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eSun Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 571)

Announcement of Final Results for the Year Ended 31 July 2012

RESULTS

The board of directors (the "**Board**") of eSun Holdings Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 July 2012 together with the comparative figures for the period from 1 January 2011 to 31 July 2011 as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 July 2012

	Notes	**Year ended 31 July 2012** *HK$'000*	Period from 1 January 2011 to 31 July 2011 *HK$'000*
TURNOVER	*4*	**702,151**	316,285
Cost of sales		**(447,278)**	(207,878)
Gross profit		**254,873**	108,407
Other revenue	*5*	**60,799**	11,879
Selling and marketing expenses		**(100,873)**	(63,492)
Administrative expenses		**(358,047)**	(147,126)
Other operating gains		**11,801**	2,634
Other operating expenses		**(114,579)**	(81,708)
Fair value gain/(loss) on a forward contract		**(63,332)**	6,585
Gain on bargain purchase of subsidiaries, net	*13*	**1,350,405**	8,339
PROFIT/(LOSS) FROM OPERATING ACTIVITIES		**1,041,047**	(154,482)
Finance costs	*6*	**(46,416)**	(6,052)
Gain on disposal of investments in joint ventures		**-**	652,408
Share of profits and losses of joint ventures		**8,903**	(9,487)
Share of profits and losses of associates	*10*	**99,138**	35,940
PROFIT BEFORE TAX	*7*	**1,102,672**	518,327
Income tax expense	*8*	**(16,661)**	(112)
PROFIT FOR THE YEAR/PERIOD		**1,086,011**	518,215

	Notes	**Year ended 31 July 2012** *HK$'000*	Period from 1 January 2011 to 31 July 2011 *HK$'000*
Attributable to:			
Owners of the Company		**1,161,588**	524,538
Non-controlling interests		**(75,577)**	(6,323)
		1,086,011	518,215
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*9*		
Basic		**HK$0.934**	HK$0.422
Diluted		**HK$0.934**	HK$0.422

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 July 2012

	Year ended 31 July 2012 *HK$'000*	Period from 1 January 2011 to 31 July 2011 *HK$'000*
PROFIT FOR THE YEAR/PERIOD	**1,086,011**	518,215
OTHER COMPREHENSIVE INCOME/(LOSS)		
Exchange realignment on translation of foreign operations	**1,284**	1,358
Share of other comprehensive income of joint ventures	**-**	130
Share of other comprehensive income of associates	**60,075**	101,563
Release of reserves upon disposal of an associate	**(253,078)**	-
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD, NET OF TAX	**(191,719)**	103,051
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	**894,292**	621,266
Attributable to:		
Owners of the Company	**969,802**	627,589
Non-controlling interests	**(75,510)**	(6,323)
	894,292	621,266

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 July 2012

	Notes	**2012** **HK$'000**	2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,051,020**	77,639
Properties under development		**1,253,651**	-
Investment properties		**10,786,016**	-
Film rights		**47,317**	54,614
Film products		**74,235**	77,277
Music catalogs		**31,999**	48,287
Goodwill		**10,182**	-
Other intangible assets		**71,467**	-
Investments in joint ventures		**1,115,588**	74,303
Investments in associates	*10*	**6,035**	4,467,382
Available-for-sale investments		**166,209**	78,969
Deposits, prepayments and other receivables		**78,211**	88,764
Total non-current assets		**15,691,930**	4,967,235
CURRENT ASSETS			
Properties under development		**510,318**	-
Completed properties for sale		**2,683,650**	-
Loans receivable		**23,517**	11,000
Films under production		**134,771**	104,090
Inventories		**8,892**	7,854
Debtors	*11*	**160,799**	97,680
Deposits, prepayments and other receivables		**258,716**	123,647
Options		**32,491**	-
Forward contract		**-**	8,336
Equity investments at fair value through profit or loss		**-**	1,474
Prepaid tax		**49,513**	-
Pledged and restricted time deposits and bank balances		**952,875**	12,960
Cash and cash equivalents		**3,211,249**	2,311,490
Total current assets		**8,026,791**	2,678,531
CURRENT LIABILITIES			
Creditors and accruals	*12*	**944,512**	334,561
Deposits received and deferred income		**355,974**	-
Tax payable		**352,109**	2,789
Finance lease payables		**119**	125
Interest-bearing bank loans, secured		**1,559,357**	12,229
Total current liabilities		**3,212,071**	349,704
NET CURRENT ASSETS		**4,814,720**	2,328,827
TOTAL ASSETS LESS CURRENT LIABILITIES		**20,506,650**	7,296,062

	Notes	2012 HK$'000	2011 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**20,506,650**	7,296,062
NON-CURRENT LIABILITIES			
Long term deposits received		**68,045**	-
Finance lease payables		**128**	247
Interest-bearing bank loans, secured		**358,342**	-
Other borrowings		**227,454**	164,601
Convertible notes		**227,232**	155,422
Fixed rate senior notes		**1,419,334**	-
Deferred tax liabilities		**2,339,330**	61
Total non-current liabilities		**4,639,865**	320,331
Net assets		**15,866,785**	6,975,731
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**621,606**	621,606
Reserves		**7,376,294**	6,215,880
		7,997,900	6,837,486
Non-controlling interests		**7,868,885**	138,245
Total equity		**15,866,785**	6,975,731

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 July 2012

1. CHANGE OF FINANCIAL YEAR END DATE

During the period from 1 January 2011 to 31 July 2011, the board of directors of the Company resolved to change the financial year end date of the Company from 31 December to 31 July effective from 31 July 2011 in order to align the financial year end date of the Company with its other listed affiliates.

Owing to the change of the financial year end date of the Company from 31 December to 31 July with effect from the financial period ended 31 July 2011, the financial statements of the Company for the period ended 31 July 2011 cover a period of seven months from 1 January 2011 to 31 July 2011. Accordingly, the comparative amounts presented for the consolidated income statement, the consolidated statement of comprehensive income and related notes, which were prepared for the period from 1 January 2011 to 31 July 2011, are not comparable.

2. BASIS OF PREPARATION

These financial statements have 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 (the "**HKICPA**"), 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 completed investment properties, certain investment properties under construction, a forward contract, options, certain available-for-sale investments and equity investments at fair value through profit or loss, 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.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs, applicable to the Group, for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
HK(IFRIC)–Int 14 Amendments	Amendments to HK(IFRIC) – Int 14 *Prepayments of a Minimum Funding Requirement*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

The adoption of these new and revised HKFRSs has had no material impact on the reported results or financial position of the Group.

In addition, the Group has early adopted the following new and revised HKFRSs in advance of their respective effective dates for the first time for the current year's financial statements.

HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*

3.1 Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value. The amendments introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 Income Taxes – Recovery of Revalued Non-Depreciable Assets that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis. HKAS 12 Amendments are effective for annual periods beginning on or after 1 January 2012. The aforesaid presumption is rebutted in relation to all of the Group's investment properties measured at fair value and the adoption of Amendments to HKAS 12 has had no significant financial effect on these financial statements.

3.2 New and revised standards on consolidation, joint arrangements, associates and disclosure of interests in other entities

The HKICPA has issued a package of five new or revised standards on consolidation, joint arrangements, associates and disclosures including HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosure of Interests in Other Entities*, HKAS 27 (2011) *Separate Financial Statements* and HKAS 28 (2011) *Investments in Associates and Joint Ventures* which are effective for annual periods beginning on or after 1 January 2013. In the current year, the Group has applied these five standards in advance of their effective dates (annual periods beginning on or after 1 January 2013).

The impact of the adoption of these standards is set out below.

