eSun Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 571)

Announcement of Final Results for the Year Ended 31 July 2014

RESULTS

The board of directors ("**Board**") of eSun Holdings Limited ("**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries ("**Group**") for the year ended 31 July 2014 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 July 2014

	Notes	**2014** *HK$'000*	2013 *HK$'000*
TURNOVER	*3*	**2,344,796**	2,631,699
Cost of sales		**(1,423,389)**	(1,851,047)
Gross profit		**921,407**	780,652
Other revenue		**244,330**	179,378
Selling and marketing expenses		**(126,798)**	(178,514)
Administrative expenses		**(621,006)**	(602,841)
Other operating gains		**92,449**	68,242
Other operating expenses		**(318,748)**	(155,860)
Fair value losses on cross currency swaps		**(64,439)**	-
Fair value gains on investment properties		**1,138,045**	660,708
PROFIT FROM OPERATING ACTIVITIES		**1,265,240**	751,765
Finance costs	*4*	**(359,373)**	(226,256)
Share of profits and losses of joint ventures		**29,169**	(21,986)
Share of profits and losses of associates		**(115)**	(640)
PROFIT BEFORE TAX	*5*	**934,921**	502,883
Income tax expense	*6*	**(286,533)**	(305,820)
PROFIT FOR THE YEAR		**648,388**	197,063

	Notes	2014 HK$'000	2013 HK$'000
Attributable to:			
Owners of the Company		**268,618**	(17,208)
Non-controlling interests		**379,770**	214,271
		648,388	197,063
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*7*		
Basic		**HK$0.216**	(HK$0.014)
Diluted		**HK$0.215**	(HK$0.014)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 July 2014

	2014 HK$'000	2013 HK$'000
PROFIT FOR THE YEAR	**648,388**	197,063
OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO INCOME STATEMENT IN SUBSEQUENT PERIODS, NET OF TAX		
Exchange realignment on translation of foreign operations	**6,316**	308,005
Reclassification adjustments relating to disposal of foreign operations during the year	**(1,506)**	-
Change in fair value of an available-for-sale investment	**5,985**	8,570
Share of other comprehensive income of joint ventures	**1,045**	25,689
Net gain/(loss) on cash flow hedges	**53,105**	(59,761)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**64,945**	282,503
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**713,333**	479,566
Attributable to:		
Owners of the Company	**302,233**	126,982
Non-controlling interests	**411,100**	352,584
	713,333	479,566

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 July 2014

	Notes	**2014** *HK$'000*	2013 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**2,836,175**	2,736,990
Properties under development		**644,353**	495,504
Investment properties		**13,909,411**	11,867,497
Film rights		**37,360**	47,225
Film products		**80,298**	101,223
Music catalogs		**16,371**	20,665
Goodwill	*10*	**123,440**	10,435
Other intangible assets		**-**	64,018
Investments in joint ventures		**1,136,546**	1,092,289
Investments in associates		**32,842**	17,856
Available-for-sale investments		**154,553**	158,491
Deposits, prepayments and other receivables		**156,124**	89,147
Pledged and restricted time deposits		**204,957**	-
Deferred tax assets		**5,421**	-
Total non-current assets		**19,337,851**	16,701,340
CURRENT ASSETS			
Properties under development		**924,889**	1,059,062
Completed properties for sale		**1,354,049**	1,480,161
Loan receivable		**-**	11,000
Films under production		**259,292**	141,376
Inventories		**22,073**	8,987
Debtors	*8*	**255,699**	166,735
Deposits, prepayments and other receivables		**314,831**	478,296
Options		**-**	21,579
Prepaid tax		**44,765**	47,092
Pledged and restricted time deposits and bank balances		**559,009**	2,057,388
Cash and cash equivalents		**3,454,948**	4,832,685
Total current assets		**7,189,555**	10,304,361
CURRENT LIABILITIES			
Creditors and accruals	*9*	**1,013,580**	881,573
Deposits received and deferred income		**287,512**	285,655
Tax payable		**186,465**	504,784
Finance lease payables		**3**	74
Interest-bearing bank loans, secured		**708,382**	617,470
Convertible notes		**127,995**	190,882
Fixed rate senior notes		**-**	1,427,090
Total current liabilities		**2,323,937**	3,907,528
NET CURRENT ASSETS		**4,865,618**	6,396,833
TOTAL ASSETS LESS CURRENT LIABILITIES		**24,203,469**	23,098,173

	Notes	2014 HK$'000	2013 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**24,203,469**	23,098,173
NON-CURRENT LIABILITIES			
Long term deposits received		**92,564**	77,021
Finance lease payables		**8**	66
Interest-bearing bank loans, secured		**1,604,858**	1,774,856
Other borrowings		**240,229**	234,515
Convertible notes		**-**	60,357
Fixed rate senior notes		**2,232,738**	2,223,610
Guaranteed notes, secured	*11*	**794,589**	-
Derivative financial instruments		**25,162**	43,712
Deferred tax liabilities		**2,633,212**	2,367,086
Total non-current liabilities		**7,623,360**	6,781,223
Net assets		**16,580,109**	16,316,950
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**621,606**	621,606
Reserves		**8,304,579**	7,685,314
		8,926,185	8,306,920
Non-controlling interests		**7,653,924**	8,010,030
Total equity		**16,580,109**	16,316,950

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. 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 – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 *– Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 19 (2011)	*Employee Benefits*
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 13, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended. Additional disclosures required by HKFRS 13 for the fair value measurements of buildings classified as investment properties, available-for-sale financial assets and derivative financial instruments are included in respective notes to the financial statements.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The Group had early adopted the following new and revised HKFRSs in advance of their respective effective dates for the first time in the financial year ended 31 July 2012:

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 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 on the financial statements of the Group.

3. OPERATING SEGMENT INFORMATION

Segment revenue/results:

