

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



eSun Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 571)

Announcement of Final Results for the Year Ended 31 July 2023

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 2023 together with the comparative figures for the previous financial year as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 July 2023

	Notes	2023 HK\$'000	2022 HK\$'000
TURNOVER	4	1,013,860	830,237
Cost of sales		<u>(537,355)</u>	<u>(481,366)</u>
Gross profit		476,505	348,871
Other revenue		47,445	91,649
Selling and marketing expenses		(28,866)	(22,108)
Administrative expenses		(268,004)	(279,014)
Other operating gains		57,126	24,529
Other operating expenses		<u>(444,614)</u>	<u>(498,565)</u>
LOSS FROM OPERATING ACTIVITIES		(160,408)	(334,638)
Finance costs	5	(49,480)	(54,379)
Share of profits and losses of joint ventures		<u>(11,799)</u>	<u>(17,852)</u>
LOSS BEFORE TAX	6	(221,687)	(406,869)
Tax	7	<u>(1,258)</u>	<u>37,023</u>
LOSS FOR THE YEAR		<u><u>(222,945)</u></u>	<u><u>(369,846)</u></u>
Attributable to:			
Owners of the Company		(198,763)	(328,732)
Non-controlling interests		<u>(24,182)</u>	<u>(41,114)</u>
		<u><u>(222,945)</u></u>	<u><u>(369,846)</u></u>
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	8		
Basic and diluted		<u><u>(HK\$0.126)</u></u>	<u><u>(HK\$0.220)</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 July 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
LOSS FOR THE YEAR	<u>(222,945)</u>	<u>(369,846)</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	2,311	400
Share of other comprehensive loss of joint ventures	(239)	(153)
Release of exchange reserve upon dissolution and deregistration of subsidiaries	<u>(844)</u>	<u>335</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>1,228</u>	<u>582</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u><u>(221,717)</u></u>	<u><u>(369,264)</u></u>
Attributable to:		
Owners of the Company	(197,479)	(327,838)
Non-controlling interests	<u>(24,238)</u>	<u>(41,426)</u>
	<u><u>(221,717)</u></u>	<u><u>(369,264)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 July 2023

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		168,262	208,957
Right-of-use assets		614,189	758,895
Film rights		24,366	19,162
Film and TV program products		61,059	61,174
Music catalogs		—	663
Goodwill		—	10,000
Investments in joint ventures		39,943	30,729
Financial assets at fair value through profit or loss		64,897	111,878
Deposits, prepayments, other receivables and other assets		158,800	131,398
Deferred tax assets		79	517
		1,131,595	1,333,373
CURRENT ASSETS			
Films and TV programs under production and film investments		306,142	317,109
Inventories		27,677	16,611
Debtors	9	135,706	135,930
Financial assets at fair value through profit or loss		92,073	6,822
Deposits, prepayments, other receivables and other assets		156,705	157,753
Prepaid tax		24	199
Derivative financial instruments		748	—
Pledged time deposits		9,307	146,300
Cash and cash equivalents		651,012	1,056,587
		1,379,394	1,837,311
CURRENT LIABILITIES			
Creditors and accruals	10	520,782	425,772
Deposits received and contract liabilities	11	177,112	139,871
Interest-bearing bank loans		—	143,956
Lease liabilities		168,050	202,724
Tax payable		14,388	78,871
		880,332	991,194
NET CURRENT ASSETS		499,062	846,117
TOTAL ASSETS LESS CURRENT LIABILITIES		1,630,657	2,179,490

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

31 July 2023

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,630,657	2,179,490
NON-CURRENT LIABILITIES			
Creditors and accruals	10	8,318	8,163
Lease liabilities		811,274	941,994
Other borrowings		233,053	226,864
Deferred tax liabilities		45	87
Total non-current liabilities		1,052,690	1,177,108
Net assets		577,967	1,002,382
EQUITY			
Equity attributable to owners of the Company			
Issued capital		877,938	745,927
Reserves		(242,826)	219,230
Non-controlling interests		635,112 (57,145)	965,157 37,225
Total equity		577,967	1,002,382

