eSun Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 571)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2007

RESULTS

The Directors of eSun Holdings Limited (the "Company") announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2007 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December, 2007

	Notes	**2007** *HK$'000*	2006 *HK$'000*
CONTINUING OPERATIONS			
TURNOVER	*2*	**289,780**	148,938
Cost of sales		**(256,679)**	(115,875)
Gross profit		**33,101**	33,063
Other revenue	*3*	**62,758**	18,628
Marketing expenses		**(42,194)**	(31,144)
Administrative expenses		**(167,253)**	(121,812)
Other operating gains		**4,751**	24,280
Other operating expenses		**(66,943)**	(40,505)
Gain on disposal of a partial interest in a subsidiary		**499,969**	–
Gain on disposal of subsidiaries		**–**	974,556
PROFIT FROM OPERATING ACTIVITIES		**324,189**	857,066
Finance costs	*4*	**(8,954)**	(9,337)
Share of profits and losses of jointly-controlled entities		**(32,147)**	(8,363)
Provision for amounts due from jointly-controlled entities		**(763)**	(2,113)
Share of profits and losses of associates		**642,044**	343,360
PROFIT BEFORE TAX	*5*	**924,369**	1,180,613
Tax	*6*	**(18)**	379
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**924,351**	1,180,992
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation	*8*	**(35,827)**	(30,924)
PROFIT FOR THE YEAR		**888,524**	1,150,068

	Notes	**2007** HK$'000	2006 HK$'000
Attributable to:			
Equity holders of the parent		**895,710**	1,150,068
Minority interests		**(7,186)**	–
		888,524	1,150,068
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*7*		
– BASIC			
– For profit for the year		**HK$1.09**	HK$1.43
– For profit from continuing operations		**HK$1.13**	HK$1.47
– DILUTED			
– For profit for the year		**HK$1.08**	HK$1.42
– For profit from continuing operations		**HK$1.12**	HK$1.46

CONSOLIDATED BALANCE SHEET

31st December, 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**80,180**	77,310
Goodwill		**35,202**	–
Film rights		**139,059**	133,745
Film products		**59,545**	–
Music catalogs		**61,645**	–
Interests in jointly-controlled entities		**972,146**	654,534
Interests in associates	9	**2,620,179**	1,992,165
Available-for-sale investments		**51,631**	34,704
Deferred tax assets		**434**	–
Deposits, prepayments and other receivables		**83,408**	10,048
Total non-current assets		**4,103,429**	2,902,506
CURRENT ASSETS			
Inventories		**4,630**	3,338
Equity investments at fair value through profit or loss		**17,806**	20
Films under production		**33,560**	–
Due from a jointly-controlled entity		**90,842**	–
Loan receivables		**50,607**	128,151
Debtors	10	**50,931**	26,982
Deposits, prepayments and other receivables		**164,331**	90,864
Cash and cash equivalents		**1,126,017**	861,454
Total current assets		**1,538,724**	1,110,809
CURRENT LIABILITIES			
Creditors, accruals and provision	11	**434,135**	250,252
Tax payable		**8,204**	2,642
Finance lease payables		**65**	31
Promissory notes		**10,000**	–
Total current liabilities		**452,404**	252,925
NET CURRENT ASSETS		**1,086,320**	857,884
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,189,749**	3,760,390
NON-CURRENT LIABILITIES			
Finance lease payables		**(194)**	(102)
Promissory notes		**(50,219)**	–
Interest-bearing other borrowings		**(143,939)**	(135,399)
Deferred tax liabilities		**(44)**	–
Total non-current liabilities		**(194,396)**	(135,501)
Net assets		**4,995,353**	3,624,889
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	12	**413,577**	409,851
Reserves		**4,255,641**	3,214,842
		4,669,218	3,624,693
Minority interests		**326,135**	196
Total equity		**4,995,353**	3,624,889

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31st December, 2007

	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							MINORITY INTERESTS	TOTAL EQUITY
	Issued share capital	Share premium account	Contributed surplus	Share option reserve	Investment revaluation reserve	Accumulated losses	Total		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st January, 2006	372,592	3,001,935	891,289	–	53,453	(2,275,215)	2,044,054	196	2,044,250
Exchange realignment	–	–	–	–	–	817	817	–	817
Changes in fair value of available-for-investments	–	–	–	–	(1,727)	–	(1,727)	–	(1,727)
Total income and expense for the year recognised directly in equity	–	–	–	–	(1,727)	817	(910)	–	(910)
Profit for the year	–	–	–	–	–	1,150,068	1,150,068	–	1,150,068
Total income and expense for the year	–	–	–	–	(1,727)	1,150,885	1,149,158	–	1,149,158
Issue of shares	37,259	394,945	–	–	–	–	432,204	–	432,204
Share issue expenses	–	(6,711)	–	–	–	–	(6,711)	–	(6,711)
Equity-settled share option arrangements	–	–	–	9,929	–	–	9,929	–	9,929
Share of reserve movements of associates	–	–	–	1,644	(622)	–	1,022	–	1,022
Release upon deemed disposal of an associate	–	–	–	(78)	(4,963)	78	(4,963)	–	(4,963)
At 31st December, 2006 and 1st January, 2007	409,851	3,390,169	891,289	11,495	46,141	(1,124,252)	3,624,693	196	3,624,889
Exchange realignment	–	–	–	–	–	1,964	1,964	-	1,964
Total income and expense for the year recognised directly in equity	–	–	–	–	–	1,964	1,964	-	1,964
Profit for the year	–	–	–	–	–	895,710	895,710	(7,186)	888,524
Total income and expense for the year	–	–	–	–	–	897,674	897,674	(7,186)	890,488
Issue of shares upon exercise of share options	3,726	29,674	–	(3,593)	–	–	29,807	–	29,807
Equity-settled share option arrangements	–	–	–	8,588	–	–	8,588	–	8,588
Share of reserve movements of associates	–	–	–	4,001	102,667	61	106,729	–	106,729
Release upon disposal of available-for-sale investments	–	–	–	–	1,727	–	1,727	–	1,727
Acquisition of a subsidiary	–	–	–	–	–	–	–	(631)	(631)
Disposal of partial interest in a subsidiary	–	–	–	–	–	–	–	60,896	60,896
Shareholders loan to a non-wholly owned subsidiary	–	–	–	–	–	–	–	272,860	272,860
At 31st December, 2007	413,577	3,419,843	891,289	20,491	150,535	(226,517)	4,669,218	326,135	4,995,353

1. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include 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 equity investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars (HK$) and all values are rounded to the nearest thousand except when otherwise indicated.

The Group has adopted the following new and revised HKFRSs, applicable to these financial statements, for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretations has had no material effect on these financial statements.

HKFRS 7	Financial Instruments: Disclosures
HKAS 1 Amendment	Capital Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 7 Financial Instruments: Disclosures

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/revised where appropriate.

(b) Amendment to HKAS 1 Presentation of Financial Statements - Capital Disclosures

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. These new disclosures are shown in the notes to the financial statements.

