



INTERIM REPORT 2024



1亿+
+ 直播间累计成交金额 +

8000万+
+ 直播间累计观看人次 +

向太潮奢赛道

618全周期

抖音直播战报



CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)
Stock code : 326

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Heung Wah Keung (*Chairman*)
Ms. Chen Ming Yin, Tiffany (*Vice Chairman*)
Ms. Li Yuk Sheung

Independent Non-Executive Directors

Mr. Hung Cho Sing
Mr. Ho Wai Chi, Paul
Mr. Tai Kwok Leung, Alexander

AUDIT COMMITTEE

Mr. Ho Wai Chi, Paul (*Chairman*)
Mr. Hung Cho Sing
Mr. Tai Kwok Leung, Alexander

REMUNERATION COMMITTEE

Mr. Hung Cho Sing (*Chairman*)
Ms. Chen Ming Yin, Tiffany
Mr. Tai Kwok Leung, Alexander

NOMINATION COMMITTEE

Mr. Tai Kwok Leung, Alexander (*Chairman*)
Mr. Heung Wah Keung
Mr. Hung Cho Sing

AUTHORISED REPRESENTATIVES

Ms. Li Yuk Sheung
Ms. Wong Shuk Han, Dorothy

COMPANY SECRETARY

Ms. Wong Shuk Han, Dorothy

REGISTERED OFFICE

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 3409
Shun Tak Centre, West Tower
168-200 Connaught Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
26 Burnaby Street
Hamilton HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Macau) Limited
Bank of China (Hong Kong) Limited
The Bank of East Asia, Limited
Industrial and Commercial Bank of China (Asia) Limited

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

LEGAL ADVISERS

Robertsons
Appleby
Clifford Chance
Leonel Alberto Alves Advogado e Notario Privado

STOCK CODE

326

WEBSITE

www.chinastar.com.hk
www.irasia.com/listco/hk/chinastar

The board of directors (the “Board”) of China Star Entertainment Limited (the “Company”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30th June 2024 together with comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June 2024

	Notes	Six months ended 30th June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	4	193,317	121,109
Cost of sales		(135,376)	(70,225)
Gross profit		57,941	50,884
Other revenue and other income	5	15,523	18,317
Administrative expenses		(63,697)	(50,304)
Marketing, selling and distribution expenses		(49,464)	(12,360)
Gain/(loss) arising on change in fair value of investment property		2,173	(4,665)
Loss arising on change in fair value of financial assets at fair value through profit or loss		(11,003)	(7,025)
Other operating expenses		(10,235)	–
Loss from operations		(58,762)	(5,153)
Finance costs	6	(75,071)	(76,310)
Loss before tax	7	(133,833)	(81,463)
Income tax expense	8	(406)	(983)
Loss for the period		(134,239)	(82,446)
Loss for the period attributable to:			
Owners of the Company		(135,480)	(82,426)
Non-controlling interests		1,241	(20)
		(134,239)	(82,446)
Loss per share	9	HK(5.57) cents	HK(3.35) cents
Basic and diluted			

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June 2024

	Six months ended 30th June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period	(134,239)	(82,446)
Other comprehensive income/(loss)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u>693</u>	(395)
Total comprehensive loss for the period	<u>(133,546)</u>	<u>(82,841)</u>
Total comprehensive loss for the period attributable to:		
Owners of the Company	<u>(134,787)</u>	(82,821)
Non-controlling interests	<u>1,241</u>	(20)
	<u>(133,546)</u>	<u>(82,841)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June 2024

		At 30th June 2024 HK\$'000 (Unaudited)	At 31st December 2023 HK\$'000 (Audited)
	Notes		
Non-current assets			
Property, plant and equipment	11	378,800	95,427
Investment property	11	147,267	153,950
Intangible assets		401	502
Prepayment		—	21,293
		526,468	271,172
Current assets			
Inventories		1,400	153
Stock of properties	12	3,423,547	3,734,939
Film rights		8,015	8,015
Films in progress		9,625	9,625
Investment in films	13	95,732	96,512
Loan to a director	14	500,000	499,773
Trade receivables	15	538	1,849
Deposits, prepayment and other receivables		408,143	410,189
Financial assets at fair value through profit or loss	16	10,732	21,735
Amount due from non-controlling interest		53	53
Time deposits		292	286
Cash and bank balances and restricted cash	17	96,182	130,295
		4,554,259	4,913,424
Total assets		5,080,727	5,184,596

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 30th June 2024

	Notes	At 30th June 2024 HK\$'000 (Unaudited)	At 31st December 2023 HK\$'000 (Audited)
Capital and reserves			
Share capital	18	24,278	24,608
Reserves		2,475,036	2,636,534
Equity attributable to owners of the Company			
Non-controlling interests		2,499,314 582	2,661,142 (659)
Total equity			
		2,499,896	2,660,483
Non-current liabilities			
Lease liabilities		19,790	25,095
Bank and other borrowings	20	1,252,148	1,417,142
Deferred tax liabilities		2,119	1,815
		1,274,057	1,444,052
Current liabilities			
Trade payables	19	90,899	124,728
Deposits received, accruals and other payables		65,640	46,105
Receipts in advance		89,503	45,092
Lease liabilities		10,144	10,708
Bank and other borrowings	20	491,680	350,312
Amount due to a director		30,000	–
Amounts due to non-controlling interests		528,908	503,116
		1,306,774	1,080,061
Total liabilities			
		2,580,831	2,524,113
Total equity and liabilities			
		5,080,727	5,184,596
Net current assets			
		3,247,485	3,833,363
Total assets less current liabilities			
		3,773,953	4,104,535

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June 2024

	Attributable to owners of the Company								
	Share capital	Share premium	Contributed surplus	Exchange reserve	Bonus convertible bonds reserve	Retained earnings	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January 2023 (Audited)	24,608	1,543,627	519,961	649	1,132	860,456	2,950,433	(681)	2,949,752
Loss for the period	-	-	-	-	-	(82,426)	(82,426)	(20)	(82,446)
Other comprehensive loss for the period	-	-	-	(395)	-	-	(395)	-	(395)
Total comprehensive loss for the period	-	-	-	(395)	-	(82,426)	(82,821)	(20)	(82,841)
At 30th June 2023 (Unaudited)	24,608	1,543,627	519,961	254	1,132	778,030	2,867,612	(701)	2,866,911
At 1st January 2024 (Audited)	24,608	1,543,627	519,961	835	1,132	570,979	2,661,142	(659)	2,660,483
Loss for the period	-	-	-	-	-	(135,480)	(135,480)	1,241	(134,239)
Other comprehensive income for the period	-	-	-	693	-	-	693	-	693
Total comprehensive loss for the period	-	-	-	693	-	(135,480)	(134,787)	1,241	(133,546)
Shares repurchased and cancelled	(330)	(26,597)	-	-	-	-	(26,927)	-	(26,927)
Cost attributable to repurchase and cancellation of shares	-	(114)	-	-	-	-	(114)	-	(114)
At 30th June 2024 (Unaudited)	24,278	1,516,916	519,961	1,528	1,132	435,499	2,499,314	582	2,499,896

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th June 2024

	Six months ended 30th June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash generated from operating activities	71,254	101,695
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	12,746	12,941
Dividend received	–	4
Payment for purchases of property, plant and equipment	(9,203)	(7,275)
Payment for entering new lease	(552)	–
Placement of time deposits with original maturities more than three months	(6)	(4)
Net cash generated from investing activities	2,985	5,666
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance from a director	30,000	–
Interest paid	(67,509)	(76,310)
Proceed from bank and other borrowings	50,000	171,276
Repayment of bank borrowing	(114,013)	(75,083)
Repayment of lease liabilities	(6,382)	(1,605)
Repayment of financing note payable	–	(86,116)
Payment for repurchase of shares	(26,927)	–
Transaction cost attributable to repurchase of shares	(114)	–
Net cash used in financing activities	(134,945)	(67,838)
(Decrease)/increase in cash and cash equivalents	(60,706)	39,523
Cash and cash equivalents at the beginning of the reporting period	110,457	75,484
Effect of foreign exchange rate changes	5,162	(449)
Cash and cash equivalents at the end of the reporting period	54,913	114,558
Analysis of the balances of cash and cash equivalents		
Restricted cash	41,269	–
Cash and bank balances	54,913	114,558
Balances in the condensed consolidated statement of financial position	96,182	114,558
Less: restricted cash	(41,269)	–
Cash and cash equivalents in the condensed consolidated statement of cash flows	54,913	114,558

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June 2024

I. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group (the “Interim Financial Information”) have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The preparation of the Interim Financial Information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Information contains unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and financial performance of the Group since the 2023 annual financial statements. The unaudited condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th June 2024

2. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Information have been prepared on the historical cost basis except for investment property and certain financial instruments that are measured at fair values at the end of the reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Other than additional accounting policies resulting from application of amendments to HKFRSs and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the Interim Financial Information for the six months ended 30th June 2024 are the same as those presented in the Group's audited consolidated financial statements for the year ended 31st December 2023.

The Interim Financial Information are presented in Hong Kong dollar and all values are rounded to the nearest thousand ("HK\$'000") except when otherwise indicated.

