



eSun Holdings Limited

PLACE OF INCORPORATION

Bermuda

BOARD OF DIRECTORS

Lien Jown Jing, Vincent (*Chairman*)

Tong Ka Wing, Carl* (*Deputy Chairman*) (appointed Deputy Chairman on 9 April 2009)

Leung Churk Yin, Jeanny (*Chief Executive Officer*)

Lam Kin Ngok, Peter

Cheung Wing Sum, Ambrose

Low Kit Leong

Lam Kin Ming (resigned with effect from close of business on 25 September 2009)

U Po Chu

Lo Kwok Kwei, David (appointed on 12 March 2009)

Alfred Donald Yap*

Low Chee Keong*

Ng Lai Man, Carmen* (appointed on 12 March 2009)

* *Independent non-executive director*

COMPANY SECRETARY

Yeung Kam Hoi

eSun Holdings Limited

11/F Lai Sun Commercial Centre

680 Cheung Sha Wan Road

Kowloon, Hong Kong

Tel (852) 2741 0391 **Fax** (852) 2785 2775

Website <http://www.esun.com>

E-mail advpr@laisun.com

Stock code on Hong Kong Stock Exchange: 571

RESULTS

The Board of Directors of eSun Holdings Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2009 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

		Six months ended	
		30 June 2009 (Unaudited) HK\$'000	30 June 2008 (Unaudited) HK\$'000
	Notes		
CONTINUING OPERATIONS			
TURNOVER	3	166,984	123,579
Cost of sales		(111,167)	(99,019)
Gross profit		55,817	24,560
Other revenue	4	8,707	13,241
Marketing expenses		(59,462)	(13,518)
Administrative expenses		(115,771)	(99,751)
Other operating gains		8,596	500
Other operating expenses		(25,607)	(26,109)
LOSS FROM OPERATING ACTIVITIES	5	(127,720)	(101,077)
Finance costs	6	(3,316)	(3,673)
Share of profits and losses of jointly-controlled entities		(15,641)	(78,243)
Share of profits and losses of associates		39,664	82,215
LOSS BEFORE TAX		(107,013)	(100,778)
Tax	7	(331)	412
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(107,344)	(100,366)
DISCONTINUED OPERATION			
Loss for the period from a discontinued operation	8	—	(1,394)
LOSS FOR THE PERIOD		(107,344)	(101,760)
Attributable to:			
Equity holders of the parent		(100,760)	(87,832)
Minority interests		(6,584)	(13,928)
		(107,344)	(101,760)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
	9		
Basic			
— For loss for the period		(HK8.12 cents)	(HK9.33 cents)
— For loss from continuing operations		(HK8.12 cents)	(HK9.18 cents)
Diluted			
— For loss for the period		N/A	N/A
— For loss from continuing operations		N/A	N/A
INTERIM DIVIDEND	10	Nil	Nil

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	Six months ended	
	30 June 2009 (Unaudited) HK\$'000	30 June 2008 (Unaudited) HK\$'000
LOSS FOR THE PERIOD	(107,344)	(101,760)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Exchange realignment	(271)	4,788
Share of reserve movements of associates	6,722	21,088
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	6,451	25,876
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(100,893)	(75,884)
Attributable to:		
Equity holders of the parent	(94,309)	(61,956)
Minority interests	(6,584)	(13,928)
	(100,893)	(75,884)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2009

