eSun Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 571)

Announcement of Final Results for the Year Ended 31 July 2013

RESULTS

The board of directors ("**Board**") of eSun Holdings Limited ("**Company**") announces the consolidated results of the Company and its subsidiaries ("**Group**") for the year ended 31 July 2013 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 July 2013

	Notes	**2013** *HK$'000*	2012 *HK$'000*
TURNOVER	3	**2,631,699**	702,151
Cost of sales		**(1,851,047)**	(447,278)
Gross profit		**780,652**	254,873
Other revenue	4	**179,378**	60,799
Selling and marketing expenses		**(178,514)**	(100,873)
Administrative expenses		**(602,841)**	(358,047)
Other operating gains		**68,242**	11,801
Other operating expenses		**(155,860)**	(114,579)
Fair value gains on investment properties		**660,708**	-
Fair value loss on a forward contract		**-**	(63,332)
Gain on bargain purchase of subsidiaries, net		**-**	1,350,405
PROFIT FROM OPERATING ACTIVITIES		**751,765**	1,041,047
Finance costs	5	**(226,256)**	(46,416)
Share of profits and losses of joint ventures		**(21,986)**	8,903
Share of profits and losses of associates		**(640)**	99,138
PROFIT BEFORE TAX	6	**502,883**	1,102,672
Income tax expense	7	**(305,820)**	(16,661)
PROFIT FOR THE YEAR		**197,063**	1,086,011

	Notes	**2013**	2012
		HK$'000	*HK$'000*
Attributable to:			
Owners of the Company		(**17,208**)	1,161,588
Non-controlling interests		**214,271**	(75,577)
		197,063	1,086,011
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*8*		
Basic		**(HK$0.014)**	HK$0.934
Diluted		**(HK$0.014)**	HK$0.934

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 July 2013

	2013	2012
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**197,063**	1,086,011
OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO INCOME STATEMENT IN SUBSEQUENT PERIODS, NET OF TAX:		
Exchange realignment on translation of foreign operations	**308,005**	1,284
Change in fair value of an available-for-sale investment	**8,570**	-
Share of other comprehensive income of joint ventures	**25,689**	-
Share of other comprehensive income of associates	**-**	60,075
Release of reserves upon disposal of an associate	**-**	(253,078)
Net loss on cash flow hedges	**(59,761)**	-
OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO INCOME STATEMENT IN SUBSEQUENT PERIODS, NET OF TAX	**282,503**	(191,719)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**479,566**	894,292
Attributable to:		
Owners of the Company	**126,982**	969,802
Non-controlling interests	**352,584**	(75,510)
	479,566	894,292

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 July 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,736,990**	2,051,020
Properties under development		**495,504**	1,253,651
Investment properties		**11,867,497**	10,786,016
Film rights		**47,225**	47,317
Film products		**101,223**	74,235
Music catalogs		**20,665**	31,999
Goodwill		**10,435**	10,182
Other intangible assets		**64,018**	71,467
Investments in joint ventures		**1,092,289**	1,115,588
Investments in associates		**17,856**	6,035
Available-for-sale investments		**158,491**	166,209
Deposits, prepayments and other receivables		**89,147**	78,211
Total non-current assets		**16,701,340**	15,691,930
CURRENT ASSETS			
Properties under development		**1,059,062**	510,318
Completed properties for sale		**1,480,161**	2,683,650
Loans receivable		**11,000**	23,517
Films under production		**141,376**	134,771
Inventories		**8,987**	8,892
Debtors	*9*	**166,735**	160,799
Deposits, prepayments and other receivables		**478,296**	258,716
Options		**21,579**	32,491
Prepaid tax		**47,092**	49,513
Pledged and restricted time deposits and bank balances		**2,057,388**	952,875
Cash and cash equivalents		**4,832,685**	3,211,249
Total current assets		**10,304,361**	8,026,791
CURRENT LIABILITIES			
Creditors and accruals	*10*	**881,573**	890,609
Deposits received and deferred income		**285,655**	409,877
Tax payable		**504,784**	352,109
Finance lease payables		**74**	119
Interest-bearing bank loans, secured		**617,470**	1,559,357
Convertible notes		**190,882**	-
Fixed rate senior notes		**1,427,090**	-
Total current liabilities		**3,907,528**	3,212,071
NET CURRENT ASSETS		**6,396,833**	4,814,720
TOTAL ASSETS LESS CURRENT LIABILITIES		**23,098,173**	20,506,650

	2013	2012
	HK$'000	*HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**23,098,173**	20,506,650
NON-CURRENT LIABILITIES		
Long term deposits received	**77,021**	68,045
Finance lease payables	**66**	128
Interest-bearing bank loans, secured	**1,774,856**	358,342
Other borrowings	**234,515**	227,454
Convertible notes	**60,357**	227,232
Fixed rate senior notes	**2,223,610**	1,419,334
Derivative financial instruments	**43,712**	-
Deferred tax liabilities	**2,367,086**	2,339,330
Total non-current liabilities	**6,781,223**	4,639,865
Net assets	**16,316,950**	15,866,785
EQUITY		
Equity attributable to owners of the Company		
Issued capital	**621,606**	621,606
Reserves	**7,685,314**	7,376,294
	8,306,920	7,997,900
Non-controlling interests	**8,010,030**	7,868,885
Total equity	**16,316,950**	15,866,785

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 July 2013

1. 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, 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, options, derivative financial instruments and certain available-for-sale 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.

2.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURE

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

HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*

The HKAS 1 Amendments change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to income statement at a future point of time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments affect presentation only and have no impact on the financial position or performance.

The Group had early adopted the following new and revised HKFRSs in advance of their respective effective dates for the first time for the last 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*

Except for HKFRS 10 Consolidated Financial Statements and HKFRS 12 Disclosure of Interests in Other Entities of which certain disclosures for subsidiaries, joint arrangements and associates in the Group's financial statements were affected. The adoption of the above new and revised HKFRSs had no material impact to the financial statements of the Group.

2.2 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*[1]
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: *Disclosures – Offsetting Financial Assets and Financial Liabilities*[1]
HKFRS 9	*Financial Instruments*[3]
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*[3]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[2]
HKFRS 13	*Fair Value Measurement*[1]
HKAS 19 (2011)	*Employee Benefits*[1]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[2]
HKAS 36 Amendments	Amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*[2]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments*: *Recognition and Measurement - Notation of Derivatives and Continuation of Hedge Accounting*[2]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[1]
HK(IFRIC)-Int 21	*Levies*[2]
Annual Improvements *2009-2011 Cycle*	Annual Improvements to HKFRSs 2009-2011 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2013
2 Effective for annual periods beginning on or after 1 January 2014
3 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.