(c) HK(IFRIC)-Int 8 Scope of HKFRS 2

This interpretation requires HKFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group's equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. As the Company has only issued equity instruments to the Group's employees for identified services provided in accordance with the Company's share option scheme, the interpretation has had no effect on these financial statements.

(d) HK(IFRIC)-Int 9 Reassessment of Embedded Derivatives

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group has no embedded derivative requiring separation from the host contract, the interpretation has had no material impact on the financial position or results of operations of the Group.

(e) HK(IFRIC)-Int 10 Interim Financial Reporting and Impairment

The Group has adopted this interpretation as of 1st January, 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available for sale or a financial asset carried at cost is not subsequently reversed. As the Group had no impairment losses previously reversed in respect of such assets, the interpretation has had no impact on the financial position or results of operations of the Group.

2. SEGMENT INFORMATION

(a) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31st December, 2007 and 2006.

	Continuing operations												Discontinued operation			
	Media and entertainment		Film production and distribution		Advertising agency		Cosmetics		Corporate and others		Total		Satellite television		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***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	**138,988**	76,914	**97,166**	20,243	**31,112**	31,017	**22,514**	20,764	**–**	–	**289,780**	148,938	**2,130**	1,301	**291,910**	150,239
Other revenue	**2,452**	2,920	**1,557**	–	**–**	1,645	**7**	4	**–**	19	**4,016**	4,588	**43**	–	**4,059**	4,588
Total	**141,440**	79,834	**98,723**	20,243	**31,112**	32,662	**22,521**	20,768	**–**	19	**293,796**	153,526	**2,173**	1,301	**295,969**	154,827
Segment results	**(33,403)**	(10,487)	**(28,185)**	(38,299)	**(1,080)**	982	**(4,362)**	(5,389)	**(167,255)**	(101,247)	**(234,285)**	(154,440)	**(35,827)**	(30,924)	**(270,112)**	(185,364)
Unallocated interest and other gains											**58,742**	14,040	**–**	–	**58,742**	14,040
Gain on disposal of subsidiaries	**–**	–	**–**	–	**–**	–	**–**	–	**–**	974,556	**–**	974,556	**–**	–	**–**	974,556
Gain on disposal of a partial interest in a subsidiary	**–**	–	**–**	–	**–**	–	**–**	–	**499,969**	–	**499,969**	–	**–**	–	**499,969**	–
Gain on the sale of equity investments at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**–**	–	**1,270**	1,927	**1,270**	1,927	**–**	–	**1,270**	1,927
Gain on deemed disposal of an associate	**–**	–	**–**	–	**–**	–	**–**	–	**–**	20,985	**–**	20,985	**–**	–	**–**	20,985
Gain on disposal of available-for-sale investment	**–**	–	**–**	–	**–**	–	**–**	–	**1,834**	–	**1,834**	–	**–**	–	**1,834**	–
Fair value losses on equity investments at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**–**	–	**(3,341)**	(2)	**(3,341)**	(2)	**–**	–	**(3,341)**	(2)
Profit/(loss) from operating activities											**324,189**	857,066	**(35,827)**	(30,924)	**288,362**	826,142
Finance costs											**(8,954)**	(9,337)	**–**	–	**(8,954)**	(9,337)
Share of profits and losses of jointly-controlled entities	**(429)**	(5,529)	**(5,533)**	–	**–**	–	**–**	–	**(26,185)**	(2,834)	**(32,147)**	(8,363)	**–**	–	**(32,147)**	(8,363)
Provision for amounts due from jointly-controlled entities	**(763)**	(2,113)	**–**	–	**–**	–	**–**	–	**–**	–	**(763)**	(2,113)	**–**	–	**(763)**	(2,113)
Share of profits and losses of associates	**53**	91	**(5,292)**	2,725	**–**	–	**–**	–	**647,283**	340,544	**642,044**	343,360	**–**	–	**642,044**	343,360
Profit/(loss) before tax											**924,369**	1,180,613	**(35,827)**	(30,924)	**888,542**	1,149,689
Tax											**(18)**	379	**–**	–	**(18)**	379
Profit/(loss) for the year											**924,351**	1,180, 992	**(35,827)**	(30,924)	**888,524**	1,150,068

	Continuing operations												Discontinued operation			
	Media and entertainment		Film production and distribution		Advertising agency		Cosmetics		Corporate and others		Total		Satellite television		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	293,154	108,433	499,681	137,928	11,977	12,398	13,063	13,665	1,071,263	984,545	1,889,138	1,256,969	945	76,014	1,890,083	1,332,983
Interests in associates	(36)	17	–	127,060	–	–	–	–	2,620,215	1,865,088	2,620,179	1,992,165	–	–	2,620,179	1,992,165
Interests in jointly-controlled entities	(1,855)	711	85,299	–	–	–	–	–	979,544	653,823	1,062,988	654,534	–	–	1,062,988	654,534
Unallocated assets											68,903	33,633	–	–	68,903	33,633
Total assets											5,641,208	3,937,301	945	76,014	5,642,153	4,013,315
Segment liabilities	47,634	19,892	84,202	1,992	10,676	9,977	9,375	9,816	278,516	204,785	430,403	246,462	1,943	2,098	432,346	248,560
Unallocated liabilities											214,454	139,866	–	–	214,454	139,866
Total liabilities											644,857	386,328	1,943	2,098	646,800	388,426
Other segment information:																
Depreciation	2,369	202	147	–	225	231	161	155	2,020	953	4,922	1,541	4,221	4,602	9,143	6,143
Impairment of film rights	–	–	5,000	39,000	–	–	–	–	–	–	5,000	39,000	–	–	5,000	39,000
Amortisation of film rights	–	–	15,851	14,442	–	–	–	–	–	–	15,851	14,442	–	–	15,851	14,442
Amortisation of film products	–	–	41,337	–	–	–	–	–	–	–	41,337	–	–	–	41,337	–
Amortisation of music catalogs	1,555	–	–	–	–	–	–	–	–	–	1,555	–	–	–	1,555	–
Write-off of bad debts	–	–	–	–	–	425	27	2	–	–	27	427	–	3	27	430
Provision for doubtful debts	–	–	–	–	–	–	–	88	–	–	–	88	–	–	–	88
Provision for other receivable	–	–	5,000	–	–	–	–	–	–	–	5,000	–	–	–	5,000	–
Write-back of provision for doubtful debts	–	–	25	–	–	–	–	–	168	168	193	168	–	–	193	168
Provision for advances to artistes	20,143	–	–	–	–	–	–	–	–	–	20,143	–	–	–	20,143	–
Provision for indemnity	–	–	–	–	–	–	–	–	25,000	–	25,000	–	–	–	25,000	–
Impairment of films under production	–	–	18,160	–	–	–	–	–	–	–	18,160	–	–	–	18,160	–
Provision for inventories	–	–	711	–	–	–	4	423	–	–	715	423	–	–	715	423
Impairment of items of property, plant and equipment	–	–	–	–	–	–	–	–	–	–	–	–	6,079	–	6,079	–
Impairment of goodwill arising from acquisition of a jointly-controlled entity	3,500	–	–	–	–	–	–	–	–	–	3,500	–	–	–	3,500	–
Provision for amounts due from jointly-controlled entities	763	2,113	–	–	–	–	–	–	–	–	763	2,113	–	–	763	2,113
Additions of property, plant and equipment	10,766	1,072	179	–	–	358	58	273	6,688	186,182	17,691	187,885	42	579	17,733	188,464
Additions of film rights	–	–	26,047	–	–	–	–	–	–	–	26,047	–	–	–	26,047	–
Additions of films under production	–	–	35,958	–	–	–	–	–	–	–	35,958	–	–	–	35,958	–
Additions of music catalogs	63,200	–	–	–	–	–	–	–	–	–	63,200	–	–	–	63,200	–

