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eSun Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 571)

Announcement of Final Results for the Year Ended 31 July 2024

RESULTS

The board of directors (“**Board**” and “**Directors**”, respectively) of eSun Holdings Limited (“**Company**”) announces the consolidated results of the Company and its subsidiaries (“**Group**”) for the year ended 31 July 2024 together with the comparative figures for the previous financial year as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 July 2024

	Notes	2024 HK\$'000	2023 HK\$'000
TURNOVER	4	1,167,538	1,013,860
Cost of sales		<u>(716,414)</u>	<u>(537,355)</u>
Gross profit		451,124	476,505
Other revenue		42,171	47,445
Selling and marketing expenses		(52,237)	(28,866)
Administrative expenses		(234,045)	(268,004)
Other operating gains		73,957	57,126
Other operating expenses		<u>(715,757)</u>	<u>(444,614)</u>
LOSS FROM OPERATING ACTIVITIES		(434,787)	(160,408)
Finance costs	5	(45,035)	(49,480)
Share of profits and losses of joint ventures		<u>(44,526)</u>	<u>(11,799)</u>
LOSS BEFORE TAX	6	(524,348)	(221,687)
Tax	7	<u>(1,381)</u>	<u>(1,258)</u>
LOSS FOR THE YEAR		<u><u>(525,729)</u></u>	<u><u>(222,945)</u></u>
Attributable to:			
Owners of the Company		(510,882)	(198,763)
Non-controlling interests		<u>(14,847)</u>	<u>(24,182)</u>
		<u><u>(525,729)</u></u>	<u><u>(222,945)</u></u>
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	8		
Basic and diluted		<u><u>(HK\$0.291)</u></u>	<u><u>(HK\$0.126)</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 July 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
LOSS FOR THE YEAR	<u>(525,729)</u>	<u>(222,945)</u>
OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX		
<i>Items that may be subsequently reclassified to the income statement:</i>		
Exchange realignment on translation of foreign operations	(293)	2,311
Share of other comprehensive loss of joint ventures	(32)	(239)
Release of exchange reserve upon dissolution and deregistration of subsidiaries	<u>(5,090)</u>	<u>(844)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	<u>(5,415)</u>	<u>1,228</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u><u>(531,144)</u></u>	<u><u>(221,717)</u></u>
Attributable to:		
Owners of the Company	(516,639)	(197,479)
Non-controlling interests	<u>(14,505)</u>	<u>(24,238)</u>
	<u><u>(531,144)</u></u>	<u><u>(221,717)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 July 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		107,323	168,262
Right-of-use assets		280,157	614,189
Film rights		22,092	24,366
Film and TV program products		61,431	61,059
Music catalogs		—	—
Investments in joint ventures		56,189	39,943
Financial assets at fair value through profit or loss		96,048	64,897
Deposits, prepayments, other receivables and other assets		123,425	158,800
Deferred tax assets		246	79
Total non-current assets		746,911	1,131,595
CURRENT ASSETS			
Films and TV programs under production and film investments		277,468	306,142
Inventories		7,720	27,677
Debtors	9	191,195	135,706
Financial assets at fair value through profit or loss		40,215	92,073
Deposits, prepayments, other receivables and other assets		218,522	156,705
Prepaid tax		—	24
Derivative financial instruments		—	748
Pledged time deposits		—	9,307
Cash and cash equivalents		354,272	651,012
Total current assets		1,089,392	1,379,394
CURRENT LIABILITIES			
Creditors and accruals	10	565,746	520,782
Deposits received and contract liabilities	11	149,651	177,112
Lease liabilities		197,717	168,050
Tax payable		9,781	14,388
Total current liabilities		922,895	880,332
NET CURRENT ASSETS		166,497	499,062
TOTAL ASSETS LESS CURRENT LIABILITIES		913,408	1,630,657