3. OPERATING SEGMENT INFORMATION

Segment revenue/results:

	Property development		Property investment		Media and entertainment		Film production and distribution		Corporate and others		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	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	**1,372,194**	90,969	**522,744**	83,386	**413,930**	261,645	**237,229**	195,803	**85,602**	70,348	**2,631,699**	702,151
Other revenue	**1,960**	113	**110,950**	17,003	**5,342**	2,546	**4,667**	5,926	**475**	476	**123,394**	26,064
Total	**1,374,154**	91,082	**633,694**	100,389	**419,272**	264,191	**241,896**	201,729	**86,077**	70,824	**2,755,093**	728,215
Segment results	**28,314**	(5,127)	**934,433**	46,500	**(29,227)**	(46,957)	**(7,701)**	(22,371)	**(202,826)**	(222,992)	**722,993**	(250,947)
Unallocated interest and other gains	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**55,984**	34,735
Fair value gain/(loss) on options	**-**	-	**-**	-	**(10,912)**	1,080	**-**	-	**-**	-	**(10,912)**	1,080
Gain on disposal of equity investments at fair value through profit or loss	**-**	-	**-**	-	**-**	-	**-**	-	**-**	4,911	**-**	4,911
Impairment of an available-for-sale investment	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(16,300)**	(35,805)
Fair value loss on a forward contract	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(63,332)
Gain on bargain purchase of subsidiaries, net	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	1,350,405
Profit from operating activities											**751,765**	1,041,047
Finance costs	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(226,256)**	(46,416)
Share of profits and losses of joint ventures	**12,053**	(2,763)	**-**	-	**(4,300)**	(1,526)	**(29,739)**	13,192	**-**	-	**(21,986)**	8,903
Share of profits and losses of associates	**-**	-	**-**	-	**(640)**	(575)	**-**	-	**-**	99,713	**(640)**	99,138
Profit before tax											**502,883**	1,102,672
Income tax expense											**(305,820)**	(16,661)
Profit for the year											**197,063**	1,086,011

During the year, no single customer accounted for over 10% of the Group's total turnover (2012: Nil).

3. OPERATING SEGMENT INFORMATION (continued)

Segments assets/liabilities:

	Property development		Property investment		Media and entertainment		Film production and distribution		Corporate and others		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	2013	2012	**2013**	2012
	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	**3,083,759**	4,494,051	**14,419,896**	12,708,060	**557,750**	506,053	**720,447**	564,488	**6,784,900**	3,989,384	**25,566,752**	22,262,036
Investments in joint ventures	**1,055,965**	1,018,494	**-**	-	**24,397**	16,520	**11,927**	80,574	**-**	-	**1,092,289**	1,115,588
Investments in associates	**-**	-	**-**	-	**406**	179	**17,450**	5,856	**-**	-	**17,856**	6,035
Unallocated assets											**328,804**	335,062
Total assets											**27,005,701**	23,718,721
Segment liabilities	**413,295**	597,138	**324,120**	366,323	**130,442**	87,277	**101,715**	79,834	**274,677**	237,960	**1,244,249**	1,368,532
Unallocated liabilities											**9,444,502**	6,483,404
Total liabilities											**10,688,751**	7,851,936

3. OPERATING SEGMENT INFORMATION (continued)

Other segment information:

	Property development		Property investment		Media and entertainment		Film production and distribution		Corporate and others		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	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	**2,075**	265	**92,826**	12,798	**2,432**	3,135	**158**	1,779	**18,411**	6,444	**115,902**	24,421
Impairment of completed properties for sale	**7,860**	-	**-**	-	**-**	-	**-**	-	**-**	-	**7,860**	-
Impairment of music catalogs	**-**	-	**-**	-	**9,000**	11,400	**-**	-	**-**	-	**9,000**	11,400
Impairment of films under production	**-**	-	**-**	-	**-**	-	**672**	967	**-**	-	**672**	967
Impairment of goodwill	**-**	-	**-**	-	**-**	-	**-**	-	**-**	3,477	**-**	3,477
Fair value gains on investment properties	**-**	-	**(660,708)**	-	**-**	-	**-**	-	**-**	-	**(660,708)**	-
Fair value loss/(gain) on options	**-**	-	**-**	-	**10,912**	(1,080)	**-**	-	**-**	-	**10,912**	(1,080)
Amortisation of film rights	**-**	-	**-**	-	**-**	-	**18,116**	10,447	**-**	-	**18,116**	10,447
Amortisation of film products	**-**	-	**-**	-	**-**	-	**111,646**	103,110	**-**	-	**111,646**	103,110
Amortisation of music catalogs	**-**	-	**-**	-	**4,734**	4,888	**-**	-	**-**	-	**4,734**	4,888
Amortisation of other intangible assets	**-**	-	**-**	-	**9,102**	3,042	**-**	-	**-**	-	**9,102**	3,042
Provision for/(reversal of provision for) doubtful debts	-	-	**-**	-	**1,353**	-	**(50)**	40	**-**	979	**1,303**	1,019
Provision for advances and other receivables	**-**	-	**-**	-	**405**	3,314	**-**	-	**-**	10,917	**405**	14,231
Provision for amounts due from joint ventures	**-**	-	**-**	-	**-**	-	**-**	-	**3,324**	-	**3,324**	-
Reversal of provision for advances and other receivables	**-**	-	**-**	-	**(32)**	(1,096)	**-**	-	**-**	-	**(32)**	(1,096)
Provision for inventories	**-**	-	**-**	-	**-**	-	**-**	-	**115**	464	**115**	464
Additions of property, plant and equipment	**6,260**	281	**38,850**	62	**5,199**	5,668	**849**	262	**6,284**	25,457	**57,442**	31,730
Additions of properties under development	**270,219**	81,089	**-**	-	**-**	-	**-**	-	**-**	-	**270,219**	81,089
Additions of investment properties	**-**	-	**107,362**	14,875	**-**	-	**-**	-	**-**	-	**107,362**	14,875
Additions of film rights	**-**	-	**-**	-	**-**	-	**18,024**	3,150	**-**	-	**18,024**	3,150
Additions of film products	**-**	-	**-**	-	**-**	-	**-**	293	**-**	-	**-**	293
Additions of films under production	**-**	-	**-**	-	**-**	-	**145,911**	131,423	**-**	-	**145,911**	131,423
Additions of music catalogs	**-**	-	**-**	-	**2,400**	-	**-**	-	**-**	-	**2,400**	-
Additions of other intangible assets	**-**	-	**-**	-	**-**	74,825	**-**	-	**-**	-	**-**	74,825