Note:

The film production and distribution business constituted a reportable business segment of the Group in accordance with the requirements of HKAS 14 Segment Reporting subsequent to the acquisition of Media Asia Entertainment Group Limited during the year. Accordingly, the comparative figures for the film production and distribution business segment for the year ended 31st December, 2006 which were previously included in media and entertainment segment are now separately disclosed in the film production and distribution segment to conform to current year's presentation.

(b) Geographical segments

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31st December, 2007 and 2006.

	Hong Kong		Mainland China (including Macau)		Other		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**178,523**	107,547	**66,360**	42,692	**47,027**	–	**291,910**	150,239
Attributable to a discontinued operation	**(2,130)**	(1,301)	**–**	–	**–**	–	**(2,130)**	(1,301)
Revenue from continuing operations	**176,393**	106,246	**66,360**	42,692	**47,027**	–	**289,780**	148,938
Other segment information:								
Segment assets	**4,514,030**	3,300,490	**1,058,783**	679,192	**437**	–	**5,573,250**	3,979,682
Unallocated assets							**68,903**	33,633
Total assets							**5,642,153**	4,013,315
Additions of property, plant and equipment	**17,665**	2,917	**68**	185,547	**–**	–	**17,733**	188,464
Additions of film rights	**26,047**	–	**–**	–	**–**	–	**26,047**	–
Additions of films under production	**35,958**	–	**–**	–	**–**	–	**35,958**	–
Additions of music catalogs	**63,200**	–	**–**	–	**–**	–	**63,200**	–

3. OTHER REVENUE

	2007	2006
	HK$'000	*HK$'000*
Bank interest income	**49,078**	13,889
Interest income on a loan receivable	**9,664**	151
Others	**4,016**	4,588
Attributable to continuing operations reported in the consolidated income statement	**62,758**	18,628
Other revenue attributable to a discontinued operation	**43**	–
	62,801	18,628

4. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Interest on other borrowings wholly repayable within five years	**8,539**	9,022
Interest on promissory notes	**219**	–
Interest on finance leases	**16**	14
Refinancing charges of bank borrowings	**180**	301
	8,954	9,337

5. PROFIT BEFORE TAX

	Note	2007 HK$'000	2006 HK$'000
The Group's profit before tax is arrived at after charging/(crediting):			
Cost of film rights and license rights		**86,540**	16,497
Cost of artiste management services, advertising agency services, and services for entertainment events provided		**154,779**	89,292
Cost of inventories sold		**15,360**	10,086
Total cost of sales		**256,679**	115,875
Impairment of film rights **		**5,000**	39,000
Impairment of films under production #		**18,160**	–
Impairment of goodwill arising from acquisition of a jointly-controlled entity **		**3,500**	–
Gain on deemed disposal of an associate *		**–**	(20,985)
Gain on the sale of equity investments at fair value through profit or loss *		**(1,270)**	(1,927)
Gain on disposal of available-for-sale investment *		**(1,834)**	–
Amortisation of film rights #		**15,851**	14,442
Amortisation of film products #		**41,377**	–
Amortisation of music catalogs #		**1,555**	–
Depreciation ## @		**9,143**	6,143
Provision for doubtful debts **		**–**	88
Provision for other receivable **		**5,000**	–
Provision for advances to artistes #		**20,143**	–
Loss on disposal of items of property, plant and equipment **		**190**	25
Impairment of items of property, plant and equipment @		**6,079**	–
Fair value losses on equity investments at fair value through profit or loss **		**3,341**	2
Write-off of bad debts **		**27**	430
Write-back of provision for doubtful debts *		**(193)**	(168)
Provision for inventories #		**715**	423
Provision for indemnity **	*11*	**25,000**	–

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

** These items are included in the "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.

\## Depreciation charge of HK$2,293,000 (2006: HK$2,317,000) are included in "Cost of sales" on the face of the consolidated income statement.

@ The disclosures presented in this note include those amounts charged in respect of the discontinued operation, further details of which are set out in note 8.

6. TAX

No provision for Hong Kong profits tax has been provided as there were no assessable profits arising in Hong Kong for both years. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2007	2006
	HK$'000	*HK$'000*
Provision for tax for the year:		
Hong Kong	**–**	–
Elsewhere	**18**	–
	18	–
Prior years' overprovision:		
Hong Kong	**–**	(379)
Total tax charge/(credit) for the year attributable to continuing operations reported in the consolidated income statement	**18**	(379)

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration as if all of the Company's outstanding share options have been considered.

The calculations of basic and diluted earnings per share are based on:

	2007	2006
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:		
From continuing operations	**931,537**	1,180,992
From a discontinued operation	**(35,827)**	(30,924)
	895,710	1,150,068

	Number of shares	
	2007	2006
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**821,029,971**	801,941,105
Effect of dilution – weighted average number of ordinary shares:		
Share options	**7,169,913**	8,271,195
	828,199,884	810,212,300

8. DISCONTINUED OPERATION

During the year, the Group ceased the satellite television business in order to align the Group's business strategy and to focus resources on the continuing businesses.

The results of the satellite television business for both years are presented below:

	2007	2006
	HK$'000	*HK$'000*
Turnover	**2,130**	1,301
Other revenue	**43**	–
Cost of sales	**(19,606)**	(19,445)
Other expenses	**(18,394)**	(12,780)
Loss before tax from the discontinued operation	**(35,827)**	(30,924)
Tax	**–**	–
Loss for the year from the discontinued operation	**(35,827)**	(30,924)

The net cash flows incurred by the discontinued operation for the years are as follows:

	2007	2006
	HK$'000	*HK$'000*
Operating activities	**(29,227)**	(43,765)
Investing activities	**(19)**	(581)
Financing activities	**27,867**	45,772
Net cash inflow/(outflow)	**(1,379)**	1,426
Loss per share:		
Basic, from the discontinued operation	**HK$4.36 cents**	HK$3.86 cents
Diluted, from the discontinued operation	**N/A**	N/A

The calculation of basic loss per share from the discontinued operation is based on:

	2007	2006
Loss attributable to ordinary equity holders of the parent from the discontinued operation	**HK$35,827,000**	HK$30,924,000
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**821,029,971**	801,941,105

Diluted loss per share amounts for the years ended 31st December, 2007 and 2006 have not been disclosed as the share options outstanding had an anti-dilutive effect on the basic loss per share for these years.