	Property development		Property investment		Media and entertainment		Film production and distribution		Cinema operation		Corporate and others		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:														
Sales to external customers	**640,928**	1,372,194	**564,186**	522,744	**543,100**	413,930	**259,694**	237,229	**252,395**	-	**84,493**	85,602	**2,344,796**	2,631,699
Intersegment sales	**-**	-	**2,188**	-	**677**	-	**10,900**	-	**1,408**	-	**2,431**	-	**17,604**	-
Other revenue	**2,139**	1,960	**121,601**	110,950	**8,019**	5,342	**1,894**	4,667	**18,018**	-	**1,557**	475	**153,228**	123,394
Total	**643,067**	1,374,154	**687,975**	633,694	**551,796**	419,272	**272,488**	241,896	**271,821**	-	**88,481**	86,077	**2,515,628**	2,755,093
Elimination of intersegment sales													**(17,604)**	-
Total revenue													**2,498,024**	2,755,093
Segment results	**73,331**	28,314	**1,380,928**	934,433	**34,745**	(29,227)	**(101,802)**	(7,701)	**(1,595)**	-	**(197,766)**	(202,826)	**1,187,841**	722,993
Unallocated interest and other revenue	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**91,102**	55,984
Fair value loss on options	**-**	-	**-**	-	**(5,172)**	(10,912)	**-**	-	**-**	-	**-**	-	**(5,172)**	(10,912)
Fair value losses on cross currency swaps	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(64,439)**	-
Gain on disposal of partial interest of an available-for-sale investment	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**38,611**	-
Impairment of an available-for-sale investment	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(16,300)
Gain on disposal of subsidiaries	**-**	-	**-**	-	**9,477**	-	**-**	-	**-**	-	**-**	-	**9,477**	-
Gain on disposal of joint ventures	**-**	-	**-**	-	**3,043**	-	**4,777**	-	**-**	-	**-**	-	**7,820**	-
Profit from operating activities													**1,265,240**	751,765
Finance costs	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(359,373)**	(226,256)
Share of profits and losses of joint ventures	**43,921**	12,053	**-**	-	**(12,602)**	(4,300)	**(2,150)**	(29,739)	**-**	-	**-**	-	**29,169**	(21,986)
Share of profits and losses of associates	**-**	-	**-**	-	**(744)**	(640)	**(7)**	-	**636**	-	**-**	-	**(115)**	(640)
Profit before tax													**934,921**	502,883
Income tax expense													**(286,533)**	(305,820)
Profit for the year													**648,388**	197,063

No customer of the Group has individually accounted for over 10% of the Group's total revenue during the years ended 31 July 2014 and 2013.

3. OPERATING SEGMENT INFORMATION (continued)

Segments assets/liabilities:

	Property development		Property investment		Media and entertainment		Film production and distribution		Cinema operation		Corporate and others		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**2,994,925**	3,083,759	**16,447,832**	14,419,896	**342,156**	557,750	**920,348**	720,447	**309,591**	-	**3,927,507**	6,784,900	**24,942,359**	25,566,752
Investments in joint ventures	**1,100,591**	1,055,965	**-**	-	**28,289**	24,397	**7,666**	11,927	**-**	-	**-**	-	**1,136,546**	1,092,289
Investments in associates	**-**	-	**-**	-	**(337)**	406	**19,384**	17,450	**13,795**	-	**-**	-	**32,842**	17,856
Unallocated assets													**415,659**	328,804
Total assets													**26,527,406**	27,005,701
Segment liabilities	**445,957**	413,295	**308,517**	324,120	**113,416**	130,442	**238,126**	101,715	**77,925**	-	**209,715**	274,677	**1,393,656**	1,244,249
Unallocated liabilities													**8,553,641**	9,444,502
Total liabilities													**9,947,297**	10,688,751

Note: The cinema operation of the Group has become a reportable segment during the year.

3. OPERATING SEGMENT INFORMATION (continued)

Other segment information:

	Property development		Property investment		Media and entertainment		Film production and distribution		Cinema operation		Corporate and others		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Depreciation	**2,409**	2,075	**102,354**	92,826	**2,364**	2,432	**593**	158	**21,642**	-	**13,487**	18,411	**142,849**	115,902
Impairment of completed properties for sale	**-**	7,860	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	7,860
Impairment of film products	**-**	-	**-**	-	**-**	-	**35,153**	-	**-**	-	**-**	-	**35,153**	-
Impairment of music catalogs	**-**	-	**-**	-	**2,000**	9,000	**-**	-	**-**	-	**-**	-	**2,000**	9,000
Impairment of films under production	**-**	-	**-**	-	**-**	-	**3,036**	672	**-**	-	**-**	-	**3,036**	672
Write-off of property, plant and equipment	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**15,775**	-	**15,775**	-
Write-off of films under production	**-**	-	**-**	-	**-**	-	**47**	-	**-**	-	**-**	-	**47**	-
Fair value gains on investment properties	**-**	-	**(1,138,045)**	(660,708)	**-**	-	**-**	-	**-**	-	**-**	-	**(1,138,045)**	(660,708)
Fair value loss on options	**-**	-	**-**	-	**5,172**	10,912	**-**	-	**-**	-	**-**	-	**5,172**	10,912
Amortisation of film rights	**-**	-	**-**	-	**-**	-	**16,702**	18,116	**-**	-	**-**	-	**16,702**	18,116
Amortisation of film products	**-**	-	**-**	-	**-**	-	**96,249**	111,646	**-**	-	**-**	-	**96,249**	111,646
Amortisation of music catalogs	**-**	-	**-**	-	**3,894**	4,734	**-**	-	**-**	-	**-**	-	**3,894**	4,734
Amortisation of other intangible assets	**-**	-	**-**	-	**3,693**	9,102	**-**	-	**-**	-	**-**	-	**3,693**	9,102
Provision for/(reversal of provision for) doubtful debts	**-**	-	**-**	-	**-**	1,353	**3,278**	(50)	**-**	-	**-**	-	**3,278**	1,303
Provision for advances and other receivables	**-**	-	**-**	-	**4,719**	405	**22,644**	-	**299**	-	**-**	-	**27,662**	405
Reversal of provision for advances and other receivables	**-**	-	**-**	-	**(6,516)**	(32)	**-**	-	**-**	-	**-**	-	**(6,516)**	(32)
Provision for amounts due from joint ventures	**-**	-	**-**	-	**1,720**	3,324	**-**	-	**-**	-	**-**	-	**1,720**	3,324
Provision for/(reversal of provision for) inventories	**-**	-	**-**	-	**(320)**	-	**157**	-	**-**	-	**(555)**	115	**(718)**	115
Additions of property, plant and equipment	**4,443**	6,260	**64,686**	38,850	**414**	5,199	**1,595**	849	**60,669**	-	**16,136**	6,284	**147,943**	57,442
Additions of properties under development	**383,547**	270,219	**-**	-	**-**	-	**-**	-	**-**	-	-	-	**383,547**	270,219
Additions of investment properties	**-**	-	**854,414**	107,362	**-**	-	**-**	-	**-**	-	-	-	**854,414**	107,362
Additions of film rights	**-**	-	**-**	-	**-**	-	**6,837**	18,024	**-**	-	-	-	**6,837**	18,024
Additions of film products	**-**	-	**-**	-	**-**	-	**336**	-	**-**	-	-	-	**336**	-
Additions of films under production	**-**	-	**-**	-	**-**	-	**231,137**	145,911	**-**	-	-	-	**231,137**	145,911
Additions of music catalogs	**-**	-	**-**	-	**1,600**	2,400	**-**	-	**-**	-	-	-	**1,600**	2,400
Additions of goodwill	**-**	-	**-**	-	**10,000**	-	**18,440**	-	**95,000**	-	-	-	**123,440**	-

3. OPERATING SEGMENT INFORMATION (continued)

Geographical information:

	Hong Kong		Mainland China (including Macau)		Others		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue:								
Sales to external customers	**699,780**	276,719	**1,596,853**	2,312,381	**48,163**	42,599	**2,344,796**	2,631,699
Assets:								
Segment assets:								
- non-current assets	**1,242,479**	1,715,820	**17,724,052**	14,703,221	**426**	587	**18,966,957**	16,419,628
- current assets	**1,708,928**	1,533,662	**5,430,985**	8,716,689	**4,877**	6,918	**7,144,790**	10,257,269
Unallocated assets							**415,659**	328,804
Total assets							**26,527,406**	27,005,701
Other information:								
Additions of property, plant and equipment	**21,654**	5,912	**126,289**	51,530	**-**	-	**147,943**	57,442
Additions of properties under development	**-**	-	**383,547**	270,219	**-**	-	**383,547**	270,219
Additions of investment properties	**-**	-	**854,414**	107,362	**-**	-	**854,414**	107,362
Additions of film rights	**6,837**	18,024	**-**	-	**-**	-	**6,837**	18,024
Additions of film products	**336**	-	**-**	-	**-**	-	**336**	-
Additions of films under production	**179,557**	145,911	**51,580**	-	**-**	-	**231,137**	145,911
Additions of music catalogs	**1,600**	2,400	**-**	-	**-**	-	**1,600**	2,400
Additions of goodwill	**123,440**	-	**-**	-	**-**	-	**123,440**	-

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2014	2013
	HK$'000	*HK$'000*
Interest on:		
Bank loans wholly repayable within five years	**130,684**	90,521
Bank loans repayable beyond within five years	**4,296**	-
Other borrowings wholly repayable within five years	**5,647**	5,640
US$200,000,000 fixed rate senior notes ("**2007 Notes**")	**86,552**	130,823
RMB1,800,000,000 fixed rate senior notes ("**2013 Notes**")	**142,006**	37,467
First Completion Convertible Notes	**16,850**	18,640
Second Completion Convertible Notes	**7,262**	5,367
RMB650,000,000 guaranteed notes ("**Guaranteed Notes**")	**6,919**	-
Amortisation of:		
Bank loans	**14,768**	-
2007 Notes	**5,975**	7,756
2013 Notes	**6,573**	1,678
Guaranteed Notes	**550**	-
Bank financing charges and direct costs	**25,842**	15,961
Other finance costs	**823**	-
	454,747	313,853
Less: Capitalised in properties under development	**(40,543)**	(71,724)
Capitalised in investment properties under construction	**(38,467)**	(15,873)
Capitalised in construction in progress	**(16,364)**	-
	(95,374)	(87,597)
Total finance costs	**359,373**	226,256

5. PROFIT BEFORE TAX

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

	2014	2013
	HK$'000	*HK$'000*
Cost of completed properties sold	**489,968**	1,249,043
Outgoings in respect of rental income	**150,455**	114,960
Cost of film rights, licence rights and film products	**233,456**	141,521
Cost of artiste management services, advertising agency services, and services for entertainment events provided	**245,484**	307,731
Cost of theatrical releasing and concessionary sales	**101,441**	-
Cost of inventories sold	**202,585**	37,792
Total cost of sales	**1,423,389**	1,851,047
Depreciation^	**142,849**	115,902
Impairment of completed properties for sale**	**-**	7,860
Impairment of an available-for-sale investment**	**-**	16,300
Impairment of music catalogs**	**2,000**	9,000
Impairment of film products#	**35,153**	-
Impairment of films under production#	**3,036**	672
Write-off of property, plant and equipment**	**15,775**	-
Write-off of films under production#	**47**	-
Share of net income from entertainment events organised by co-investors*	**(9,289)**	(6,626)
Fair value loss on options**	**5,172**	10,912
Amortisation of film rights#	**16,702**	18,116
Amortisation of film products#	**96,249**	111,646
Amortisation of music catalogs#	**3,894**	4,734
Amortisation of other intangible assets#	**3,693**	9,102
Provision for doubtful debts#/**	**3,278**	1,303
Provision for advances and other receivables#/**	**27,662**	405
Reversal of provision for advances and other receivables*/#	**(6,516)**	(32)
Provision for amounts due from joint ventures**	**1,720**	3,324
Gain on disposal of joint ventures*	**(7,820)**	-
Gain on disposal of subsidiaries*	**(9,477)**	-
Gain on disposal of partial interest of an available-for-sale investment*	**(38,611)**	-
Loss on disposal of items of property, plant and equipment**	**508**	438
Provision for/(reversal of provision for) inventories#	**(718)**	115
Foreign exchange differences, net*	**(25,897)**	(43,648)

* 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 charges of HK$120,538,000 (2013: HK$87,901,000) are included in "Other operating expenses" on the face of the consolidated income statement of which HK$98,896,000 (2013: HK$87,901,000) are for serviced apartments and related leasehold improvements and HK$21,642,000 (2013: Nil) are related to cinema operation.

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year. No provision for Hong Kong profits tax had been made for the year ended 31 July 2013 as there were no assessable profits arising in Hong Kong for the year ended 31 July 2013. 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.

	2014	2013
	HK$'000	*HK$'000*
Current		
– Hong Kong		
Charge for the year	**4,261**	-
Overprovision in prior years	**(50)**	(1,738)
	4,211	(1,738)
– Elsewhere		
Charge for the year	**1,462**	3,186
– Mainland China		
Corporate income tax		
Charge for the year	**76,313**	124,039
Underprovision in prior years	**29,902**	-
Land appreciation tax		
Charge for the year	**11,151**	201,477
Overprovision in prior years	**(116,778)**	-
	588	325,516
	6,261	326,964
Deferred tax	**304,574**	(21,144)
Tax indemnity	**(24,302)**	-
Total tax charge for the year	**286,533**	305,820

7. 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 ordinary shares of 1,243,212,165 (2013: 1,243,212,165) in issue during the year.

The calculation of diluted earnings/(loss) per share amounts was based on the profit/(loss) for the year attributable to owners of the Company, adjusted for the effect of dilutive potential ordinary shares arising from adjustment to the share of profit of Lai Fung Holdings Limited ("**Lai Fung**") based on dilution of its earnings per share. 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 had an anti-dilutive effect on the basic loss per share amount 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 2014 and 2013.

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

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

	2014	2013
	HK$'000	*HK$'000*
Earnings/(loss)		
Profit/(loss) attributable to owners of the Company, used in the basic earnings/(loss) per share calculation	**268,618**	(17,208)
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*	**(607)**	(294)
Earnings/(loss) for the purpose of diluted earnings/(loss) per share	**268,011**	(17,502)

	Number of shares	
	2014	2013
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	**499,376**	-
Weighted average number of ordinary shares in issue during the year used in the diluted earnings/(loss) per share calculation	**1,243,711,541**	1,243,212,165

* Balance represented the decrease in the Group's proportionate interest in the earnings of Lai Fung of HK$607,000 (2013: HK$294,000) assuming all dilutive outstanding share options of Lai Fung were exercised to subscribe for ordinary shares of Lai Fung at the beginning of the year.