3. OPERATING SEGMENT INFORMATION (continued)

Geographical information:

	Hong Kong		Mainland China (including Macau)		Others		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue:								
Sales to external customers	**276,719**	196,152	**2,312,381**	452,978	**42,599**	53,021	**2,631,699**	702,151
Assets:								
Segment assets:								
- non-current assets	**1,715,820**	1,007,892	**14,703,221**	14,362,434	**587**	-	**16,419,628**	15,370,326
- current assets	**1,533,662**	1,711,527	**8,716,689**	6,298,866	**6,918**	2,940	**10,257,269**	8,013,333
Unallocated assets							**328,804**	335,062
Total assets							**27,005,701**	23,718,721
Other information:								
Additions of property, plant and equipment	**5,912**	25,142	**51,530**	6,588	**-**	-	**57,442**	31,730
Additions of properties under development	**-**	-	**270,219**	81,089	**-**	-	**270,219**	81,089
Additions of investment properties	**-**	-	**107,362**	14,875	**-**	-	**107,362**	14,875
Additions of film rights	**18,024**	3,150	**-**	-	**-**	-	**18,024**	3,150
Additions of film products	**-**	293	**-**	-	**-**	-	**-**	293
Additions of films under production	**145,911**	131,423	**-**	-	**-**	-	**145,911**	131,423
Additions of music catalogs	**2,400**	-	**-**	-	**-**	-	**2,400**	-
Additions of other intangible assets	**-**	-	**-**	74,825	**-**	-	**-**	74,825

4. OTHER REVENUE

	2013	2012
	HK$'000	*HK$'000*
Property management fee income	**99,397**	16,027
Bank interest income	**32,243**	16,787
Other interest income	**1,058**	-
Interest income on held-to-maturity debt investments	**-**	1,433
Interest income from an amount due from a joint venture	**2,811**	2,991
Consultancy service income from a joint venture	**4,098**	4,027
Underwriting income from the open offer of Lai Fung Holdings Limited ("**Lai Fung**")	**-**	7,931
Others	**39,771**	11,603
	179,378	60,799

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2013	2012
	HK$'000	*HK$'000*
Interest on:		
Bank loans wholly repayable within five years	**90,521**	16,746
Other borrowings wholly repayable within five years	**5,640**	5,653
US$200,000,000 fixed rate senior notes ("**2007 Notes**")	**130,823**	21,689
RMB1,800,000,000 fixed rate senior notes ("**2013 Notes**")		**37,467**-
First completion convertible notes	**18,640**	16,820
Second completion convertible notes	**5,367**	768
Amortisation of fixed rate senior notes		
2007 Notes	**7,756**	1,209
2013 Notes	**1,678**	-
Bank financing charges and direct costs	**15,961**	409
	313,853	63,294
Less: Capitalised in properties under development	**(71,724)**	(9,499)
Capitalised in investment properties under construction	**(15,873)**	(7,379)
	(87,597)	(16,878)
Total finance costs	**226,256**	46,416

6. PROFIT BEFORE TAX

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

	2013 *HK$'000*	2012 *HK$'000*
Cost of completed properties sold	**1,249,043**	84,507
Outgoings in respect of rental income	**114,960**	17,804
Cost of film rights, licence rights and film products	**141,521**	115,958
Cost of artiste management services, advertising agency services, and services for entertainment events provided	**307,731**	190,058
Cost of inventories sold	**37,792**	38,951
Total cost of sales	**1,851,047**	447,278
Depreciation^	**115,902**	24,421
Impairment of completed properties for sale**	**7,860**	-
Impairment of an available-for-sale investment**	**16,300**	35,805
Impairment of music catalogs**	**9,000**	11,400
Impairment of films under production#	**672**	967
Impairment of goodwill**	**-**	3,477
Share of net income from entertainment events organised by co-investors*	**(6,626)**	(6,336)
Fair value loss/(gain) on options**/*	**10,912**	(1,080)
Gain on disposal of equity investments at fair value through profit or loss*	**-**	(4,911)
Amortisation of film rights#	**18,116**	10,447
Amortisation of film products#	**111,646**	103,110
Amortisation of music catalogs#	**4,734**	4,888
Amortisation of other intangible assets#	**9,102**	3,042
Provision for doubtful debts**	**1,303**	1,019
Provision for advances and other receivables#/*	**405**	14,231
Provision for amounts due from joint ventures**	**3,324**	-
Reversal of provision for advances and other receivables*/#	**(32)**	(1,096)
Loss on disposal/write-off of items of property, plant and equipment**	**438**	751
Provision for inventories#	**115**	464
Foreign exchange differences, net*	**(43,648)**	248

* 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$87,901,000 (2012: HK$12,125,000) for serviced apartments and related leasehold improvements are included in "Other operating expenses" on the face of the consolidated income statement.

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%). No provision for Hong Kong profits tax has been made for the year ended 31 July 2013 as there were no assessable profits arising in Hong Kong for the year (2012: 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.

	2013	2012
	HK$'000	*HK$'000*
Current		
– Hong Kong		
Overprovision in prior years	**(1,738)**	-
– Elsewhere		
Charge for the year	**3,186**	-
Overprovision in prior years	**-**	(547)
– Mainland China		
Corporate income tax		
Charge for the year	**124,039**	16,605
Land appreciation tax		
Charge for the year	**201,477**	13,579
	325,516	30,184
	326,964	29,637
Deferred tax	**(21,144)**	(12,976)
Total tax charge for the year	**305,820**	16,661

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to owners of the Company and the ordinary shares of 1,243,212,165 (2012: 1,243,212,165) in issue during the year.

The calculation of diluted earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to owners 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, as used in the basic earnings/(loss) 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 exercise of share options of the Company has an anti-dilutive effect on the basic loss per share amounts presented during the year ended 31 July 2013.

The exercise of share options of Media Asia Group Holdings Limited ("**MAGHL**") and the conversion of the outstanding convertible notes issued by MAGHL have an anti-dilutive effect on the basic earnings/(loss) per share amounts presented during the years ended 31 July 2013 and 2012.

As the impact of diluted potential ordinary shares of Lai Fung is insignificant for the year ended 31 July 2013, the diluted loss per share of the Group for the year is approximately the same as the basic loss per share of the Group. The exercise of share options of Lai Fung had an anti-dilutive effect on the basic earnings per share amounts presented during the year ended 31 July 2012.