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

31 July 2024

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Creditors and accruals	10	8,877	8,318
Lease liabilities		616,742	811,274
Other borrowings		239,695	233,053
Deferred tax liabilities		16	45
		<hr/>	<hr/>
Total non-current liabilities		865,330	1,052,690
		<hr/>	<hr/>
Net assets		48,078	577,967
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Issued capital		877,938	877,938
Reserves		(759,465)	(242,826)
		<hr/>	<hr/>
Non-controlling interests		118,473	635,112
		(70,395)	(57,145)
		<hr/>	<hr/>
Total equity		48,078	577,967
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 July 2024

1. BASIS OF PREPARATION

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (“2020 Amendments”)</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (“2022 Amendments”)</i>

The Group has early applied the 2020 Amendments and the 2022 Amendments in the current year’s financial statements. The adoption of the above new and revised standards has had no significant financial effect on these financial statements.

3. OPERATING SEGMENT INFORMATION

Segment revenue/results:

	Media and entertainment		Film and TV program		Cinema operation		Corporate and others		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:										
Sales to external customers	387,082	372,458	340,950	113,116	439,506	525,066	—	3,220	1,167,538	1,013,860
Intersegment sales	—	—	14,697	19,286	4,209	5,543	1,961	1,882	20,867	26,711
Other revenue	10,841	7,572	1,476	2,612	19,574	19,273	4,021	3,091	35,912	32,548
Total	<u>397,923</u>	<u>380,030</u>	<u>357,123</u>	<u>135,014</u>	<u>463,289</u>	<u>549,882</u>	<u>5,982</u>	<u>8,193</u>	<u>1,224,317</u>	<u>1,073,119</u>
Elimination of intersegment sales									(20,867)	(26,711)
Total revenue									<u>1,203,450</u>	<u>1,046,408</u>
Segment results	<u>35,075</u>	<u>13,288</u>	<u>(21,918)</u>	<u>(48,615)</u>	<u>(351,491)</u>	<u>(25,948)</u>	<u>(73,600)</u>	<u>(99,229)</u>	<u>(411,934)</u>	<u>(160,504)</u>
Unallocated interest income									6,259	14,897
Impairment of goodwill	—	(10,000)	—	—	—	—	—	—	—	(10,000)
Fair value losses on financial assets at fair value through profit or loss									(29,112)	(4,801)
Loss from operating activities									(434,787)	(160,408)
Finance costs									(45,035)	(49,480)
Share of profits and losses of joint ventures	229	(744)	(69)	(55)	(44,686)	(11,000)	—	—	(44,526)	(11,799)
Loss before tax									(524,348)	(221,687)
Tax									(1,381)	(1,258)
Loss for the year									<u>(525,729)</u>	<u>(222,945)</u>

3. OPERATING SEGMENT INFORMATION *(continued)*

Segment assets/liabilities:

	Media and entertainment		Film and TV program		Cinema operation		Corporate and others		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment assets	217,033	238,221	755,494	773,501	579,990	1,056,906	91,088	244,597	1,643,605	2,313,225
Investments in joint ventures	22,458	8,957	37	106	26,862	25,999	6,832	4,881	56,189	39,943
Unallocated assets									136,509	157,821
Total assets									<u>1,836,303</u>	<u>2,510,989</u>
Segment liabilities	121,024	140,958	442,967	432,768	907,453	1,059,787	67,289	52,023	1,538,733	1,685,536
Unallocated liabilities									249,492	247,486
Total liabilities									<u>1,788,225</u>	<u>1,933,022</u>

3. OPERATING SEGMENT INFORMATION *(continued)*

Other segment information:

	Media and entertainment		Film and TV program		Cinema operation		Corporate and others		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	323	834	6	163	45,413	45,083	244	321	45,986	46,401
Depreciation of right-of-use assets	698	131	978	1,351	113,584	121,388	4,385	6,890	119,645	129,760
Impairment of property, plant and equipment	318	211	48	610	87,179	—	386	578	87,931	1,399
Reversal of impairment of property, plant and equipment	—	—	—	—	—	(3,006)	—	—	—	(3,006)
Impairment of right-of-use assets	1,352	633	2,700	883	190,673	—	5,826	6,773	200,551	8,289
Reversal of impairment of right-of-use assets	—	—	—	—	—	(7,687)	—	—	—	(7,687)
Impairment of films and TV programs under production	—	—	9,956	2,472	—	—	—	—	9,956	2,472
Amortisation of film rights	—	—	2,274	3,747	—	—	—	—	2,274	3,747
Amortisation of film and TV program products	—	—	68,522	35,641	—	—	—	—	68,522	35,641
Write-back of impairment of film rights	—	—	—	(8,951)	—	—	—	—	—	(8,951)
Impairment of advances and other receivables	10,284	4,671	5,621	—	—	—	—	—	15,905	4,671
Write-back of impairment of advances and other receivables	(4,040)	(1,353)	—	(57)	—	—	—	—	(4,040)	(1,410)
Impairment of amounts due from joint ventures	793	1,175	—	1,032	—	—	—	2,928	793	5,135
Write-back of impairment of amounts due from joint ventures	(15,259)	—	—	—	—	—	—	—	(15,259)	—
Gain on modification of leases	—	—	—	—	(28,959)	—	—	(161)	(28,959)	(161)
Gain on termination of leases	—	—	—	(537)	(8,606)	(25,006)	(3,550)	(685)	(12,156)	(26,228)
Impairment of inventories	13,769	1,075	—	1,199	—	—	—	2	13,769	2,276
Additions of property, plant and equipment	449	244	58	193	74,840	3,599	90	1,077	75,437	5,113
Additions of films and TV programs under production and film investments	—	—	234,557	70,446	—	—	—	—	234,557	70,446
Additions of right-of-use assets	—	195	—	—	—	87,925	318	842	318	88,962

3. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information:

	Hong Kong		Chinese Mainland and Macau		Others		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue:								
Sales to external customers	769,348	865,188	343,743	84,430	54,447	64,242	1,167,538	1,013,860
Assets:								
Segment assets:								
— non-current assets	634,164	1,056,552	16,453	9,867	—	200	650,617	1,066,619
— current assets	752,162	1,009,813	288,976	261,334	8,039	15,402	1,049,177	1,286,549
Unallocated assets							136,509	157,821
Total assets							1,836,303	2,510,989

Information about major customers:

Revenue from one (2023: Nil) customer which accounted for revenue exceeding 10% of the Group's total revenue amounted to approximately HK\$179,032,000 (2023: Nil) for the year ended 31 July 2024.

4. TURNOVER

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Turnover from contracts with customers		
Entertainment event income	255,119	208,410
Distribution commission income, licence income from and sales of film and TV program products and film rights	334,023	105,163
Album sales, licence income and distribution commission income from music publishing and licensing	59,346	53,011
Box-office takings, concessionary income and related income from cinemas	439,506	525,066
Artiste management fee income	17,024	12,780
Advertising income	6,927	7,953
Sale of game products	55,593	98,257
Sale of merchandising products	—	3,220
	<u>1,167,538</u>	<u>1,013,860</u>
Timing of revenue recognition		
At a point in time	1,142,672	987,499
Over time	24,866	26,361
	<u>1,167,538</u>	<u>1,013,860</u>
Total turnover from contracts with customers	<u>1,167,538</u>	<u>1,013,860</u>

5. FINANCE COSTS

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on:		
Lease liabilities	36,955	37,052
Bank loans	—	4,682
Other borrowings	6,642	6,189
Amortisation of transaction fee for bank loans	—	44
Other finance costs	1,438	1,513
	<u>45,035</u>	<u>49,480</u>
Total finance costs	<u>45,035</u>	<u>49,480</u>