Application of amendments to HKFRSs and interpretation

In the current interim period, the Group has applied the following amendments to HKFRSs and interpretation issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1st January 2024 for the preparation of the Interim Financial Information:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The application of the amendments to HKFRSs and interpretation in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in the Interim Financial Information.

3. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the directors of the Company, being the chief operating decision maker (the "CODM"), for the purpose of monitoring segment performance and allocating resources between segments and that are used to make strategic decisions.

The Group has three reportable segments – film related business operations, property development and investment operations and multi-media and entertainment business operations. The segmentations are based on the information about the operations of the Group that management uses to make decisions.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th June 2024

3. SEGMENT INFORMATION (Continued)

The Group's reportable segments are strategic business units that operate different activities. They are managed separately because each business has different markets and requires different marketing strategies.

Particulars of the Group's reportable segments are summarised as follows:

Film related business operations	–	Investment, production, distribution and licensing of films and television drama series and provision of other film related services including artist management services
Property development and investment operations	–	Investment and development of properties and building management services
Multi-media and entertainment business operations	–	Development, promotion and operation in multi-channel network e-commerce platform

Segment information about these operations is presented as below:

(a) An analysis of the Group's revenue and results by operating segments

	Segment revenue		Segment results	
	Six months ended 30th June 2024	2023	Six months ended 30th June 2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Film related business operations	1,166	871	(3,243)	(5,216)
Property development and investment operations	179,147	87,728	(65,113)	(70,219)
Multi-media and entertainment business operations	13,004	32,510	(25,165)	5,886
	<u>193,317</u>	<u>121,109</u>	<u>(93,521)</u>	<u>(69,549)</u>
Reconciliation from segment results to loss before tax				
Unallocated corporate income			14,613	17,823
Loss arising on change in fair value of financial assets at fair value through profit or loss ("FVTPL")			(11,003)	(7,025)
Unallocated corporate expenses			(43,922)	(22,712)
Loss before tax			<u>(133,833)</u>	<u>(81,463)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th June 2024

3. SEGMENT INFORMATION (Continued)

(a) An analysis of the Group's revenue and results by operating segments (Continued)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for both periods.

Segment results represent the loss suffered by each segment without allocation of central administrative expenses and partial finance costs under the heading of "unallocated corporate expenses", partial other revenue and other income under the heading of "unallocated corporate income" and loss arising on change in fair value of financial assets at FVTPL. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

(b) An analysis of the Group's financial position by operating segments

	At 30th June 2024 HK\$'000 (Unaudited)	At 31st December 2023 HK\$'000 (Audited)
ASSETS		
Segment assets		
– Film related business operations	366,681	396,491
– Property development and investment operations	3,909,794	3,946,935
– Multi-media and entertainment business operations	170,672	123,232
	<u>4,447,147</u>	<u>4,466,658</u>
Total segment assets	4,447,147	4,466,658
Unallocated assets	633,580	717,938
	<u>5,080,727</u>	<u>5,184,596</u>
LIABILITIES		
Segment liabilities		
– Film related business operations	8,079	6,445
– Property development and investment operations	2,272,447	2,320,496
– Multi-media and entertainment business operations	88,911	69,722
	<u>2,369,437</u>	<u>2,396,663</u>
Total segment liabilities	2,369,437	2,396,663
Unallocated liabilities	211,394	127,450
	<u>2,580,831</u>	<u>2,524,113</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th June 2024

3. SEGMENT INFORMATION (Continued)

(b) An analysis of the Group's financial position by operating segments (continued)

For the purposes of resource allocation and performance assessment between segments:

- all assets are allocated to reportable segments, other than partial inventories, loan to a director, amount due from non-controlling interest, partial deposits, prepayment and other receivables, financial assets at FVTPL, partial cash and bank balances and partial property, plant and equipment for central administrative purposes; and
- all liabilities are allocated to reportable segments, other than partial deposits received, accruals and other payables, partial lease liabilities, partial other borrowings and amount due to a director.

(c) Geographical information

The following table sets out information about geographical location of (i) revenue from external customers and (ii) non-current assets (excluded financial instruments). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of non-current assets is based on the physical location of the assets.

	Revenue from external customers		Non-current assets (excluded financial instruments)	
	Six months ended 30th June		At 30th June	At 31st December
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Hong Kong	451	368	49,153	52,914
Macau	179,147	87,728	294,556	23,377
Taiwan	-	-	147,304	154,013
The People's Republic of China (the "PRC")	13,719	32,964	35,455	40,868
Others	-	49	-	-
	<u>193,317</u>	<u>121,109</u>	<u>526,468</u>	<u>271,172</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th June 2024

4. REVENUE

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	Six months ended 30th June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Disaggregation of revenue from contracts with customers		
Distribution fee income	190	51
Artist management service income	976	820
Sales of properties	178,681	87,728
Building management service fee income	466	–
Multi-media commission income	13,004	32,510
	<u>193,317</u>	<u>121,109</u>
Revenue from contracts with customers	193,317	121,109
Six months ended 30th June		
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Timing of revenue recognition		
A point in time	192,851	121,109
Over time	466	–
	<u>193,317</u>	<u>121,109</u>
Revenue from contracts with customers	193,317	121,109

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th June 2024

5. OTHER REVENUE AND OTHER INCOME

	Six months ended 30th June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Dividend income	-	4
Bank interest income	212	544
Loan interest income	12,693	17,472
Catering operations	1,626	-
Other income	110	-
Sundry income	882	297
	<u>15,523</u>	<u>18,317</u>

6. FINANCE COSTS

	Six months ended 30th June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Interests on bank borrowings	65,754	75,441
Interests on financing note payables	-	331
Interests on other borrowings	10,100	-
Interests on amount due to a director	367	-
Interests on amounts due to non-controlling interests	792	-
Bank guarantee charges	-	367
Interests on lease liabilities	1,151	141
Other finance costs	-	30
	<u>78,164</u>	<u>76,310</u>
Interest capitalised to stock of properties	<u>(3,093)</u>	<u>-</u>
	<u>75,071</u>	<u>76,310</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th June 2024

7. LOSS BEFORE TAX

Loss before tax has been arrived at after charging/(crediting):

	Six months ended 30th June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Amortisation of intangible assets (included in marketing, selling and distribution expenses)	90	–
Cost of properties sold (included in cost of sales)	132,076	49,133
Depreciation of property, plant and equipment	12,688	3,733
Employee benefit expenses (included directors' remunerations)	43,620	25,736
Expense relating to short-term leases	1,504	988
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	40	42
Write-down of stock of properties (included in other operating expenses)	9,167	–
Reversal of allowance for expected credit loss (“ECL”) on trade receivables (included in other operating expenses)	(42)	–
(Gain)/loss arising on change in fair value of investment property	(2,173)	4,665
Loss arising on change in fair value of financial assets at FVTPL	11,003	7,025
Net foreign exchange loss	5,400	3,929
	<u>5,400</u>	<u>3,929</u>

8. INCOME TAX EXPENSE

	Six months ended 30th June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Current tax:		
– PRC enterprise income tax	–	1,436
Deferred tax	406	(453)
	<u>406</u>	<u>983</u>

Under the two-tiered profits tax rates regime of Hong Kong, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th June 2024

8. INCOME TAX EXPENSE (Continued)

The directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the unaudited condensed consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

No provision for Hong Kong Profits Tax has been made for both periods as the Group have no assessable profits arising in Hong Kong or taxable profits were wholly absorbed by estimated tax losses brought forward.

The PRC subsidiaries are subject to the PRC enterprise income tax at 25% for both periods.

PRC enterprise income tax are estimated based on the assessable profits arising in the PRC for the six months ended 30th June 2024. No provision for the PRC enterprise income tax has been made for the six months ended 30th June 2023 as the Group has no assessable profits arising in the PRC.

Macau subsidiaries are subject to Macau complementary tax at the maximum progressive rate of 12% on the estimated assessable profit for both periods. The Taiwan subsidiary is subject to Taiwan corporate tax, the first NT\$120,000 taxable income of Taiwan subsidiary is exempted from corporate tax and taxable income above NT\$120,000 is taxed at 20%.

No provision for Macau complementary tax and Taiwan corporate tax has been made for both periods as the Group has no assessable profit arising in Macau and Taiwan.

9. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to owners of the Company are based on the following data:

	Six months ended 30th June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	(135,480)	(82,426)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th June 2024

9. LOSS PER SHARE (Continued)

	Six months ended 30th June	
	2024	2023
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	2,431,723	2,461,911

Pursuant to the deed polls of the bonus convertible bonds ("Bonus CBs"), the Bonus CBs conferred the holders with the same economic interests attached to the shareholders of the Company. Accordingly, 1,060,317 (30th June 2023: 1,060,317) fully paid ordinary shares of HK\$0.01 each which shall be convertible from an aggregated amount of approximately HK\$265,000 (30th June 2023: HK\$265,000) outstanding Bonus CBs are included in the weighted average number of ordinary shares for calculating the basic loss per share for the six months ended 30th June 2024 and 30th June 2023.

No diluted loss per share were presented as there were no potential ordinary shares in issue for both periods.

10. DIVIDEND

No interim dividend was paid or proposed during the six months ended 30th June 2024 and 2023.

11. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

During the six months ended 30th June 2024, the Group acquired property, plant and equipment amounted to HK\$30,496,000 (six months ended 30th June 2023: HK\$7,275,000).