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 July 2023

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 and financial liabilities 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 revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the above 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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	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	372,458	256,771	113,116	185,794	525,066	385,023	3,220	2,649	1,013,860	830,237
Intersegment sales	—	—	19,286	3,891	5,543	1,972	1,882	1,726	26,711	7,589
Other revenue	7,572	1,802	2,612	1,737	19,273	76,177	3,091	4,745	32,548	84,461
Total	<u>380,030</u>	<u>258,573</u>	<u>135,014</u>	<u>191,422</u>	<u>549,882</u>	<u>463,172</u>	<u>8,193</u>	<u>9,120</u>	<u>1,073,119</u>	<u>922,287</u>
Elimination of intersegment sales									<u>(26,711)</u>	<u>(7,589)</u>
Total revenue									<u>1,046,408</u>	<u>914,698</u>
Segment results	<u>13,288</u>	<u>(7,735)</u>	<u>(48,615)</u>	<u>(52,757)</u>	<u>(25,948)</u>	<u>(128,584)</u>	<u>(99,229)</u>	<u>(96,336)</u>	<u>(160,504)</u>	<u>(285,412)</u>
Unallocated interest income									14,897	7,188
Impairment of goodwill	(10,000)	—	—	—	—	—	—	—	(10,000)	—
Fair value losses on financial assets at fair value through profit or loss									<u>(4,801)</u>	<u>(56,414)</u>
Loss from operating activities									<u>(160,408)</u>	<u>(334,638)</u>
Finance costs									<u>(49,480)</u>	<u>(54,379)</u>
Share of profits and losses of joint ventures	(744)	(543)	(55)	(847)	(11,000)	(16,462)	—	—	<u>(11,799)</u>	<u>(17,852)</u>
Loss before tax									<u>(221,687)</u>	<u>(406,869)</u>
Tax									<u>(1,258)</u>	<u>37,023</u>
Loss for the year									<u>(222,945)</u>	<u>(369,846)</u>

3. OPERATING SEGMENT INFORMATION *(continued)*

Segment assets/liabilities:

	Media and entertainment		Film and TV program		Cinema operation		Corporate and others		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	<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	238,221	268,037	773,501	706,865	1,056,906	1,234,545	244,597	811,092	2,313,225	3,020,539
Investments in joint ventures	8,957	10,524	106	1,659	25,999	12,690	4,881	5,856	39,943	30,729
Unallocated assets									157,821	119,416
Total assets									<u>2,510,989</u>	<u>3,170,684</u>
Segment liabilities	140,958	83,049	432,768	370,275	1,059,787	1,225,677	52,023	39,523	1,685,536	1,718,524
Unallocated liabilities									247,486	449,778
Total liabilities									<u>1,933,022</u>	<u>2,168,302</u>

3. OPERATING SEGMENT INFORMATION (continued)

Other segment information:

	Media and entertainment		Film and TV program		Cinema operation		Corporate and others		Consolidated	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Depreciation of property, plant and equipment	834	993	163	165	45,083	49,068	321	386	46,401	50,612
Depreciation of right-of-use assets	131	1,302	1,351	4,324	121,388	143,242	6,890	3,363	129,760	152,231
Impairment of property, plant and equipment	211	618	610	142	—	7,829	578	855	1,399	9,444
Reversal of impairment of property, plant and equipment	—	—	—	—	(3,006)	—	—	—	(3,006)	—
Impairment of right-of-use assets	633	3,262	883	8,234	—	40,309	6,773	2,340	8,289	54,145
Reversal of impairment of right-of-use assets	—	—	—	—	(7,687)	—	—	—	(7,687)	—
Impairment of films and TV programs under production	—	—	2,472	39,977	—	—	—	—	2,472	39,977
Amortisation of film rights	—	—	3,747	5,397	—	—	—	—	3,747	5,397
Amortisation of film and TV program products	—	—	35,641	10,076	—	—	—	—	35,641	10,076
Amortisation of music catalogs	663	2,461	—	—	—	—	—	—	663	2,461
Write-back of impairment of film rights	—	—	(8,951)	(8,901)	—	—	—	—	(8,951)	(8,901)
Impairment of advances and other receivables	4,671	5,507	—	—	—	—	—	—	4,671	5,507
Write-back of impairment of advances and other receivables	(1,353)	(6,460)	(57)	—	—	—	—	—	(1,410)	(6,460)
Impairment of debtors	206	7,050	78	50	—	—	—	—	284	7,100
Impairment of amounts due from joint ventures	1,175	1,711	1,032	—	—	—	2,928	—	5,135	1,711
Write-back of impairment of amounts due from joint ventures	—	—	—	(1,551)	—	—	—	—	—	(1,551)
Gain on termination of leases	—	—	(537)	—	(25,006)	—	(685)	(298)	(26,228)	(298)
Impairment of inventories	1,075	1,164	1,199	319	—	—	2	—	2,276	1,483
Additions of property, plant and equipment	244	548	193	732	3,599	708	1,077	618	5,113	2,606
Additions of film rights	—	—	—	549	—	—	—	—	—	549
Additions of films and TV programs under production and film investments	—	—	70,446	244,246	—	—	—	—	70,446	244,246
Additions of right-of-use assets	195	—	—	—	87,925	—	842	1,279	88,962	1,279

3. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information:

	Hong Kong		Mainland China and Macau		Others		Consolidated	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue:								
Sales to external customers	<u>865,188</u>	<u>599,590</u>	<u>84,430</u>	<u>183,012</u>	<u>64,242</u>	<u>47,635</u>	<u>1,013,860</u>	<u>830,237</u>
Assets:								
Segment assets:								
— non-current assets	1,056,552	1,200,328	9,867	20,597	200	53	1,066,619	1,220,978
— current assets	1,009,813	1,521,860	261,334	293,705	15,402	14,725	1,286,549	1,830,290
Unallocated assets							<u>157,821</u>	<u>119,416</u>
Total assets							<u>2,510,989</u>	<u>3,170,684</u>

Information about major customers:

No customer of the Group has individually accounted for over 10% of the Group's total revenue during the year ended 31 July 2023. Revenue of approximately HK\$109,650,000 was derived from a single customer which accounted for over 10% of the Group's total revenue for the year ended 31 July 2022.

4. TURNOVER

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Turnover from contracts with customers		
Entertainment event income	208,410	36,963
Distribution commission income, licence income from and sales of film and TV program products and film rights	105,163	181,394
Album sales, licence income and distribution commission income from music publishing and licensing	53,011	80,713
Box-office takings, concessionary income and related income from cinemas	525,066	385,023
Artiste management fee income	12,780	11,052
Advertising income	7,953	4,400
Sale of game products	98,257	128,043
Sale of merchandising products	3,220	2,649
	<u>1,013,860</u>	<u>830,237</u>
Timing of revenue recognition		
At a point in time	987,499	790,093
Over time	26,361	40,144
	<u>1,013,860</u>	<u>830,237</u>
Total turnover from contracts with customers	<u>1,013,860</u>	<u>830,237</u>

5. FINANCE COSTS

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on:		
Lease liabilities	37,052	44,817
Bank loans	4,682	2,238
Other borrowings	6,189	5,647
Amortisation of transaction fee for bank loans	44	175
Other finance costs	1,513	1,502
	<u>49,480</u>	<u>54,379</u>
Total finance costs	<u>49,480</u>	<u>54,379</u>