8. DEBTORS

	2014	2013
	HK$'000	*HK$'000*
Trade debtors	**261,238**	168,103
Impairment	**(5,539)**	(1,368)
	255,699	166,735

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. The Group's trade receivables are non-interest-bearing.

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 Lai Fung 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 end of the reporting period, is as follows:

	2014	2013
	HK$'000	*HK$'000*
Trade debtors:		
Neither past due nor impaired	**154,564**	105,246
1 - 90 days past due	**81,583**	43,260
Over 90 days past due	**19,552**	18,229
	255,699	166,735

9. 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 end of the reporting period, is as follows:

	2014	2013
	HK$'000	*HK$'000*
Trade creditors:		
Less than 30 days	**171,533**	38,900
31 - 60 days	**8,356**	1,373
61 - 90 days	**1,071**	73
Over 90 days	**1,228**	2,986
	182,188	43,332
Other creditors and accruals	**831,392**	838,241
	1,013,580	881,573

10. BUSINESS COMBINATIONS

Acquisition of Intercontinental Group Holdings Limited

On 15 August 2013, the Group completed its acquisition of an 85% equity interest in Intercontinental Group Holdings Limited ("**IGHL**", formerly known as Kadokawa Intercontinental Group Holdings Limited) for a total consideration of HK$212.5 million (the "**IGHL Acquisition**"). IGHL and its subsidiaries (collectively known as the "**IGHL Group**") became non-wholly-owned subsidiaries of the Company. IGHL is an investment holding company, the principal activities of its subsidiaries are the sale and distribution of films, DVDs, Blu-ray discs, video games, as well as operation of cinemas in Hong Kong and Mainland China.

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

The Group had elected to measure the non-controlling interests in the IGHL Group at the non-controlling interests' proportionate share of IGHL's identifiable net assets.

The Group incurred transaction costs of HK$4,827,000 for the IGHL Acquisition. These transaction costs had been expensed and were included in other operating expenses in the consolidated income statement for the year ended 31 July 2013.

Goodwill of approximately HK$123,440,000 was recognised. The Group considers that the IGHL Acquisition would add immediate scale in Hong Kong and complement the Group's cinema operation in Mainland China and also bolster the Group's film and video distribution business in Hong Kong and Macau. None of the goodwill recognised is expected to be deductible for income tax purpose.

10. BUSINESS COMBINATIONS (continued)

Acquisition of Intercontinental Group Holdings Limited (continued)

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

	HK$'000
Property, plant and equipment	45,070
Investment in an associate	19,176
Deferred tax assets	3,957
Non-current deposits, prepayments and other receivables	4,324
Inventories	11,818
Debtors	48,212
Deposits, prepayments and other receivables	25,032
Cash and cash equivalents	96,990
Prepaid tax	116
Creditors and accruals	(126,283)
Deposits received and deferred income	(1,706)
Tax payable	(6,929)
Interest-bearing bank loan, unsecured	(15,000)
	104,777
Non-controlling interests	(15,717)
Total identifiable net asset at fair value	89,060
Goodwill on acquisition	123,440
Satisfied by cash	212,500

An analysis of the cash flows in respect of the IGHL Acquisition is as follows:

	HK$'000
Cash consideration	(212,500)
Deposit paid during the year ended 31 July 2013	12,500
	(200,000)
Cash and cash equivalents acquired	96,990
Net outflow of cash and cash equivalents included in cash flows from investing activities	(103,010)
Transaction costs of the acquisition included in cash flows from operating activities during the year ended 31 July 2013	(4,827)
	(107,837)

Since the acquisition, IGHL Group contributed HK$496,119,000 to the Group's turnover and HK$15,075,000 to the consolidated profit for the year ended 31 July 2014.

Had the combination taken place at the beginning of the year, the turnover of the Group and the profit of the Group for the year would have been HK$2,364,821,000 and HK$651,383,000, respectively.

11. GUARANTEED NOTES, SECURED

RMB650,000,000 8.375% Secured Guaranteed Notes due 2018

On 24 June 2014, eSun International Finance Limited, a wholly-owned subsidiary of the Company, issued RMB650,000,000 (equivalent to approximately HK$809,364,000) of 8.375% secured guaranteed notes (the "**Guaranteed Notes**"), which will mature on 24 June 2018 for bullet repayment. The Guaranteed Notes bear interest from 25 June 2014 and are payable semi-annually in arrears on 24 June and 24 December of each year, commencing on 24 December 2014. The Guaranteed Notes are listed on The Stock Exchange of Hong Kong Limited.

12. FINAL DIVIDEND

The Board does not recommend the payment of dividend for the year ended 31 July 2014 (2013: Nil) for shareholders' approval at the forthcoming annual general meeting of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Media and Entertainment/Film Production and Distribution/Cinema Operation

The Mainland China entertainment market continues to grow at an unprecedented pace. The Group continues to expand its media and entertainment businesses in Mainland China, maximising income from its film, television, music, live entertainment and talent management in this fast growing market. The Group is well positioned to capitalise on this trend with its solid foundation in the industry and gathered good momentum for the year ended 31 July 2014.

- Films — continued drive to increase original production of films which appeal to Chinese audiences and foresees a solid distribution pipeline in the year to come with a slate of films currently in development and production. Emphasis will be put on focusing on increasing production capabilities and derive more fee related income from the production.

- TV — expanded its activities in production and investments in quality television drama series in line with the continued strong demand for good programmes from TV stations and online video websites in Mainland China as well as a way to provide exposure and training for the Group's stable of artistes. The Group will focus on developing scripts of early episodes of different series as a way to secure investors' and TV stations' interests early therefore to secure distribution and co-development opportunities. Moreover, the Group is also looking to move into other types of TV programmes such as variety shows and reality series which shall create synergy with the Group's other media and entertainment businesses.

- Live Entertainment — successfully produced and promoted a large number of major concerts in Hong Kong and Mainland China performed by prominent local, Asian and international artistes during the year under review. The Group is expanding its activities and continues to be a driving force in this area whilst exploring other types of live entertainment such as musicals and theatrical performances in addition to concerts.

- Artistes Management — expanded the Chinese artiste roster as well as collaborated with high profile Asian artistes such as top Korean music groups. With the diverse projects including film, TV, music and live events which ensure maximum commercial value and appeal. The Group is in a good position to attract stars and develop new talents.

- Music — as international music labels are coming to a mutually acceptable licensing model with major Chinese music portals, the long awaited pay model for digital music is taking shape. With a vast and well-known Chinese music library under management and a continual supply of new hits, the Group is poised to capitalise on this new economic model.