A portion of the stock of properties located in Macau with a carrying amount of HK\$265,957,000 was transferred to "property, plant and equipment" as the Group changed the usage to owner-occupation.

At 30th June 2024, the Group's properties with in aggregate carrying amounts of HK\$307,195,000 (31st December 2023: nil) have been pledged for secured bank facilities and secured other borrowing granted to the Group.

The Group's investment property at the end of the current interim period were valued by the external valuers by adopting direct comparison method. Direct comparison method assumes the property is capable of being sold in its existing state with the benefit of vacant possession and by making reference to comparable property sales evidence as available in the relevant markets. The resulting increase in fair value of investment property of HK\$2,173,000 (six months ended 30th June 2023: decrease of HK\$4,665,000) has been recognised directly in profit or loss for the six months ended 30th June 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th June 2024

12. STOCK OF PROPERTIES

	At 30th June 2024 HK\$'000 (Unaudited)	At 31st December 2023 HK\$'000 (Audited)
Completed properties held for sale and properties under development held for sale		
At the beginning of the reporting period	3,734,939	3,702,028
Additions	92,715	118,385
Interest capitalised	3,093	–
Transfer to property, plant and equipment	(265,957)	–
Recognised as cost of sales	(132,076)	(85,474)
Written-down	(9,167)	–
	3,423,547	3,734,939

The stock of properties is located in Macau and held under medium-term leases.

At 30th June 2024, the Group's completed properties held for sale with carrying amounts of approximately HK\$1,881,120,000 (31st December 2023: HK\$2,288,322,000) have been pledged for secured bank facilities granted to the Group. The Group provides lien on properties under development held for sale with carrying amount of HK\$1,542,427,000 to secure the Group's other borrowing.

The completed properties held for sale are expected to be recovered within one year. Others properties held for sale are expected to be recovered after more than one year.

At 30th June 2024, the director had assessed the net realisable value of Group's completed properties held for sale with reference to sale proceeds received after the end of the reporting period less costs incurred, or by management estimates based on prevailing market conditions, and concluded that HK\$9,167,000 write-down of carrying amounts of completed properties held for sale are considered necessary as the carrying amounts are greater than net realisable value.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th June 2024

13. INVESTMENT IN FILMS

	At 30th June 2024 HK\$'000 (Unaudited)	At 31st December 2023 HK\$'000 (Audited)
Investment in films production	95,732	96,512

Investment in films production represents fund advanced to licensed production houses for co-financing the production of films. The investment is governed by the relevant investment agreement entered into between the Group and the production house whereby the Group is entitled to benefits generated from the distribution of the related film. The amount will be recoverable by the Group from a pre-determined share of the net distribution revenue of the respective co-financed film to be provided and confirmed by the relevant production house.

All investments which entitles the Group to receive cash flows that are not solely payments of principal and interest are carried at fair value.

14. LOAN TO A DIRECTOR

	At 30th June 2024 HK\$'000 (Unaudited)	At 31st December 2023 HK\$'000 (Audited)
At the beginning of the reporting period	499,773	489,639
Imputed interest income	12,693	35,134
Interest received and receivables	(12,466)	(25,000)
At the end of the reporting period	500,000	499,773
	At 30th June 2024 HK\$'000 (Unaudited)	At 31st December 2023 HK\$'000 (Audited)
Carrying amounts receivable:		
Within 1 year	500,000	499,773

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th June 2024

14. LOAN TO A DIRECTOR (Continued)

On 29th November 2016, Best Combo Limited (“Best Combo”), a wholly-owned subsidiary of the Company, as a lender, and Ms. Chen Ming Yin, Tiffany (“Ms. Chen”), the director of the Company, as a borrower, entered into a loan agreement (the “Loan Agreement”) pursuant to which Best Combo has agreed to grant to Ms. Chen a fixed term loan (the “Loan”) in the principal amount of HK\$500,000,000 (subject to the loan amount adjustment). The Loan is interest bearing at 5% per annum, repayable on the date falling 60 months from the drawdown date of the Loan and secured by way of a share charge over the entire issued share capital of Reform Base Holdings Limited (“Reform Base”), a company incorporated in the British Virgin Islands and wholly-owned by Ms. Chen.

Ms. Chen can repay the Loan (together with accrued interest) in full after the drawdown date without penalty provided not less than ten business days’ prior written notice has been given to Best Combo.

Pursuant to the Loan Agreement, Ms. Chen has agreed to grant a call option (the “Call Option”) to Best Combo which allows Best Combo to require Ms. Chen to sell the entire issued share capital of Reform Base at HK\$500,000,000 (subject to the loan amount adjustment) during the exercise period falling on the expiry of 60 months from the drawdown date of the Loan.

On 6th April 2017, the drawdown date of the Loan, the directors have recognised the amounts of approximately HK\$271,908,000 and HK\$228,092,000 for the loan portion and the call option portion respectively by reference to the fair value arrived on the basis of valuation performed by Graval Consulting Limited (“Graval”), a firm of independent qualified professional valuers.

On 28th January 2022 and 11th February 2022, Best Combo and Ms. Chen entered into a second deed of variation and a side letter respectively, pursuant to which Best Combo and Ms. Chen have agreed to (i) conditional upon the Company having obtained approval from the independent shareholders of the Company, extend the final repayment date of the Loan to the date falling on the expiry of 69 months from the drawdown date of the Loan, i.e., 5th January 2023; and (ii) extend the exercisable period of the Call Option to any time within the date falling on the expiry of 69 months from the drawdown date of the Loan, i.e., 5th January 2023.

On 24th June 2022, Best Combo and Ms. Chen entered into a third deed of variation, pursuant to which Best Combo and Ms. Chen have agreed to (i) conditional upon the Company having obtained approval from the independent shareholders of the Company, further extend the final repayment date of the Loan to the date falling on the expiry of 81 months from the drawdown date of the Loan, i.e., 5th January 2024; and (ii) extend the exercisable period of the Call Option to any time within the date falling on the expiry of 81 months from the drawdown date of the Loan, i.e., 5th January 2024. The third deed of variation superseded and replaced the second deed of variation and the side letter. As the extension of the exercise period of the Call Option is unconditional, the exercise period of the Call Option has been extended accordingly. The resolution approving the extension of the final repayment date of the Loan was duly passed by the independent shareholders by way of poll as an ordinary resolution at the special general meeting held on 14th September 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th June 2024

14. LOAN TO A DIRECTOR (Continued)

On 20th February 2024, Reform Base, Ms. Chen and Modern Vision (Asia) Limited (“Modern Vision”), a wholly-owned subsidiary of the Company, entered into the agreement pursuant to which Reform Base has agreed to transfer the Rights (as defined in note 26) to Modern Vision at a consideration of HK\$479,678,000 (the “Transfer Agreement”). The consideration shall be satisfied by setting-off the outstanding amount of the Loan and the remaining HK\$20,322,000 is repayable by Ms. Chen within 6 to 12 months from the date of completion of the transfer of the Rights. A resolution approving the Transfer Agreement was duly passed by the independent shareholders by way of poll at the special general meeting held on 8th July 2024. All conditions precedent of the Transfer Agreement has been fulfilled subsequent to the reporting period.

During the six months ended 30th June 2024 and 30th June 2023, the maximum amount outstanding to the Group is HK\$500,000,000.

15. TRADE RECEIVABLES

	At 30th June 2024 HK\$'000 (Unaudited)	At 31st December 2023 HK\$'000 (Audited)
Trade receivables	1,178	2,531
Less: allowance for ECL	(640)	(682)
	538	1,849

The following is an aging analysis of trade receivables, presented based on the invoice dates, which approximates the respective revenue recognition dates and net of allowance for ECL:

	At 30th June 2024 HK\$'000 (Unaudited)	At 31st December 2023 HK\$'000 (Audited)
0 to 30 days	536	391
31 to 60 days	1	–
61 to 90 days	1	–
Over 90 days	–	1,458
	538	1,849

The average credit period granted to customers ranges from 30 to 90 days.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th June 2024

15. TRADE RECEIVABLES (Continued)

The movement in the allowance for ECL in respect of trade receivables under simplified approach during the period is as follows:

	Lifetime ECL (not credit-impaired)		Lifetime ECL (credit-impaired)	
	At 30th June 2024 HK\$'000 (Unaudited)	At 31st December 2023 HK\$'000 (Audited)	At 30th June 2024 HK\$'000 (Unaudited)	At 31st December 2023 HK\$'000 (Audited)
At the beginning of the reporting period	42	42	640	640
Reversal of allowance for ECL for the period	(42)	–	–	–
At the end of the reporting period	–	42	640	640

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30th June 2024 HK\$'000 (Unaudited)	At 31st December 2023 HK\$'000 (Audited)
Listed securities classified as held for trading investments:		
– Equity securities listed in Hong Kong	10,732	21,735

At the end of the reporting period, all financial assets at FVTPL are stated at fair value. Fair value of listed securities classified as held for trading investments (other than a suspended equity security listed in Hong Kong) are determined with reference to quoted market closing price.

The fair value of the Group's equity securities listed in Hong Kong at the date of approval of these condensed consolidated financial statements were approximately HK\$10,633,000.