6. LOSS BEFORE TAX

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

	2024	2023
	HK\$'000	HK\$'000
Cost of film rights, licence rights and film and TV program products	257,461	75,048
Cost of artiste management services and services for entertainment events provided	230,139	176,873
Cost of theatrical releasing and concessionary sales	161,028	190,842
Cost of inventories sold	67,786	94,592
	<hr/>	<hr/>
Total cost of sales	716,414	537,355
	<hr/>	<hr/>
Depreciation of property, plant and equipment [^]	45,986	46,401
Depreciation of right-of-use assets [^]	119,645	129,760
Amortisation of film rights [#]	2,274	3,747
Amortisation of film and TV program products [#]	68,522	35,641
Impairment of films and TV programs under production [#]	9,956	2,472
Impairment of goodwill [*]	—	10,000
Impairment of property, plant and equipment [*]	87,931	1,399
Reversal of impairment of property, plant and equipment [@]	—	(3,006)
Write-off of items of property, plant and equipment [*]	2,422	32
Impairment of right-of-use assets [*]	200,551	8,289
Reversal of impairment of right-of-use assets [@]	—	(7,687)
Impairment of advances and other receivables [*]	15,905	4,671
Write-back of impairment of advances and other receivables [@]	(4,040)	(1,410)
Impairment of amounts due from joint ventures [*]	793	5,135
Write-back of impairment of amounts due from joint ventures [@]	(15,259)	—
Write-back of impairment of film rights [@]	—	(8,951)
Gain on dissolution/deregistration of subsidiaries [@]	(3,835)	(844)
Fair value changes from film investments [*]	2,568	4,614
Fair value changes from entertainment events organised by co-investors [@]	(8,314)	(1,366)
Fair value losses on financial assets at fair value through profit or loss [*]	29,112	4,801
Gain on modification of leases [@]	(28,959)	(161)
Gain on termination of leases [@]	(12,156)	(26,228)
Impairment of inventories [#]	13,769	2,276
Foreign exchange differences, net [*]	2,590	13,428
	<hr/> <hr/>	<hr/> <hr/>

[^] Depreciation charge of HK\$158,997,000 (2023: HK\$166,471,000) related to cinema operation is included in "Other operating expenses" on the face of the consolidated income statement.

[#] These items are included in "Cost of sales" on the face of the consolidated income statement.

^{*} These items are included in "Other operating expenses" on the face of the consolidated income statement.

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

7. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2024 HK\$'000	2023 HK\$'000
Current		
— Hong Kong		
Charge for the year	55	72
Overprovision in prior years	(9)	(594)
	<u>46</u>	<u>(522)</u>
— Chinese Mainland		
Charge for the year	1,531	1,384
	1,577	862
Deferred tax	(196)	396
	<u>1,381</u>	<u>1,258</u>

8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares of 1,755,876,866 (2023: 1,583,719,880) in issue during the year.

No adjustment had been made to the basic loss per share amounts presented for the years ended 31 July 2024 and 2023 in respect of a dilution as the impact of share options of the Company had an anti-dilutive effect on the basic loss per share amounts presented.

9. DEBTORS

	2024 HK\$'000	2023 HK\$'000
Trade debtors	222,020	166,579
Impairment	(30,825)	(30,873)
	<u>191,195</u>	<u>135,706</u>

The trading terms of the Group with its customers are mainly on credit. Invoices are normally payable within 30 to 90 days of issuance, except for certain well-established customers, where the terms are extended to 120 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise its credit risk. Overdue balances are regularly reviewed by senior management. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's debtors are widely dispersed in different sectors and industries. The Group's debtors are non-interest-bearing.

9. DEBTORS (continued)

The Group does not hold any collateral or other credit enhancements over these balances.

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade debtors:		
Unbilled or neither past due nor impaired	68,510	68,945
1 to 90 days past due	100,938	51,635
Over 90 days past due	21,747	15,126
	<u>191,195</u>	<u>135,706</u>
Total	<u><u>191,195</u></u>	<u><u>135,706</u></u>

10. CREDITORS AND ACCRUALS

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade creditors:		
Less than 30 days	47,083	40,922
31 to 60 days	5,554	6,442
61 to 90 days	6,440	1,048
Over 90 days	2,889	1,872
	<u>61,966</u>	50,284
Other creditors and accruals	<u>512,657</u>	<u>478,816</u>
	574,623	529,100
Less: Portion classified as current	<u>(565,746)</u>	<u>(520,782)</u>
Non-current portion	<u><u>8,877</u></u>	<u><u>8,318</u></u>