- Cinema — acquisition of Intercontinental Group Holdings Limited ("**IGHL**") and its subsidiaries (collectively known as "**IGHL Group**") bolstered the Group's ambition in this segment and supplemented the film distribution segment of the Group in Hong Kong and Mainland China.

The popularity of Korean artistes and related entertainment products becomes a worldwide phenomenon. The Group has taken a number of strategic moves to seize the opportunities. In September 2014, Media Asia Group Holdings Limited ("**MAGHL**", together with its subsidiaries, "**MAGHL Group**") entered into an agreement with SM Entertainment Group ("**SM**"), the market leader in music and artiste management businesses in Korea, and the Fubon Group, a leading financial and communications conglomerate in Taiwan, to set up a media and entertainment investment fund to invest in film and TV projects with main focus on Mainland China and global Chinese language audience. The fund will provide strong financial support for the production of projects under development by the Group's Film and TV units led by Mr. Gordon Chan, a famed Director and Producer, and Mr. Tommy Leung, ex-TVB Head of Drama Production who joined the Group during the year respectively. The Group believes that a strong artiste roster will complement its media and entertainment businesses and has extended the alliance with SM to act as the exclusive management agent of Zhang Li Yin, f(x) and EXO in Mainland China, in addition to Super Junior.

In summary, the Group believes that its integrated media platform comprising film, TV, music, talent and events management, live entertainment and cinemas presents the most balanced and synergistic approach to growing a Chinese entertainment powerhouse. The Group will continue to optimise its resources and strive towards this goal.

Mainland China Property Market

2013/14 may be summarised as a year of consolidation for the Company. Notwithstanding the robust equity and debt capital markets, the global economic fundamentals remain on a delicate recovery path. Despite continuous support from central banks around the world, major economies such as the United States and the Euro Zone continue to struggle. Geopolitical tensions around the world such as those in the Middle East and between Russia and Ukraine shroud the already uncertain outlook.

The Chinese Government has implemented policies across different layers of the society to reform and transition the economy from export-led growth to a more progressive and sustainable model driven by domestic consumption in delivering the target GDP growth of 7.5% for 2014. The property sector is an important economic pillar and continues to be shaped significantly by government policies. The control measures implemented are expected to be refined to better adapt to regional circumstances and ensure a sustainable long term growth, which is underpinned by continued urbanisation and income growth.

Lai Fung Holdings Limited's ("**Lai Fung**", together with its subsidiaries, "**Lai Fung Group**") regional focus coupled with the rental-led strategy that Lai Fung Group adopted two years ago is validated against this challenging operating environment. The rental portfolio of approximately 2.8 million square feet, primarily in Shanghai and Guangzhou, delivered steady increase in rental income at close to full occupancies for the key assets despite a general slowdown in retail sales. During the year under review, the buyout of the 5%, 22.5% and 2% minority interests in Shanghai Hong Kong Plaza, Guangzhou May Flower Plaza and Shanghai Northgate Plaza I completed in August 2013, September 2013 and July 2014, respectively, adding a total gross floor area ("**GFA**") of approximately 153,300 square feet to the rental portfolio of Lai Fung Group.

The control measures implemented by the Chinese Government slowed sales across the sector and affected different participants to different degrees. Lai Fung Group is affected without exception but to a lesser extent as it is blessed with a quality rental portfolio. Nevertheless Lai Fung Group experienced a steady increase in average selling prices in its projects for sale, which indicated the strength and depth of the underlying demand. The management believes it is important to prepare Lai Fung Group for the challenges and opportunities ahead.

Lai Fung Group was successful in the auction for Phase I of the Creative Culture City project in Hengqin ("**Phase I CCC**") in September 2013 which it will co-develop with the Company, with 80% held by Lai Fung Group and 20% held by the Company. Phase I CCC has total GFA of approximately 2.8 million square feet and a minimum investment requirement of RMB3 billion (equivalent to approximately HK$3.8 billion), of which RMB523.3 million (equivalent to approximately HK$657.6 million) is land cost as per the land grant contract entered into between Lai Fung Group and The Land and Resource Bureau of Zhuhai on 27 September 2013. The master layout plan for Phase I CCC is being finalised and the Group will provide more details when they are available. Lai Fung Group was also successful in the auction in July 2014 for a residential site located by the Huangpu River in Huangpu district in Shanghai with attributable GFA of approximately 72,600 square feet. Lai Fung Group expects to develop this into a high end luxury residential project.

The hotel at Shanghai May Flower Plaza and serviced apartments in Zhongshan Palm Spring under the STARR branding have commenced operations and operated against a background of challenging conditions. Asset enhancement aimed at improving foot traffic at the higher levels of the retail podium of the Shanghai Hong Kong Plaza is in progress and new tenants are expected to move in by the end of 2014, which is expected to improve overall rental contribution.

Lai Fung Group has a number of projects in various stages of development in Shanghai, Guangzhou, Zhongshan and Hengqin. The rental portfolio is expected to increase from approximately 2.8 million square feet to approximately 7.1 million square feet through developing the existing rental projects in the next few years. The remaining residential units in Guangzhou Dolce Vita Phases I and III, Guangzhou King's Park, Shanghai May Flower Plaza and Zhongshan Palm Spring Phase I are expected to contribute to the Group's result in the current and coming financial years. As at 31 July 2014, Lai Fung has a landbank of approximately 10.5 million square feet. Lai Fung Group will continue its prudent and flexible approach in growing its landbank.

In April 2014, Lai Fung fully redeemed its US$200 million senior notes issued in 2007. Going forward, due to the redemption of this high yield bond, Lai Fung's interest costs should be lower. As at 31 July 2014, Lai Fung has a landbank of 10.5 million square feet.

The Group's consolidated cash position of HK$4,218.9 million (HK$1,328.9 million excluding Lai Fung Group and MAGHL Group) with a net debt to equity ratio of 16.7% as at 31 July 2014 provide the Group full confidence and the means to review opportunities more actively. The successful issue of eSun's RMB650 million secured guaranteed notes in June 2014 which are listed on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") demonstrated the Group's strength and bolstered its liquidity further. However, the Group will continue its prudent and flexible approach in growing the landbank and managing its financial position.

OVERVIEW OF FINAL RESULTS

During the year under review, the fundamental business of the Group delivered an encouraging set of results against challenging operating conditions. This set of results include the full year effect of consolidating IGHL which was acquired in August 2013.

For the year ended 31 July 2014, the Group recorded a turnover of HK$2,344.8 million, representing a 10.9% decrease from HK$2,631.7 million of last year. The gross profit increased by approximately 18.0% to HK$921.4 million (2013: HK$780.7 million).