17. CASH AND BANK BALANCES AND RESTRICTED CASH

At 30th June 2024, the restricted cash of HK\$41,269,000 (31st December 2023: HK\$19,838,000) mainly represents sale proceeds held in creditworthy bank's accounts as required by the relevant agreement with the bank and are being used to fund repayment of the applicable secured bank borrowings amounted to HK\$1,466,300,000 (31st December 2023: HK\$1,580,312,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th June 2024

18. SHARE CAPITAL

	Number of shares		Amount	
	At 30th June 2024 '000 (Unaudited)	At 31st December 2023 '000 (Audited)	At 30th June 2024 HK\$'000 (Unaudited)	At 31st December 2023 HK\$'000 (Audited)
Ordinary shares of HK\$0.01 each				
Authorised:				
At the beginning/end of the reporting period	<u>50,000,000</u>	<u>50,000,000</u>	<u>500,000</u>	<u>500,000</u>
Issued and fully paid:				
At the beginning of the reporting period	<u>2,460,851</u>	<u>2,460,851</u>	<u>24,608</u>	<u>24,608</u>
Shares repurchased and cancelled (Note)	<u>(33,000)</u>	<u>–</u>	<u>(330)</u>	<u>–</u>
At the end of the reporting period	<u>2,427,851</u>	<u>2,460,851</u>	<u>24,278</u>	<u>24,608</u>

Note: During the six months ended 30th June 2024, the Company repurchased and cancelled its own shares on the Stock Exchange as follows:

Month of repurchase	Number of ordinary shares '000	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
January 2024	<u>33,000</u>	<u>0.82</u>	<u>0.79</u>	<u>26,927</u>

For the six months ended 30th June 2024, the Company repurchased 33,000,000 ordinary shares at an aggregate consideration of HK\$26,927,000 and transaction costs of HK\$114,000. 33,000,000 ordinary shares were cancelled on 29th January 2024. The directors considered that the Company's ordinary shares were trading at a discount to the net asset value per share, the repurchase would increase the net asset value per share of the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th June 2024

19. TRADE PAYABLES

The following is an aging analysis of trade payables, based on invoice dates:

	At 30th June 2024 HK\$'000 (Unaudited)	At 31st December 2023 HK\$'000 (Audited)
0 to 30 days	37,234	86,393
31 to 60 days	567	1,431
61 to 90 days	74	–
Over 90 days	53,024	36,904
	<u>90,899</u>	<u>124,728</u>

The average credit period granted by suppliers ranges from 30 to 90 days.

20. BANK AND OTHER BORROWINGS

	At 30th June 2024 HK\$'000 (Unaudited)	At 31st December 2023 HK\$'000 (Audited)
Secured bank borrowings (Note a)	1,548,448	1,667,454
Secured other borrowings (Note b)	95,380	–
Unsecured other borrowing (Note c)	100,000	100,000
	<u>1,743,828</u>	<u>1,767,454</u>
Carrying amounts repayable:		
Within one year	491,680	350,312
More than one year but less than two years	320,000	320,000
More than two years but less than five years	932,148	1,097,142
	<u>1,743,828</u>	<u>1,767,454</u>
Less: amounts due within one year	<u>(491,680)</u>	<u>(350,312)</u>
Amount due after one year	<u>1,252,148</u>	<u>1,417,142</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th June 2024

20. BANK AND OTHER BORROWINGS (Continued)

Notes:

- (a) At 30th June 2024, term loan of HK\$1,466,300,000 (31st December 2023: HK\$1,580,312,000) are secured by the Group's property, completed properties held for sale under stock of properties and restricted cash with aggregate carrying amounts of HK\$2,185,686,000 (31st December 2023: HK\$2,308,160,000), quota capital of China Star Creative Development Limited, personal guarantee provided by Mr. Heung Wah Keung ("Mr. Heung") and Ms. Chen and corporate guarantee provided by the Company together as securities, interest bearing at HIBOR for three or six month period selected by the Group plus margin of 3% (31st December 2023: 3%) per annum and maturing on 12th December 2026. At 30th June 2024, the effective interest rate of the term loan was 8.29% (31st December 2023: 7.84%) per annum.

Term loan at the principal amount of NT\$342,000,000 (equivalent to approximately HK\$82,148,000) (31st December 2023: NT\$342,000,000 (equivalent to approximately HK\$87,142,000)) is secured by the Group's investment property with carrying amounts of HK\$147,267,000 (31st December 2023: HK\$153,950,000), personal guarantee provided by Ms. Chen, interest bearing at floating interest rate of 2-year NT\$ deposit at Chunghwa Post Co., Ltd plus margin 1.43% per annum and maturing on 12th March 2028. At 30th June 2024, the effective interest rate of the term loan was 3.15% (31st December 2023: 3.03%) per annum.

- (b) Property loan of HK\$50,000,000 (31st December 2023: nil) is secured by the Group's property with carrying amount of HK\$43,898,000, interest bearing at 13.5% per annum and maturing on 10th January 2025. The property loan contains a repayable on demand clause.

Construction loan of HK\$45,380,000 (31st December 2023: nil) is secured by lien (31st December 2023: nil) of the Group's properties under development held for sale under stock of properties with carrying amount of HK\$1,542,427,000, interest bearing from 9.5% to 15% per annum and maturing six months after the date of occupation permit of these stock of properties.

- (c) Other loan of HK\$100,000,000 (31st December 2023: HK\$100,000,000) is guaranteed by Mr. Heung, interest bearing at 10% per annum and maturing on 18th December 2024. The other loan contains a repayable on demand clause.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th June 2024

21. PLEDGE OF ASSETS

- (a) At 30th June 2024, the Group provides lien on properties under development held for sale under stock of properties with carrying amount of HK\$1,542,427,000 to secure other borrowing granted to the Group.
- (b) At 30th June 2024, the Group's property with carrying amount of HK\$43,898,000 have been pledged to secure other borrowing granted to the Group.
- (c) At 30th June 2024, the Group's property, completed properties held for sale under stock of properties and restricted cash in aggregate carrying amounts of HK\$2,185,686,000 (31st December 2023: HK\$2,308,160,000), quota capital of China Star Creative Development Limited, personal guarantee provided by Mr. Heung and Ms. Chen and corporate guarantee provided by the Company together as securities, have been pledged to secure the banking facilities granted to the Group.
- (d) At 30th June 2024, the Group's time deposits with carrying amount of HK\$249,000 (31st December 2023: HK\$249,000) are pledged as guarantee to Macau Government for development of stock of properties located in Macau.
- (e) At 30th June 2024, the Group's investment property with carrying amount of HK\$147,267,000 (31st December 2023: HK\$153,950,000) have been pledged to secure banking facilities granted to the Group.

22. COMMITMENTS

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

	At 30th June 2024 HK\$'000 (Unaudited)	At 31st December 2023 HK\$'000 (Audited)
Authorised and contracted, but not provided for:		
– Development expenditure for stock of properties in Macau	798,393	888,773
– Development expenditure for catering operations in Macau	–	8,038
– Film rights, films in progress and film deposits	17,188	17,188
	815,581	913,999

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th June 2024

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Fair value of the Group's financial instruments that are measured at fair value on a recurring basis

Fair value hierarchy	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
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At 30th June 2024 (Unaudited)

Fair value on a recurring basis

Financial assets at FVTPL

Equity securities listed in Hong Kong	10,732	-	-	10,732
Investment in films, at fair value – films under post-production/ distribution stage	-	-	95,732	95,732
	<u>10,732</u>	<u>-</u>	<u>95,732</u>	<u>106,464</u>

At 31st December 2023 (Audited)

Fair value on a recurring basis

Financial assets at FVTPL

Equity securities listed in Hong Kong	21,735	-	-	21,735
Call Option	-	-	-	-
Investment in films, at fair value – films under post-production/ distribution stage	-	-	96,512	96,512
	<u>21,735</u>	<u>-</u>	<u>96,512</u>	<u>118,247</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th June 2024

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(a) Fair value of the Group's financial instruments that are measured at fair value on a recurring basis (Continued)

The Group's policy is to recognise transfers into and out of fair value hierarchy at the end of the date of the events or change in circumstance that caused the transfer.

During the six months ended 30th June 2024, there was no transfer between Level 1 and Level 2.

On 14th February 2024, one of the Group's equity securities listed in Hong Kong classified as financial assets at FVTPL was suspended trading. Therefore, no unadjusted quoted price in active market is available and the Group transferred the suspended trading security from Level 1 to Level 3.

During the year ended 31st December 2023, there were no transfer between Level 1 and Level 2, or transfer into or out of Level 3.

