			
Creditors and accruals		2,483	2,901
Lease liabilities		530	817
Other borrowings		245,829	—
Loan from a fellow subsidiary		30,000	—
Total current liabilities		278,842	3,718
NET CURRENT ASSETS/(LIABILITIES)		(197,548)	23,309
TOTAL ASSETS LESS CURRENT LIABILITIES		83,756	436,723
NON-CURRENT LIABILITIES			
Other borrowings		—	239,695
Lease liabilities		12	542
Total non-current liabilities		12	240,237
Net assets		83,744	196,486
EQUITY			
Issued capital	31	877,938	877,938
Reserves ^(note)		(794,194)	(681,452)
Total equity		83,744	196,486

NOTES TO FINANCIAL STATEMENTS

31 July 2025

38. 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 2023	4,257,351	845,455	243	(5,471,532)	(368,483)
Loss for the year and total comprehensive loss for the year	—	—	—	(312,969)	(312,969)
Release of reserve upon lapse of share options	—	—	(130)	130	—
At 31 July 2024 and 1 August 2024	4,257,351	845,455	113	(5,784,371)	(681,452)
Loss for the year and total comprehensive loss for the year	—	—	—	(112,742)	(112,742)
Release of reserve upon lapse of share options	—	—	(48)	48	—
At 31 July 2025	4,257,351	845,455	65	(5,897,065)	(794,194)

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.

NOTES TO FINANCIAL STATEMENTS

31 July 2025

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 July 2025 are as follows:

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Capital Artists Limited	Hong Kong	HK\$44,394,500	—	100	Music production and distribution and film investment
Champ Universe Limited	Hong Kong	HK\$1	—	100	Provision of management services
East Asia Music (Holdings) Limited	Hong Kong	HK\$10,000	—	100	Music production and distribution and film investment
eSun High-Tech Limited	Hong Kong	HK\$2	—	100	Investment in and licensing of film rights
Fascinating Screens Limited	Hong Kong	HK\$1,000,001	—	100	Cinema operation
Fortunate Sound Limited	Hong Kong	HK\$1	—	100	Music production and distribution and film investment
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	—	100	Film distribution
Intercontinental Group Holdings Limited	Cayman Islands/ Hong Kong	US\$50,000	—	100	Investment holding
Kaleidoscope International Limited	British Virgin Islands/ Hong Kong	US\$1	100	—	Property holding
Lam & Lamb Entertainment Limited	Hong Kong	HK\$1	—	100	Provision of artiste management services and entertainment activity production
Media Asia Distribution (Beijing) Co., Ltd. [^]	PRC/ Chinese Mainland	RMB130,000,000 [#]	—	100	Film distribution
Media Asia Distribution (HK) Limited	Hong Kong	HK\$2	—	100	Film distribution and film library management

NOTES TO FINANCIAL STATEMENTS

31 July 2025

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Particulars of the Company's principal subsidiaries as at 31 July 2025 are as follows: (continued)

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Media Asia Distribution Ltd.	British Virgin Islands/ Hong Kong	US\$80	—	100	Film distribution, licensing of film rights and film investment
Media Asia Entertainment Group Limited	Bermuda/Hong Kong	HK\$100	—	100	Investment holding
Media Asia Entertainment Limited	Hong Kong	HK\$100	—	100	Entertainment activity production, and event and film investments
Media Asia Films (BVI) Ltd.	British Virgin Islands/ Hong Kong	US\$7	—	100	Film production, licensing of films and investment holding
Media Asia Film Distribution (HK) Limited	Hong Kong	HK\$1	—	100	Film distribution and licensing of films
Media Asia Film International Limited	British Virgin Islands/ Hong Kong	US\$100	—	100	Film investment and production and event investments
Media Asia Film Production Limited	Hong Kong	HK\$100	—	100	Investment holding and film production
Media Asia Group Holdings Limited	Incorporated in the Cayman Islands and continued in Bermuda/ Hong Kong	HK\$29,863	—	100	Investment holding
Media Asia Group Limited	Hong Kong	HK\$2	—	100	Investment holding and provision of management services
Media Asia Music Limited	Hong Kong	HK\$1	—	100	Music production and distribution and event investments
Media Asia Music Publishing Limited	Hong Kong	HK\$100	—	100	Music publishing
Media Asia Talent Management Limited	Hong Kong	HK\$1	—	100	Provision of artiste management services
Media Asia TV Program Distribution Limited	Hong Kong	HK\$1	—	100	Licensing of television dramas
Media Asia TV Program Production (HK) Limited	Hong Kong	HK\$1	—	70	TV program production

NOTES TO FINANCIAL STATEMENTS

31 July 2025

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Particulars of the Company's principal subsidiaries as at 31 July 2025 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	
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	—	100	Cinema operation
Perfect Advertising & Production Company Limited	Hong Kong	HK\$10,000	—	100	Provision of advertising services, video duplication services, and translating and subtitling of TV programs
Rich & Famous Talent Management Group Limited	Hong Kong	HK\$100	—	75	Provision of artiste management services
Silver Motion Limited	Hong Kong	HK\$1	—	100	Cinema operation
廣東五月花電影城有限公司 ("廣東五月花") [^]	PRC/ Chinese Mainland	RMB120,000,000 [#]	—	100	Cinema operation
寰亞影城(蘇州)有限公司 [^]	PRC/ Chinese Mainland	RMB5,000,000 [#]	—	100	Cinema operation
東亞豐麗演出經紀(北京)有限公司 [^]	PRC/ Chinese Mainland	RMB25,000,000 [#]	—	100	Provision of artiste management and performance agency services
寰亞文化傳播(中國)有限公司 [^]	PRC/ Chinese Mainland	HK\$38,000,000 [#]	—	100	Entertainment activity production

[#] The registered capital of these subsidiaries was fully paid up, except for 廣東五月花 of which the capital of RMB20,000,000 (equivalent to approximately HK\$21,780,000), 寰亞影城(蘇州)有限公司 of which the capital of RMB2,000,000 (equivalent to approximately HK\$2,178,000) and Media Asia Distribution (Beijing) Co., Ltd. of which the capital of RMB29,480,000 (equivalent to approximately HK\$32,104,000) were unpaid as at 31 July 2025.

[^] Registered as wholly-foreign-owned enterprises under the laws of the PRC.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

NOTES TO FINANCIAL STATEMENTS

31 July 2025

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Particulars of the Company's principal subsidiaries as at 31 July 2025 are as follows: (continued)

As at 31 July 2025, the Group had unpaid capital contributions of approximately HK\$107,375,000 to two wholly-owned subsidiaries (2024: HK\$106,320,000 to two wholly-owned subsidiaries) which are not included in the above table.

Note:

During the year ended 31 July 2025, the Company acquired additional equity interests of certain subsidiaries which resulted in a decrease in other reserve of HK\$39,851,000 and an increase in non-controlling interests of HK\$39,851,000.

40. COMPARATIVE AMOUNTS

Certain comparative amounts in the operating segment information 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.

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 21 October 2025.

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