6. LOSS BEFORE TAX

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

	2023 HK\$'000	2022 HK\$'000
Cost of film rights, licence rights and film and TV program products	75,048	146,400
Cost of artiste management services and services for entertainment events provided	176,873	57,905
Cost of theatrical releasing and concessionary sales	190,842	159,154
Cost of inventories sold	94,592	117,907
	<hr/>	<hr/>
Total cost of sales	537,355	481,366
	<hr/>	<hr/>
Depreciation of property, plant and equipment [^]	46,401	50,612
Depreciation of right-of-use assets [^]	129,760	152,231
Amortisation of film rights [#]	3,747	5,397
Amortisation of film and TV program products [#]	35,641	10,076
Amortisation of music catalogs [#]	663	2,461
Impairment of films and TV programs under production [#]	2,472	39,977
Impairment of goodwill [*]	10,000	—
Impairment of property, plant and equipment [*]	1,399	9,444
Reversal of impairment of property, plant and equipment [@]	(3,006)	—
Impairment of right-of-use assets [*]	8,289	54,145
Reversal of impairment of right-of-use assets [@]	(7,687)	—
Impairment of debtors [*]	284	7,100
Write-back of impairment of debtors [@]	—	(223)
Impairment of advances and other receivables [*]	4,671	5,507
Write-back of impairment of advances and other receivables [@]	(1,410)	(6,460)
Impairment of amounts due from joint ventures [*]	5,135	1,711
Write-back of impairment of amounts due from joint ventures [@]	—	(1,551)
Write-back of impairment of film rights [@]	(8,951)	(8,901)
Loss/(gain) on dissolution/deregistration of subsidiaries ^{*/@}	(844)	335
Fair value change from film investments ^{*/@}	4,614	(1,656)
Fair value change from entertainment events organised by co-investors [@]	(1,366)	(155)
Fair value losses on financial assets at fair value through profit or loss [*]	4,801	56,414
Gain on termination of leases [@]	(26,228)	(298)
Impairment of inventories [#]	2,276	1,483
Foreign exchange differences, net [*]	13,428	6,784
	<hr/> <hr/>	<hr/> <hr/>

[^] Depreciation charge of HK\$166,471,000 (2022: HK\$192,310,000) 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% (2022: 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.

	2023	2022
	HK\$'000	HK\$'000
Current		
— Hong Kong		
Charge for the year	72	2,113
Overprovision in prior years	<u>(594)</u>	<u>(178)</u>
	<u>(522)</u>	<u>1,935</u>
— Mainland China		
Charge for the year	1,384	5,556
Overprovision in prior years	<u>—</u>	<u>(41,971)</u>
	<u>1,384</u>	<u>(36,415)</u>
	862	(34,480)
Deferred tax	<u>396</u>	<u>(2,543)</u>
	<u>1,258</u>	<u>(37,023)</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 1,583,719,880 (2022: 1,491,854,598) in issue during the year.

No adjustment had been made to the basic loss per share amounts presented for the years ended 31 July 2023 and 2022 in respect of a dilution as the impact of share options of the Company had an anti-dilutive effect on the basic loss per share amounts presented.

9. DEBTORS

	2023 HK\$'000	2022 <i>HK\$'000</i>
Trade debtors	166,579	167,115
Impairment	(30,873)	(31,185)
	<u>135,706</u>	<u>135,930</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.

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:

	2023 HK\$'000	2022 <i>HK\$'000</i>
Trade debtors:		
Unbilled or neither past due nor impaired	68,945	66,227
1 to 90 days past due	51,635	62,607
Over 90 days past due	15,126	7,096
	<u>135,706</u>	<u>135,930</u>
Total	<u>135,706</u>	<u>135,930</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:

	2023 HK\$'000	2022 <i>HK\$'000</i>
Trade creditors:		
Less than 30 days	40,922	63,791
31 to 60 days	6,442	595
61 to 90 days	1,048	93
Over 90 days	1,872	1,783
	<hr/>	<hr/>
	50,284	66,262
Other creditors and accruals	478,816	367,673
	<hr/>	<hr/>
	529,100	433,935
Less: Portion classified as current	(520,782)	(425,772)
	<hr/>	<hr/>
Non-current portion	8,318	8,163
	<hr/> <hr/>	<hr/> <hr/>

11. DEPOSITS RECEIVED AND CONTRACT LIABILITIES

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

	2023 HK\$'000	2022 <i>HK\$'000</i>
Deposits received	10,884	6,815
Contract liabilities	166,228	133,056
	<hr/>	<hr/>
Total	177,112	139,871
	<hr/> <hr/>	<hr/> <hr/>

12. FINAL DIVIDEND

The Board does not recommend the payment of dividend for the year ended 31 July 2023 (2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

With the mask mandate arrangement and all social distancing measures being lifted in Hong Kong and the nationwide loosening of COVID-19 restrictions and relaxation of border controls in Mainland China, social and economic activities have seen a revival but consumer sentiment might still be dampened by the worse-than-expected economic outlook in Hong Kong and the deterioration of global economic prospects.