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (continued)

The calculations of basic and diluted earnings/(loss) per share are based on:

	2013	2012
	HK$'000	*HK$'000*
Earnings/(loss)		
Profit/(loss) attributable to owners of the Company, used in the basic earnings/(loss) per share calculation	**(17,208)**	1,161,588
Effect of dilutive potential ordinary shares arising from adjustment to the share of profit of a subsidiary based on dilution of its earnings per share	**(294)**	-
Earnings/(loss) for the purpose of diluted earnings/(loss) per share	**(17,502)**	1,161,588

	Number of shares	
	2013	2012
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	**1,243,212,165**	1,243,212,165
Effect of dilution - weighted average number of ordinary shares:		
- Share options	**-**	53,202
Weighted average number of ordinary shares in issue during the year used in the diluted earnings/(loss) per share calculation	**1,243,212,165**	1,243,265,367

9. DEBTORS

	2013	2012
	HK$'000	*HK$'000*
Trade debtors	**168,103**	169,230
Impairment	**(1,368)**	(8,431)
	166,735	160,799

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

9. DEBTORS (continued)

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 Lai Fung Group, the settlement of which is in accordance with the respective agreements. In view of the aforementioned and the fact that 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 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 period, is as follows:

	2013	2012
	HK$'000	*HK$'000*
Trade debtors:		
Neither past due nor impaired	**105,246**	114,043
1 - 90 days past due	**43,260**	29,411
Over 90 days past due	**18,229**	17,345
	166,735	160,799

10. 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 period, is as follows:

	2013	2012
	HK$'000	*HK$'000*
Trade creditors:		
Less than 30 days	**38,900**	46,553
31 - 60 days	**1,373**	7,600
61 - 90 days	**73**	117
Over 90 days	**2,986**	1,687
	43,332	55,957
Other creditors and accruals	**838,241**	834,652
	881,573	890,609

11. LITIGATION

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

Between 2008 and 2012, Passport, a substantial shareholder of the Company at the time, commenced litigation against the Company, alleging an improper purpose of diluting Passport's shareholding in the Company in respect of a placement exercise and alternatively, alleging a breach of fiduciary duty by the directors of the Company by failing to have proper regard to the interest of the minority shareholders when making the decision to enter into the placement. After a trial, the court dismissed Passport's claims against the Company and the directors and 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, this was subsequently withdrawn and the appeal was dismissed by consent of the parties on the terms that Passport had agreed to pay the Group's legal costs.

During the year, the legal costs have been settled in full by Passport.

12. EVENTS AFTER THE REPORTING PERIOD

(i) On 5 July 2013, the Company entered into an agreement with Kadokawa Holdings Asia Limited ("**KHAL**") and Lai's Holdings Limited ("**LHL**") pursuant to which it has conditionally agreed to acquire an 85% interest in Intercontinental Group Holdings Limited ("**IGHL**", formerly known as Kadokawa Intercontinental Group Holdings Limited) for a total consideration of HK$212.5 million ("**Proposed Acquisition**"). Upon completion, IGHL will become 85% owned by the Company and 15% owned by LHL. Accordingly, IGHL and its subsidiaries ("**IGHL Group**") will become indirect non-wholly owned subsidiaries of the Company. The IGHL Group is engaged in the sale and distribution of films, DVDs, Blu-ray discs, video games, as well as operating cinemas in Hong Kong and Mainland China. During the year, deposit of HK$12,500,000 was paid to an escrow agent.

The Proposed Acquisition constituted a major transaction for the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and was therefore subject to the notification, publication and shareholders' approval requirements as set out in Chapter 14 of the Listing Rules.

Resolutions for approving the Proposed Acquisition were duly passed at a special general meeting of the Company convened on 12 August 2013. The Company paid the remaining balance of the consideration of approximately HK$166,250,000 and HK$33,750,000 to KHAL and LHL, respectively, and the transaction was completed on 15 August 2013.

Further details of the acquisition of IGHL are set out in announcement and circular of the Company dated 5 July 2013 and 26 July 2013, respectively.

(ii) On 2 August 2013, All Benefit Limited ("**All Benefit**"), an indirect wholly-owned subsidiary of Lai Fung, entered into an agreement with Goldmark Pacific Limited ("**Goldmark**"), to acquire Goldmark's interest in 22.5% of the issued share capital of Farron Assets Limited ("**Farron Assets**"), which indirectly holds Guangzhou May Flower Plaza, together with the shareholder's loan advanced to Farron Assets, at an aggregate consideration of HK$217,221,000. Goldmark was then a substantial shareholder of Farron Assets. The transaction was completed on 23 September 2013. Farron Assets was a direct 77.5%-owned subsidiary of All Benefit right before the completion of the transaction and became a direct wholly-owned subsidiary of All Benefit upon completion of the transaction. Further details of this transaction are set out in the joint announcement of the Company and Lai Fung dated 2 August 2013.

12. EVENTS AFTER THE REPORTING PERIOD (continued)

(iii) On 7 August 2013, Sunlite Investment Limited ("**Sunlite**"), an indirect wholly-owned subsidiary of Lai Fung, entered into an agreement with Skyhorse Assets Limited ("**Skyhorse**"), an independent third party, to acquire Skyhorse's beneficial interest in 5% of the registered capital of Shanghai Lixing Real Estate Development Company Limited ("**Shanghai Lixing**") and to repay the outstanding loan advanced by Skyhorse to Sunlite, at an aggregate consideration of HK$157,502,000. Shanghai Lixing is a PRC company that holds Shanghai Hong Kong Plaza. The transaction was completed on 7 August 2013. Shanghai Lixing was a direct 95%-owned subsidiary of Sunlite right before the completion of the transaction and became a direct wholly-owned subsidiary of Sunlite upon completion of the transaction. Shanghai Lixing continued to be an indirect non-wholly-owned subsidiary of the Company. Further details of this transaction are set out in the joint announcement of the Company and Lai Fung dated 7 August 2013.

(iv) On 24 September 2013, Winfield Concept Limited ("**Winfield Concept**"), an indirect wholly-owned subsidiary of Lai Fung, succeeded in the bid of the land use rights of land located at east side of Yiwener Road, south side of Caihong Road, west side of Tianyu Road and north side of Hengqin Road, Hengqin New Area, Zhuhai City, Guangdong Province of Mainland China ("**Land**"), with a total site area of approximately 130,173 square meters and a maximum plot ratio of 2 times and the Land is for creative cultural industry and commercial related uses. The relevant land grant contract ("**Land Grant Contract**") was subsequently entered into between Winfield Concept and The Land and Resources Bureau of Zhuhai ("**Zhuhai Land Bureau**"). Pursuant to the Land Grant Contract, Winfield Concept will establish a wholly-foreign-owned enterprise in Mainland China ("**Project Company**") within three months after the date of successful bid of the Land for holding the Land and owning, undertaking and operating the Project (as defined in (v) below). After its establishment, the Project Company will enter into an amendment contract with Zhuhai Land Bureau for the change of the grantee of the land use rights of the Land from Winfield Concept to the Project Company.