HKFRS 10 Consolidated Financial Statements

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 and HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also includes the issues raised in HK(SIC)-Int 12.

HKFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in HKFRS 10, all of the three criteria, including (a) an investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns, must be met. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Much more guidance has been included in HKFRS 10 to explain when an investor has control over an investee. In particular, detailed guidance has been established in HKFRS 10 to explain when an investor that owns less than 50 per cent of the voting shares in an investee has control over the investee. For example, in assessing whether or not an investor with less than a majority of the voting rights in an investee has a sufficiently dominant voting interest to meet the power criterion, HKFRS 10 requires the investor to take into account all relevant facts and circumstances, particularly, the size of the investor's holding of voting rights relative to the size and dispersion of shareholdings of the other vote holders.

The application of HKFRS 10 has affected the accounting for the Group's 47.39% interest in Lai Fung Holdings Limited ("**Lai Fung**") and its subsidiaries (the "**Lai Fung Group**") following the completion of an open offer of Lai Fung (the "**Open Offer**") which is further detailed as below.

Pursuant to a joint announcement of the Company and Lai Fung (the "**Announcement**") dated 27 February 2012, the circular of the Company dated 24 April 2012 and the prospectus of Lai Fung dated 22 May 2012, Lai Fung proposed to raise approximately HK$1,006.0 million, before expenses, by issuing 8,047,956,478 offer shares by way of the Open Offer at the subscription price (the "**Subscription Price**") of HK$0.125 per offer share (the "**Offer Share**") on the basis of 1 Offer Share for every 1 share held by the qualifying shareholders of Lai Fung on the record date (the "**Record Date**", being 9 May 2012 or such other date as may be agreed as defined in the Announcement). On 27 February 2012, the Company entered into an underwriting agreement with Lai Fung (the "**Underwriting Agreement**") pursuant to which the Company has irrevocably undertaken to Lai Fung to take up (or procure to be taken up) all the Offer Shares other than those undertaken to be procured for taking up by the Company. The maximum underwriting obligation to the Company is therefore approximately HK$1,006.0 million.

The Open Offer became unconditional on 6 June 2012. The Open Offer was undersubscribed for 1,096,075,348 Offer Shares. Pursuant to the irrevocable undertaking under the Underwriting Agreement, the Company has procured its wholly-owned subsidiaries to accept and subscribe for, in aggregate, 3,265,688,037 Offer Shares at a subscription price of HK$0.125 per share. Furthermore, the Company has procured its wholly-owned subsidiary to subscribe for the 1,096,075,348 Offer Shares at a subscription price of HK$0.125 per share with a total consideration of approximately HK$137,009,000 pursuant to its underwriting obligations under the Underwriting Agreement. As a result, the Group's shareholdings in Lai Fung increased from approximately 40.58% to approximately 47.39%. Subsequent to the Open Offer, the Group acquired additional shares of Lai Fung from the public shareholders and the shareholding in Lai Fung increased from 47.39% to 47.87% in June 2012.

The directors assessed whether or not the Group has control over Lai Fung in accordance with the new definition of control and the related guidance set out in HKFRS 10. After assessment, the directors concluded that it has had control over Lai Fung since 11 June 2012, being the date of completion of the Open Offer, on the basis of the Group's absolute size and relative size of shareholdings in Lai Fung, the dispersion of the shareholdings owned by the other shareholders and the degree of management involvement. Therefore, in accordance with the requirements of HKFRS 10, Lai Fung became a subsidiary of the Company since 11 June 2012. Previously, Lai Fung was treated as an associate of the Group and accounted for using the equity method of accounting.

The change in accounting policy of the Group's investment in Lai Fung has been reflected in the consolidated financial statements as the business combination took place during the year ended 31 July 2012. No prior period adjustments are required.

Such a change in accounting policy has affected the amounts reported in the financial statements and the impact is detailed in the table below.

Impact on the consolidated income statement for the year ended 31 July 2012

	Increase/ (decrease) in profit *HK$'000*
Increase in turnover	174,355
Increase in other revenue	26,574
Increase in cost of sales	(102,311)
Increase in other operating expenses	(83,796)
Increase in finance costs	(22,962)
Increase in share of profits and losses of joint ventures	(2,762)
Decrease in share of profits and losses of associates	6,316
	(4,586)
Gain on bargain purchase of subsidiaries, net	1,350,405
Discount on acquisition of associates	(814,037)
Increase in profit for the year	531,782
Increase in profit for the year attributable to:	
Owners of the Company	536,368
Non-controlling interests	(4,586)
	531,782

Impact on the consolidated statement of financial position as at 31 July 2012

	Increase/ (decrease) in equity *HK$'000*
Increase in property, plant and equipment	1,952,830
Increase in properties under development	1,763,969
Increase in investment properties	10,786,016
Increase in investments in joint ventures	1,018,495
Decrease in investments in associates	(5,972,551)
Increase in completed properties for sale	2,683,649
Increase in debtors	65,865
Increase in deposits, prepayments and other receivables	69,254
Increase in prepaid tax	49,513
Increase in pledged and restricted time deposits and bank balances	943,135
Increase in cash and cash equivalents	1,695,551
Increase in creditors and accruals	(687,195)
Increase in deposits received and deferred income	(355,974)
Increase in interest-bearing bank loans, secured	(1,917,699)
Increase in tax payable	(343,117)
Increase in long term deposits received	(68,045)
Increase in other borrowings	(57,200)
Increase in fixed rate senior notes	(1,427,253)
Increase in deferred tax liabilities	(2,321,467)
	7,877,776
Increase in non-controlling interests	(7,541,954)
Impact on equity	335,822

Impact on earnings per share for the year ended 31 July 2012

	Profit for the year attributable to ordinary equity holders of the Company *HK$'000*	Basic earnings per share *HK$*	Diluted earnings per share *HK$*
Amount reported	1,161,588	0.934	0.934
Increase in profits/earnings per share due to adoption of HKFRS 10	536,368	0.431	0. 431

HKFRS 11 Joint Arrangements

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation.

The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 *Interests in Joint Ventures* had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

Upon the adoption of HKFRS 11, the directors reviewed and assessed the legal form and terms of the contractual arrangements in relation to the Group's investments in joint arrangements.

HKFRS 12 Disclosure of Interests in Other Entities

HKFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities that are previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

3.3 Issued but not yet effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans* [2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities* [2]
HKFRS 9	*Financial Instruments* [4]
HKFRS 9 and HKFRS 7 Amendments	Amendments to HKFRS 9 *Financial Instruments* and HKFRS 7 *Financial Instruments: Disclosures – Mandatory Effective Date of HKFRS 9 and Transition Disclosures* [4]
HKFRS 13	*Fair Value Measurement* [2]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income* [1]
HKAS 19 (2011)	*Employee Benefits* [2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* [3]
HK(IFRIC) – Int 20	*Stripping Costs in the Production Phase of a Surface Mine* [2]
Annual Improvements Project	Annual Improvements to HKFRSs 2009-2011 Cycle [2]

[1] Effective for annual periods beginning on or after 1 July 2012
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2014
[4] Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. The Group is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

4. OPERATING SEGMENT INFORMATION

Segment revenue / results:

	Media and entertainment		Film production and distribution		Property development		Property investment		Corporate and others		Consolidated	
	Year ended 31 July 2012	Period from 1 January 2011 to 31 July 2011	**Year ended 31 July 2012**	Period from 1 January 2011 to 31 July 2011	**Year ended 31 July 2012**	Period from 1 January 2011 to 31 July 2011	**Year ended 31 July 2012**	Period from 1 January 2011 to 31 July 2011	**Year ended 31 July 2012**	Period from 1 January 2011 to 31 July 2011	**Year ended 31 July 2012**	Period from 1 January 2011 to 31 July 2011
	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	**261,645**	142,518	**195,803**	142,965	**90,969**	—	**83,386**	—	**70,348**	30,802	**702,151**	316,285
Other revenue	**2,546**	3,012	**5,926**	2,898	**113**	—	**17,003**	—	**476**	1,379	**26,064**	7,289
Total	**264,191**	145,530	**201,729**	145,863	**91,082**	—	**100,389**	—	**70,824**	32,181	**728,215**	323,574
Segment results	**(46,957)**	(60,201)	**(22,371)**	(3,454)	**(5,127)**	—	**46,500**	—	**(221,912)**	(101,393)	**(249,867)**	(165,048)
Unallocated interest and other gains	—	—	—	—	—	—	—	—	—	—	**34,735**	4,590
Gain on disposal of equity investments at fair value through profit or loss	—	—	—	—	—	—	—	—	**4,911**	—	**4,911**	—
Fair value losses on equity investments at fair value through profit or loss	—	—	—	—	—	—	—	—	—	(609)	—	(609)
Impairment of an available-for-sale investment	—	—	—	—	—	—	—	—	—	—	**(35,805)**	—
Gain on bargain purchase of subsidiaries, net	—	—	—	—	—	—	—	—	—	—	**1,350,405**	—
Fair value gain/(loss)on a forward contract	—	—	—	—	—	—	—	—	—	—	**(63,332)**	6,585
Profit/(loss) from operating activities											**1,041,047**	(154,482)
Finance costs	—	—	—	—	—	—	—	—	—	—	**(46,416)**	(6,052)
Gain on disposal of investments in joint ventures	—	—	—	—	—	—	—	—	—	652,408	—	652,408
Share of profits and losses of joint ventures	**(1,526)**	1,662	**13,192**	(2,821)	**(2,763)**	—	—	—	—	(8,328)	**8,903**	(9,487)
Share of profits and losses of associates	**(575)**	(339)	—	—	—	—	—	—	**99,713**	36,279	**99,138**	35,940
Profit before tax											**1,102,672**	518,327
Income tax expense											**(16,661)**	(112)
Profit for the year/period											**1,086,011**	518,215

4. **OPERATING SEGMENT INFORMATION (continued)**

Segment assets / liabilities:

	Media and entertainment		**Film production and distribution**		**Property development**		**Property investment**		**Corporate and others**		**Consolidated**	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	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	**473,562**	759,372	**564,488**	517,033	**4,494,051**	—	**12,708,060**	—	**4,021,875**	1,738,897	**22,262,036**	3,015,302
Investments in joint ventures	**16,520**	9,565	**80,574**	64,738	**1,018,494**	—	**—**	—	**—**	—	**1,115,588**	74,303
Investments in associates	**179**	690	**5,856**	—	**—**	—	**—**	—	**—**	4,466,692	**6,035**	4,467,382
Unallocated assets											**335,062**	88,779
Total assets											**23,718,721**	7,645,766
Segment liabilities	**87,277**	69,106	**79,834**	88,769	**597,138**	—	**366,323**	—	**237,960**	176,686	**1,368,532**	334,561
Unallocated liabilities											**6,483,404**	335,474
Total liabilities											**7,851,936**	670,035

Other segment information:

	Media and entertainment		Film production and distribution		Property development		Property investment		Corporate and others		Consolidated	
	Year ended 31 July 2012	Period from 1 January 2011 to 31 July 2011	**Year ended 31 July 2012**	Period from 1 January 2011 to 31 July 2011	**Year ended 31 July 2012**	Period from 1 January 2011 to 31 July 2011	**Year ended 31 July 2012**	Period from 1 January 2011 to 31 July 2011	**Year ended 31 July 2012**	Period from 1 January 2011 to 31 July 2011	**Year ended 31 July 2012**	Period from 1 January 2011 to 31 July 2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Depreciation	**5,218**	2,135	**1,779**	104	**12,798**	—	**265**	—	**4,361**	3,010	**24,421**	5,249
Amortisation of film rights	—	—	**10,447**	7,986	—	—	—	—	—	—	**10,447**	7,986
Amortisation of film products	—	—	**103,110**	67,056	—	—	—	—	—	—	**103,110**	67,056
Amortisation of music catalogs	**4,888**	3,053	—	—	—	—	—	—	—	—	**4,888**	3,053
Amortisation of other intangible assets	**3,042**	—	—	—	—	—	—	—	—	—	**3,042**	—
Write-off of bad debts	—	17	—	—	—	—	—	—	—	—	—	17
Recovery of bad debts	—	—	—	—	—	—	—	—	—	(270)	—	(270)
Provision for doubtful debts	—	—	**40**	—	—	—	—	—	**979**	—	**1,019**	—
Provision for advances and other receivables	**3,314**	2,780	—	—	—	—	—	—	**10,917**	—	**14,231**	2,780
Reversal of provision for advances and other receivables	**(1,096)**	—	—	(2)	—	—	—	—	—	(2)	**(1,096)**	(4)
Provision for/(reversal of provision for) inventories	—	—	—	—	—	—	—	—	**464**	(82)	**464**	(82)
Impairment of music catalogs	**11,400**	41,990	—	—	—	—	—	—	—	—	**11,400**	41,990
Impairment of films under production	—	—	**967**	500	—	—	—	—	—	—	**967**	500
Impairment of goodwill	—	—	—	—	—	—	—	—	**3,477**	—	**3,477**	—
Additions of property, plant and equipment	**28,944**	1,679	**262**	75	**281**	—	**62**	—	**2,181**	150	**31,730**	1,904
Additions of investment properties	—	—	—	—	—	—	**14,875**	—	—	—	**14,875**	—
Additions of property under development	—	—	—	—	**81,089**	—	—	—	—	—	**81,089**	—
Additions of film rights	—	—	**3,150**	1,976	—	—	—	—	—	—	**3,150**	1,976
Additions of film products	—	—	**293**	262	—	—	—	—	—	—	**293**	262
Additions of films under production	—	—	**131,423**	70,239	—	—	—	—	—	—	**131,423**	70,239
Additions of music catalogs	—	800	—	—	—	—	—	—	—	—	—	800
Additions of other intangible assets	**74,825**	—	—	—	—	—	—	—	—	—	**74,825**	—

Geographical information:

	Hong Kong		Mainland China (including Macau)		Others		Consolidated	
	Year ended 31 July 2012	Period from 1 January 2011 to 31 July 2011	**Year ended 31 July 2012**	Period from 1 January 2011 to 31 July 2011	**Year ended 31 July 2012**	Period from 1 January 2011 to 31 July 2011	**Year ended 31 July 2012**	Period from 1 January 2011 to 31 July 2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue:								
Sales to external customers	**196,152**	139,931	**452,978**	147,860	**53,021**	28,494	**702,151**	316,285
Assets:								
Segment assets:								
- non-current assets	**1,007,892**	323,162	**14,362,434**	4,565,104	**—**	—	**15,370,326**	4,888,266
- current assets	**1,711,527**	2,554,734	**6,298,866**	102,042	**2,940**	11,945	**8,013,333**	2,668,721
Unallocated assets							**335,062**	88,779
Total assets							**23,718,721**	7,645,766
Other information:								
Additions of property, plant and equipment	**25,142**	673	**6,588**	1,231	**—**	—	**31,730**	1,904
Additions of properties under development	**—**	—	**81,089**	—	**—**	—	**81,089**	—
Additions of investment properties	**—**	—	**14,875**	—	**—**	—	**14,875**	—
Additions of film rights	**3,150**	1,976	**—**	—	**—**	—	**3,150**	1,976
Additions of film products	**293**	262	**—**	—	**—**	—	**293**	262
Additions of films under production	**131,423**	70,239	**—**	—	**—**	—	**131,423**	70,239
Additions of music catalogs	**—**	800	**—**	—	**—**	—	**—**	800
Additions of other intangible assets	**—**	—	**74,825**	—	**—**	—	**74,825**	—

Information about a major customer:

No customer of the Group has individually accounted for over 10% of the Group's total revenue during the year. For the period from 1 January 2011 to 31 July 2011, revenue of approximately HK$42,827,000 was derived from a single customer of the film production and distribution segment which contributed to 10% or more of the Group's revenue for the period.