9. INTERESTS IN ASSOCIATES

Interest in Lai Sun Development Company Limited ("LSD")

On 17th November, 2006, LSD entered into a placing agreement pursuant to which a total of 1,416,000,000 ordinary shares of LSD were to be issued and allotted to not less than six independent institutional investors for cash at a subscription of HK$0.36 per share (the "LSD Placement"). The LSD Placement was completed on 28th November, 2006. The Group's interest in LSD was then diluted from 40.8% to 36.72%. This resulted in a gain on the deemed disposal of HK$20,985,000, which was credited to the consolidated income statement for the year ended 31st December, 2006.

10. DEBTORS

	2007 *HK$'000*	2006 *HK$'000*
Trade debtors	**53,683**	28,875
Impairment	**(2,752)**	(1,893)
	50,931	26,982

Trade debtors include receivables for advertising, sales of products, licensing income and distribution commission from music publishing, film products and film rights. Trading terms with customers are largely on credit. Invoices are normally payable within 30 days of issuance, except for certain well established customers, where the terms are extended to 60 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 credit risk. Overdue balances are regularly reviewed by senior management. In view of the aforementioned and the fact that the Group's debtors relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade debtors based on the dates when goods are delivered or the services are provided, net of provision for doubtful debts, as at the respective balance sheet dates is as follows:

	2007 HK$'000	2006 HK$'000
Trade debtors:		
Less than 30 days	**28,004**	13,787
31 – 60 days	**7,734**	7,022
61 – 90 days	**1,607**	2,806
Over 90 days	**13,586**	3,367
	50,931	26,982

The aged analysis of the trade debtors that are not considered to be impaired is as follows:

	2007 HK$'000	2006 HK$'000
Neither past due nor impaired	**42,397**	18,504
Less than 3 months past due	**5,268**	6,627
More than 3 months past due	**3,266**	1,851
	50,931	26,982

11. CREDITORS, ACCRUALS AND PROVISION

An aged analysis of the trade creditors prepared based on the dates of receipt of the goods and services purchased as at the respective balance sheet dates is as follows:

	Note	2007 HK$'000	2006 HK$'000
Trade creditors:			
Less than 30 days		**7,000**	4,753
31 – 60 days		**4,399**	2,005
61 – 90 days		**1,511**	1,584
Over 90 days		**2,390**	2,620
		15,300	10,962
Other creditors and accruals		**393,835**	239,290
Provision	*(i)*	**25,000**	–
		434,135	250,252

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

(i) In connection with a reorganisation agreement between LSD and the Company in June 2000, the Group disposed of its 45% interest in Guangzhou International Golf Club Ltd. ("GIGC") to LSD. GIGC owns and operates a golf club in Xiancun, Zhencheng, Guangdong Province, the People's Republic of China. GIGC has not obtained valid land use rights for a total area of 1,430 mu (approximately 953,340 square metres) of the land (the "Land") on which the golf club is situated, which showed unencumbered ownership over such Land upon completion of the transaction. As a result, the Group entered into a Deed of Undertaking and Indemnity with LSD on 30th June, 2000. The Group has undertaken to indemnify LSD or any of its subsidiaries against all losses and charges suffered or sustained, directly or indirectly, in connection with GIGC not having obtained the land use right certificates, and all other relevant documents for the Land on which the golf club is situated or not showing unencumbered ownership over the Land. The aggregate liability of the Group under the indemnity created is limited to a maximum of HK$25,000,000.

As at the date of this report, the land use rights referred to above had not been obtained by GIGC. The directors considered it probable that the Group would be requested to fulfill its obligation under the indemnity to be incurred by GIGC in obtaining the land use rights certificates after referencing to the prevailing property market situation in Mainland China. A full provision for the indemnity amount of HK$25,000,000 was recognised in the financial statements for the year ended 31st December, 2007.

12. SHARE CAPITAL

	2007		2006	
	Number of shares	**Nominal value**	Number of shares	Nominal value
	'000	***HK$'000***	*'000*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.50 each	**2,000,000**	**1,000,000**	2,000,000	1,000,000
Issued and fully paid:				
Ordinary shares of HK$0.50 each	**827,155**	**413,577**	819,703	409,851

Movements in the Company's issued share capital are summarised as follows:

		Number of ordinary shares	**Issued share capital**	**Share premium account**	**Total**
	Notes	*'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st January, 2006		745,185	372,592	3,001,935	3,374,527
Issue of shares	*(a)*	74,518	37,259	394,945	432,204
Share issue expenses	*(a)*	–	–	(6,711)	(6,711)
At 31st December, 2006 and 1st January 2007		819,703	409,851	3,390,169	3,800,020
Issue of shares	*(b)*	7,452	3,726	26,081	29,807
Release from share option reserve upon exercise of share options	*(b)*	–	–	3,593	3,593
At 31st December, 2007		827,155	413,577	3,419,843	3,833,420

Notes:

(a) On 15th March, 2006, the Company entered into a placing agreement with placing agents pursuant to which a total of 74,518,000 new ordinary shares of the Company were issued and allotted to not less than six institutional investors for cash at a subscription price of HK$5.80 per share (the "Placement"). The Placement was completed on 29th March, 2006. Proceeds of approximately HK$425 million, after deduction of share issue expenses of HK$6.7 million, were used to finance the development project in Macau and as general working capital of the Group.

(b) During the year, subscription rights attaching to 7,451,848 share options granted under the Company's share option scheme were exercised at a subscription price of HK$4.00 per share. Total cash consideration of approximately HK$29,807,000 was received and 7,451,848 shares of HK$0.5 each were issued. The share option reserve of HK$3,593,000 was released to the share premium account.

(c) In March 2008, the Company proposed a right issue of one rights share for every two existing shares held at a subscription price of HK$2.50 per rights share. Further details are set out in the section 'Post Balance Sheet Events' of the announcement.

13. CONTINGENT LIABILITIES

Contingent liabilities not provided for in the financial statements at the balance sheet date were as follows:

	2007	2006
	HK$'000	*HK$'000*
Guarantee given to LSD in connection with the disposal of an associate to LSD	**–**	25,000

The amount has been recognized as a liability during the year. Further details are set out in note 11.

DIVIDEND

The Directors do not recommend the payment of a final dividend in respect of the year ended 31st December, 2007 (2006: Nil) at the forthcoming Annual General Meeting. No interim dividend was paid or declared in respect of the year ended 31st December, 2007 (2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview of results

For the year ended 31st December, 2007, the Group recorded a turnover from continuing operations of HK$289,780,000 (2006: HK$148,938,000), representing an increase of approximately 94.6% from the previous year. The increase was largely due to higher entertainment event income and the consolidation of the financial results of Media Asia Entertainment Group Limited ("MAEG") following the completion of the privatisation and delisting of MAEG on the Singapore Stock Exchange in August 2007.