The land premium for the Land is approximately RMB523,296,000 (equivalent to approximately HK$659,751,000), of which a deposit in the amount of RMB262,000,000 (equivalent to approximately HK$330,319,000) has been paid by Winfield Concept before the bid was awarded. Pursuant to The Land Grant Contract, Winfield Concept has undertaken that the total amount of investment for the Project shall not be less than RMB3,000,000,000 (equivalent to approximately HK$3,782,280,000).

(v) For the purposes of joint investment in and development of the cultural and creative industries and commercial related projects, subject to finalisation of the development proposal ("**Project**") by the Company and Lai Fung as contemplated under a cooperation agreement dated 16 September 2011 entered into between the Company, Lai Fung and the Hengqin New Area Administrative Committee, Lai Fung (Hengqin) Development Company Limited ("**LFHQ**"), an indirect wholly-owned subsidiary of Lai Fung, Sunny Horizon Investments Limited ("**SHIL**"), an indirect wholly-owned subsidiary of the Company and Rosy Commerce Holdings Limited ("**Rosy Commerce**"), a direct wholly-owned subsidiary of LFHQ and an intermediate holding company of Winfield Concept, entered into a conditional subscription agreement on 25 September 2013 ("**Subscription Agreement**"). On the date of the Subscription Agreement, Rosy Commerce has one ordinary share of par value of US$1.00 each ("**Ordinary Share**") issued to and fully paid up by LFHQ. Subject to and upon completion under the Subscription Agreement, (a) the issued share capital of Rosy Commerce will be increased by 99 Ordinary Shares to 100 Ordinary Shares, of which 79 Ordinary Shares and 20 Ordinary Shares will be allotted and issued to LFHQ and SHIL, respectively, at the par value of US$1.00 per share and Rosy Commerce will be owned as to 80% by LFHQ and 20% by SHIL; (b) SHIL will acquire and LFHQ will assign to SHIL the 20% of the loans owing to LFHQ by Rosy Commerce at its face value on a dollar for dollar basis such that the loans made by LFHQ and SHIL to Rosy Commerce will be on a pro rata basis to their shareholdings in Rosy Commerce; and (c) LFHQ, SHIL and Rosy Commerce will enter into a shareholders' agreement to regulate the relationship of the shareholders of Rosy Commerce inter se and the management and conduct of the business and affairs of Rosy Commerce and its subsidiaries from time to time ("**Shareholders' Agreement**") (collectively, "**Transactions**").

The completion of the Transactions is subject to, inter alias, the approval from the independent shareholders of Lai Fung and the approval from the shareholders of the Company.

Further details of the transactions (iv) and (v) are set out in the joint announcement of the Company and Lai Fung dated 25 September 2013.

13. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year's presentation.

14. FINAL DIVIDEND

The Board does not recommend the payment of dividend for the year ended 31 July 2013 (2012: Nil) for shareholders' approval at the forthcoming annual general meeting of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year, the Group have increased its shareholding in Lai Fung Holdings Limited ("**Lai Fung**") from 47.87% to 49.46% and further increased to 49.87% after the year ended 31 July 2013, demonstrating its confidence in the sector and Lai Fung.

OVERVIEW OF FINAL RESULTS

During the year under review, the fundamental business of the Group delivered an encouraging set of results underpinned by a steady improvement across all businesses and the full year effect of consolidating Lai Fung.

For the year ended 31 July 2013, the Group recorded a turnover of HK$2,631.7 million (2012: HK$702.2 million) and a gross profit of HK$780.7 million (2012: HK$254.9 million), representing an increase of approximately 274.8% and 206.3%, respectively over last year. The substantial increase was driven by the full year effect of consolidation of Lai Fung Group.

Net loss attributable to owners of the Company was approximately HK$17.2 million (2012: net profit of HK$1,161.6 million). Basic loss per share was HK$0.014 (2012: basic earnings per share: HK$0.934). The significant decrease in net profit is due to the absence of gain on bargain purchase of a subsidiary amounting to HK$1,350.4 million which arose from completion of Lai Fung's open offer in respect of financial year ended 31 July 2012. Excluding the effect of property revaluations and the gain on bargain purchase of a subsidiary (for year 2012), net loss attributable to owners of the Company was approximately HK$249.1 million (2012: HK$375.3 million). Basic loss per share excluding the effect of property revaluations was HK$0.200 (2012: HK$0.302).

Equity attributable to owners of the Company as at 31 July 2013 amounted to HK$8,306.9 million, up from HK$7,997.9 million as at 31 July 2012. Net asset value per share attributable to owners of the Company increased to HK$6.7 per share as at 31 July 2013 from HK$6.4 per share as at 31 July 2012.

Media and Entertainment

During the year under review, this segment recorded a turnover of HK$413.9 million (2012: HK$261.6 million).

Live Entertainment

During the year under review, the Group organised and invested in 116 (2012: 152) shows by popular local, Asian and internationally renowned artistes, including Super Junior, G-Dragon, Jennifer Lopez, Andrea Bocelli, David Foster, Han Hong, Grasshopper, Softhard, Tat Ming Pair and Justin Lo in Hong Kong and Mainland China.

Music Production, Distribution and Publishing

During the year under review, the Group released 75 albums, including titles by Super Junior, Sally Yeh, Big Four, Mark Lui, Grasshopper x Softhard, Tat Ming Pair, Justin Lo, Denise Ho and Ellen Loo. Some of these albums have won the IFPI Hong Kong Top Sales Music Award 2012.

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. 60 episodes of television dramas were produced for the year under review (2012: 168 episodes). The Group will continue its production and distribution expansion strategy through mergers and acquisitions.

Artiste Management

With the joining of Ms. Sandy Lamb in 2013, the Group attracted a lot of popular celebrities to join such as Ekin Cheng and Grasshopper. Our artiste management team will continue to expand its profile and provide new entertainment projects in different parts of the region. The Group had more than 70 artistes under its management.

Film Production and Distribution

During the year under review, the Group recorded a turnover of HK$237.2 million (2012: HK$195.8 million).

The increase in turnover was due to the fact that the contribution from the new releases was higher than from the titles released last year. During the year under review, the Group principally completed the photography of 7 films with 8 other films in the production pipeline or under development. Most of them are expected to be released by 2014.