11. DEPOSITS RECEIVED AND CONTRACT LIABILITIES

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Deposits received	7,145	10,884
Contract liabilities	<u>142,506</u>	<u>166,228</u>
Total	<u><u>149,651</u></u>	<u><u>177,112</u></u>

12. FINAL DIVIDEND

The Board does not recommend the payment of dividend for the year ended 31 July 2024 (2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Whilst the Hong Kong economy has been showing signs of post-COVID recovery with some success, the progress is still lagging behind expectations. Local consumption is dampened by sluggish economic outlook, subdued property market, lackluster stock market performance, and relatively high funding costs, to name a few. Although the number of visitors increased to approximately 21 million in the first half of 2024, marking a significant 64% year-on-year increase, the corresponding economic impact fell short of expectations. The northbound visits to the Greater Bay Area, such as Shenzhen, have diverted some support away from Hong Kong. We must continue to adapt to the change in consumers' behaviour and lifestyle to ensure the long-term success of the Group.

Although there has been a revival of social and economic activities since the reopening of borders and the return of tourists, consumer sentiment dampened by Hong Kong's worse-than-expected economic outlook. The Hong Kong box office has experienced a decline due to factors such as lack of blockbusters titles, citizens traveling abroad, northbound visits, unfavourable economic situation and a shift in consumers' behaviour towards streaming platforms. These unfavourable conditions have contributed to the challenged performance of our cinema operation. Moreover, in view of the market condition and economic uncertainty, the Zhongshan Mayflower Cinema City in Chinese Mainland and the MCL South Horizons Cinema in Hong Kong were closed during the year under review. Whilst operational performance has been variable at best during the year under review, blockbusters titles such as *“Twilight of the Warriors: Walled In”* demonstrated their clout and helped the cinemas to charter its course through these rough waters. The Group is closely monitoring the market conditions and will continue to improve its overall operating efficiency. The Group will take a prudent approach in evaluating opportunities for further expansion of its footprint.

Media Asia Group Holdings Limited (“**MAGHL**”, an indirect wholly-owned subsidiary of the Company), being the media and entertainment arm of the Group, will continue to produce high quality and commercially viable products.

“Twilight of the Warriors: Walled In”, the martial art film produced by the Group, has become Hong Kong's second-biggest domestic hit ever and most-watched film in the cinemas with almost 1.7 million viewers. The film has grossed over USD110 million at the global box office since its premiere on 1 May 2024. The film was selected for the Official Selection (Midnight Screening) at the 2024 Cannes Film Festival in May and was recently nominated as Hong Kong's entry for the Best International Feature Film category at the 2025 Academy Awards.

The Group will continue to invest in original productions of quality films with Chinese themes and the next upcoming pipeline includes crime thriller *“Octopus with Broken Arms”* and mystery-comedy *“Detective Chinatown 1900”*, produced by Chen Sicheng, one of Chinese Mainland's most consistently successful writer-director-producer.

During the Hong Kong Filmart in March 2024, the Group has announced its strategic alliance with Alibaba Digital Media & Entertainment Group including Youku and Alibaba Pictures. The co-operation includes co-production and investment in film and TV drama and artiste management. The alliance enables the Group access to valuable channels securing investment and distribution of our production projects.

The Group continues to produce engaging TV drama series in response to the ongoing strong demand for quality programs from TV stations and online video websites in Chinese Mainland. The drama series *“Heir to the Throne”* and *“Dead Ringer”* broadcasted in Alibaba’s Youku and TVB during the year have generated satisfactory viewership for the two platforms. The Group is in discussion with various Chinese partners for new project development in TV drama production.

The distribution license of music products with Tencent Music Entertainment (Shenzhen) Co., Ltd. and Warner Music continue to provide stable income to the Group.