The following table presents the changes in financial assets at FVTPL which are classified as Level 3 category for the six months ended 30th June 2024 and year ended 31st December 2023:

	HK\$'000
Suspended equity securities listed in Hong Kong	
At 1st January 2023, at 31st December 2023 and at 1st January 2024 (Audited)	–
Transfer from Level 1	4,665
Loss arising on change in fair value	(4,665)
	<u>–</u>
At 30th June 2024 (Unaudited)	–
	–
	HK\$'000
Call Option	
At 1st January 2023 (Audited)	2,007
Loss arising on change in fair value	(2,007)
	<u>–</u>
At 31st December 2023 (Audited)	–
	<u>–</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th June 2024

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(a) Fair value of the Group's financial instruments that are measured at fair value on a recurring basis (Continued)

	HK\$'000
Investment in films, at fair value	
At 1st January 2023 (Audited)	104,743
Loss arising on change in fair value	(7,265)
Exchange adjustments	(966)
	<hr/>
At 31st December 2023 and at 1st January 2024 (Audited)	96,512
Exchange adjustments	(780)
	<hr/>
At 30th June 2024 (Unaudited)	95,732
	<hr/> <hr/>

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable input	Relation of significant unobservable inputs to fair value
Call Option	Binomial option pricing model	Underlying asset value	The underlying asset value is positively correlated to the fair value measurement of the Call Option
		Expected volatility	The expected volatility is positively correlated to the fair value measurement of the Call Option
Investment in films under post-production/distribution stage, at fair value	Discounted cash flows approach	Discount rate of 12% (31st December 2023: 12%)	The discount rate is negatively correlated to the fair value measurement of investment in films at fair value

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th June 2024

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(a) Fair value of the Group's financial instruments that are measured at fair value on a recurring basis (Continued)

Information about Level 3 fair value measurements (Continued)

In estimating the fair value of an asset, the management of the Company work closely with Graval to establish the appropriate valuation techniques and inputs to the model. The management of the Company reports the findings to the directors at the end of each reporting period to explain the cause of fluctuations in fair value of the asset.

Information about the valuation techniques and inputs used in determining the above fair value are disclosed above.

Binomial option pricing model is used for valuation for the Call Option. The inputs into the model at 31st December 2023 is as follow:

	At 31st December 2023 (Audited)
Underlying asset value (HK\$'000)	382,350
Exercise price (HK\$'000)	500,000
Expected volatility (%)	25.65
Dividend yield	N/A
Option life (years)	0.01
Risk free rate (%)	4.98

(b) Fair value of the Group's financial instruments that are not measured at fair value on a recurring basis

Except as disclosed below, the management considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the condensed consolidated financial statements approximate their fair value as at 31st December 2023:

	At 31st December 2023	
	Carrying amount	Fair value
	HK\$'000	HK\$'000
	(Audited)	(Audited)
Loan to a director	499,773	499,689

The fair value of loan to a director is classified as Level 3 category in fair value hierarchy which has been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the return required by the holder for investing in similar financial instrument.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th June 2024

24. MATERIAL RELATED PARTY TRANSACTIONS

- (a) During the period under review, the Group entered into the following transactions with its related parties:

	At 30th June 2024 HK\$'000 (Unaudited)	At 31st December 2023 HK\$'000 (Audited)
Balances with substantial shareholder and director of the Company		
Loan to a director (Note 14)	500,000	499,773
Amount due to a director (Note)	30,000	–
	<u>530,000</u>	<u>499,773</u>

Note: The amount due to a director is unsecured, interest bearing at 4.025% per annum and maturing on 11th March 2025.

	Six months ended 30th June 2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Transactions with substantial shareholder and director of the Company		
Loan interest income	12,693	17,472
Interest expenses on amount due to a director	(367)	–
	<u>12,326</u>	<u>17,472</u>

- (b) During the six months ended 30th June 2024, Mr. Heung had provided personal guarantee to a financing company for the Group's other borrowing amounting to HK\$100,000,000 (31st December 2023: HK\$100,000,000). The provision of personal guarantee by Mr. Heung remains in full force and effect.
- (c) During the six months ended 30th June 2024 and 2023, Ms. Chen had provided personal guarantee to a bank for the Group's term loan amounting to NT\$342,000,000 (equivalent to approximately HK\$82,148,000) (31st December 2023: NT\$342,000,000 (equivalent to approximately HK\$87,142,000)). The provision of personal guarantee by Ms. Chen remains in full force and effect.
- (d) During the six months ended 30th June 2024 and 2023, Mr. Heung and Ms. Chen had provided personal guarantee to a bank for the Group's term loan amounting to HK\$1,466,300,000 (31st December 2023: HK\$1,580,312,000). The provision of personal guarantee by Mr. Heung and Ms. Chen remains in full force and effect.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th June 2024

25. MAJOR NON-CASH TRANSACTIONS

- (a) During the six months ended 30th June 2024, the Group transferred a portion of the stock of properties located in Macau at cost of HK\$265,957,000 to “property, plant and equipment” as the Group changed the usage to owner-occupation.
- (b) During the six months ended 30th June 2024, the Group had acquired property, plant and equipment amounting to HK\$21,293,000 which the consideration was paid during the year ended 31st December 2023.
- (c) During the six months ended 30th June 2024, the Group entered into financing arrangement with a finance provider that certain trade payables amounting to HK\$45,380,000 were settled by the finance provider on behalf of the Group.
- (d) During the six months ended 30th June 2024, the Group entered into financing arrangement with a non-controlling shareholder of a subsidiary that certain trade payables amounting to HK\$25,000,000 were settled by the non-controlling shareholder on behalf of the Group.

26. EVENTS AFTER THE REPORTING PERIOD

On 8th July 2024, a resolution approving the Transfer Agreement was duly passed by the independent shareholders by way of poll at the special general meeting. Pursuant to the Transfer Agreement, Modern Vision acquires the rights in relation to the shareholding of Reform Base in Over Profit International Limited (“Over Profit”), a company which is owned as to 50% by Modern Vision, 25% by Reform Base and 25% by an independent third party and is accounted for as a subsidiary of the Company (the “Rights”).

The Rights comprises the following:

- (a) the right of Modern Vision to make recommendations to Reform Base on the management and operations of Over Profit upon which Reform Base shall adhere to such recommendations;
- (b) the right of Modern Vision to make recommendations of such persons as Modern Vision may elect to be directors of Over Profit and upon which Reform Base shall adhere to such appointment; and;
- (c) the right for Modern Vision to receive dividends and other distribution of Over Profit payable or due to Reform Base.

All conditions precedent of the Transfer Agreement has been fulfilled and the consideration has been set-off against outstanding amount of the Loan subsequent to the reporting period.

Other than disclosed above, there is no other significant event took place subsequent to end of the reporting date.

27. APPROVAL AND AUTHORISATION FOR ISSUE OF THE INTERIM FINANCIAL INFORMATION

The Interim Financial Information were approved and authorised for issue by the Board of Directors on 29th August 2024.



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INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of China Star Entertainment Limited (“the Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 3 to 33, which comprise the condensed consolidated statement of financial position of as of 30th June 2024 and the related condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“HKAS 34”), issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34.

Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review of the interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Leung King Kit
Practising Certificate Number: P08264

Hong Kong, 29th August 2024

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30th June 2024, the Group recorded revenue of HK\$193,317,000 from HK\$121,109,000 for the last corresponding period, representing an increase of 60%. The increase mainly related to property development and investment operations that contributed revenue of HK\$179,147,000 (Six months ended 30th June 2023: HK\$87,728,000), an increase of 104%.

Loss for the period amounted to HK\$134,239,000 (Six months ended 30th June 2023: HK\$82,446,000), representing an increase of 63% from the last corresponding period. The increase in loss mainly attributable to substantial increase in marketing, selling and distribution expenses amounted to HK\$49,464,000 (Six months ended 30th June 2023: HK\$12,360,000) as substantial marketing and selling expenses were incurred in property sales and multi-media and entertainment business operations and administrative expenses of HK\$63,697,000 (Six months ended 30th June 2023: HK\$50,304,000) which mainly included increase in employee benefit expenses of HK\$43,620,000 (Six months ended 30th June 2023: HK\$25,736,000).

Loss attributable to owners of the Company for the six months ended 30th June 2024 amounted to HK\$135,480,000, representing an increase of 64% from HK\$82,426,000 for the last corresponding period.

DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30th June 2024 (Six months ended 30th June 2023: nil).

BUSINESS REVIEW

The Group has three reportable segments – (1) film related business operations; (2) property development and investment operations; and (3) multi-media and entertainment business operations.

Of the total revenue for the period, HK\$1,166,000 or 0% was generated from film related business operations, HK\$179,147,000 or 93% was generated from property development and investment operations, and HK\$13,004,000 or 7% was generated from multi-media and entertainment business operations.

Film Related Business Operations

Film related business operations included investment, production, distribution and licensing of films and television drama series and provision of other film related services including artist management services.

In the first half of the year 2024, revenue from film related business operations amounted to HK\$1,166,000 (Six months ended 30th June 2023: HK\$871,000) and its segment loss amounted to HK\$3,243,000 (Six months ended 30th June 2023: HK\$5,216,000). The Group currently has no film or TV drama series in production, as the capital investment and manpower involved in film production is comparatively significant, the Group keeps preservative. Film distribution is the ongoing business for the Group as it owns its film library and has sub-distributed films on behalf of other film owners and this period's revenue was mainly arised from sub-distribution fees and artist management service fees. The Group has passive investment in two films which are expected to release in the second half year of 2024 and 2025 respectively and the Group normally will not intervene the distribution schedule of this kind of investment. Recently, short dramas and internet movies are supported by customers in different platforms. The Group is preparing for the production of these kind of short dramas and internet movies by using its extensive experience in film industry. More productions in these categories is expected to start production in the upcoming few months.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS REVIEW (Continued)

Property Development and Investment Operations

Property development and investment operations included investing and development of properties and building management services of Tiffany House. The Group mainly has two projects in Macau, namely (i) Lot C7 do Plano de Urbanizacao da Baia de Praia Grande, located in the Nam Van Lakes Zone, at Avenida Doutor Stanley Ho, registered with the Macau Land and Real Estate Registry under no. 23070 (the "Property C7"); and (ii) Tiffany House located at Rua De Luis Gonzaga Gomes and Rua De Xiamen, Macau.