Subsequent to the year end, the Group acquired an 85% interest in Intercontinental Group Holdings Limited ("**IGHL**", formerly known as "Kadokawa Intercontinental Group Holdings Limited") which has become a subsidiary of the Company. IGHL is one of the leading film and video distribution companies in Hong Kong, it releases around 30 films every year and distributes a variety of video products. It is also one of the leading multiplex cinema operators and film distributors in Hong Kong and has added immediate scale for us in Hong Kong and complements our cinema operations in Mainland China. The added cinema operations will provide a complementary distribution channel for our film production and distribution business, as well as providing additional venues for our live events and recorded programs. IGHL's established ties with major studios in Hollywood, Mainland China, Korea and Japan would also bolster the Group's film and video distribution business in Hong Kong and Macau.

Property Investment

The following details are extracted from Lai Fung's results announcement for the two years ended 31 July 2012 and 31 July 2013.

Rental Income

For the year ended 31 July 2013, Lai Fung Group's rental operations recorded a turnover of HK$522.7 million (2012: HK$474.4 million), representing a 10.2% increase over last year. Breakdown of rental turnover by major rental properties is as follows:

	For the year ended 31 July			
	2013 HK$ million	2012 HK$ million	% Change	Year end occupancy (%)
Shanghai Hong Kong Plaza	359.8	349.6	2.9%	Retail: 99.6% Office: 93.1% Serviced Apartments: 86.2%
Shanghai Regents Park (commercial podium and car-parking spaces)	11.7	10.2	14.7%	100.0%
Shanghai Northgate Plaza I	9.8	7.8	25.6%	86.3%
Shanghai May Flower Plaza (commercial podium and car-parking spaces)	28.7	2.1	1,266.7%	92.1%
Guangzhou May Flower Plaza	96.3	88.8	8.4%	Retail: 97.2% Office: 100.0%
Guangzhou West Point (commercial podium and car-parking spaces)	15.9	15.9	0%	98.9%
Zhongshan Palm Spring (commercial podium)	0.5	-	N/A	6.3%
Total	**522.7**	**474.4**	**10.2%**	

Rental income performed steadily as a whole with almost full occupancy in all the major properties. The increase is primarily attributable to rental reversion and change in tenant mix across the portfolio, as well as a full year's contribution from the retail podium of the Shanghai May Flower Plaza since the end of the 2012 financial year.

A portion of the Zhongshan Palm Spring Rainbow Mall has been reclassified as rental properties as the floor space was leased out. Further reclassification and rental income recognition will take place in due course as the property becomes fully leased. Soft opening of the serviced apartments in the Zhongshan Palm Spring, STARR Resort Residence Zhongshan, commenced shortly after the year end. The other STARR branded hotel and serviced apartments in Shanghai and Guangzhou are ontrack for soft openings in the fourth quarter of 2013 and the second quarter of 2014, respectively.

Property Development

The following details are extracted from Lai Fung's results announcement for the two years ended 31 July 2012 and 31 July 2013.

Recognised Sales

For the year ended 31 July 2013, Lai Fung Group's property development operations recorded a turnover of HK$1,372.2 million (2012: HK$919.6 million) from sale of properties, representing a 49.2% increase in sales revenue over last year.

Total recognised sales was primarily driven by the sales performance of Shanghai May Flower Plaza and Zhongshan Palm Spring of which approximately 286,000 and 360,000 square feet of residential gross floor area ("**GFA**") were sold, respectively, achieving sales revenue of HK$1,065.9 million and HK$217.3 million, respectively.

Sales of Dolce Vita Phase I performed well and achieved an average selling price of HK$1,792 per square foot. This is recognised as a component of "Share of profit of joint ventures" in the consolidated income statement.

For the year ended 31 July 2013, average selling price recognised as a whole (excluding Dolce Vita) decreased to approximately HK$2,160 per square foot (2012: HK$4,080 per square foot). The decrease is due to more units/square feet of Zhongshan Palm Spring being sold this year at lower average selling prices.

Breakdown of turnover for the year ended 31 July 2013 from property sales is as follows:

Recognised basis	**Approximate Gross Floor Area**	**Average Selling Price#**	**Turnover***
	Square feet	**HK$/square foot**	**HK$ million**
Shanghai May Flower Plaza			
Residential Units	248,443	4,092	959.1
Office Apartment Units	37,983	2,981	106.8
Zhongshan Palm Spring			
Residential High-Rise Units	339,383	589	188.7
Residential House Units	21,019	1,445	28.6
Shanghai Regents Park Phase II			
Residential Units	11,345	4,898	52.4
Guangzhou West Point			
Residential Units	6,066	2,625	15.0
Office Units	9,229	2,482	21.6
Total	**673,468**	**2,160**	**1,372.2**
Recognised sales from joint venture project			
Guangzhou Dolce Vita			
Residential Units**(47.5% basis)	243,660	1,792	411.9

\# *Before business tax*
* *After business tax*
** *Guangzhou Dolce Vita is a joint venture project with CapitaLand China Holdings Pte. Ltd. ("**CapitaLand**") in which each of Lai Fung Group and CapitaLand has an effective 47.5% interest. For the year ended 31 July 2013, the recognised sales (after business tax) attributable to the full project is HK$867.2 million and approximately 512,969 square feet of GFA were recognised.*

Contracted Sales

As at 31 July 2013, Lai Fung Group's property development operations has contracted but not yet recognised sales of HK$827.2 million from sale of properties.

Breakdown of contracted but not yet recognised sales as at 31 July 2013 is as follows:

Contracted basis	**Approximate Gross Floor Area**	**Average Selling Price#**	**Turnover#**
	Square feet	**HK$/square foot**	**HK$ million**
Shanghai May Flower Plaza			
Residential Units	25,949	4,366	113.3
Office Apartment Unites	4,592	3,009	13.8
Zhongshan Palm Spring			
Residential High-rise Units	30,247	626	18.9
Residential House Units	39,604	1,261	50.0
Sub-total	100,392	1,953	196.0
Contracted sales from joint venture project			
Guangzhou Dolce Vita Residential Units** (47.5% basis)	331,558	1,904	631.2
Total	**431,950**	**1,915**	**827.2**

\# *Before business tax*

** *Guangzhou Dolce Vita is a joint venture project with CapitaLand in which each of Lai Fung Group and CapitaLand has an effective 47.5% interest. As at 31 July 2013, the contracted but not yet recognised sales attributable to the full project was HK$1,328.8 million and approximately 698,018 square feet of GFA were sold.*

OUTLOOK

Media and Entertainment / Film Production and Distribution

Entertainment consumption in Mainland China is undergoing unprecedented growth and the Group stands ready to build on its solid foundation to fully seize the opportunities.