5. OTHER REVENUE

	Year ended 31 July 2012 *HK$'000*	Period from 1 January 2011 to 31 July 2011 *HK$'000*
Property management fee income	**16,027**	—
Bank interest income	**16,787**	1,506
Interest income on held-to-maturity debt investments	**1,433**	389
Interest income from an amount due from a joint venture	**2,991**	1,673
Consultancy service income from a joint venture	**4,027**	2,305
Distribution income from an unlisted available-for-sale investment	—	1,023
Underwriting income from Open Offer	**7,931**	—
Others	**11,603**	4,983
	60,799	11,879

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 July 2012 *HK$'000*	Period from 1 January 2011 to 31 July 2011 *HK$'000*
Interest on:		
Bank loans wholly repayable within five years	**16,746**	367
Other borrowings wholly repayable within five years	**5,653**	3,280
Fixed rate senior notes, net	**21,689**	—
First Completion Convertible Notes	**16,820**	2,404
Second Completion Convertible Notes	**768**	—
Finance leases	—	1
Amortisation of fixed rate senior notes	**1,209**	—
Bank financing charges	**409**	—
	63,294	6,052
Less: Capitalised in properties under development	**(9,499)**	—
Capitalised in investment properties	**(7,379)**	—
	(16,878)	—
Total finance costs	**46,416**	6,052

7. PROFIT BEFORE TAX

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

	Year ended 31 July 2012 *HK$'000*	Period from 1 January 2011 to 31 July 2011 *HK$'000*
Cost of completed properties sold	**84,507**	—
Outgoings in respect of rental income	**17,804**	—
Cost of film rights, licence rights and film products	**115,958**	77,179
Cost of artiste management services, advertising agency services and services for entertainment events provided	**190,058**	114,215
Cost of inventories sold	**38,951**	16,484
Total cost of sales	**447,278**	207,878
Depreciation	**24,421**	5,249
Impairment of an available-for-sale investment**	**35,805**	—
Impairment of music catalogs **	**11,400**	41,990
Impairment of films under production #	**967**	500
Impairment of goodwill**	**3,477**	—
Share of net income from entertainment events organised by co-investors *	**(6,336)**	(1,124)
Fair value gains on options*	**(1,080)**	—
Gain on disposal of equity investments at fair value through profit or loss *	**(4,911)**	—
Fair value losses on equity investments at fair value through profit or loss **	—	609
Amortisation of film rights #	**10,447**	7,986
Amortisation of film products #	**103,110**	67,056
Amortisation of music catalogs #	**4,888**	3,053
Amortisation of other intangible assets #	**3,042**	—
Provision for doubtful debts **	**1,019**	—
Provision for advances and other receivables**	**14,231**	2,780
Reversal of provision for advances and other receivables #	**(1,096)**	(4)
Loss on disposal/write-off of items of property, plant and equipment **	**751**	1
Write-off of bad debts **	—	17
Recovery of bad debts *	—	(270)
Provision for/(reversal of provision for) inventories #	**464**	(82)
Foreign exchange differences, net	**248**	(2,222)

* 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.

8. INCOME TAX EXPENSE

No provision for Hong Kong profits tax was made for the year ended 31 July 2012 as there were no assessable profits arising in Hong Kong for the year (period from 1 January 2011 to 31 July 2011: Nil). 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.

	Year ended 31 July 2012 *HK$'000*	Period from 1 January 2011 to 31 July 2011 *HK$'000*
Current		
- Elsewhere		
Overprovision in prior years	**(547)**	—
- Mainland China		
Corporate income tax		
Charge for the year/period	**16,605**	147
LAT		
Charge for the year/period	**13,579**	—
	30,184	147
	29,637	147
Deferred tax	**(12,976)**	(35)
Total tax charge for the year/period	**16,661**	112

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for the year/period attributable to owners of the Company and the weighted average number of ordinary shares of 1,243,212,165 (period from 1 January 2011 to 31 July 2011: 1,241,937,071) in issue during the year/period.

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

The calculation of basic and diluted earnings per share is based on:

	Year ended 31 July 2012	Period from 1 January 2011 to 31 July 2011
	HK$'000	*HK$'000*
Earnings		
Profit attributable to owners of the Company, used in the basic earnings per share calculation	**1,161,588**	524,538

	Number of shares	
	Year ended 31 July 2012	Period from 1 January 2011 to 31 July 2011
Shares		
Weighted average number of ordinary shares in issue during the year/period used in the basic earnings per share calculation	**1,243,212,165**	1,241,937,071
Effect of dilution-weighted average number of ordinary shares:		
- Share options	**53,202**	545,397
Weighted average number of ordinary shares in issue during the year/period used in the diluted earnings per share calculation	**1,243,265,367**	1,242,482,468

The exercise of share options of Media Asia Group Holdings Limited ("**MAGHL**") and Lai Fung, and the conversion of the outstanding convertible notes issued by MAGHL have an anti-dilutive effect on the basic earnings per share amounts presented during the year ended 31 July 2012.

The conversion of outstanding convertible notes issued by MAGHL had an anti-dilutive effect on the basic earnings per share existed during the period ended 31 July 2011.

10. INVESTMENTS IN ASSOCIATES

As detailed in note 3.2, Lai Fung has become a subsidiary of the Group upon completion of the Open Offer. Accordingly, the Group has derecognised the carrying amount of its interests in Lai Fung which has formed part of the consideration for acquisition of Lai Fung upon completion of the Open Offer.

The Group's share of profit of the Lai Fung Group for the period from 1 August 2011 to 10 June 2012 included in the Group's share of profits and losses of associates was approximately HK$99,713,000 (period from 1 January 2011 to 31 July 2011: HK$36,454,000).

11. DEBTORS

	2012	2011
	HK$'000	*HK$'000*
Trade debtors	**169,230**	104,974
Impairment	**(8,431)**	(7,294)
	160,799	97,680

The Group's trading terms with its customers, except for the Lai Fung Group, 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 trade receivables are widely dispersed in different sectors and industries.

The Lai Fung Group maintains various credit policies for different business operations in accordance with business practices and market conditions in which the respective subsidiaries operate. Sales proceeds receivable from the sale of properties are settled in accordance with the terms of the respective contracts. Rent and related charges in respect of the leasing of properties are receivable from tenants, and are normally payable in advance with rental deposits received in accordance with the terms of the tenancy agreements. Serviced apartments charges are mainly settled by customers on cash basis except for those corporate clients who maintain credit accounts with the Group, the settlement of which is in accordance with the respective agreements. In view of the aforementioned and the fact that the Lai Fung Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables of the Lai Fung Group were interest-free.