	Notes	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		74,537	77,206
Goodwill		35,202	35,202
Film rights		109,511	110,934
Film products		68,362	60,430
Music catalogs		117,551	108,556
Interests in jointly-controlled entities		1,067,400	1,076,802
Interests in associates	11	2,604,492	2,557,469
Available-for-sale investments		65,006	65,006
Loan receivables		—	63,445
Deposits, prepayments and other receivables		109,768	110,369
Deferred tax assets		422	753
Total non-current assets		4,252,251	4,266,172
CURRENT ASSETS			
Due from a jointly-controlled entity		3,111	3,608
Loan receivables		78,045	17,000
Inventories		5,021	4,693
Equity investments at fair value through profit or loss		16,110	9,592
Held-to-maturity debt investments		179,740	—
Films under production		73,141	93,714
Debtors	12	77,167	64,447
Deposits, prepayments and other receivables		107,212	158,446
Cash and cash equivalents		1,391,785	1,652,980
Total current assets		1,931,332	2,004,480
CURRENT LIABILITIES			
Creditors and accruals	13	407,025	398,834
Tax payable		3,208	3,199
Finance lease payables		108	92
Promissory notes		20,000	20,000
Interest-bearing other borrowings		152,819	—
Total current liabilities		583,160	422,125
NET CURRENT ASSETS		1,348,172	1,582,355
TOTAL ASSETS LESS CURRENT LIABILITIES		5,600,423	5,848,527
NON-CURRENT LIABILITIES			
Finance lease payables		(267)	(218)
Promissory notes		(31,789)	(31,269)
Interest-bearing other borrowings		—	(150,027)
Total non-current liabilities		(32,056)	(181,514)
Net assets		5,568,367	5,667,013
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	14	620,366	620,366
Reserves		4,608,900	4,700,865
Minority interests		5,229,266	5,321,231
		339,101	345,782
Total equity		5,568,367	5,667,013

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							MINORITY INTERESTS	TOTAL EQUITY
	Issued share capital	Share premium account	Contributed surplus	Share option reserve	Investment revaluation reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2009 (Audited)	620,366	4,227,678	891,289	29,515	159,613	(607,230)	5,321,231	345,782	5,667,013
Total comprehensive income/(loss) for the period	—	—	—	—	6,722	(101,031)	(94,309)	(6,584)	(100,893)
Equity-settled share option arrangements	—	—	—	2,033	—	—	2,033	—	2,033
Share of reserve movements of associates	—	—	—	311	—	—	311	—	311
Repayment of a shareholder loan from a minority shareholder	—	—	—	—	—	—	—	(97)	(97)
At 30 June 2009 (Unaudited)	620,366	4,227,678	891,289	31,859	166,335	(708,261)	5,229,266	339,101	5,568,367
At 1 January 2008 (Audited)	413,577	3,419,843	891,289	20,491	150,535	(226,517)	4,669,218	326,135	4,995,353
Total comprehensive income/(loss) for the period	—	—	—	—	21,088	(83,044)	(61,956)	(13,928)	(75,884)
Issue of shares	206,789	827,155	—	—	—	—	1,033,944	—	1,033,944
Share issue expenses	—	(19,320)	—	—	—	—	(19,320)	—	(19,320)
Equity-settled share option arrangements	—	—	—	4,302	—	—	4,302	—	4,302
Share of reserve movements of associates	—	—	—	625	—	—	625	—	625
Shareholder loan from a minority shareholder	—	—	—	—	—	—	—	39,000	39,000
At 30 June 2008 (Unaudited)	620,366	4,227,678	891,289	25,418	171,623	(309,561)	5,626,813	351,207	5,978,020

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2009

	Six months ended	
	30 June 2009 (Unaudited) HK\$'000	30 June 2008 (Unaudited) HK\$'000
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(81,376)	(208,187)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(179,578)	(96,110)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	(117)	1,057,587
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(261,071)	753,290
Cash and cash equivalents at beginning of period	1,652,980	1,126,017
Effect of foreign exchange rate changes, net	(124)	3,207
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,391,785	1,882,514

ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS

6

Cash and bank balances	146,167	140,013
Time deposits	1,245,618	1,742,501
	1,391,785	1,882,514

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 June 2009

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Group for the six months ended 30 June 2009 have not been audited by the Company's auditors but have been reviewed by the Company's Audit Committee.

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and basis of preparation adopted in the preparation of the unaudited condensed consolidated interim financial statements for the period under review are the same as those used in the Group's annual financial statements for the year ended 31 December 2008. During the period, the Group purchased certain held-to-maturity debt investments, accordingly accounting policies for such held-to-maturity debt investments are adopted in these unaudited condensed consolidated interim financial statements which are described in 2.1 below.

In addition, the Group has adopted a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations), which are applicable to the Group for the first time for the current period's unaudited condensed consolidated interim financial statements, details of which are described in 2.2 below.