Net profit attributable to owners of the Company was approximately HK$268.6 million (2013: net loss of HK$17.2 million). Basic earnings per share was HK$0.216 (2013: basic loss per share: HK$0.014). The turnaround is mainly due to the substantial increase in revaluation of the Group's investment properties during the year. Excluding the effect of property revaluations, net loss attributable to owners of the Company for the year decreased to approximately HK$163.5 million (2013: HK$249.1 million). This is primarily due to improved performance from the media and entertainment businesses which offset the weaker performance from the film production and distribution businesses and positive contributions from IGHL. Loss per share attributable to owners of the Company excluding the effect of property revaluations decreased from HK$0.200 to HK$0.132 per share, correspondingly.

	The year ended 31 July	
Profit attributable to owners of the Company (HK$ million)	**2014**	**2013**
Reported	**268.6**	(17.2)
Less: adjustments in respect of investment properties		
Revaluation of properties	**577.2**	326.3
Deferred tax on investment properties	**(144.3)**	(81.6)
Non-controlling interests' share of revaluation movements less deferred tax	**(0.8)**	(12.8)
Net loss after tax excluding revaluation gains of investment properties	**(163.5)**	(249.1)

Equity attributable to owners of the Company as at 31 July 2014 amounted to HK$8,926.2 million, up from HK$8,306.9 million as at 31 July 2013. Net asset value per share attributable to owners of the Company increased to HK$7.2 per share as at 31 July 2014 from HK$6.7 per share as at 31 July 2013.

Media and Entertainment

During the year under review, this segment recorded a turnover of HK$543.1 million (2013: HK$413.9 million) and segment result turned from a loss of HK$29.2 million to a profit of HK$34.7 million.

Live Entertainment

During the year under review, the Group organised and invested in 117 (2013: 116) shows by Asian and internationally renowned artistes, including Super Junior, EXO, Girls' Generation, Andy Lau, S.H.E., Big Four, Grasshopper, Ekin Cheng, Ivana Wong, Anthony Wong, Denise Ho, Paula Tsui, Tsai Chin, Yoga Lin and Fukuyama Masaharu.

Music Production, Distribution and Publishing

During the year under review, the Group released 91 (2013: 75) albums, including titles by Super Junior, Sammi Cheng, Anthony Wong, Mark Lui, Richie Jen, Ekin Cheng, Justin Lo, Denise Ho, Ellen Loo, C AllStar and Rubberband.

The Group is expected to continue to increase its music licensing revenue from the exploitation of the music library through new media distribution.

Artiste Management

The Group has a strong artiste management team and a sizeable number of talents and will continue to expand its profile and in tandem with our growing TV drama production and film production business. The Group had more than 39 artistes under its management.

Film Production and Distribution

During the year under review, this segment recorded a turnover of HK$259.7 million (2013: HK$237.2 million). Segment results weakened from a loss of HK$7.7 million to a loss of HK$101.8 million. The increase in turnover was primarily due to consolidation of the IGHL Group offset by weaker than expected performance of the new releases and impairment loss on other titles.

For the year ended 31 July 2014, the Group released 8 films, namely *One Night Surprise, The Wrath of Vajra, Control, Campus Confidential, As The Light Goes Out, Last Flight, The Truth About Beauty* and *City Game* and distributed 29 films and 205 videos during the year under review. High profile titles include *Transformer 4, The Wind Rises, Tale of Princess Kaguya, Noah* and *Ender's Game*. During the year under review, the Group principally completed the photography of 8 films with 8 other films in the production pipeline or under development. Most of them are expected to be released in the coming financial year.

The Group has made investments in production of 228 episodes of television dramas in Mainland China which are expected to generate return to the Group in the coming financial year. The Group has been building up its production and distribution team and expects to see a substantial growth in this business.

Cinema Operation

During the year under review, this segment recorded a turnover of HK$252.4 million. The Group currently operates 2 cinemas under the brand of "May Flower" in Mainland China and 7 cinemas under the brand of "MCL" in Hong Kong and Mainland China as well as 1 joint venture cinema in Hong Kong, offering 22 screens with 2,856 seats in Mainland China and 38 screens with 5,436 seats in Hong Kong, respectively. The cinema operations provide a complementary distribution channel for the Group's film production and distribution businesses. Details on the number of screens and seats of each cinema are as follows:

Cinema	**Attributable Interest to the Group (%)**	**No. of Screens**	**No. of Seats**
Mainland China			
Guangzhou May Flower Cinema City	100	7	767
Zhongshan May Flower Cinema City (opened in February 2014)	100	5	931
MCL Cinema City in Shekou	85	5	629
MCL Cinema City in Luohu	85	5	529
Subtotal:		**22**	**2,856**
Hong Kong			
MCL Metro Cinema	85	7	950
MCL Telford Cinema	85	6	819
STAR Cinema	85	6	622
MCL Kornhill Cinema	85	5	792
MCL JP Cinema	85	2	658
The Grand Cinema	25.5	12	1,566
Subtotal:		**38**	**5,407**
Total:		**60**	**8,263**

Property Investment

The following details are extracted from Lai Fung's results announcement for the two years ended 31 July 2014 and 31 July 2013.

Rental Income

For the year ended 31 July 2014, Lai Fung Group's rental operations recorded a turnover of HK$566.4 million (2013: HK$522.7 million), representing a 8.4% increase over last year. Breakdown of rental turnover by major rental properties is as follows:

	For the year ended 31 July			
	2014 HK$ million	**2013 HK$ million**	**% Change**	**Year end occupancy (%)**
Shanghai Hong Kong Plaza	**379.7**	359.8	5.5	Retail: 79.8% Office: 94.7% Serviced Apartments: 83.0%
Shanghai Regents Park	**14.0**	11.7	19.7	100.0%
Shanghai Northgate Plaza I	**10.7**	9.8	9.2	86.3%
Shanghai May Flower Plaza	**35.8**	28.7	24.7	Retail: 94.4% Hotel: 12.4%
Guangzhou May Flower Plaza	**105.8**	96.3	9.9	Retail: 98.2% Office: 100%
Guangzhou West Point	**17.3**	15.9	8.8	96.8%
Zhongshan Palm Spring	**3.1**	0.5	520.0	Retail: 51.0% Serviced Apartments: 38.4%
Total	**566.4**	**522.7**	**8.4**	

Rental income performed steadily as a whole with almost full occupancy in all the major properties other than the retail podium of the Shanghai Hong Kong Plaza. The increase is primarily attributable to rental reversion and change in tenant mix across the portfolio, as well as contribution from the retail podium of the Shanghai May Flower Plaza. The serviced apartments in the Zhongshan Palm Spring, STARR Resort Residence Zhongshan, and the hotel in Shanghai May Flower Plaza, STARR Hotel Shanghai, commenced operations in August 2013 and November 2013, respectively and operated against a background of challenging conditions.

A portion of the Zhongshan Palm Spring Rainbow Mall, amounting to approximately 32.7% of total GFA, 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.

Property Development

The following details are extracted from Lai Fung's results announcement for the two years ended 31 July 2014 and 31 July 2013.