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

An ageing analysis of the trade debtors, net of provision for doubtful debts, based on payment due date, as at the respective end of the reporting periods, is as follows:

	2012	2011
	HK$'000	*HK$'000*
Trade debtors:		
Neither past due nor impaired	**114,043**	44,850
1 - 90 days past due	**29,411**	21,608
Over 90 days past due	**17,345**	31,222
	160,799	97,680

12. CREDITORS AND ACCRUALS

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

	2012	2011
	HK$'000	*HK$'000*
Trade creditors:		
Less than 30 days	**46,553**	7,430
31 - 60 days	**7,600**	946
61 - 90 days	**117**	420
Over 90 days	**1,687**	1,581
	55,957	10,377
Other creditors and accruals	**888,555**	324,184
	944,512	334,561

13. BUSINESS COMBINATION

Acquisition of Lai Fung

As detailed in notes 3.2 to the financial statements, the Group held 40.58% equity interest in Lai Fung which was accounted for as an associate of the Group before the Open Offer. Upon completion of the Open Offer on 11 June 2012 (the "**Completion Date**"), the Group's equity interest in Lai Fung increased from 40.58% to 47.39%. Since then, Lai Fung has become a subsidiary of the Group.

In accordance with HKFRSs, the Group continued to share the results of the Lai Fung Group under the equity method of accounting during the period from 1 August 2011 to 11 June 2012. The fair value of 40.58% equity interest in Lai Fung (the "**Existing Shareholding**") as at the Completion Date was calculated with reference to the quoted share price of Lai Fung of HK$0.14 per share as at the Completion Date. The carrying amount of the Group's interests in Lai Fung immediately before the Completion Date was approximately HK$4,610.1 million.

Difference between the fair value and the carrying amount of the Existing Shareholding as at the Completion Date of approximately HK$4,152.9 million has been recognised in the consolidated income statement of the Company as a loss on disposal of the Existing Shareholding. In addition, the related reserves retained by the Group for the Existing Shareholding totalled approximately HK$253.1 million were released to the consolidated income statement of the Company.

The fair value of the Existing Shareholding at the Completion Date formed part of the acquisition cost and was included in the calculations of gain on a bargain purchase in relation to the acquisition of 47.39% equity interest in Lai Fung (the "**Acquisition**") in accordance with HKFRS 3 *Business Combinations*.

The Group has elected to measure the non-controlling interests in Lai Fung at the non-controlling interests' proportionate share of Lai Fung's net identifiable assets and liabilities.

Upon completion of the Open Offer, the Company has recognised an overall net gain on bargain purchase of approximately HK$1,350.4 million and an overall increase in the consolidated net assets attributable to shareholders was approximately HK$1,097.3 million.

The fair values of the identifiable assets and liabilities of Lai Fung as at the date of acquisition were as follows:

	HK$'000
Property, plant and equipment	1,966,736
Properties under development	1,829,199
Investment properties	10,775,100
Completed properties for sale	2,582,802
Investment in a joint venture	1,021,036
Debtors, deposits, prepayments and other receivables	137,064
Prepaid tax	43,057
Pledged and restricted time deposits and bank balances	737,021
Cash and cash equivalents	1,741,149
Creditors, accruals, deposit received and deferred income	(950,856)
Other borrowing	(57,200)
Tax payable	(334,090)
Interest-bearing bank loans, secured	(1,812,566)
Long term deposits received	(60,588)
Fixed rate senior notes	(1,426,044)
Deferred tax liabilities	(2,332,930)
Non-controlling interests of Lai Fung	(664,866)
	13,194,024
Non-controlling interests	(6,941,376)
Total identifiable net assets at fair value	6,252,648
Release of exchange reserves and other reserves	253,078
Gain on bargain purchase of the Acquisition	(5,503,285)
Total consideration	1,002,441
Satisfied by:	
Consideration of the Open Offer	545,220
Fair value of the Existing Shareholding	457,221
	1,002,441
<u>Net impact on the consolidated income statement</u>	
Loss on disposal of the Existing Shareholding	4,152,880
Gain on bargain purchase of the Acquisition	(5,503,285)
Gain on bargain purchase, net	(1,350,405)

The Group incurred transaction costs of HK$2,262,000 for this acquisition. These transaction costs have been expensed and are included in other operating expenses in the consolidated income statement.

An analysis of the cash flows in respect of the acquisition of Lai Fung is as follows:

	HK$'000
Cash consideration paid	(545,220)
Cash and cash equivalents acquired	1,741,149
Net inflow of cash and cash equivalents included in cash flows from investing activities	1,195,929
Transaction costs of the acquisition included in cash flows from operating activities	(2,262)
	1,193,667

14. LITIGATION

Litigation with Passport Special Opportunities Master Fund, LP and Passport Global Master Fund SPC Limited ("**Passport**")

In December 2008, Passport, a substantial shareholder of the Company at the time, commenced litigation against the Company, alleging that the Company had entered into a placement exercise for an improper purpose of diluting Passport's shareholding in the Company. Passport also alleged, in the alternative, that the directors of the Company failed to have proper regard to the interest of the minority shareholders when making the decision to enter into the placement, and were therefore in breach of their fiduciary duty. The trial took place between November 2009 and January 2010. In June 2011, the court issued a judgment in favour of the Company and dismissed Passport's claims against the Company and the directors. In January 2012, the court further ordered Passport to pay the Company's costs of the trial despite Passport's objections.

Although Passport filed a notice to appeal the judgment, Passport subsequently withdrew the appeal on 12 June 2012. On 13 June 2012, the appeal was dismissed by consent of the parties on the terms that Passport had agreed to pay the Company's legal costs (to be taxed if not agreed). Passport and the Company are still in negotiations with regard to the legal costs.

15. DIVIDEND

The Board does not recommend the payment of a final dividend for the financial year ended 31 July 2012 (period from 1 January 2011 to 31 July 2011: Nil) for shareholders' approval at the forthcoming adjourned general meeting of the Company. No interim dividend was paid or declared in respect of the year ended 31 July 2012 (period from 1 January 2011 to 31 July 2011: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has early adopted a number of new and revised Hong Kong Financial Reporting Standard ("**HKFRS**") this year. One of which, HKFRS 10 *Consolidated Financial Statements*, allowed the Group to consolidate the results of Lai Fung Holdings Limited ("**Lai Fung**") from 11 June 2012 onwards while Lai Fung remained as an associate for the seven months ended 31 July 2011 (the "**Period**") and prior to 11 June 2012.

OVERVIEW OF FINAL RESULTS

During the year under review, the business delivered an encouraging set of results underpinned by a steady improvement in the media and entertainment business as well as the gain on the bargain purchases of the additional interest in Lai Fung.

For the year ended 31 July 2012, the Group recorded a turnover of HK$702.2 million (Period: HK$316.3 million), representing an increase of 30% over the pro-forma annualised turnover of the Group for the Period.

Profit from operating activities was HK$1,041.0 million (Period: Loss of HK$154.5 million). This is dominated by the gain on the bargain purchase of the additional interest in Lai Fung through the open offer of Lai Fung.

The Group recorded a share of profits of associates of HK$99.1 million (Period: HK$35.9 million) which was mainly attributable from Lai Fung for the period from 1 August 2011 to 11 June 2012. The Group's share of profits from joint ventures was HK$8.9 million (Period: Losses of HK$9.5 million).

As a result, the Group recorded a profit attributable to shareholders of HK$1,161.6 million (Period: HK$524.5 million).

Shareholders' equity as at 31 July 2012 amounted to HK$7,997.9 million (2011: HK$6,837.5 million), bolstered by the strong asset base of Lai Fung after consolidation of its accounts. Net asset value per share attributable to owners of the Company similarly increased to HK$6.433 (2011: HK$5.506).