2.1 Accounting policies for held-to-maturity debt investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long term financial investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost less any allowance for impairment. Amortised cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

2.2 Impact of new and revised HKFRSs

The Group has adopted the following new and revised HKFRSs, applicable to the Group, for the first time for the current period's unaudited condensed consolidated interim financial statements:

HKAS 1 (Revised)	Presentation of Financial Statements
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment — Vesting Conditions and Cancellations
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures — Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKFRSs (Amendments)	Improvements to HKFRSs
HKFRSs (Amendments)	Improvements to HKFRSs 2009

The adoption of the new and revised HKFRSs, except for HKAS 1 (Revised) and HKFRS 8 as described below, has had no material impact on the reported results or financial position of the Group.

HKAS 1 (Revised) Presentation of Financial Statements

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The consolidated statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, this standard introduces the consolidated statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

HKFRS 8 Operating Segments

8

HKFRS 8, which replaces HKAS 14 “Segment Reporting”, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The adoption of this standard has no effect on the financial position or results of operations of the Group. It does, however, result in certain changes in the presentation and disclosure of financial statements.

3. SEGMENT INFORMATION

The following table presents revenue and profit/(loss) for the Group's reportable segments.

	Continuing operations						Discontinued operation		Consolidated Six months ended 30 June 2008 (Unaudited) HK\$'000		
	Media and entertainment		Film production and distribution		Corporate and others		Total			Satellite television	
	Six months ended 30 June 2009 (Unaudited) HK\$'000	Six months ended 30 June 2008 (Unaudited) HK\$'000	Six months ended 30 June 2009 (Unaudited) HK\$'000	Six months ended 30 June 2008 (Unaudited) HK\$'000	Six months ended 30 June 2009 (Unaudited) HK\$'000	Six months ended 30 June 2008 (Unaudited) HK\$'000	Six months ended 30 June 2009 (Unaudited) HK\$'000	Six months ended 30 June 2008 (Unaudited) HK\$'000		Six months ended 30 June 2009 (Unaudited) HK\$'000	Six months ended 30 June 2008 (Unaudited) HK\$'000
Segment revenue:											
Sales to external customers	53,707	65,705	98,078	41,551	15,199	16,323	123,579	53	166,984	123,632	
Other revenue	2,218	2,897	1,353	421	781	68	3,386	22	4,352	3,408	
Total	55,925	68,602	99,431	41,972	15,980	16,391	126,965	75	171,336	127,040	
Segment results	(17,955)	(21,264)	(19,049)	(2,129)	(103,667)	(86,607)	(110,000)	(1,394)	(140,671)	(111,394)	
Unallocated interest and other gains											
Gain on sale of equity investments at fair value through profit or loss							9,855		6,433	9,855	
Fair value gains/(losses) on equity investments at fair value through profit or loss							12			12	
Loss from operating activities							(944)		6,518	(944)	
Finance costs							(101,077)	(1,394)	(127,720)	(102,471)	
Share of profits and losses of jointly-controlled entities	712	(2,338)	2,759	(34,593)	(19,112)	(41,312)	(3,673)		(3,316)	(3,673)	
Share of profits and losses of associates	(7)	(5)			39,671	82,220	82,215		(15,641)	(78,243)	
Loss before tax							(100,778)	(1,394)	(107,013)	(102,172)	
Tax							412		(331)	412	
Loss for the period							(100,366)	(1,394)	(107,344)	(101,760)	

The following table presents the total assets for the Group's reportable segments.