For the year under review, the Group recorded a profit from operating activities of HK$324,189,000 (2006: HK$857,066,000), representing a decrease of approximately 62.2% from the previous year.

The decrease in profit from operating activities as compared to the previous year was mainly due to: (i) the amount of a gain on sale of a 20% effective interest in Macao Studio City to CapitaLand Integrated Resorts Pte. Limited ("CapitaLand Integrated Resorts") of HK$499,969,000 versus a gain on sale of a 40% effective interest in Macao Studio City project to New Cotai, LLC ("New Cotai") of HK$974,556,000 in the previous year, (ii) the increase in total expenses (marketing, administrative and other operating) for the year ended 31st December, 2007 of HK$276,390,000 (2006: HK$193,461,000), exceeded the amount of increase in other revenue (mainly interest income) and other operating gains for the year ended 31st December, 2007 of HK$62,758,000 (2006: HK$18,628,000) and HK$4,751,000 (2006: HK$24,280,000) respectively. The increase in total expenses was attributed to the increase in headcount of executives and staff to oversee the various business operations of the Group and the joint venture development of Macao Studio City project, as well as the consolidation of the expenses related to MAEG.

For the year ended 31st December, 2007, the Group recorded a profit after tax from continuing operations of HK$924,351,000 (2006: HK$1,180,992,000). During the year, the Group discontinued its satellite television operations and such discontinued operation incurred a loss of HK$35,827,000 (2006: a loss of HK$30,924,000).

For the year ended 31st December, 2007, the Group achieved a consolidated profit attributable to equity holders of the Company of HK$895,710,000 (2006: HK$1,150,068,000), representing a reduction by approximately 22.1% as compared to the previous year. Share of profits of associates (in this case, mainly Lai Sun Development Company Limited "LSD") of HK$642,044,000 was up by approximately 87.0% from HK$343,360,000 of the previous year. The amount of the share of losses of jointly controlled entities (in this case, mainly Macao Studio City joint venture) of HK$32,147,000 was up by approximately 284.4% from HK$8,363,000 of the previous year.

Shareholders' equity as at 31st December, 2007 amounted to HK$4,669,218,000, up from HK$3,624,693,000 as at 31st December, 2006. Net asset value per share as at 31st December, 2007 was HK$5.64, as compared to HK$4.42 as at 31st December, 2006.

Macao Studio City

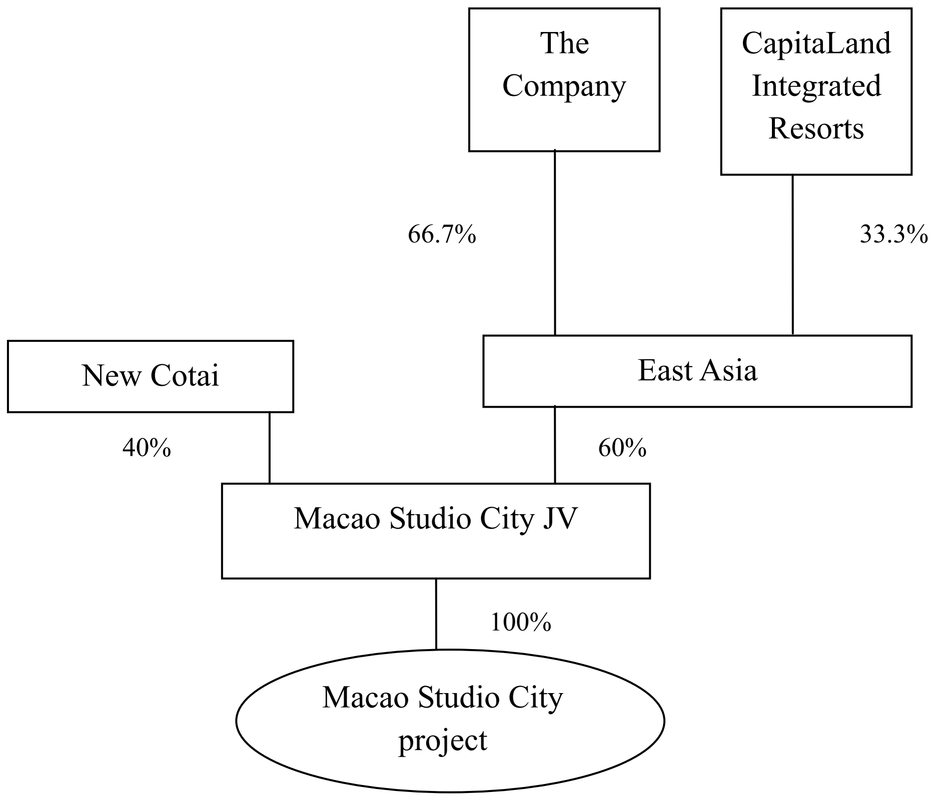
Macao Studio City will be one of Asia's leading integrated leisure resort combining theatre/concert, live entertainment facilities, Studio Retail^{TM} (a destination retail complex), Las Vegas style gaming facilities and world class hotels. The project will be developed on a site strategically located "Where Cotai Begins^{TM}", next to the new Lotus Bridge immigration checkpoint, linking the complex directly to Zhuhai's Hengqin Island.

Joint venture arrangements

In December 2006, the Group completed the sale of a 40% interest in Cyber One Agents Limited ("Cyber One" or "Macao Studio City JV"), the investment holding company of the Macao Studio City project, to our US joint venture partner New Cotai.

In March 2007, the Group further completed the sale of a 33.3% interest in East Asia Satellite Television (Holdings) Limited ("East Asia"), the holding company of the 60% interest in Cyber One, to CapitaLand Integrated Resorts. CapitaLand Integrated Resorts is a wholly-owned subsidiary of CapitaLand Limited, one of the largest listed real estate companies in Asia.

Following the completion of the disposal of a 40% and a 20% effective interest in Macao Studio City project to New Cotai and CapitaLand Integrated Resorts respectively, the current simplified shareholding structure of Macao Studio City project is as follows:



Following completion of the sale of effective interests in Macao Studio City project, the Group received the initial sale considerations of HK$1,317,513,600 and HK$658,756,800 respectively from New Cotai in December 2006 and CapitaLand Integrated Resorts in March 2007, based on the currently approved gross floor area ("GFA") of 3,659,760 square feet for Phase I of the project and based on HK$900 per square feet of GFA approved.

During the year, Macao Studio City JV submitted land grant modifications on land uses and to increase the developable gross floor area of the site to approximately 6,000,000 square feet. Macao Studio City JV has yet to receive formal approval to the same from the Macau government. Upon approval and satisfaction of other terms the Group should receive further sale considerations from New Cotai and CapitaLand Integrated Resorts.

Hotel partnerships

During the year, Macao Studio City JV executed various agreements or memoranda of understanding regarding hotel components of the project. Phase I of Macao Studio City will involve the building of a luxury Ritz-Carlton Hotel (256 rooms) and W Hotel (563 rooms), a first-class Marriott Hotel (965 rooms) and a new super-luxury boutique hotel under the brand "The Tang Hotel" (118 rooms). These four world-class hotel partners of the Macao Studio City project will add over 1,900 hotel rooms to the Cotai area.