Per our strategy stated last year, we have made significant progress in Hong Kong and Mainland China on a number of fronts:

- acquired IGHL – one of the leading cinema networks and film distributors in Hong Kong;
- expanded film distribution and marketing teams in Mainland China; released 2 self-produced films with critical acclaim and a slate of films in the pipeline for distribution in the year to come;
- strengthened its collaboration with top-notch TV producers and directors; and we are looking to increase investments in other types of TV programmes such as variety shows and reality series;
- expanding artiste roster complementing our media and entertainment businesses as well as collaborations with high profile Asian artistes such as top Korean music groups;
- positioning to take advantage of the long awaited pay model for digital music in Mainland China with our music library as international music labels coming to a mutually acceptable licensing model with major Chinese music portals; and
- maintained our leading position in Chinese live entertainment and expanding our focus on concerts to other types of live entertainment.

We are convinced that our integrated media platform comprising film, TV, music, talent and event management presents the most balanced and synergistic approach to becoming a Chinese entertainment powerhouse. We will continue to look for suitable investment opportunities that have synergies with our existing core businesses in Hong Kong and overseas.

Mainland China Property Development and Investment

The global economy has been on a delicate recovery path since 2009. The pace of recovery remained slow with major economies in the world experiencing a loss of growth momentum. GDP growth forecasts of economies around the world have been slashed repeatedly. Recent actions by the Japanese government to stimulate its economy and the United States Federal Reserve's postponement of the tapering reinforce the precarious state of affairs. Against this backdrop, the Central Government sought to stabilise its domestic economy and stimulate growth through various measures such as the reduction of the deposit-reserve ratio and benchmark interest rates cuts with a view to maintaining the target GDP of 7.5% which is still a relatively bright spot when compared to the rest of the world.

Whilst the leadership change is now settled, it is clear that the Central Government will continue its firm and unwavering stance in regulating the domestic property market and continue with its restrictive policy measures on purchase, price and credit. Although the tightening measures implemented by the Central Government are taking effect, the demand for housing, underpinned by continued urbanisation and the desire for improved living conditions remained robust, which continued to push up property prices. It is expected that the Central Government to remain committed to strict implementation of policy measures to stabilise the property market but are optimistic about the pent up demand as a result of these tightening measures.

Lai Fung Group believes that the focus of putting a larger emphasis on rental properties will be instrumental to maintaining substantial growth in the long run. The incremental rental income to be derived from investment property projects already in the pipeline will further strengthen the recurring rental income further and establish a solid base for the Group in the next few years. The property development part of the business will be key in ensuring an efficient redeployment of capital into future project when the residential units are sold.

Lai Fung Group has a number of projects in various stages of development in Shanghai, Guangzhou and Zhongshan. The remaining residential units in Guangzhou Dolce Vita Phase I and III and Zhongshan Palm Spring Phase I are expected to contribute to the profit and loss account in the coming financial years.

As at 31 July 2013, Lai Fung Group has a landbank of 9.1 million square feet. The Lai Fung Group's strong cash and bank position of HK$5,665.7 million of cash on hand with a net debt to equity ratio of 4% as at 31 July 2013 provides the Group full confidence and the means to review opportunities more actively. However, the Group will continue its prudent and flexible approach in growing the landbank and managing its financial position.

On 26 September 2013, the Group announced Lai Fung had successfully won Phase I of the Creative Culture City project in Hengqin. Phase I has a total gross floor area of 2.8 million square feet and Lai Fung Group will, subject to its independent shareholders' approval, finalise the development plan for Phase I with the Company having a 20% interest in this site. This site will further increase the Group's landbank and development portfolio.

Discussions are progressing smoothly between Lai Fung Group and the Guangzhou government on the redevelopment plan for the site located on Guanlu Road in Guangzhou which is the former residence of Mr. Sit Kok Sin, a renowned Cantonese opera legend. Regarding the case that Lai Fung Group refused to pay a former landlord compensation amounting to HK$6 million, sufficient compensation was included in the land premium paid by Lai Fung in the auction for the land dating back to 2007. Due to impending litigation, it would be inappropriate for us to comment further on specifics at present.

LIQUIDITY, FINANCIAL RESOURCES, CHARGE ON ASSETS AND GEARING

Cash and Bank Balances

As at 31 July 2013, cash and bank balances held by the Group amounted to HK$6,890.1 million (2012: HK$4,164.1 million) of which over 63% was denominated in Hong Kong dollar ("**HK$**") and United States dollar ("**US$**") currencies, and 37% was denominated in Renminbi ("**RMB**"). Cash held by the Group excluding cash held by MAGHL Group and Lai Fung Group as at 31 July 2013 was HK$ 810.0 million (2012: HK$818.8 million). 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 2013, the Group had outstanding consolidated total borrowings (after intra-group elimination) in the amount of HK$6,528.8 million. The borrowings of the Group, which comprises the Company, MAGHL and Lai Fung, are as follows:

Company

As at 31 July 2013, 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$63.0 million for the said unsecured other borrowings as at 31 July 2013. 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 2013.

MAGHL

As at 31 July 2013, 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. As at 31 July 2013, MAGHL has unsecured and unguaranteed Second Completion 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$251.2 million as at 31 July 2013.

Lai Fung

As at 31 July 2013, Lai Fung Group had total borrowings in the amount of HK$6,109.6 million comprising bank loans of HK$2,392.3 million, fixed rate senior notes of HK$3,658.7 million and other borrowing of HK$58.6 million. The maturity profile of Lai Fung Group's borrowings of HK$6,109.6 million is well spread with HK$2,052.5 million repayable within 1 year, HK$387.6 million repayable in the second year and HK$3,669.5 million repayable in the third to fifth years. Included in the fixed rate senior notes liability of Lai Fung, a carrying amount of HK$8.0 million is held by a subsidiary of the Company.

Approximately 60% and 39% of Lai Fung Group's borrowings were on a fixed rate basis and floating rate basis, respectively, and the remaining 1% of Lai Fung Group's borrowings were interest-free.

Apart from the fixed rate senior notes, Lai Fung Group's other borrowings of HK$2,450.9 million were 49% denominated in RMB, 30% in HKD and 21% in USD.

Lai Fung Group's fixed rate senior notes of HK$3,658.7 million were 61% denominated in RMB and 39% in USD. On 25 April 2013, issue date of the RMB denominated senior notes ("**RMB Notes**"), Lai Fung Group entered into cross currency swap agreements with financial institutions for the purpose of hedging the foreign currency risk arising from such notes. Accordingly, the RMB Notes have been effectively converted into USD denominated loans.

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, Lai Fung Group believes that the corresponding exposure to USD exchange rate fluctuation is nominal. However, Lai Fung Group has a net exchange exposure to RMB as Lai Fung Group's assets are principally located in Mainland China and the revenues are predominantly in RMB. Apart from the aforesaid cross currency swap arrangements, Lai Fung Group does not have any derivative financial instruments or hedging instruments outstanding.