The recent *“You & Mi Sammi Cheng World Tour – Hong Kong 2023”* (rescheduled performances in 2024) and *“Tsai Chin Live in Hong Kong 2024”* have earned good reputation and public praises. The Group will continue to work with prominent local and Asian artistes for concert promotion and the upcoming events include concerts of Tsai Chin, Grasshopper, Ekin Cheng and Jay Fung.

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

Other Business Updates

The net proceeds received by the Company from the clawback offer (**“Clawback Offer”**) and the placing (**“Placing”**) in relation to the loan capitalisation proposal jointly announced by the Company together with MAGHL, Lai Sun Development Company Limited and Lai Sun Garment (International) Limited on 6 November 2020 are approximately HK\$126.3 million, after deducting the direct transaction costs incurred in the Clawback Offer and the Placing. The Group placed the net proceeds together with the net proceeds of HK\$1,515.9 million from the disposal of all shares of Lai Fung Holdings Limited owned by the Company as disclosed in the circular of the Company dated 24 April 2020. Up to 31 July 2024, all the net proceeds have been utilised. Approximately HK\$1,473.4 million have been used for development and enhancement of cinema operation, repayment of bank loans and shareholder’s loans, film and TV programs production, distribution and media and entertainment businesses and privatisation of MAGHL, while approximately HK\$168.8 million has been used for general corporate uses.

As at 31 July 2024, the Group’s consolidated cash and bank deposits amounted to HK\$354.3 million (31 July 2023: HK\$660.3 million). After netting off total borrowings of HK\$239.7 million as at 31 July 2024 (31 July 2023: HK\$233.1 million), the Group had net cash of HK\$114.6 million as at 31 July 2024 (31 July 2023: net cash of HK\$427.2 million). The Group is in net cash position, therefore gearing ratio of the Group, being the net borrowings (total borrowing minus cash and bank deposits) to net assets attributable to the owners of the Company, is not applicable. The Group will continue its prudent and flexible approach in managing its financial position.

OVERVIEW OF ANNUAL RESULTS

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

For the year ended 31 July 2024, the Group recorded turnover of HK\$1,167.5 million (2023: HK\$1,013.9 million), representing an increase in revenue of approximately 15.1%. The increase was primarily driven by the growth in revenue from film and TV programs, as well as from the media and entertainment, while being partially offset by the weaker than expected income from cinema operation during the year as compared to last year.

Revenue from film and TV programs witnessed a significant increase of approximately 201.4% as compared to last year. This growth was mainly attributed to the increase in income from distribution commission, licence fee, sale of film and TV program products and film rights during the year under review. Notably, the Group's invested and produced film, namely "*Twilight of the Warriors: Walled In*", achieved a record-breaking performance at the Hong Kong box office upon its theatrical release during the year under review. Also, the revenue increase from film and TV programs is a testament on our strategic focus on smaller investments in films and securing investments via pre-selling TV program rights before the Group commits to production for TV programs. Furthermore, revenue from media and entertainment recorded a growth of approximately 3.9% compared to last year. The growth was primarily driven by the organisation and investment in concerts featuring our local and Asian renowned artists by the Group.

Revenue from cinema operation declined by approximately 16.3% as compared to last year, which was primarily due to unfavourable conditions faced by the Hong Kong box office. These unfavourable conditions include factors such as lack of blockbusters titles, citizens traveling abroad, northbound visits, unfavourable economic situation and a shift in consumers' behaviour towards streaming platforms. Whilst operational performance has been variable at best during the year under review, blockbusters titles such as "*Twilight of the Warriors: Walled In*" demonstrated their clout and helped the cinemas to charter its course through these rough waters. The Group is actively engaging in cost optimisation for the cinema operation. The gross profit decreased by approximately 5.3% to HK\$451.1 million (2023: HK\$476.5 million).

The net loss attributable to owners of the Company for the year ended 31 July 2024 was approximately HK\$510.9 million (2023: net loss of HK\$198.8 million). The increase in consolidated loss for the year was primarily due to an increase in the impairment of assets during the year under review. Net loss per share attributable to owners of the Company was HK\$0.291 (2023: net loss of HK\$0.126 per share).