Due to the gradual relaxation of COVID-19 restrictions and the release of a number of local and international blockbuster movies, the cinema operation of the Group recovered gradually from the worst of the COVID-19 pandemic. During the year under review, the Group's cinemas in Hong Kong were requested to operate at 85% capacity for all screens before further relaxation of social distancing measures in Hong Kong since 22 December 2022. The Group's cinemas in Hong Kong are now operating at full capacity without any COVID-19 restriction. Business performance of cinema operation in Mainland China also suffered from the social distancing requirements such as restrictions on the seating capacity and food and beverage consumption within the cinema houses in 2022. In view of the challenging market condition and economic uncertainty in Mainland China, the Guangzhou Mayflower Cinema City was closed in October 2022. Despite short-term interruption in January 2023 from the nationwide easing of anti-epidemic measures, the cinema operation in Mainland China has largely returned to normal. The Group remains cautiously optimistic about the fundamental demand for entertainment in the long run and continues to evaluate opportunities to maintain and enhance its market positioning as a leading multiplex cinema operator in Hong Kong. The Group successfully expanded its cinema network, resulting in the opening of four new cinemas in Hong Kong. One notable addition is the MCL Cinemas Plus+ Plaza Hollywood, a new cinema at Plaza Hollywood in Diamond Hill, Kowloon through a joint venture company with Emperor Cinemas Group opened in July 2022. Furthermore, the Group extended its cinema network through another joint venture with Emperor Cinemas Group, namely the Emperor Cinemas Plus+ (Tai Wai), which is managed by Emperor Cinemas Group and opened in July 2023. In September 2023, the Group further expanded its presence with the opening of two new cinemas at The ONE in Tsim Sha Tsui, Kowloon and AIRSIDE in Kai Tak, Kowloon. These new cinemas further enhance the Group's cinema network and strengthen the Group's growing presence. The Group is closely monitoring the market conditions and will continue to improve its overall operating efficiency and take a prudent approach in evaluating opportunities for further expansion of its footprint.

Media Asia Group Holdings Limited (“**MAGHL**”, an indirect wholly-owned subsidiary of the Company as at the date of this results announcement, together with its subsidiaries, “**MAGHL Group**”), being the media and entertainment arm of the Group will continue to produce high quality and commercially viable products.

MAGHL Group continues to invest in original productions of quality films with Chinese themes. The current production pipeline includes “*Twilight of the Warriors: Walled In*”, an action film directed by Cheng Poi-Shui, featuring Louis Koo, Sammo Hung, Richie Jen and Raymond Lam and “*Love at First Lie*”, a romance comedy film directed and produced by Patrick Kong starring Edward Chen, Mandy Tam and Leung Chung Hang.

Projects under production include “*Heir to the Throne*”, a 30-episode modern-drama series tailor-made for Alibaba’s Youku Platforms. MAGHL Group is in discussion with various Chinese portals and video websites for new project development in TV drama production.

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

The recent “*Jay Fung Concert 2023 Jay Pop Live @ Coliseum*”, “*Yoga Lin Concert in HK 2023*” and “*NCT Dream Tour ‘The Dream Show 2: In A Dream’ in Hong Kong*” 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 Leon Lai, Tsai Chin and Sammi Cheng.

Looking forward, the Group believes that its integrated MAGHL 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.

The Company announced on 10 November 2022 to privatise MAGHL by way of a scheme of arrangement (“**Scheme**”) and trading in shares of the Company (“**Shares**”) on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) was resumed on 11 November 2022. On 13 February 2023, the Scheme was approved at the court meeting and special general meeting of MAGHL and the special general meeting of the Company by respective shareholders of MAGHL and the Company. The Scheme was sanctioned (without modification) by the Supreme Court of Bermuda on 3 March 2023 and became effective on 16 March 2023, and the listing of MAGHL shares was withdrawn at 4:00 p.m. on 20 March 2023. An aggregate of 264,022,268 new Shares were allotted and issued and cash consideration of approximately HK\$194.3 million were paid to the relevant Scheme shareholders. MAGHL became an indirect wholly-owned subsidiary of the Company and the Company remained an indirect non-wholly-owned subsidiary of Lai Sun Development Company Limited (“**LSD**”). Immediately upon completion of the Scheme, the Company was indirectly owned as to approximately 63.40% by LSD, approximately 36.28% of the total issued Shares were held by the public and the public float of the Company has been restored to exceed the 25% minimum level under the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”).