Retail partnership

On 29th January, 2008, Macao Studio City JV entered into certain agreements with a subsidiary of Taubman Centers, Inc. ("Taubman") in respect of a joint venture to be established for the purpose of owning, developing and operating of retail shopping arcade in Phase I of Macao Studio City ("Phase I Retail Component") and to document a right of first offer in respect of the retail component of Phase II of Macao Studio City.

Taubman is a global leader of the shopping center industry. Phase I Retail Component comprises retail space of approximately 904,000 square feet of GFA. Macao Studio City JV, which retains a 75% interest in the Phase I Retail Component, will develop the Phase I Retail Component in a joint venture with Taubman.

Under these agreements, Macao Studio City JV has sold to Taubman a 25% equity participation interest in the Phase I Retail Component for an initial cash consideration of approximately HK$376.80 million and re-imbursement of 25% of the development costs. Macao Studio City JV will further receive additional consideration, depending upon performance, of the Phase I Retail Component over time. The initial cash consideration of approximately HK$376.80 million has been calculated on the estimated value of 25% of the GFA of the Phase I Retail Component, determined at HK$1,667 per square foot.

Independent shareholders of the Company have also approved the relevant agreements in respect of the joint venture with Taubman on a special general meeting of the Company held on 18th March, 2008.

Playboy Mansion

In September 2007, Macao Studio City JV entered into agreements with a wholly-owned subsidiary of Playboy Enterprises International, Inc. ("Playboy") to develop "Playboy Mansion Macao" in Phase I of Macao Studio City project. Playboy Mansion Macao will be a Playboy-inspired multi-use entertainment venue of approximately 30,000 to 40,000 square feet.

Financing

According to the latest development plan of Macao Studio City project, Phase I of the project will require a development cost of approximately US$1.7 billion (including, but not limited to, hard construction costs, fixtures and equipment, soft and consultancy costs, contingency, interest coverage and pre-opening expenses, but excluding land value).

As the sub-prime mortgage crisis in the US emerged in 2007, the widespread dispersion of credit risk caused financial institutions to reduce lending activity or to make loans at higher interest rates. The deteriorating global credit and bond markets negatively affected and delayed the anticipated debt fundraising exercise of Macao Studio City. As of the date of this announcement, Macao Studio City JV is still working with banks on the debt financing element of the project.

In view of the difficult credit market conditions, shareholders of Macao Studio City JV entered into a memorandum of understanding on 9th November, 2007 that, amongst other things, called for the proposed injection of additional capital into the joint venture and the granting of other financial support by its shareholders. As envisaged by such memorandum of understanding, shareholders of Macao Studio City JV agreed to increase shareholders' contribution to Macao Studio City project, on a several basis, to US$500 million, subject to the approval of eSun shareholders and further negotiation of definitive documents to reflect and expand upon matters agreed in the memorandum of understanding. As at date of this announcement, the shareholders of Macao Studio City JV have already contributed capital of US$200 million.

Assuming the definitive documents are settled and entered into, and the relevant terms are approved by eSun shareholders, eSun's outstanding funding commitment to Macao Studio City JV will be US$120 million (equivalent to approximately HK$936 million), being 40% of the additional capital of US$300 million.

The current situation is that the parties have yet to finalise the long term definitive documentation envisaged by the Memorandum of Understanding. However, eSun remains committed to negotiating in good faith with a view to concluding the definitive documents. Given the delay in agreeing the definitive documentation, it is now permissible for any party to terminate the Memorandum of Understanding. As at the date of this announcement, no party has taken this step.

Until the definitive documents can be agreed, the obligation on the Company's subsidiary, East Asia, to make the additional funding contributions of US$180 million (i.e. 60% of the US$300 million) to the Macao Studio City JV as envisaged by the Memorandum of Understanding, has yet to become legally-binding. As such, the obligation on the Company to make its pro-rata contribution towards this US$180 million sum (i.e. US$120 million, being two-thirds thereof) has also yet to become legally-binding.

Although, the longer timeframe required to finalise the definitive documents may prolong the time needed to settle the overall funding plan for the Macao Studio City project, **the Company remains firmly committed to the Macao Studio City project and is determined to proceed with its rights issue, as announced in March 2008.** The rights issue is not and has never been conditional upon finalising the definitive documents and, as previously announced, the Company wishes to have sufficient capital available for the Macao Studio City project, however the project evolves, and otherwise for its general working capital purposes.

Construction

The ground breaking ceremony of Macao Studio City project was held in January 2007. Foundation work for Phase I of the project has been completed. We anticipate the construction work for Phase I would commence upon finalization of the loan financing element of the project.

Media and entertainment

Film production and distribution – MAEG

Following the closing of the voluntary cash offer on 11th June, 2007, the Group held a 98.44% interest in MAEG. The financial results of MAEG had since then been consolidated into the Group. In August 2007, the Group completed the privatisation and delisting of MAEG on the Singapore Stock Exchange and MAEG became a wholly-owned subsidiary of the Group.

After completion of the privatization, the Group would be able to enjoy greater autonomy over MAEG's business direction and better control over deployment and utilization of resources. The increase in the Group's interest in MAEG will enhance the Group's media and entertainment business portfolio and promote synergies with other business units of the Group. For the year ended 31st December, 2007, the MAEG Group contributed a turnover of HK$84,088,000 and a gross profit of HK$15,830,000 to the Group's consolidated results.

In 2007, MAEG released 5 films – Hooked On You, Triangle, Wedding, The Warlords and Assembly. Among these films, The Warlords, a mega-budget film directed by Peter Chan and featuring Asia' top actors – Jet Li, Andy Lau, Takeshi Kaneshiro, and Assembly, a Chinese war drama directed by Feng Xiaogang. The box-office receipt of "The Warlords" and "The Assembly" are among the top three movies in the Mainland of China last year.

In 2007, MAEG's films released last year continued to receive industry recognitions in local and international film festivals. The Banquet won the Best Supporting Actress at The 26th Hong Kong Film Awards, and the Best Supporting Actress, the Best Art Direction and the Best Original Theme Song at The 12th Golden Bauhinia. Confession of Pain won the Best Cinematography and the Best Sound Effect at The 12th Golden Bauhinia, and the Best Cinematography at The 26th Hong Kong Film Awards. Exiled won the Best Picture, the Best Director and the Top Ten Film of the Year at The 12th Golden Bauhinia. In the upcoming 27th Hong Kong film award, "The Warlords" received 13 nominations including Best Film, Best Director, Best Actors, Best Acting and Best Cinematography.

Film library

As at 31st December, 2007, the film rights and film products of the Group represented mainly all rights, titles and interests in an aggregate of 161 films, of which 130 film rights are beneficially owned by the Group (excluding the MAEG Group) and the remaining 31 film products are beneficially owned by the MAEG Group with an aggregate carrying value of approximately HK$199 million (2006: HK$134 million).