The Property C7 is a lot of land with site area of 4,669 square meters which will be developed for residential and parking purpose with the maximum allowed height of the building of 46.7 meters above sea level and maximum utilization rate of 5.58 (parking not included) according to the Urbanistic Conditions Plan issued by Land and Urban Construction Bureau ("DSSCU") on 29th June 2023. The Property C7 will be developed into a thirteen storey building and one basement and will have a gross floor area of (a) residential – 25,832 square meters, (b) commercial – 215 square meters and (c) parking – 3,930 square meters. In year 2023, the Group has entered into an operation entrustment agreement and a main sale agreement with a well-known Macau property developer and entrust it to assist for design, development and construction, sales and finance arrangement of the Property C7. The Group considers that this professional arrangement for the Property C7 can speed up the construction process and assist the later sales. The construction work of the Property C7 commenced on 14th December 2023. It will provide 345 residential units with 16 villas, a commercial unit and 147 carparks and 29 motorcycle parking spaces at the underground level. The Property C7 has completed its foundation and retaining works and obtained its construction permit of the building on 25th June 2024. The occupation permit is expected to obtain in the beginning of year 2026.

Modern Vision (Asia) Limited ("Modern Vision") which is an indirect wholly owned subsidiary of the Company is currently indirectly interested in 50% of the Property C7 through Over Profit International Limited ("Over Profit"). On 20th February 2024, Reform Base Holdings Limited ("Reform Base") which is wholly owned by Ms. Chen Ming Yin, Tiffany ("Ms. Chen") Ms. Chen and Modern Vision entered into an agreement (the "Agreement") pursuant to which Reform Base has agreed to transfer the rights in relation to the shareholding of Reform Base in Over Profit including: (1) the right of Modern Vision to make recommendations to Reform Base on the management and operations of Over Profit; (2) the right of Modern Vision to make recommendation of such persons as Modern Vision may elect to be directors of Over Profit; and (3) the right for Modern Vision to receive dividends and other distribution of Over Profit payable or due to Reform Base, at the consideration of HK\$479,678,000 (the "Acquisition"). The consideration shall be satisfied by setting-off such amount from loan to director in principal amount of HK\$500,000,000 as at 30th June 2024. The difference of HK\$20,322,000 should be pay by Ms. Chen to Modern Vision between 6 and 12 months from date of completion. The transaction constitutes a disclosable transaction and connected transaction of the Company and was approved by the shareholders of the Company on 8th July 2024 and completed on 12th July 2024.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS REVIEW (Continued)

Property Development and Investment Operations (Continued)

Tiffany House is located adjacent to Macao Polytechnic Institute and next to Golden Lotus Square, and is a couple of blocks away from Macau Fisherman's Wharf and Sands Casino. Tiffany House has a gross floor area of (a) residential – 31,192 square meters, including 3,819 square meters for clubhouse, (b) commercial – 3,716 square meters and (c) parking – 11,250 square meters. It provides 230 residential units in two towers, with units ranging from studio flats to four-bedroom apartments as well as special units and 272 carparks and 75 motorcycle parks in three levels. A prestigious clubhouse decided by Mr. William Chang, a famous art director and star designer in Hong Kong which provides a wide range of facilities including swimming pool, gym room, well equipped kitchen, yoga and dance room, etc. Tiffany House has obtained its occupational permit in December 2019. The sales of the residential units of Tiffany House started in October 2022 and its first sales completed in January 2023. Sales started at Tower 1 of Tiffany House with 115 residential units and gross floor area of approximately 161,000 square feet. Tower 2 which facing Golden Lotus Square and Guia Hill with 115 residential units and gross floor area of approximately 175,000 square feet are expected to have higher unit price will start sales later. During the period, sales of 26 residential units with gross floor area of approximately 23,000 square feet in Tower 1 and 7 carparks and 3 motorcycle parks were completed. Up to 30th June 2024, total of 67 residential units with gross floor area of approximately 123,000 square feet in Tower 1 have not yet completed sales, of which approximately 45 residential units with gross floor area of approximately 70,000 square feet have signed the provisional sales agreements. The Group recognized that excellent building management services can increase the value of the properties and therefore the Group has provided building management services teams to the tenants of Tiffany House.

In the first half of the year 2024, revenue from property development and investment operations amounted to HK\$179,147,000 (Six months ended 30th June 2023: HK\$87,728,000), an increase of 104% and its segment loss amounted to HK\$65,113,000 (Six months ended 30th June 2023: HK\$70,219,000). All revenue in this period came from sales in Tiffany House. The segment loss was mainly included finance costs for the bank loan of Tiffany House (the "Term Loan") amounted to HK\$64,465,000 (Six months ended 30th June 2023: HK\$74,939,000). The finance costs continued the burden for the performance of the property development and investment operations. Accordingly, the Group has continued to speed up the process of property sales. During the period, the Macau government has announced substantial changes to Macau's real estate policy. The standardization of the maximum mortgage limit across all residences at 70% in January 2024 and the relief of imposition of punitive taxes in April 2024 have aid property owners looking to upgrade or alter their living conditions for larger units. In turn, these measures have benefit the sales of Tiffany House as it has comparatively more larger units.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS REVIEW (Continued)

Multi-media and Entertainment Business Operations

The Group has established a wholly-owned subsidiary, 杭州英明向太多媒體有限公司 (“YMXT”) in China which principal activities are multi-media and entertainment business operations which included development, promotion and operation of livestreaming e-commerce in multi-channel network e-commerce platform. Ms. Chen is an internet celebrity and she has an account in Douyin which attracted over ten millions of followers.

The Group intends to develop YMXT into a multi-channel network company which business will involve livestreaming e-commerce in internet platform and wholesales, trading, import and export of products. In the first stage, we will act as the mediator in the internet platform and keep a margin of commission each & every sale that is being done through our livestreaming channels. In addition, the suppliers will give annual or commitment advertising fees for YMXT to promote their products in our livestreaming channel or accounts or online shops managed by us. Besides, we can sale short video in livestreaming for these products. In the second stage, we will cooperate with other suppliers or factories to develop and sell our own products. We have established team of talented livestreamers and set up various livestreaming channels in Douyin including our main Douyin account 向太陳嵐, 向太奢品, 向太心動珠寶, 向太美麗人生 and 向太生活空間 to enhance our customer base. In July 2024, we have launched our first brand name 向樣 and first dessert product, Red Beans Paste. More of our private label products will come in the upcoming months in year 2024. We also launched our livestreaming channel on Taobao (淘寶) and Mini program (微信小程序) in order to increase our sales channels.

In the first half of the year 2024, revenue from multi-media and entertainment business operations amounted to HK\$13,004,000 (Six months ended 30th June 2023: HK\$32,510,000) and its segment loss amounted to HK\$25,165,000 as compared to segment profit amounted to HK\$5,886,000 for the six months ended 30th June 2023. The loss mainly included marketing and operation expenses. As more and more new joiners enter the livestreaming e-commerce industry, competition becomes increasingly fierce. The results of the Group is unavoidable influence. Our products must be unique and superior to other competitors, so we must develop our private label products other than the common commercial products in the market. The Group has built a more comprehensive organization structure to support the rapid growth of this business and to lay a solid foundation for the future development of it and thus marketing and advertising expenses are spent to increase the publicity of our sales channels and the number of our followers. We are ready for more private label products in the coming few months.

Other Business Operations

For the commercial mall in Tiffany House, the Group intends to develop it into shopping mall which can provide restaurants, shops and entertainment to the residents in Tiffany House and the nearby residents. In April 2024, the Group has cooperated with a well-known local private kitchen to start operations for a private kitchen restaurant, a café and a wine shop. Besides, the Group has opened a convenient store and a livestreaming channel 向太生活空間 in the mall which will provide famous souvenirs in Hong Kong and Macau and expects to enhance our customer base. As all these business operations are in still in its very starting, we will not classify them into new and reportable business segments in this period.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS REVIEW (Continued)

Geographical Segments

For the geographical segments, revenue of HK\$451,000 or 0% was sourced from Hong Kong, revenue of HK\$179,147,000 or 93% was sourced from Macau, revenue of HK\$13,719,000 or 7% was sourced from China during the period. Revenue from Macau mainly represented property sales of Tiffany House in Macau and revenue from China mainly represented commission income from multi-media and entertainment business operations.

Administrative Expenses

For the six months ended 30th June 2024, administrative expenses amounted to HK\$63,697,000 (Six months ended 30th June 2023: HK\$50,304,000), representing increase of 27%. The increase mainly included administrative expenses incurred in our multi-media and entertainment business operations, catering operations and the operation of retail sales.

Marketing, Selling and Distribution Expenses

For the six months ended 30th June 2024, marketing, selling and distribution expenses amounted to HK\$49,464,000 (Six months ended 30th June 2023: HK\$12,360,000), representing increase of 300%. The increase was mainly due to marketing and selling expenses of Tiffany House which included engagement of consultancy parties, agency commission, advertisement in TV, newspapers and billboards and printing costs in promotional materials and marketing expenses incurred in multi-media and entertainment business operations which normally incurred significant advertising expenses in maintaining the publicity of the livestreaming channels such as the Douyin accounts and the number of followers.