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, LSD 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 2023, approximately HK\$1,384.4 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\$148.5 million has been used for general corporate uses.

As at 31 July 2023, the Group’s consolidated cash and bank deposits amounted to HK\$660.3 million (31 July 2022: HK\$1,202.9 million) and the gearing ratio of the Group, being the total borrowings to net assets attributable to the owners of the Company was approximately 36.7% (31 July 2022: 38.4%). The Group will continue its prudent and flexible approach in managing its financial position.

OVERVIEW OF FINAL 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 in Hong Kong and Mainland China.

For the year ended 31 July 2023, the Group recorded turnover of HK\$1,013.9 million (2022: HK\$830.2 million). As a result of the loosening of COVID-19 restrictions and relaxation of border controls in Hong Kong and Mainland China during the year under review, revenue from media and entertainment businesses and cinema operation recorded growth of 45.1% and 36.4%, respectively as compared to last year. Revenue from film and TV program dropped due to the lower income from TV program licence fee, distribution commission and sale of TV program products during the year under review. The gross profit increased by approximately 36.6% to HK\$476.5 million (2022: HK\$348.9 million).

The net loss attributable to owners of the Company for the year ended 31 July 2023 was approximately HK\$198.8 million (2022: net loss of HK\$328.7 million). The decrease in consolidated loss for the year is primarily due to (i) improved performance of media and entertainment businesses and cinema operation of the Group; (ii) a drop in fair value losses on certain financial assets; and (iii) a non-recurring gain on derecognition of lease liabilities, during the year under review. Net loss per share attributable to owners of the Company was HK\$0.126 (2022: net loss of HK\$0.220 per share).

Equity attributable to owners of the Company as at 31 July 2023 amounted to HK\$635.1 million (31 July 2022: HK\$965.2 million). Net asset value per share attributable to owners of the Company as at 31 July 2023 was HK\$0.362 per share (31 July 2022: HK\$0.647 per share).

Cinema Operation

For the year ended 31 July 2023, this segment recorded a turnover of HK\$525.1 million (2022: HK\$385.0 million) and segment results of a loss of HK\$25.9 million (2022: a loss of HK\$128.6 million). The Hong Kong box office was encouraging with a strong line-up of locally produced movies and Hollywood blockbusters released during the year under review. In view of the challenging market condition and economic uncertainty in Mainland China, the Guangzhou Mayflower Cinema City was closed in October 2022 and a non-recurring gain on derecognition of lease liabilities was recognised during the year under review. As at the date of this results announcement, the Group operates seventeen cinemas in Hong Kong (including one joint venture project) and two cinemas in Mainland China and details on the number of screens and seats of each existing cinema are disclosed in below table. Besides, the Group has extended its cinema network through a 50% joint venture with Emperor Cinemas Group, namely the Emperor Cinemas Plus+ (Tai Wai), which is managed by Emperor Cinemas Group and opened in July 2023.

Cinema	Attributable interest to the Group (%)	No. of screens (Note)	No. of seats (Note)
Mainland China			
Suzhou Grand Cinema City	100	10	1,440
Zhongshan May Flower Cinema City	100	5	905
Subtotal		15	2,345
Hong Kong			
K11 Art House	100	12	1,708
Movie Town (including MX4D theatre)	100	7	1,702
MCL 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 South Horizons Cinema	95	3	555
MCL Green Code Cinema	95	3	285
Grand Windsor Cinema	95	3	246
MCL Cinemas Plus+ Plaza Hollywood	50	6	1,595
Subtotal		93	14,381
Total		108	16,726

Note: On 100% basis

Media and Entertainment Segment

For the year ended 31 July 2023, this segment recorded a turnover of HK\$372.5 million (2022: HK\$256.8 million) and segment results of a turnaround from loss to profit of HK\$13.3 million from that of a loss of HK\$7.7 million last year.