Live entertainment

In 2007, the Group's live entertainment division maintained its dominant market share position in Hong Kong, and produced and participated in aggregate 154 concerts and entertainment events by popular local and Asian artistes including: Andy Lau, Sammi Cheng, Denise Ho, Ayumi Hamasaki, in cooperation with leading Japan music label, Avex Group, and Tsai Chin as well as produced highly acclaimed theater musicals such as Once in a Life Time.

Music production and distribution

In 2007, the Group's music production and distribution divisions released 42 albums, including titles for "Everyone is No. 1" for Andy Lau, "This Is Mi" for Sammi Cheng, "We Stand As One and Live In Unity 2006 演唱會" for Denise Ho, "4 In Love" for Leon Lai, "空前絕後" for Andy Hui, "Meridian" for Miriam Yeung, "Once in a Life Time" and "東亞萬歲".

In 2007, the Group successfully concluded contracts with Andy Lau and released his "Everyone is No. 1" album. In addition, under the same deal, the Group acquired a music library containing over 600 songs and 250 MVs with the intention to expand its new media distribution business.

In the same year, the Group has also obtained the administrative rights of a number of composers/lyricists including Peter Kam, Chan Siu Kei, Mini Choi Min Lai and Nan Yik Pong.

Satellite television

Taking into account the current business environment and conditions and the expected pattern of inflow of economic benefits, the Group decided to focus its resources on media and entertainment contents production. Accordingly, the satellite television division ceased its broadcast in the Mainland and Hong Kong from January 2008 and April 2008 respectively.

Television drama and content production

As part of the Group's effort to become a comprehensive entertainment Chinese language content platform in Greater China, the Group has decided to expand its entertainment offerings to include TV drama business. During the year, the Group has commenced discussions with renowned directors/producers and artists in Mainland China to produce television dramas and contents.

LSD

For the year ended 31st December, 2007, LSD continued to benefit from the continued rental reversion from its investment properties, from the increase in average daily room rate of its hotel operations, from its disposal of hotel assets and from its share of profits of the Group as a result of the cross-holding shareholdings between LSD and the Company.

Property Development — Wanchai Wood Road Project

This joint residential development project is a 50:50 joint venture between LSD and a unit of AIG Global Real Estate Investment (Asia) LLC. The development has a planned total gross floor area of approximately 140,000 square feet and a total development cost is now estimated to be about HK$1 billion.

Foundation work started in November 2007 and is expected to be completed by September 2008. Construction will start thereafter and is scheduled for completion by 2011.

Property Development — Tai Po Road Project

In August 2007, LSD completed the acquisition of a site situated at Nos. 20, 22, 24, 26 and 28 Tai Po Road, Kowloon, Hong Kong for a consideration of HK$303 million. LSD owns 100% of this development project. The development has a planned total gross floor area of over 60,000 square feet mainly for residential use and a total development cost is now estimated to be about HK$450 million.

Foundation work is expected to be started in mid April 2008 and completed by September 2008. Construction will start thereafter and is scheduled for completion by 2010.

Disposal of 50% interest in Majestic Hotel and Majestic Centre

In July 2007, LSD completed the disposal of its 50% interest in Majestic Hotel and Majestic Centre, Kowloon, Hong Kong. LSD received its share of the sale proceeds, after repayment of the bank loan secured by the subject property, of approximately HK$600 million.

Redevelopment of The Ritz-Carlton Hong Kong site

In December 2007, LSD together with the other three original shareholders of Diamond String Limited (the company which owns the property of The Ritz-Carlton Hong Kong) completed the sale of a total of 40% interest in Diamond String to CCB International Group Holdings Limited ("CCB International"), a wholly-owned subsidiary of China Construction Bank Corporation ("CCB"). Out of the aforesaid 40% interest, LSD sold 16.57% interest in Diamond String and received a sale consideration of approximately HK$567 million (subject to adjustment). The hotel operation of The Ritz-Carlton Hong Kong was terminated on 1st February, 2008.

Immediately following this disposal, LSD and CCB International held 60% and 40% interest in Diamond String respectively. Both parties, through Diamond String, will invest in the redevelopment of the site of The Ritz-Carlton Hong Kong into a Grade-A office tower.

PROSPECTS

Overall

Macao Studio City project will dramatically transform the Group's businesses. Given its mega-scale and its unique positioning in Macau — a new integrated leisure, convention and retail centre in Asia, we expect Macao Studio City will stand as one of the major entertainment destinations for visitors from Greater China and other parts of the world. It will become an important platform for the Group to expand and monetarize its entertainment and media expertise. The Group's current prime objective is to ensure smooth execution of Phase I of Macao Studio City.

Macao Studio City

The joint venture shareholders and component partners provide the project with world-class expertise in different areas and complement the Group's strong position in the media and entertainment sector.

As mentioned above, the Company remains firmly committed to the Macao Studio City project and is determined to proceed with its fully-underwritten 1-for-2 rights issue to raise net proceeds of around HK$1 billion as announced in March 2008. The rights issue is conditional upon LSD shareholders passing a resolution to permit LSD to participate in the rights issue but is not and has never been conditional upon finalizing the definitive documents. As previously announced, the Company wishes to have sufficient capital available for the Macao Studio City project, however the project evolves, and otherwise for its general working capital purposes. With the increase in shareholders' contribution, Macao Studio City JV will have a very substantial equity base comprising shareholders contribution and the land value. Even though the global credit market still remains unstable, Macao Studio City JV targets to complete the debt financing exercise within this year in order to finance the development of Phase I of the project.

Construction for super-structure work of Phase I of the project will commence once the debt financing exercise is finalized. Construction schedule and formal opening of Phase I will now depend on timing of the conclusion of the debt financing exercise. The Group however targets completion of Phase I in 2010, subject to financing.

Media and entertainment

The Group's vision is to become the top five Chinese language content entertainment company in Greater China. Key initiatives in 2008 include 1) expand the Group's footprint into PRC in all segments of our entertainment offering; 2) initiate/source TV drama production/co-production opportunities in PRC; and 3) engage in music publishing business.

Film production and distribution

After privatizing MAEG in 2007, the film production and distribution division initiatives in 2008 include 1) continued building momentum of the Group by steadily increasing the number of films produced per annum with the aim of expanding market share as well as diversifying earnings risk as a result of over reliant on small number of films produced per annum; 2) fully deploy our relationships with leading/reknown director and producer that MAEG has co-operated with in the past including Mr. Johnnie To and Mr. Andrew Lau to increase the number of quality films produced; 3) expand film revenue base in multiple geographies by engaging into relationships with leading studios beyond Greater China.

MAEG is also planning a number of big budget films in the coming years. It intends to increase its yearly total investments in film production with its internal resources and other external sources, including but not limited to, jointly produced with independent film funds.

Live Entertainment

Live Entertainment division sees great opportunity in expanding footprints in multiple geographies. 2008 initiatives include 1) maintain our live entertainment dominant market leadership position in Hong Kong; 2) expand into live entertainment promotion business in PRC; 3) make our debut into the live entertainment promotion business into Macao; 4) strategically develop long run live entertainment projects; and 5) source/train more talent new singers/composers/lyric writers.