Finance Costs

For the six months ended 30th June 2024, finance costs amounted to HK\$75,071,000 (Six months ended 30th June 2023: HK\$76,310,000) were charged to the condensed consolidated income statement which mainly included interests financing construction costs of Tiffany House amounted to HK\$64,465,000 (Six months ended 30th June 2023: HK\$74,939,000). Interests amounted to HK\$3,093,000 (Six months ended 30th June 2023: nil) financing construction costs of the Property C7 were capitalised to stock of properties.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30th June 2024, the Group had total assets of HK\$5,080,727,000 (31st December 2023: HK\$5,184,596,000) and a net current assets of HK\$3,247,485,000 (31st December 2023: HK\$3,833,363,000), representing a current ratio of 3.5 (31st December 2023: 4.5). The Group had cash and bank balances, time deposits and restricted cash in aggregate amount of HK\$96,474,000 (31st December 2023: HK\$130,581,000).

As at 30th June 2024, the Group had total borrowing of HK\$1,828,762,000 (31st December 2023: HK\$1,803,257,000) which comprised the Term Loan of HK\$1,466,300,000 (31st December 2023: HK\$1,580,312,000), a secured bank term loan (the "Secured Loan") of HK\$82,148,000 (31st December 2023: HK\$87,142,000), an unsecured loan (the "Other Loan") of HK\$100,000,000 (31st December 2023: HK\$100,000,000), a secured property loan (the "Property Loan") of HK\$50,000,000 (31st December 2023: nil), a secured construction loan (the "Construction Loan") of HK\$45,380,000 (31st December 2023: nil), an unsecured director's loan (the "Director Loan") of HK\$30,000,000 (31st December 2023: nil), amount due to a minority shareholder of a subsidiary ("Shareholder Loan") of HK\$25,000,000 (31st December 2023: nil) and lease liabilities of HK\$29,934,000 (31st December 2023: HK\$35,803,000). The purpose of the Term Loan is to finance the construction costs and any other soft costs in relation to Tiffany House and secured by first legal mortgage over properties of Tiffany House with carrying amount as property, stock of properties and restricted cash in aggregate amount of HK\$2,185,686,000 (31st December 2023: HK\$2,308,160,000), interest bearing at Hong Kong Interbank Offered Rate ("HIBOR") for three or six month period selected by the borrower plus margin of 3% per annum (reduced to 2.85% with effect from 17th June 2024) for each interest period and its repayment schedules are as follows:

Instalments	Repayment Date (counting from 13th December 2022)	Minimum Repayment Amount (HK\$)
1	12 months	50,000,000
2	18 months	160,000,000
3	24 months	160,000,000
4	30 months	160,000,000
5	36 months	160,000,000
6	42 months	160,000,000
7	48 months (final maturity)	850,000,000

There is a clause in the Term Loan that mandatory prepayment in an amount of 90% of the net sales proceeds from Tiffany House (net deduction of direct expenses to be accepted by the lender) or dispositions of any properties or assets of Tiffany House unless otherwise approved by the lender. The remaining sales proceeds from Tiffany House after the repayment shall be deposited into a charge account, and can only be used for the payment of interest of the Term Loan. Up to 30th June 2024, the Group had repaid HK\$233,700,000 (included HK\$114,012,000 in the period) which has fulfilled the minimum repayment requirement in the first 18 months. That means the Group has to repay HK\$296,300,000 within the next 12 months.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE (Continued)

The Secured Loan is in original currency of NT\$342,000,000, secured by investment property in carrying amount of HK\$147,267,000, interest bearing at floating rate of 2-year New Taiwan Dollar deposit at Chungwa Post Co., Ltd plus margin 1.43% per annum (i.e. 3.15% as at 30th June 2024) which will mature on 12th March 2028.

Other Loan is secured by personal guarantee provided by Mr. Heung Wah Keung, being chairman and controlling shareholder of the Company, interest bearing at 10% per annum and will mature on 18th December 2024.

The Property Loan is secured by the Group's property in carrying amount of HK\$43,898,000, interest bearing at 13.5% per annum which is drawn on 10th January 2024 and will mature on 10th January 2025.

The purpose of the Construction Loan and the Shareholder Loan is to finance the construction costs of the Property C7. The Construction Loan is secured by lien of the Property C7, interest bearing from 9.5% to 15% per annum and is drawn on 1st April 2024 and will mature six months after the date of occupation permit of the Property C7. The Shareholder Loan is unsecured, interest bearing at 12% per annum and repayable on demand.

The Director Loan is unsecured, interest bearing at 4.025% per annum which is drawn on 13th March 2024 and will mature on 11th March 2025.

As at 30 June 2024, the Group had banking and other facilities amounting to HK\$1,786,116,000 and HK\$240,760,000 which were fully utilised and utilised to the extent of HK\$150,380,000 respectively. The Group's gearing was acceptable during the period with total debts of HK\$1,828,762,000 (31st December 2023: HK\$1,803,257,000) against owners' equity of HK\$2,499,314,000 (31st December 2023: HK\$2,661,142,000). This represents a gearing ratio, calculated in the basis of the Group's total borrowings over owners' equity of 73% (31st December 2023: 68%).

As at the date of approving these interim results and as at 30th June 2024, the fair value of the Group's equity securities listed in Hong Kong held at 30th June 2024 was approximately HK\$10,633,000 and HK\$10,732,000 respectively. During the six months ended 30th June 2024, the Group did not acquire or disposed any equity securities listed in Hong Kong. The loss arising on change in fair value of financial assets at fair value through profit and loss of HK\$11,003,000 was resulted from change in fair values of equity securities listed in Hong Kong between the six months ended 31st December 2023 and 30th June 2024 and included a suspended trading listed security with carrying amount of HK\$4,665,000 as at 31st December 2023. As at 30th June 2024, no single equity security's fair value held by the Group accounted for 5% or more of the total assets of the Group.

During the period, 28,000,000 awards granted to Ms. Chen Ming Yin, Tiffany, the substantial shareholder and executive director of the Company was lapsed and no awards were granted, vested, expired or cancelled. As at 30th June 2024, there were 136,000,000 awards outstanding which are subject to certain vesting conditions.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE (Continued)

During the period, no share options of the Company were outstanding, granted, exercised, lapsed, expired or cancelled.

CHARGES OF ASSETS

As at 30th June 2024, property, stock of properties and certain bank accounts in aggregate carrying amount of HK\$2,185,686,000 and quota capital of China Star Creative Development Limited, a wholly owned subsidiary of the Company which is engaged in the business of property development and investment has been pledged for banking facilities of HK\$1,700,000,000 granted to the Group; time deposit in amount of HK\$249,000 has been pledged as guarantee to Macau government for deposits in the development of stock of properties in Macau; investment property in carrying amount of HK\$147,267,000 has been pledged for Secured Loan facility of NT\$342,000,000 (equivalent to HK\$82,148,000) and the Group's property in carrying amount of HK\$43,898,000 have been pledged for the Property Loan facility of HK\$50,000,000 and the Construction Loan facility of HK\$135,760,000 has secured by lien of the Property C7.

EXCHANGE RISK AND HEDGING

The majority of the Group's transactions, assets and liabilities are denominated in Hong Kong Dollar, Macau Pataca, United States Dollar, New Taiwan Dollar and Renminbi. The exposure to fluctuation in exchange rates in Renminbi mainly arises from its new business, multi-media and entertainment business operations in China and receipts and expenditure incurred in film investment, production and distribution. The Group has closely monitors its exposure to this fluctuation and consider appropriate hedging activities if necessary. The exposure to fluctuation in other currencies is considered to be minimal and no hedge activity is considered necessary.

COMMITMENTS

As at 30th June 2024, outstanding commitments by the Group amounted to HK\$815,581,000, of which HK\$798,393,000 as development expenditure for stock of properties in Macau and HK\$17,188,000 for film rights, films in progress and film deposits.

CONTINGENT LIABILITIES

As at 30th June 2024, the Group had no material contingent liability.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

There were no significant investments, material acquisitions or disposals during the period.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

EMPLOYEES AND REMUNERATION POLICY

As at 30th June 2024, the Group employed 291 staff (30th June 2023: 126 staff) with employee benefit expenses (included directors' remuneration) of HK\$43,620,000 (Six months ended 30th June 2023: HK\$25,736,000), of which HK\$29,083,000 (Six months ended 30th June 2023: HK\$22,998,000) classified as administrative expenses and HK\$14,537,000 (Six months ended 30th June 2023: HK\$2,738,000) classified as marketing, selling and distribution expenses, an overall increase of 69%. The increase mainly included increase in headcount who are responsible for multi-media and entertainment business operations in China and catering and retail operations in Macau. The directors believe that the quality of its employees is the single most important factor in sustaining the Group's reputation and improving its profitability. The staff are remunerated based on their work performance, professional experience and prevailing industry practices. Apart from basic salaries, pension fund, housing allowances, meal allowances, medical schemes and discretionary bonuses, share options and share awards are awarded to certain staff according to the assessment of individual performance.

EVENT AFTER THE REPORTING DATE

Subsequent to end of the reporting date, the Acquisition was approved by the shareholders of the Company on 8th July 2024 and completed on 12th July 2024.