Media and entertainment

During the year under review, this segment recorded a turnover of HK$261.6 million (Period: HK$142.5 million).

Live entertainment
During the year under review, the Group organised and invested in 152 (Period: 58) shows by popular local, Asian and internationally renowned artistes, including Sammi Cheng, Leon Lai, Miriam Yeung, Andy Hui, Denise Ho, Ivana Wong, Janice M. Vidal, Wilfred Lau, Ellen Loo, Pong Nan, A. Mei and Super Junior M.

Since 31 July 2012 and up to the end of September 2012, the Group has organised and participated in 24 shows. The Group has scheduled a further 95 shows to take place in the financial year ending 31 July 2013.

Music production, distribution and publishing

The Group's music production and distribution division demonstrated good momentum and released 82 albums during the year under review (Period: 32), including titles by Andy Lau, Sammi Cheng, Leon Lai, Miriam Yeung, Richi Jen, Andy Hui, William So, Denise Ho, Ivana Wong, Aarif Rahman, Super Junior M, C All Star, Exile and Ellen Loo.

Since 31 July 2012, the Group has scheduled to release another 52 albums in the financial year ending 31 July 2013. The Group is expected to continue to increase its music licensing revenue from the exploitation of the music library through new media distribution.

Television drama, content production and distribution

The Group has made investments, via content directors, producers and artistes from Mainland China, to produce renowned television dramas and content. 168 episodes of television dramas were produced for the year under review (Period: 30 episodes). The Group will continue its production and distribution expansion strategy through mergers and acquisitions.

Film production and distribution

During the year under review the Group recorded turnover of HK$195.8 million (Period: HK$143.0 million).

The increase in turnover was due to the fact that the contribution from the new releases was higher than the contribution from the blockbuster titles in the prior period. During the year under review, the Group principally completed the photography of 5 films, with 3 other films in the production pipeline or under development.

The Group has released 5 films during the year under review, namely 1911 Revolution, Life Without Principle, Romancing in Thin Air, Love in the Buff and Motorway as compared to 3 films released in the 7-month period from 1 January 2011 to 31 July 2011, namely Don't Go Breaking My Heart, Punished and A Beautiful Life.

Property Investment

The following details are extracted from Lai Fung's announcement and comparative figures are presented on a twelve month basis for the two years ended 31 July 2011 and 31 July 2012.

Rental Income

During the year under review, Lai Fung Group's rental operations recorded a turnover of HK$474.4 million (2011: HK$388.8 million), representing a 22% increase over the same period in 2011. Breakdown of rental turnover by major investment properties is as follows:

	Year ended 31 July			Year end
	2012 HK$ million	2011 HK$ million	% Change	Occupancy (%)
Shanghai Hong Kong Plaza	349.6	279.1	25	Retail: 99 Office: 97 Serviced Apartments: 91
Shanghai Regents Park (commercial podium and car-parking spaces)	10.2	8.4	21	98
Shanghai Northgate Plaza I	7.8	17.4	-55	90
Shanghai May Flower Plaza (commercial podium and car-parking spaces)	2.1	-	N/A	84
Guangzhou May Flower Plaza	88.8	72.4	23	Retail: 99 Office: 100
Guangzhou West Point (commercial podium and car-parking spaces)	15.9	11.5	38	98
Total	**474.4**	**388.8**	**22**	

Rental income achieved a good increase as a whole with almost full occupancy in major investment properties. The strong performance from Shanghai Hong Kong Plaza was underpinned by a full year's contribution from existing leases and an increase in revenue from the serviced apartments due to a substantial increase in average available rooms to over 304 rooms (2011: 162) after completion of renovations, as well as a general improvement in tenant mix. As Lai Fung Group is considering a comprehensive redevelopment of Shanghai Northgate Plaza I and II, rental income for this property recorded negative growth as the retail podium was closed for the year under review.

Rental income from Guangzhou May Flower Plaza recorded a healthy increase driven by good rent increases and tenant mix upgrades. Guangzhou West Point demonstrated strong growth as a result of improved occupancy and increased rent on lease renewals.

Pre-lease for the Shanghai May Flower Plaza is substantially completed after the year end and is expected to contribute at close to full occupancy rentals from financial year 2013 onwards.

Property Development

The following details are extracted from Lai Fung's announcement are presented on a twelve month basis for the year ended 31 July 2012.

Recognised Sales

During the year under review, Lai Fung Group's property development operations recorded a turnover of HK$919.6 million (2011: HK$258.4 million) from sale of properties, representing a 256% increase in value and 98% increase in gross floor area ("**GFA**") over the same period in 2011. The increase in recognised sales was due to an increase in volume as well as a change in geographical and product mix, which led to a higher average selling price. Total recognised sales was primarily driven by the sales performance of Shanghai May Flower Plaza of which approximately 210,943 square feet of residential GFA was sold.

During the year under review, average selling price recognised as a whole increased by 97% to approximately HK$4,080 per square feet (2011: HK$2,074 per square feet).

Breakdown of turnover for the year from property sales is as follows:

		Year ended 31 July 2012	
Recognised basis	**GFA (approximately)**	**Average Selling Price#**	**Turnover***
	square feet	HK$ / square feet	HK$ million
Shanghai May Flower Plaza			
Residential Units	210,943	4,203	836.6
Shanghai Regents Park Phase II			
Residential Units	7,106	4,657	31.2
Guangzhou West Point			
Residential Units	16,612	2,586	40.5
Office Units	3,691	2,630	9.2
Sub-total	**238,352**	**4,080**	**917.5**
Guangzhou Eastern Place			
Car-parking Spaces			2.1
Total			**919.6**

 # Before business tax

** After business tax*

Contracted Sales

During the year under review, Lai Fung Group's property development operations recorded contracted sales of HK$837.7 million (2011: HK$908.3 million) from sale of properties, representing a 8% decrease in value and 34% increase in GFA over the same period in 2011.

Breakdown of contracted sales for the year is as follows:

		Year ended 31 July 2012	
Contracted basis	**GFA (approximately)**	**Average Selling Price#**	**Turnover#**
	square feet	HK$ / square feet	HK$ million
Shanghai May Flower Plaza			
Residential Units	126,096	3,986	502.7
Office Apartment Units	23,148	2,886	66.8
Shanghai Regents Park Phase II			
Residential Units	18,451	4,782	88.2
Guangzhou West Point			
Residential Units	20,323	2,580	52.4
Office Units	6,354	2,542	16.2
Zhongshan Palm Spring			
Residential High-rise Units	166,891	570	95.1
Residential House Units	12,729	1,514	19.3
Sub-total	**373,992**	**2,248**	**840.7**
Guangzhou Eastern Place			
Car-parking Spaces			2.3
Total			**843.0**
Contracted sales from joint venture project			
Guangzhou Dolce Vita Residential Units**	550,737	1,791	986.2

 # Before business tax

***Guangzhou Dolce Vita is a joint venture project with CapitalLand China Holdings Pte. Ltd,, in which the Lai Fung Group has an effective 47.5% interest. Please note that the reported contracted sales of HK$986.2 million is attributable to the full project.*

OUTLOOK

Media and Entertainment / Film Production and Distribution

Backed by government support of the cultural industry, the entertainment and media spending of the PRC reached USD109 billion in 2011 and it surpassed Germany to become the world's third largest media and entertainment market. It is expected that the media and entertainment spending of the PRC would top USD190 billion by 2016, with a compound annual growth of approximately 12%. The Group continues to further expand its media and entertainment businesses aiming to build up its brand name and maximise income from its film, television, music, live entertainment, talent management and new media operations in the PRC in order to capitalise on this fast growing industry.