Recognised Sales

For the year ended 31 July 2014, Lai Fung Group's property development operations recorded a turnover of HK$640.9 million (2013: HK$1,372.2 million) from sale of properties, representing a 53.3% decrease in sales revenue over last year.

Total recognised sales was primarily driven by the sales performance of Shanghai May Flower Plaza and Guangzhou King's Park of which approximately 110,168 and 14,321 square feet of residential GFA were sold, respectively, achieving sales revenue of HK$504.8 million and HK$74.1 million, respectively.

Sales of Dolce Vita Phase I performed well and achieved an average selling price of HK$1,902 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 2014, average selling price recognised as a whole (excluding Dolce Vita) increased to approximately HK$3,431 per square foot (2013: HK$2,160 per square foot). The increase is due to a higher proportion of units at Shanghai May Flower Plaza and Guangzhou King's Park being sold and recognised during the period under review at higher average selling prices.

Breakdown of turnover for the year ended 31 July 2014 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	104,992	4,939.8	489.3
Office Apartment Units	5,176	3,172.1	15.5
Guangzhou King's Park			
Residential Units	14,321	5,484.8	74.1
Zhongshan Palm Spring			
Residential High-Rise Units	45,302	660.0	28.2
Residential House Units	28,226	1,271.4	33.8
Total	**198,017**	**3,431.0**	**640.9**
Recognised sales from joint venture project			
Guangzhou Dolce Vita			
Residential Units**(47.5% basis)	281,583	1,902.3	505.2

\# *Before business tax*

* *After business tax*

** *Guangzhou Dolce Vita is a joint venture project with CapitaLand China Holdings Pte. Ltd. ("**CapitaLand China**") in which each of Lai Fung Group and CapitaLand China has an effective 47.5% interest. For the year ended 31 July 2014, the recognised sales (after business tax) attributable to the full project is HK$1,063.5 million and approximately 592,806 square feet of GFA were recognised.*

Contracted Sales

As at 31 July 2014, Lai Fung Group's property development operations, excluding Dolce Vita, has contracted but not yet recognised sales of HK$229.6 million from sale of properties (2013: HK$196.0 million) with an average selling price of HK$2,638.1 per square foot. The total contracted but not yet recognised sales of Lai Fung Group as at 31 July 2014 including Dolce Vita amounted to HK$726.8 million.

Sales momentum for the remaining units at Shanghai May Flower Plaza, Zhongshan Palm Spring and Guangzhou King's Park was encouraging and achieved a blended average selling price of HK$5,025.7 per square foot, HK$1,465.9 per square foot and HK$5,685.9 per square foot respectively. Sales of the remainder of phase I of Dolce Vita were strong and average selling price increased to HK$2,247.5 per square foot (2013: HK$1,904.0 per square foot).

Breakdown of contracted but not yet recognised sales as at 31 July 2014 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	10,688	5,230.2	55.9
Office Apartment Units	1,191	3,190.6	3.8
Zhongshan Palm Spring Residential House Units	61,600	1,465.9	90.3
Guangzhou King's Park Residential Units	10,060	5,685.9	57.2
Guangzhou Eastern Place Residential Units	3,493	6,412.8	22.4
Sub-total	**87,032**	**2,638.1**	**229.6**
Contracted sales from joint venture project			
Guangzhou Dolce Vita			
Residential Units** (47.5% basis)	181,802	2,247.5	408.6
Retail Units**(47.5% basis)	11,964	7,405.5	88.6
Sub-total	**193,766**	**2,566.0**	**497.2**
Total	**280,798**	**2,588.3**	**726.8**

\# *Before business tax*

** *Guangzhou Dolce Vita is a joint venture project with CapitaLand China in which each of Lai Fung Group and CapitaLand China has an effective 47.5% interest. As at 31 July 2014, the contracted but not yet recognised sales attributable to the full project is HK$1,046.7 million and approximately 407,928 square feet of GFA were sold.*

LIQUIDITY, FINANCIAL RESOURCES, CHARGE ON ASSETS AND GEARING

Cash and Bank Balances

As at 31 July 2014, cash and bank balances held by the Group amounted to HK$4,218.9 million (2013: HK$6,890.1 million) of which around 30% was denominated in Hong Kong dollar ("**HKD**") and United States dollar ("**USD**") currencies, and around 70% was denominated in Renminbi ("**RMB**" or "**CNY**"). Cash and bank balances held by the Group excluding cash and bank balances held by MAGHL Group and Lai Fung Group as at 31 July 2014 was HK$1,328.9 million (2013: HK$810.0 million). As HKD is pegged to USD, 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. Apart from the cross currency swap arrangements of Lai Fung Group, the Group does not have any derivative financial instruments or hedging instruments outstanding.

Borrowings

As at 31 July 2014, the Group had outstanding consolidated total borrowings (after intra-group elimination) in the amount of HK$5,708.8 million. The borrowings of the Group (other than MAGHL and Lai Fung), MAGHL and Lai Fung, are as follows:

Group (other than MAGHL and Lai Fung)

As at 31 July 2014, the Group has guaranteed notes ("**Guaranteed Notes**") of HK$794.6 million which are denominated in RMB. The Guaranteed Notes are secured by the share charge in respect of the ordinary shares of Lai Fung and MAGHL and the interest reserve accounts, and have the benefit of a keepwell and security shortfall support deed and a deed of equity interest purchase undertaking by Lai Sun Development Company Limited. The Guaranteed Notes bear interest of 8.375% per annum payable semi-annually in arrears on 24 June and 24 December of each year, with a maturity date of 24 June 2018 for bullet repayment. In addition, 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$68.6 million for the said unsecured other borrowings as at 31 July 2014. 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 2014.

MAGHL

During the year, First Completion Convertible Notes with principal amount of approximately HK$189.1 million were redeemed upon maturity on 8 June 2014. As at 31 July 2014, MAGHL has unsecured and unguaranteed Second Completion Convertible Notes with an aggregate principal amount of approximately HK$182.9 million, comprising approximately HK$44.3 million and approximately HK$138.6 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 Second Completion Convertible Notes as recorded in the Group was HK$128.0 million as at 31 July 2014 after adjusting for (i) accrued interest and (ii) intra-group elimination.

Lai Fung

As at 31 July 2014, Lai Fung Group had total borrowings in the amount of HK$4,757.4 million comprising bank loans of HK$2,313.2 million, fixed rate senior notes of HK$2,232.7 million, loan from a subsidiary of the Company of HK$152.8 million and other borrowing of HK$58.7 million. The maturity profile of Lai Fung Group's borrowings of HK$4,757.4 million is well spread with HK$708.4 million repayable within 1 year, HK$1,669.3 million repayable in the second year, HK$2,320.7 million repayable in the third to fifth years and HK$59.0 million repayable beyond the fifth year.

Approximately 47% and 49% of Lai Fung Group's borrowings were on a fixed rate basis and floating rate basis, respectively, and the remaining 4% of Lai Fung Group's borrowings were interest free.