There is no other significant event took place subsequent to end of the reporting date.

PROSPECT

Looking ahead, the global economy is expected to remain highly uncertain. A number of macroeconomic factors that may affect our business operations, mainly included heightened geopolitical tensions and high interest-rate environment. As the referential indicator prime rate in Macau remains at its peak of 6.125% since the previous interest rate escalation in July 2023, the anticipation that the United States may consider cutting interest rates in the final quarter of 2024 will help the unit price and provide favourable conditions for Macau properties. Therefore, despite short-term market volatilities, the Group remains confident in the long term prospects of Macau's property market. As Tower 1 of Tiffany House is approaching sold out, the Group will start sales of Tower 2 in the coming months. With the sales experience in Tower 1 and the better view in Tower 2, the Group has confident for the sales of Tower 2. For the Property C7, it is expected to obtain its presale permit recently, the Group can then start presales within this year. During the period under review, the Group has successfully diversified its business operations into restaurants and convenience store in the mall of Tiffany House. The Group believes that these residential facilities can benefit the sales of Tiffany House and can also help to contribute profits and cashflow to the Group.

For the multi-media and entertainment business operations, our strategic positioning is clear and concise. Products in our e-commerce platform have the image of premium, trustworthy, authentic and high quality and thus we will sourced those high quality products in order to satisfy the needs of our target customers. The Group will continue to expand its reach for a wider consumer base and to enhance its supply chain and private label product portfolio. Going forward, the Group will continue to source and development our private label products in order to increase our profit margin. The Group also plans to start investment in short dramas and internet movies by using our extensive experience in the film industry.

OTHER INFORMATION

CHANGES IN INFORMATION OF DIRECTOR

The changes in information of director as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2023 Annual Report of the Company are set out below:

Mr. Tai Kwok Leung, Alexander, an independent non-executive director of the Company, was appointed as an independent non-executive director of BExcellent Group Holdings Limited (stock code: 1775) with effect from 1st July 2024.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30th June 2024, the interests of the directors and their associates in the shares and the underlying shares of the Company and its associated corporations, as recorded in the register ("Register of Interests") maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Interests in ordinary shares of the Company

Name of director	Capacity	Number of Shares held	Approximate percentage of Interests held
Mr. Heung Wah Keung	Interest of controlled corporation	1,640,375,595*	67.56%
Ms. Chen Ming Yin, Tiffany	Interest of controlled corporation	1,640,375,595*	67.56%

All interests stated above represent long positions.

* These shares are held by Heung Wah Keung Family Endowment Limited ("HWKFE") which is beneficially owned as to 50% by Mr. Heung Wah Keung and as to 50% by Ms. Chen Ming Yin, Tiffany.

Other than as disclosed above, as at 30th June 2024, none of the directors or chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the Register of Interests or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company or the spouse or children under 18 years of age of such director, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

OTHER INFORMATION (Continued)

SUBSTANTIAL SHAREHOLDERS

As at 30th June 2024, the register of substantial shareholders maintained by the Company under Section 336 of the SFO showed that, other than the interests disclosed above in respect of certain directors, the following shareholders had an interest of 5% or more in the issued share capital of the Company:

Name of shareholder	Capacity	Number of shares or underlying shares held	Approximate percentage of interests held
HWKFE	Beneficial owner	1,640,375,595	67.56%

All interests stated above represent long positions.

Other than as disclosed above, the Company had not been notified of any other interests or short positions representing 5% or more of the Company's issued share capital as at 30th June 2024.

SHARE SCHEMES

Share Option Scheme

Pursuant to an ordinary resolution passed at an annual general meeting of the Company held on 29th June 2022, the Company adopted a new share option scheme (the "Share Option Scheme") to replace the share option scheme adopted on 28th June 2012. The Company amended the Share Option Scheme (the "Amended Share Option Scheme") by ordinary resolution of the shareholders of the Company in the annual general meeting held on 29th June 2023. The principal terms of the Amended Share Option Scheme were disclosed in the Company's 2023 annual report.

Apart from the Amended Share Option Scheme, the Company has no other share option scheme in place as at 30th June 2024.

During the six months ended 30th June 2024, no share options were granted, exercised, expired, lapsed or cancelled, and there were no outstanding share options under the Amended Share Option Scheme at 1st January 2024 and at 30th June 2024.

Share Award Scheme

The Company adopted the share award scheme (the "Share Award Scheme") by ordinary resolution of the shareholders of the Company in the annual general meeting held on 29th June 2023. The purposes and objectives of the Share Award Scheme are to recognise the contributions by certain eligible participants, provide them with incentives in order to retain them for the continual operation and development of the Group, and attract suitable personnel for further development of the Group. The principal terms of the Share Award Scheme were disclosed in the Company's 2023 annual report.

OTHER INFORMATION (Continued)**SHARE SCHEMES (Continued)****Share Award Scheme (Continued)**

The following are movements of the awards granted pursuant to the Share Award Scheme during the six months ended 30th June 2024:

Name of grantee	Date of grant of awards	Number of awards at 1st January 2024	Number of awards granted during the period	Number of awards vested during the period	Number of awards forfeited/ cancelled/ lapsed during the period	Number of awards at 30th June 2024	Vesting conditions
Executive Director							
Ms. Chen Ming Yin, Tiffany	12th July 2023	164,000,000	-	-	28,000,000	136,000,000	Vesting conditions as disclosed in note 42 (pages 239 to 242) in the Company's 2023 annual report
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	
Total		<u>164,000,000</u>	<u>-</u>	<u>-</u>	<u>28,000,000</u>	<u>136,000,000</u>	

Notes: -

- No vesting period and exercise period are applicable for the grant on 12th July 2023 (the "Grant").
- No amount is payable as exercise price for the Grant.
- Closing price of the shares of the Company immediately before the date on which the awards were granted is HK\$0.81 per share.

According to the scheme mandate limit (the "Scheme Mandate Limit") approved by the shareholders of the Company at the annual general meeting held on 29th June 2023, the Scheme Mandate Limit was refreshed and the Company is authorised to allot and issue up to 246,085,047 Shares for the purpose of the Share Award Scheme, the Amended Share Option Scheme and any other share scheme(s) of the Company. Since the refreshment of the Scheme Mandate Limit, a total of 164,000,000 awards had been awarded under the Share Award Scheme, representing approximately 6.67% of the number of the Company's shares in issue on the refreshment date.

The number of options and awards available for grant according to the Scheme Mandate Limit under the Share Award Scheme, the Amended Share Option Scheme and any other share scheme(s) of the Company is 82,085,047 as at 1st January 2024 and 30th June 2024.

For the six months ended 30th June 2024, the number of shares that may be issued in respect of Share Award Scheme, the Amended Share Option Scheme and any other share scheme(s) of the Company is 136,000,000 shares, representing approximately 5.59% of the weighted average number of issued shares of the Company.

The total number of shares available for issue under the Share Award Scheme, the Amended Share Option Scheme and any other share scheme(s) of the Company is 218,085,047 shares, representing approximately 8.98% of the total issued shares of the Company as at the date of this interim report.

OTHER INFORMATION (Continued)

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain a high standard of corporate governance practices. The Company has applied the principles and complied with all the applicable code provisions laid down in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules during the period from 1st January 2024 to 30th June 2024.

ADOPTION OF THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") as set out in Appendix C3 to the Listing Rules for securities transactions by directors of the Company. All directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the six months ended 30th June 2024. The Model Code also applies to other specified senior management of the Group.

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

During the six months ended 30th June 2024, the Company repurchased its own ordinary shares on the Stock Exchange as follows:

Month of repurchase	Number of ordinary shares	Price per share		Aggregate consideration paid HK\$
		Highest HK\$	Lowest HK\$	
January 2024	33,000,000	0.82	0.79	26,927,000

For the six months ended 30th June 2024, the Company repurchased 33,000,000 ordinary shares at an aggregate consideration of HK\$26,927,000. 33,000,000 ordinary shares were cancelled on 29th January 2024.

The directors considered that the Company's ordinary shares were trading at a discount to the net asset value per share, the repurchase would increase the net asset value per share of the Company.

Other than as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th June 2024.

AUDIT COMMITTEE

The audit committee of the Company comprises Messrs. Ho Wai Chi, Paul, Hung Cho Sing and Tai Kwok Leung, Alexander, all being independent non-executive directors. Mr. Ho Wai Chi, Paul is the chairman of the audit committee.

The audit committee of the Company has met and discussed with the Company's independent auditors, and has reviewed the accounting principles and practices adopted by the Group and the unaudited condensed consolidated financial statements of the Group for the six months ended 30th June 2024 and is of the view that such statements have been prepared in compliance with the applicable accounting standards, the Listing Rules and other applicable legal requirements and that adequate disclosure has been made.

OTHER INFORMATION (Continued)

BOARD OF DIRECTORS

As at the date of this report, the executive directors of the Company are Mr. Heung Wah Keung, Ms. Chen Ming Yin, Tiffany and Ms. Li Yuk Sheung; the independent non-executive directors of the Company are Mr. Hung Cho Sing, Mr. Ho Wai Chi, Paul and Mr. Tai Kwok Leung, Alexander.

By Order of the Board
Heung Wah Keung
Chairman

Hong Kong, 29th August 2024