The Group anticipates that a number of its films under production will be released in the coming financial year. By leveraging on its established network, the Group actively pursuing opportunities to collaborate with renowned studios, directors and producers in investing and producing high-quality Chinese language films that appeal to the PRC market, with the objectives of expanding market share and increasing our film revenue.

The Group plans to increase the volume of its investment and/or production in concerts and live entertainment, particularly in the PRC, in the coming financial year. In order to bring to the Chinese audience more exuberant choices in live entertainment experiences, the Group will diversify its live performance events from major pop concerts to musical performances and location based entertainment events with popular local as well as international artistes.

The Group believes that a strong artiste roster will complement its media and entertainment businesses. Apart from working with and securing an increasing number of successful and famous artistes in Hong Kong and the PRC, the Group has recruited a group of new talents in 2012. The Group will continue to look for opportunities in cooperating with high profile Asian artistes and explore new talents in Asia to provide a fresh supply of artistes for its entertainment projects.

In view of the continued strong demand for good quality television drama from TV stations and online video website operators in the PRC, the Group will increase its investment and/or production of premium quality programmes with well-known producers and artistes. Meanwhile, the Group will continue its efforts in developing relationships with major television networks, production teams and video websites operators in the PRC and will actively seek opportunities in investment in other television programme genre such as variety shows.

In light of the enormous yet continuously growing PRC market, the Group endeavors to continue expansion of its integrated entertainment platform with the view to provide the most valuable and competitive Chinese language content. The Group will explore cooperation and investment opportunities so as to enrich its portfolio and broaden its income stream with primary focus in the PRC market.

PRC property development and investment

The Group expects certain restrictive measures such as the home purchase restrictions will remain in force for the foreseeable future. In light of this, the Group has adopted a prudent yet flexible approach with the objective of preserving margin and optimising long-term value for shareholders. The Group believes that it is well-positioned to take advantage of the pent-up demand with its projects currently under development.

Going forward, the Group intends to expand the investment property portfolio through retaining any sizeable commercial and retail elements that it develops to improve recurring income which will form the core rental income portfolio for the future.

The retail podium and basement of Shanghai May Flower Plaza with a GFA of approximately 355,097 square feet has been added to the portfolio which has been fully opened since the period end and substantially leased. The office and retail tower of Eastern Place V is expected to add attributable rental GFA of approximately 583,081 square feet to the portfolio in the financial year ending 2014. Phase I of the Palm Spring project in Zhongshan will add approximately another 186,399 square feet of rental GFA when it is fully developed. For serviced apartments, a total attributable GFA of approximately 315,520 square feet will be added from the designated portions of the Shanghai May Flower Plaza and Palm Spring in Zhongshan and the entire Paramount Centre in Guangzhou by financial year 2013.

The Group has a number of projects in various stages of development in Shanghai, Guangzhou and Zhongshan. The remaining two residential towers at Shanghai May Flower Plaza, Guangzhou Dolce Vita Phase I and Zhongshan Palm Spring Phase I are expected to contribute to the income statement in the coming financial year. The Group expects good pre-sales contributions from the residential units of Guangzhou Eastern Place V and Guangzhou King’s Park in the coming financial year. The Group continues to adopt its prudent land replenishment plan, including making acquisitions in accordance with its development needs and market conditions.

LIQUIDITY, FINANCIAL RESOURCES, CHARGE ON ASSETS AND GEARING

Cash and bank balances

As at 31 July 2012, cash and bank balances held by the Group amounted to HK$4,164.1 million of which over 57% was denominated in Hong Kong dollar and United States dollar currencies, and 43% was denominated in Renminbi ("**RMB**"). As Hong Kong dollars are pegged to United States dollars, the Group considers that the corresponding exposure to exchange rate risk is nominal. 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 exchanges control promulgated by the government authorities concerned.

Borrowings

As at 31 July 2012, the Group had outstanding consolidated total borrowings (after intra-group elimination) in the amount of HK$3,791.7 million. The borrowings of the Group, which comprises eSun, MAGHL and Lai Fung, are as follows:

eSun

As at 31 July 2012, there existed 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 was HK$57.3 million for the said unsecured other borrowings as at 31 July 2012. At the request of the Group, the executor of Mr. Lim Por Yen's estate 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 2012.

MAGHL

As at 31 July 2012, MAGHL had unsecured and unguaranteed First Completion Convertible Notes with an aggregate principal amount of approximately HK$346.4 million, comprising approximately HK$138.1 million and HK$208.3 million issued to the Group and other subscribers, respectively. Unless previously converted, redeemed, purchased or cancelled in accordance with the terms and conditions of the First Completion Convertible Notes, it will be redeemed by MAGHL on the maturity date of 8 June 2014 at the principal amount outstanding. On 9 June 2012, MAGHL has issued the Second Completion Convertible Notes (3-year zero coupon convertible notes) with an aggregate principal amount of approximately HK$224.9 million, comprising approximately HK$153.2 million and approximately HK$71.7 million issued to the Group and other subscribers respectively. Unless previously converted, redeemed, purchased or cancelled in accordance with the terms and conditions of the Second Completion Convertible Notes, it will be redeemed by MAGHL on the maturity date of 8 June 2015 at the principal amount outstanding. For accounting purposes, after deducting the equity portion of the convertible notes from the principal amount, the resultant carrying amount of the First Completion Convertible Notes and the Second Completion Convertible Notes after adjusting for (i) accrued interest and (ii) intra-group elimination was HK$227.2 million as at 31 July 2012.

Lai Fung

As at 31 July 2012, Lai Fung Group had total borrowings in the amount of HK$3,402.2 million comprising bank loans of HK$1,917.7 million, fixed rate senior notes of HK$1,427.3 million and other borrowing of HK$57.2 million. The maturity profile of Lai Fung Group's borrowings of HK$3,402.2 million was spread with HK$1,559.4 million repayable within 1 year, HK$1,691.5 million repayable in the second year and HK$151.3 million repayable in the third to fifth years. Included in the fixed rate senior notes liability of Lai Fung, a carrying amount of HK$7.9 million is held by a subsidiary of eSun.

Approximately 42% and 56% of Lai Fung Group's borrowings were on a fixed rate basis and floating rate basis, respectively, and the remaining 2% of the Lai Fung Group's borrowings were interest-free.

Apart from the fixed rate senior notes which were denominated in United States Dollars ("USD"), Lai Fung Group's other borrowings of HK$1,974.9 million were 70% denominated in Renminbi ("RMB"), 29% in USD and 1% in Hong Kong dollars ("HKD"). Lai Fung Group's cash and bank balances of HK$2,638.7 million were 58% denominated in RMB, 40% in HKD and 2% in USD.

Lai Fung Group's presentation currency is denominated in HKD. Lai Fung Group's monetary assets, liabilities and transactions are principally denominated in RMB, USD and HKD. Lai Fung Group, with HKD as its presentation currency, is exposed to foreign currency risk arising from the exposure of HKD against USD and RMB, respectively. Considering that HKD is pegged against USD, the Group believes that the corresponding exposure to USD exchange rate fluctuation is minimal. However, Lai Fung Group has a net exchange exposure to RMB as the Lai Fung Group's assets are principally located in China and the revenues are predominantly in RMB.

Under a litigation being processed in a district court in China, Lai Fung Group, as the claimant, is claiming for a sum of RMB17.2 million from one of Lai Fung Group's contractors. As a measure to preserve the payment ability of the defendant, Lai Fung Group applied to the local court to freeze certain assets of the defendant. In return, Lai Fung Group was required to pledge a leasehold property with a carrying value of approximately HK$44.3 million to the court as collateral.