In 2008, the live entertainment division of the Group has already scheduled its own production of 22 concerts and entertainment events by popular local artistes and participation in the other promoters production of 11 other concerts, already involving around 46 shows in total.

Music production, distribution and publishing

Music production and distribution main objectives include 1) increase our market share in Hong Kong with the goals of greatly enhancing East Asia Music, Amusic, and Clot Music brand presence in Southern China; and 2) debut East Asia Music expansion into Mandarin album release targeting the PRC market.

Despite continued challenge in dwindling physical music sales, the Group is cautiously optimistic with the outlook as 1) the shift in consumers pattern from physical to digital music sales offer unique opportunities to extract new revenue streams from digital sales; and 2) the indication over the longer term prospect of the digital music market in PRC.

The Group entered into music publishing business in late 2007 through establishing East Asia Music Publishing. Music publishing is highly attractive 1) as evidenced by global music labels, music publishing offers recurring and stable cash flows; and 2) revenue streams are ever expanding as new digital media platform emerges globally, and particularly in PRC, which slowly emerges to offer means to collect publishing fees.

Television drama

There are three distinct advantages to TV drama business in the PRC, namely 1) it offers stable recurring cash flow; 2) premium quality TV drama offers very stable margin and 3) it also offers the Group a window/opportunity to expand and develop our artiste management business in the PRC. Accordingly, the management intends to place more focus to develop and groom this business in the near future.

Lai Sun Development Company Limited

Property investment and development

LSD continues to improve its tenant mix in its investment properties so as to strengthen its rental income base. Other than its current development projects, LSD is also actively looking for new development projects in Hong Kong and overseas which offer good investment returns.

Redevelopment of The Ritz-Carlton Hong Kong site

On 31st March, 2008, LSD completed the sale of a further 10% stake in Diamond String to CCB International for a total consideration of approximately HK$417 million (subject to adjustment). Immediately after the completion, LSD and CCB International own this redevelopment project on a 50:50 basis.

The buildable GFA for the redevelopment is approximately 225,000 square feet. Demolition work will start by end of April 2008. The redevelopment is expected to be completed in 2011.

The redeveloped office tower will become a landmark property in Central, Hong Kong. Part of the redeveloped property, upon its completion, will be used by CCB as offices of its Hong Kong operations. The Group is very excited to partner with CCB for the redevelopment of The Ritz-Carlton Hong Kong. The partnership with CCB marks a vital move for the future development of the Company.

POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date, the following events occurred:

(i) Subsequent to the balance sheet date, a total of 9,800,000 share options were granted to certain directors of the Company on 20th February, 2008. These share options will be vested separately in tranches during the exercise periods of one calendar year commencing from 1st May, 2008, three calendar years commencing from 1st January, 2009 and ending on 31st December, 2011, and three calendar years commencing from 31st May, 2008 and ending on 30th May, 2011, at an exercise price from HK$5.62 to HK$6.62 per share. The closing price of the Company's shares at the dates of grant was HK$3.93 per share on 20th February, 2008.

(ii) On 7th March, 2008, the Company proposed a right issue of one rights share for every two existing shares held by members on the register of members on 25th April, 2008 at a subscription price of HK$2.50 per rights share (the "Right Issue"), resulting in issue of not less than 413,573,388 and not more than 414,508,868 rights shares.

The estimated net proceeds of the Rights Issue would be approximately HK$1,013 million. The rights issue is not and has never been conditional upon finalizing the definitive documents and, as previously announced, the Company wishes to have sufficient capital available for the Macao Studio City project, however the project evolves, and otherwise for its general working capital purposes. Further details of the rights issue are set out in the Company's announcement dated 7th March, 2008.

LIQUIDITY, FINANCIAL RESOURCES, CHARGE ON ASSETS, GEARING AND CAPITAL COMMITMENTS

As at 31st December, 2007, cash and cash equivalents held by the Group amounted to HK$1,126,017,000 of which over 88% were denominated in Hong Kong dollar currency.

As at 31st December, 2007, the Group has unsecured promissory notes payables of HK$10,000,000 falling due within one year, HK$20,000,000 falling due within the second year and HK$30,219,000 falling due within the third and fifth years, respectively. The promissory notes payables is interest-free except for an amount of HK$30,000,000which bears interest at 3.5% per annum. As at 31st December, 2007, the unsecured other borrowings from a former shareholder of the Company with the principal amount of HK$112,938,000, is interest-bearing at the HSBC prime rate per annum, and is not repayable within one year. The Group recorded interest accruals of HK31,001,000 for the other borrowings as at 31st December, 2007. In addition, certain land and buildings of the Group with a carrying amount of HK$62,422,000 were pledged to a bank to secure general banking facilities granted to the Group. As at 31st December, 2007, the general banking facilities were not utilised by the Group. Also, the Group has finance lease payables of HK$65,000 falling due within one year, HK$68,000 falling due within the second year and HK$126,000 falling due within the third to fifth years, as at 31st December, 2007.

The Group's debt to equity ratio, expressed as a percentage of total borrowings to total net assets, remained low at approximately 4% as at 31st December, 2007. All of the Group's borrowings are denominated in Hong Kong dollars and the majority of which are floating rate debts. No financial instruments for hedging purposes were employed by the Group during the year under review.

The Group believes that its cash holdings and the available banking facilities will be sufficient to fund its working capital requirements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31st December, 2007, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practice (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the accounting period covered by the Annual Report save for a deviation from code provision A.4.1.

Under code provision A.4.1, non-executive directors should be appointed for a specific term and be subject to re-election. None of the existing non-executive Directors of the Company is appointed for a specific term. However, at each annual general meeting, the Directors for the time being shall retire from office by rotation once every three years pursuant to the Bye-laws of the Company and a retiring Director shall be eligible for re-election.

REVIEW OF ANNUAL RESULTS

The annual results of the Company for the year ended 31st December, 2007 have been reviewed by the audit committee of the Company. The audit committee comprises three independent non-executive Directors, namely Mr. Alfred Donald Yap, Mr. Low Chee Keong and Mr. Tong Ka Wing, Carl.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December, 2007 have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by 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 assurance has been expressed by Ernst & Young on the preliminary announcement.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on, Thursday, 22nd May, 2008. Notice of the Annual General Meeting together with the Company's Annual Report for 2007 will be despatched to shareholders in due course.

By Order of the Board
Lien Jown Jing, Vincent
Chairman

Hong Kong, 11th April, 2008

As at the date of this announcement, the executive directors of the Company are, Mr. Lam Kin Ngok, Peter, Ms. Leung Churk Yin, Jeanny, Mr. Liu Ngai Wing, Mr. Cheung Wing Sum, Ambrose and Mr. Low Kit Leong, the non-executive directors are Mr. Lien Jown Jing, Vincent, Mr. Lam Kin Ming and Madam U Po Chu and the independent non-executive directors are Mr. Alfred Donald Yap, Mr. Low Chee Keong and Mr. Tong Ka Wing, Carl.