Equity attributable to owners of the Company as at 31 July 2024 amounted to HK\$118.5 million (31 July 2023: HK\$635.1 million). Net asset value per share attributable to owners of the Company as at 31 July 2024 was HK\$0.067 per share (31 July 2023: HK\$0.362 per share).

Cinema Operation

For the year ended 31 July 2024, this segment recorded a turnover of HK\$439.5 million (2023: HK\$525.1 million) and segment results of a loss of HK\$351.5 million (2023: a loss of HK\$25.9 million). As at the date of this results announcement, the Group operates sixteen cinemas in Hong Kong (including one joint venture project) and one cinema in Chinese Mainland. Details on the number of screens and seats of each existing cinema are disclosed in below table. Besides, the Group has extended its cinema network through two 50% joint ventures with Emperor Cinemas Group, namely the Emperor Cinemas Plus+ (The Wai) (opened in July 2023) and Emperor Cinemas Plus+ (The Southside) (opened in June 2024), which are managed by Emperor Cinemas Group.

Cinema (managed by the Group)	Attributable interest to the Group (%)	No. of screens (Note)	No. of seats (Note)
Chinese Mainland			
Suzhou Grand Cinema City	100	10	1,440
Subtotal		10	1,440
Hong Kong			
K11 Art House	100	12	1,708
Movie Town (including MX4D theatre)	100	7	1,702
MCL AIRSIDE Cinema	100	7	944
MCL The ONE Cinema	100	6	831
MCL Cyberport Cinema	100	4	818
MCL Citygate Cinema	100	4	673
MCL Amoy Cinema	100	3	603
Festival Grand Cinema	95	8	1,196
MCL Telford Cinema (including MX4D theatre)	95	6	789
MCL Metro City Cinema	95	6	690
STAR Cinema	95	6	622
Grand Kornhill Cinema (including MX4D theatre)	95	5	706
MCL Cheung Sha Wan Cinema	95	4	418
MCL Green Code Cinema	95	3	285
Grand Windsor Cinema	95	3	246
MCL Cinemas Plus+ Plaza Hollywood	50	6	1,595
Subtotal		90	13,826
Total		100	15,266

Note: On 100% basis

Media and Entertainment

For the year ended 31 July 2024, this segment recorded a turnover of HK\$387.1 million (2023: HK\$372.5 million) and segment results of an increased profit to HK\$35.1 million from that of HK\$13.3 million last year.

Events Management

During the year under review, the Group organised and invested in 77 (2023: 93) shows by popular local and Asian renowned artistes, including Sammi Cheng, Leon Lai, Andy Lau, Grasshopper, Mayday, Dear Jane, Ekin Cheng, On Chan, NCT Dream, Jan Lamb, Yoga Lin, Crowd Lu, YEAHS, Waa Wei, Tsai Chin and Woo Fung.

Music Production, Distribution and Publishing

During the year under review, the Group released 14 (2023: 7) albums, including titles by Sammi Cheng, Jay Fung, Richie Jen, On Chan, Cloud Wan, ILUB, Feanna Wong, Andy Leung and various artists. The Group expects to continue to increase its music licensing revenue from the exploitation of the music library through new media distribution.

Artiste Management

The Group has a strong artiste management team and a sizeable number of talents and will continue to expand its profile and in tandem with our growing TV drama production and film production businesses. The Group currently has 20 artistes under its management.

Film and TV Program Production and Distribution

For the year ended 31 July 2024, this segment recorded a turnover of HK\$341.0 million (2023: HK\$113.1 million) and segment results of a decreased loss to HK\$21.9 million (2023: loss of HK\$48.6 million).