Charge over Assets and Gearing

Certain assets of the Group have been pledged to secure borrowings of the Group, including investment properties with a total carrying amount of approximately HK$7,912.8 million, completed properties for sale with a total carrying amount of approximately HK$1,856.7 million, properties under development with a total carrying amount of approximately HK$896.3 million, serviced apartments (including related leasehold improvements) with a total carrying amount of approximately HK$1,782.0 million, a property with carrying amount of approximately HK$99.8 million and time deposits and bank balances of approximately HK$197.4 million.

In addition, as at 31 July 2012, a revolving term loan facility in the amount of HK$60.0 million was granted by a bank to the Group. The said loan facility is subject to an annual review by the bank for renewal and is secured by a pledge of the Group's land and buildings with a carrying amount of HK$53.6 million as at 31 July 2012. Such bank loan facility had not been utilised by the Group as at 31 July 2012. As at 31 July 2012, an unsecured revolving loan facility in the amount of HK$20.0 million was granted by another bank to the Group. The said unsecured loan facility is subject to an annual review by the bank for renewal and such bank loan facility had not been utilised by the Group as at 31 July 2012. During the year ended 31 July 2012, MAGHL has been granted by a bank with a secured letter of credit facility in the amount of approximately HK$39.0 million for a film production project. As at 31 July 2012, the available unutilised letter of credit facility to MAGHL was approximately HK$9,740,000, which was secured by a pledged deposit of approximately HK$9,740,000 of the MAGHL Group.

As at 31 July 2012, the consolidated net assets attributable to the owners of the Company amounted to HK$7,997.9 million (2011: HK$6,837.5 million). As regards gearing, the Group has a consolidated net cash position amounted to HK$372.4 million (cash and bank balances of HK$4,164.1 million less total borrowings of HK$3,791.7 million) as at 31 July 2012. No financial instruments for hedging purposes were employed by the Group during the year under review.

Taking into account the amount of cash being held as at the end of the reporting period, the available banking facilities, expected renewal of certain bank loans and the recurring cashflows from the Group's operating activities, the Group believes that it would have sufficient liquidity to finance its existing operations and projects.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

During the year ended 31 July 2012 ("**Year**"), the Company did not redeem any of its shares ("**Shares**") listed and traded on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") nor did the Company or any of its subsidiaries purchase or sell any of such Shares.

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 Rules Governing the Listing of Securities on the Stock Exchange under Appendix 14 (the Code on Corporate Governance Practices ("**former CG Code**") which was amended as the Corporate Governance Code ("**CG Code**") with most of the amended provisions becoming effective on 1 April 2012).

The Company has complied with all the code provisions respectively set out in (a) the former CG Code for the period from 1 August 2011 to 31 March 2012 and (b) the CG Code for the period from 1 April 2012 to 31 July 2012 save for the deviations from code provisions A.4.1 of the former CG Code and the CG Code as well as A.5.1 and A.6.7 of the CG Code.

Under code provision A.4.1 of the former CG Code and the CG Code, non-executive directors should be appointed for a specific term and subject to re-election.

None of the existing non-executive directors ("**NEDs**", including the independent non-executive directors ("**INEDs**")) of the Company is appointed for a specific term. However, all directors of the Company ("**Directors**") are subject to the retirement provisions of the Bye-laws of the Company (the "**Bye-laws**"), which require that the Directors for the time being shall retire from office by rotation once every three years since their last election by shareholders of the Company ("**Shareholders**") and the retiring Directors are eligible for re-election. In addition, any person appointed by the board of Directors ("**Board**") as an additional Director (including a NED) will hold office only until the next annual general meeting of the Company ("**AGM**") and will then be eligible for re-election. Further, in line with the relevant code provision of the former CG Code and the CG Code, each of the Directors appointed to fill a casual vacancy would/will be subject to election by the Shareholders at the first general meeting after his/her appointment. In view of these, the Board considers that such requirements are sufficient to meet the underlying objective of the said code provision A.4.1 and, therefore, does not intend to take any remedial steps in this regard.

Under code provision A.5.1 of the CG Code, a nomination committee comprising a majority of the independent non-executive directors should be established and chaired by the chairman of the board or an independent non-executive director.

The Company has not established a nomination committee whose functions are assumed by the full Board. Potential new Directors will be recruited based on their knowledge, skills, experience and expertise and the requirements of the Company at the relevant time and candidates for the INEDs must meet the independence criterion. The process of identifying and selecting appropriate candidates for consideration and approval by the Board has been, and will continue to be, carried out by the executive Directors. As the above selection and nomination policies and procedures have already been in place and the other duties of the nomination committee as set out in the CG Code have long been performed by the full Board effectively, the Board does not consider it necessary to establish a nomination committee at the current stage.

Under code provision A.6.7 of the CG Code, the independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders of the Company.

Due to other pre-arranged business commitments which must be attended to by Mr. Lo Kwok Kwei, David (INED), Mr. Andrew Y. Yan and Madam U Po Chu (both NEDs), they were not present at the special general meeting of the Company held on 11 May 2012. All the aforesaid Directors were neither the chairmen nor the members of any Board committees.

REVIEW OF ANNUAL RESULTS

The Audit Committee of the Company currently comprises three INEDs, namely Dr. Ng Lai Man, Carmen, Mr. Alfred Donald Yap and Mr. Low Chee Keong. The Audit Committee has reviewed with the management the consolidated financial statements of the Company for the Year ("**Financial Statements**").

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITORS

The figures in respect of the Group's results for the Year as set out in this preliminary announcement have been agreed by the Group's independent auditors, Ernst & Young, Certified Public Accountants of Hong Kong ("**Ernst & Young**"), to the amounts set out in the Company's Financial Statements. 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 this preliminary results announcement.

ADJOURNED ANNUAL GENERAL MEETING

Pursuant to the Bye-laws and as explained in the Company's circular dated 24 July 2012, the Company held its 2012 AGM on 23 August 2012 (i.e. within fifteen months after holding its AGM in 2011) to note, amongst others, the position of the Financial Statements which were not yet ready for presentation to the Shareholders at the 2012 AGM due to the change in financial year end date from 31 December to 31 July effective from 2011.

At the 2012 AGM, after the agenda items set out in the notice convening the 2012 AGM had been dealt with, Shareholders resolved, among others, to adjourn the meeting to a date around mid-December 2012 to be determined by the Directors ("**Adjourned 2012 AGM**") and to authorise the Company to send the audited Financial Statements together with the Reports of the Directors and the Independent Auditors thereon to each Shareholder at least 21 days before the date of the Adjourned 2012 AGM.

The Board has subsequently determined that the Adjourned 2012 AGM be held on Tuesday, 18 December 2012. Notice of the Adjourned 2012 AGM together with the Company's Annual Report for the Year will be published on the respective websites of the Stock Exchange and the Company and despatched to Shareholders in about mid-November 2012.

By Order of the Board
Low Chee Keong
Chairman

Hong Kong, 30 October 2012

As at the date of this announcement, the Board comprises three Executive Directors, namely Dr. Lam Kin Ngok, Peter, Mr. Lui Siu Tsuen, Richard (Chief Executive Officer) and Mr. Chew Fook Aun; two Non-executive Directors, namely Madam U Po Chu and Mr. Andrew Y. Yan; and four Independent Non-executive Directors, namely Messrs. Low Chee Keong (Chairman), Alfred Donald Yap and Lo Kwok Kwei, David and Dr. Ng Lai Man, Carmen.