	Continuing operations						Discontinued operation					
	Media and entertainment		Film production and distribution		Corporate and others		Total		Satellite television		Consolidated	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Segment assets	261,482	246,424	537,571	583,315	1,448,159	1,723,400	2,247,212	2,553,139	—	3,034	2,247,212	2,556,173
Interests in jointly-controlled entities	7,629	(1,912)	42,868	42,733	1,020,014	1,039,589	1,070,511	1,080,410	—	—	1,070,511	1,080,410
Interests in associates	114	121	—	—	2,604,378	2,557,348	2,604,492	2,557,469	—	—	2,604,492	2,557,469
Unallocated assets	—	—	—	—	—	—	261,368	76,600	—	—	261,368	76,600
Total assets	269,225	244,633	580,439	626,048	5,072,551	5,320,337	6,183,583	6,267,618	—	3,034	6,183,583	6,270,652

Note: The advertising agency business and the cosmetics business of the Group have no longer constituted reportable segments of the Group in accordance with the requirements of HKFRS 8 (for the six months ended 30 June 2009) or HKAS 14 (for the period prior to the adoption of HKFRS 8). Accordingly, the financial information of these two businesses are included in 'Corporate and others' segment for the purpose of presentation of segment information in these unaudited condensed consolidated interim financial statements. Comparative figures of these two businesses as shown in these unaudited condensed consolidated interim financial statements have been reclassified to conform with the current period's presentation.

4. OTHER REVENUE

	Six months ended	
	30 June 2009 (Unaudited) HK\$'000	30 June 2008 (Unaudited) HK\$'000
Bank interest income	1,804	8,809
Interest income on a loan receivable	3,600	873
Interest income on held-to-maturity debt investments	1,029	—
Others	2,274	3,559
Attributable to continuing operations	8,707	13,241
Attributable to a discontinued operation		
— Others	—	22
	8,707	13,263

5. LOSS FROM OPERATING ACTIVITIES

The Group's loss from operating activities is arrived at after charging/(crediting):

	Six months ended	
	30 June 2009 (Unaudited) HK\$'000	30 June 2008 (Unaudited) HK\$'000
Cost of film rights, license rights and films products	51,995	22,469
Cost of artiste management services, advertising agency services, and services for entertainment events provided	51,454	66,751
Cost of inventories sold	7,718	9,799
Total cost of sales	111,167	99,019
Provision for advances to artistes*	336	15,000
Write-back of provision for bad and doubtful debts	—	(38)
Depreciation	3,917	3,540
Amortisation of film rights*	2,606	11,203
Amortisation of film products*	45,855	9,568
Amortisation of music catalogs*	2,205	673
Impairment of goodwill**	—	880
Reversal for impairment of items of property, plant and equipment [®]	—	(1,257)
Fair value gains on equity investments at fair value through profit or loss***	(6,518)	—
Fair value losses on equity investments at fair value through profit or loss**	—	944
Foreign exchange gains	(227)	(538)

* These items are included in "Cost of sales" on the face of the unaudited condensed consolidated income statement.

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

*** This item is included in "Other operating gains" on the face of the unaudited condensed consolidated income statement.

[®] The disclosure presented in this note included the amount credited in respect of the discontinued operation, further details of which are set out in note 8.

6. FINANCE COSTS

	Six months ended	
	30 June 2009 (Unaudited) <i>HK\$'000</i>	30 June 2008 (Unaudited) <i>HK\$'000</i>
Attributable to continuing operations:		
Interest on other borrowings wholly repayable within five years	2,792	3,148
Interest on promissory notes	520	522
Interest on finance leases	4	3
	3,316	3,673
	3,316	3,673

7. TAX

No provision for Hong Kong profits tax has been made during the current period as there are no assessable profits generated during the current period (six months ended 30 June 2008: nil).

	Six months ended	
	30 June 2009 (Unaudited) <i>HK\$'000</i>	30 June 2008 (Unaudited) <i>HK\$'000</i>
Attributable to continuing operations:		
Prior period's over/(under) provision:		
Hong Kong	—	75
Overseas	—	(26)
	—	49
Deferred tax credit/(charge)	(331)	363
	(331)	412
	(331)	412

8. DISCONTINUED OPERATION

During the year ended 31 December 2007, the Group ceased the satellite television business in order to align the Group's business strategy and to focus resources on the continuing businesses.