Events Management

During the year under review, the Group organised and invested in 93 (2022: 18) shows by popular local, Asian and internationally renowned artistes, including Grasshopper, Super Junior, Ekin Cheng, Joyce Cheng, Jay Fung, Jay Chou, Mayday, Yoga Lin, ILUB, Miriam Yeung and C AllStar.

Music Production, Distribution and Publishing

During the year under review, the Group released 7 (2022: 18) albums, including titles by Jay Fung, Cloud Wan, Sammi Cheng, Joyce Cheng and Leslie Cheung. The Group is expected to continue to increase its music licensing revenue from the exploitation of the music library through new media distribution.

Artiste Management

The Group has a strong artiste management team and a sizeable number of talents and will continue to expand its profile and in tandem with our growing TV drama production and film production businesses. The Group currently has 25 artistes under its management.

Film and TV Program Production and Distribution

For the year ended 31 July 2023, this segment recorded a turnover of HK\$113.1 million (2022: HK\$185.8 million) and segment results of a loss of HK\$48.6 million (2022: a loss of HK\$52.8 million).

During the year under review, a total of 6 (2022: 8) films produced/invested by the Group were theatrically released, namely “*Warriors of Future*”, “*Tales From The Occult I*”, “*Cyber Heist*”, “*Tales From The Occult: Body and Soul*”, “*Tales From The Occult: Ultimate Malevolence*” and “*Detrimental*”. The Group also distributed 32 (2022: 19) films and 151 (2022: 196) videos with high profile titles including “*Warriors of Future*”, “*Mama’s Affair*”, “*Marry My Dead Body*”, “*Godfather*”, “*Jurassic World Dominion*” and “*Top Gun: Maverick*”.

LIQUIDITY, FINANCIAL RESOURCES, CHARGE ON ASSETS AND GEARING

Cash and Bank Balances

As at 31 July 2023, cash and bank balances held by the Group amounted to HK\$660.3 million (2022: HK\$1,202.9 million) of which around 76.9% was denominated in Hong Kong dollars (“**HKD**”) and around 18.1% 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 Mainland China are subject to the relevant rules and regulations of foreign exchange control promulgated by the government authorities concerned. The Group had entered into certain forward contract arrangements with a financial institution to mitigate the foreign exchange exposure of trading receipts. Apart from the forward contract arrangements, the Group does not have any derivative financial instruments or hedging instruments outstanding.

Borrowings

As at 31 July 2023, the Group had outstanding consolidated total borrowings in the amount of HK\$233.1 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\$120.1 million for the said unsecured other borrowings as at 31 July 2023. 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 2023.

As at 31 July 2023, the Group had utilised letter of credit and letter of guarantee facilities of HK\$0.4 million. The Group has undrawn facilities of HK\$34.6 million as at 31 July 2023. At the date of this results announcement, the letter of credit and letter of guarantee facilities were terminated.

Charge on Assets and Gearing

As at 31 July 2023, time deposits of HK\$9.3 million of the Group have been pledged to secure banking facilities of the Group.

As at 31 July 2023, the consolidated net assets attributable to the owners of the Company amounted to HK\$635.1 million (2022: HK\$965.2 million). As at 31 July 2023, the gearing ratio of the Group, being the total borrowings to net assets attributable to the owners of the Company was approximately 36.7%.

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 2023, 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 14 to the Listing Rules.

The Company has complied with all applicable code provisions set out in the CG Code for the year ended 31 July 2023.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 July 2023, the Group employed a total of around 530 (2022: 560) 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 on an on-going basis and meet with research analysts and the press after our results announcements, attend major investors' conferences and participate in international non-deal roadshows to communicate the Company's financial performance and global business strategy.

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

The Company is keen on promoting investor relations and enhancing communication with the Shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public who may contact the Investor Relations Department by phone on (852) 2853 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 2023 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 2023 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, 15 December 2023 (“**2023 AGM**”). Notice of 2023 AGM together with the Company’s Annual Report for the year ended 31 July 2023 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 2023.

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

Hong Kong, 17 October 2023

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 (Group Chief Financial Officer), 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.