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$8,096.0 million, constructions in progress with a total carrying amount of HK$239.9 million, properties under development with a total carrying amount of approximately HK$1,205.0 million, serviced apartments (including related leasehold improvements) with a total carrying amount of approximately HK$1,751.8 million, a property with carrying amount of approximately HK$97.5 million and time deposits and bank balances of approximately HK$6.0 million.

In addition, as at 31 July 2013, 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$51.6 million as at 31 July 2013. Such bank loan facility had not been utilised by the Group as at 31 July 2013. As at 31 July 2013, 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 2013.

As at 31 July 2013, the consolidated net assets attributable to the owners of the Company amounted to HK$8,306.9 million (2012: HK$7,997.9 million). As regards gearing, the Group has a consolidated net cash position amounted to HK$361.3 million (cash and bank balances of HK$6,890.1 million less total borrowings of HK$6,528.8 million) as at 31 July 2013.

Taking into account the amount of cash being held as at the end of the reporting period, the available banking facilities, expected refinancing 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 SECURITIES

During the year ended 31 July 2013 ("**Year**"), the Group did not redeem any of its shares listed and traded on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") nor did the Group purchase or sell any of such shares.

In addition, the Group did not redeem any of the 9.125% Senior Notes due 2014, which are listed and traded on the Singapore Exchange Securities Trading Limited nor the 6.875% Senior Notes due 2018 (collectively "**Notes**", issued by Lai Fung), which are listed and traded on the Stock Exchange. The Group did not purchase or sell any of such Notes during the Year.

CORPORATE GOVERNANCE

The Company is committed to achieving and maintaining high standards of corporate governance and has established policies and procedures for compliance with the principles and code provisions set out from time to time in the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange.

The Company has complied with all the code provisions set out in the CG Code for the Year save for the deviations from code provisions A.4.1 and A.5.1 as follows:

Under code provision A.4.1, 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, 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 CG Code, each of the Directors appointed to fill a casual vacancy has been/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, 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.

DIRECTORS, EMPLOYEES AND REMUNERATION POLICIES

As at 31 July 2013, the Group employed a total of around 1,620 employees. The Group recognises the importance of maintaining a stable staff force in its continued success. Under the Group's existing policies, employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Discretionary bonuses are granted to employees based on their merit and in accordance with industry practice. Other benefits including share option scheme, mandatory provident fund scheme, free hospitalisation insurance plan, subsidised medical care and sponsorship for external education and training programmes are offered to eligible employees.

The Group is delighted to welcome Mr. Lam Hau Yin, Lester who has joined the Board as an Executive Director with effect from 1 November 2012. The Group would also like to thank Mr. Cheung Sum, Sam, who left the Board during the year for his valuable contributions to the Company during his tenure.

INVESTOR RELATIONS

To ensure our investors have a better understanding of the Company, our management engages in a pro-active investor relations programme. Our Executive Directors and Investor Relations Department communicate with research analysts and institutional investors on an on-going basis and meet with research analysts and the press after our results announcements, attend major investors' conferences and participate in international non-deal roadshows to communicate the Company's financial performance and global business strategy.

During the year, the Company has met with a number of research analysts and investors, attended conferences as well as deal and non-deal roadshows as follows:

Month	Event	Organiser	Location
August 2012	UBS Hong Kong / China Property Conference 2012	UBS	Hong Kong
September 2012	J.P. Morgan Hong Kong Property Corporate Access Days	JP Morgan	Hong Kong
October 2012	Post full year results non-deal roadshow	UBS	Hong Kong
November 2012	Post full year results non-deal roadshow	DBS	Singapore
November 2012	Non-deal Lai Sun Development Company Limited fixed income roadshow	BNP Paribas / HSBC / Standard Chartered Bank	Hong Kong / Singapore
November 2012	Post full year results non-deal roadshow / HSBC Asia Corporate Day	HSBC	London
November 2012	Post full year results non-deal roadshow	J.P. Morgan	New York / Philadelphia / San Francisco
December 2012	Investors luncheon	Daiwa Securities	Hong Kong
January 2013	Investors luncheon	Bank of China International	Hong Kong
January 2013	Non-deal roadshow	UOB Kay Hian	Taipei
April 2013	Post results non-deal roadshow	CLSA / Daiwa Securities	Hong Kong
April 2013	Post results non-deal roadshow	DBS	Singapore
April 2013	Post results non-deal roadshow	CIMB	Kuala Lumpur
April 2013	The Pulse of Asia Conference	DBS	Hong Kong
April 2013	Deal roadshow – Lai Fung Holdings Limited CNY senior notes	HSBC/JP Morgan/DBS	Singapore / Hong Kong
April 2013	HK / China Property Conference 2013	UBS	Hong Kong
April 2013	HSBC 4th Annual Greater China Property Conference	HSBC	Hong Kong
May 2013	Macquarie Greater China Conference 2013	Macquarie	Hong Kong
May 2013	Post results non-deal roadshow	AM Capital	London
May 2013	Post results non-deal roadshow	Daiwa Securities	Paris
May 2013	Post results non-deal roadshow	Morgan Stanley	New York
May 2013	Post results non-deal roadshow	Daiwa Securities	New York / Denver / San Francisco

Month	Event	Organiser	Location
June 2013	Post results non-deal roadshow	UBS	Zurich / Edinburgh
June 2013	CIMB 11th Annual Asia Pacific Leaders' Conference	CIMB	London
June 2013	Post results non-deal roadshow	HSBC	Sydney
July 2013	The Pulse of Asia Conference July 2013	DBS	Singapore
August 2013	Investors luncheon	Bank of China International	Hong Kong

The Company is keen on promoting good investor relations and enhancing communication with the Shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public who may contact the Investor Relations Department by phone on (852) 2853 6116 during normal business hours, by fax at (852) 2853 6651 or by e-mail at ir@esun.com.

REVIEW OF ANNUAL RESULTS

The Audit Committee of the Company currently comprises three INEDs, namely Dr. Ng Lai Man, Carmen (Chairwoman), 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 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.

ANNUAL GENERAL MEETING

The AGM will be held on Friday, 22 November 2013. Notice of such 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 about late October 2013.

By Order of the Board
Low Chee Keong
Chairman

Hong Kong, 9 October 2013

As at the date of this announcement, the Board comprises four Executive Directors, namely Dr. Lam Kin Ngok, Peter and Messrs. Lui Siu Tsuen, Richard (Chief Executive Officer), Chew Fook Aun and Lam Hau Yin, Lester; 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.