Apart from the fixed rate senior notes, Lai Fung Group's other borrowings of HK$2,524.7 million were 50% denominated in RMB, 30% in HKD and 20% in USD.

Lai Fung Group's fixed rate senior notes of HK$2,232.7 million were denominated in RMB. 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$9,278.7 million, properties under development with a total carrying amount of approximately HK$145.5 million, serviced apartments (including related leasehold improvements) with a total carrying amount of approximately HK$1,651.1 million, a property with carrying amount of approximately HK$95.1 million and time deposits and bank balances of approximately HK$499.6 million (including HK$273.3 million deposited into an interest reserve account).

In addition, as at 31 July 2014, 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$49.7 million as at 31 July 2014. Such bank loan facility had not been utilised by the Group as at 31 July 2014. As at 31 July 2014, unsecured general banking facilities in the amount of HK$84.0 million were granted by other banks to the Group. The said unsecured general banking facilities are subject to annual review by the banks for renewal and the Group had utilised letter of credit and letter of guarantee facilities for an amount of HK$15.6 million as at 31 July 2014. As such, the Group has the undrawn facilities of HK$128.4 million. The undrawn facilities of the Lai Fung Group was HK$1,904.6 million as at 31 July 2014.

As at 31 July 2014, the consolidated net assets attributable to the owners of the Company amounted to HK$8,926.2 million (2013: HK$8,306.9 million). The gearing ratio, being net debt (total borrowings of HK$5,708.8 million less pledged bank balances and time deposits of HK$764.0 million and cash and cash equivalents of HK$3,454.9 million) to net assets attributable to the owners of the Company was approximately 16.7%.

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 2014, the Group did not redeem any of its shares listed and traded on the Stock Exchange nor did the Group purchase or sell any of such shares.

Except redeemed by Lai Fung all of its outstanding 9.125% senior notes on its maturity date (i.e. 4 April 2014), the Group did not redeem any of the 6.875% senior notes due 2018 which are listed and traded on the Stock Exchange ("**Lai Fung Notes**", issued by Lai Fung) and the Guaranteed Notes. The Group did not purchase or sell any of the Lai Fung Notes and the Guaranteed Notes during the year ended 31 July 2014.

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 ("**Listing Rules**").

The Company has complied with all the code provisions set out in the CG Code throughout the year ended 31 July 2014save 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 of the Company ("**NEDs**", including the independent non-executive directors ("**INEDs**")) 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 ("**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 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 ("**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 2014, the Group employed a total of around 1,990 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. Yip Chai Tuck who joined the Board as an Executive Director on 14 February 2014. The Group would also like to thank Dr. Lam Kin Ngok, Peter, 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 2013	Investors luncheon	Bank of China International	Hong Kong
October 2013	Post full year results non-deal roadshow	UBS	Hong Kong
October 2013	Post full year results non-deal roadshow	UOB Kay Hian	Singapore
October 2013	Post full year results non-deal roadshow	DBS	New York/Los Angeles/ Denver/San Francisco
October 2013	Post full year results non-deal roadshow	UBS	Paris/London
November 2013	Post full year results non-deal roadshow	CIMB	Kuala Lumpur
November 2013	Post full year results non-deal roadshow	UOB Kay Hian	Taipei
December 2013	Post full year results non-deal roadshow	UBS	Sydney
January 2014	The Pulse of Asia Conference	DBS	Singapore
February 2014	Investors luncheon	China Merchants Securities	Hong Kong
March 2014	Post results non-deal roadshow	Daiwa Securities	Hong Kong
April 2014	Post results non-deal roadshow	HSBC	Utrecht/Amsterdam/ Paris/London
April 2014	Post results non-deal roadshow	Daiwa Securities	New York/San Francisco/ Los Angeles
May 2014	The Pulse of Asia Conference	DBS	Hong Kong
May 2014	Barclays Select Series 2014: Asia Financial and Property Conference	Barclays	Hong Kong
June 2014	Deal roadshow – The Company's CNY secured guaranteed notes	ANZ/DBS/HSBC/UBS	Singapore/Hong Kong
July 2014	Deal roadshow – Lai Sun Garment (International) Limited's CNY secured guaranteed notes	BNP/DBS/HSBC/ Standard Chartered Bank	Singapore/Hong Kong

The Company is keen on promoting investor relations and enhancing communication with the Shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public who may contact the Investor Relations Department by phone on (852) 2853 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 ended 31 July 2014 ("**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 results 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.

PROPOSED AMENDMENTS TO BYE-LAWS

With a view to bringing the Bye-laws in line with certain amendments made to the Listing Rules and Bermuda law, incorporating certain housekeeping amendments and updating certain provisions, the Board proposes to put forward to the Shareholders for approval at the 2014 AGM by way of special resolution to amend the Bye-laws and to adopt a new set of Bye-laws which consolidates all of the proposed amendments referred to in the notice of the 2014 AGM and all previous amendments made pursuant to resolutions passed by the Shareholders.

A summary of the proposed changes to the Bye-laws are set out below:

1. to insert the definition of "close associate" and update the provisions in the Bye-laws containing references to "associate" in light of the amendments to the Listing Rules;

2. to revise the provisions in the Bye-laws related to giving of financial assistance by the Company in connection with a purchase of shares in the Company to the extent that it is permitted under Bermuda law;

3. to update the provisions in the Bye-laws related to inspection of register at the registered office of the Company;

4. to allow the Company to hold general meetings in more than one location using any technology that enables the members to listen, speak and vote at different venues;

5. to revise the provisions in the Bye-laws related to re-election of director appointed to fill a casual vacancy at the next following general meeting to comply with the requirements under the Listing Rules;

6. to revise the provisions in the Bye-laws related to payment or distribution of dividend out of contributed surplus such that it would not render the Company unable to pay its liabilities nor the realisable value of its assets would thereby become less than its liabilities as required by Bermuda law; and

7. to make other miscellaneous amendments to update, modernise or clarify provisions of the Bye-laws where it is considered desirable.

The full text of the proposed amendments to the Bye-laws will be set out in the notice of the 2014 AGM.

ANNUAL GENERAL MEETING

The 2014 AGM will be held on Tuesday, 9 December 2014. Notice of the AGM together with the Company's Annual Report for the year ended 31 July 2014 will be published on the respective websites of the Stock Exchange and the Company and despatched to Shareholders in early November 2014.

By Order of the Board
Low Chee Keong
Chairman

Hong Kong, 16 October 2014

As at the date of this announcement, the Board comprises four Executive Directors, namely Messrs. Lui Siu Tsuen, Richard (Chief Executive Officer), Chew Fook Aun, Lam Hau Yin, Lester and Yip Chai Tuck; 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), Lo Kwok Kwei, David and Alfred Donald Yap and Dr. Ng Lai Man, Carmen.