During the year under review, a total of 3 (2023: 6) films and 3 (2023: nil) TV programs produced/invested by the Group were theatrically released, namely “*Twilight of the Warriors: Walled In*”, “*Love at First Lie*”, “*The Grey Men*”, “*Dead Ringer*”, “*Bazaar Beloved Birds*” and “*The Heir to the Throne*”. The Group also distributed 42 (2023: 32) films with high profile titles including “*Twilight of The Warriors: Walled In*”, “*IF Imaginary Friends*”, “*Lost in the Stars*”, “*No More Bets*”, “*In Broad Daylight*”, “*Killers of The Flower Moon*” and “*The Boy and the Heron*”.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

Cash and Bank Balances

As at 31 July 2024, cash and bank balances held by the Group amounted to HK\$354.3 million (2023: HK\$660.3 million) of which around 75.4% was denominated in Hong Kong dollars and around 19.1% was denominated in Renminbi (“**RMB**”). The conversion of RMB denominated cash and bank balances into foreign currencies and the remittance of such foreign currencies denominated balances out of Chinese Mainland are subject to the relevant rules and regulations of foreign exchange control promulgated by the government authorities concerned. The Group does not have any derivative financial instruments or hedging instruments outstanding.

Borrowings

As at 31 July 2024, the Group had outstanding consolidated total borrowings in the amount of HK\$239.7 million. The Group had unsecured other borrowings due to the late Mr. Lim Por Yen in the principal amount of HK\$113.0 million which is interest-bearing at the HSBC prime rate per annum. The Group’s recorded interest accruals were HK\$126.7 million for the said unsecured other borrowings as at 31 July 2024. At the request of the Group, the joint executrixes of the estate of the late Mr. Lim Por Yen confirmed that no demand for the repayment of the outstanding other borrowings or the related interest would be made within one year from 31 July 2024.

Gearing

After netting off total borrowings, the Group had net cash of HK\$114.6 million as at 31 July 2024. The Group is in net cash position, therefore gearing ratio of the Group, being the net borrowings (total borrowing minus cash and bank deposits) to net assets attributable to the owners of the Company, is not applicable.

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

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

During the year ended 31 July 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company’s listed securities.

CORPORATE GOVERNANCE

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

The Company has complied with all applicable code provisions set out in the CG Code for the year ended 31 July 2024.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 July 2024, the Group employed a total of around 470 (2023: 530) employees. The Group recognises the importance of maintaining a stable staff force in its continued success. Under the Group's existing policies, employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Discretionary bonuses are granted to employees based on their merit and in accordance with industry practice. Other benefits including share option scheme, mandatory provident fund scheme, free hospitalisation insurance plan, subsidised medical care and sponsorship for external education and training programs are offered to eligible employees.

INVESTOR RELATIONS

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

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

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

REVIEW OF ANNUAL RESULTS

The audit committee of the Company ("**Audit Committee**") currently comprises three Independent Non-executive Directors, namely Dr. Ng Lai Man, Carmen (Chairwoman), Mr. Low Chee Keong and Mr. Alfred Donald Yap. The Audit Committee has reviewed the consolidated financial statements of the Company for the year ended 31 July 2024 including the accounting principles and practices adopted by the Company as well as the risk management, internal control and financial reporting matters.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 July 2024 as set out in the preliminary results announcement have been agreed by the Company's auditor to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditor, Ernst & Young, in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance has been expressed by Ernst & Young on the preliminary results announcement.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company will be held on Friday, 13 December 2024 (“**2024 AGM**”). Notice of the 2024 AGM together with the Company’s Annual Report for the year ended 31 July 2024 will be published on the respective websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company at www.esun.com and the printed copies will be despatched to the shareholders of the Company in mid-November 2024.

By order of the Board
eSun Holdings Limited
Low Chee Keong
Chairman

Hong Kong, 15 October 2024

As at the date of this announcement, the Board comprises four Executive Directors, namely Messrs. Yang Yiu Chong, Ronald Jeffrey (Chief Executive Officer), Cheung Sum, Sam, Lam Hau Yin, Lester (also alternate to Madam U Po Chu) and Yip Chai Tuck; one Non-executive Director, namely Madam U Po Chu; and five Independent Non-executive Directors, namely Messrs. Low Chee Keong (Chairman), Lo Kwok Kwei, David, Poon Kwok Hing, Albert and Alfred Donald Yap and Dr. Ng Lai Man, Carmen.