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

	Six months ended	
	30 June 2009 (Unaudited) HK\$'000	30 June 2008 (Unaudited) HK\$'000
Turnover	—	53
Other revenue	—	22
Cost of sales	—	(634)
Reversal of impairment of items of property, plant and equipment	—	1,257
Other expenses	—	(2,092)
Loss before tax from the discontinued operation	—	(1,394)
Tax	—	—
Loss for the period from the discontinued operation	—	(1,394)

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

	Six months ended	
	30 June 2009 (Unaudited) HK\$'000	30 June 2008 (Unaudited) HK\$'000
Operating activities	—	(3,641)
Investing activities	—	1,257
Financing activities	—	4,444
Net cash inflow	—	2,060
Loss per share:		
Basic, from the discontinued operation	—	HK0.15 cents
Diluted, from the discontinued operation	N/A	N/A

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

	Six months ended	
	30 June 2009 (Unaudited)	30 June 2008 (Unaudited)
Loss attributable to ordinary equity holders of the parent from the discontinued operation	—	HK\$1,394,000
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	1,240,732,165	941,451,206

Diluted loss per share amount for the six months ended 30 June 2008 from the discontinued operation had not been disclosed as no diluting events existed during that period.

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic loss per share amount for the six months ended 30 June 2009 is based on the loss for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period.

The calculation of basic loss per share is based on:

	Six months ended	
	30 June 2009 (Unaudited) HK\$'000	30 June 2008 (Unaudited) HK\$'000
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation:		
From continuing operations	(100,760)	(86,438)
From a discontinued operation	—	(1,394)
	(100,760)	(87,832)

	Number of shares	
	Six months ended	
	30 June 2009 (Unaudited)	30 June 2008 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	1,240,732,165	941,451,206

Diluted loss per share amount for both periods has not been disclosed as no diluting events existed during the periods.

10. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: nil).

11. INTERESTS IN ASSOCIATES

The balance mainly includes the Group's interests in Lai Sun Development Company Limited ("LSD").

Interests in LSD

A cross holding position has been existing between LSD and the Company since 7 December 2004. As at 30 June 2009, the Group's interest in LSD was 36.72% (31 December 2008: 36.72%) and LSD and its subsidiaries (the "LSD Group") held in aggregate 36.08% (31 December 2008: 36.08%) in the issued share capital of the Company.

The Group's share of net assets of the LSD Group is included in the Group's interests in associates. The Group's share of profit of the LSD Group included in the Group's share of profits and losses of associates, after taking into account the cross-holding effect between the Group and the LSD Group, for the six months ended 30 June 2009 was HK\$40,088,000 (six months ended 30 June 2008: HK\$82,220,000).

12. DEBTORS

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

An ageing analysis of the trade debtors, net of provision for doubtful debts, based on payment due date, as at 30 June 2009 and 31 December 2008 is as follows:

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Trade debtors:		
Neither past due nor impaired	39,632	27,514
1 – 90 days past due	31,089	25,744
Over 90 days past due	6,446	11,189
	77,167	64,447

Included in trade debtors are amounts due from related companies of HK\$290,000 (31 December 2008: HK\$2,533,000). The balances arose from ordinary course of business of the Group. The balances are unsecured, interest-free and are subject to similar credit terms to those offered to major customers of the Group.

15

13. CREDITORS AND ACCRUALS

An ageing analysis of the trade creditors, prepared based on the dates of receipt of the goods and services purchased, as at 30 June 2009 and 31 December 2008 is as follows:

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Trade creditors:		
Less than 30 days	7,199	4,228
31 – 60 days	749	1,552
61 – 90 days	295	1,328
Over 90 days	1,286	1,878
	9,529	8,986
Other creditors and accruals	397,496	389,848
	407,025	398,834

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

14. SHARE CAPITAL

	30 June 2009		31 December 2008	
	Number of shares (Unaudited) '000	Nominal value (Unaudited) HK\$'000	Number of shares (Audited) '000	Nominal value (Audited) HK\$'000
Authorised:				
Ordinary shares of HK\$0.50 each	2,000,000	1,000,000	2,000,000	1,000,000
Issued and fully paid:				
Ordinary shares of HK\$0.50 each	1,240,732	620,366	1,240,732	620,366

15. COMMITMENTS

- (a) The Group had the following capital commitments, contracted but not provided for, at the balance sheet dates:

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Commitments in respect of:		
Acquisition of land and buildings	9,457	9,457
Capital contribution payable to a jointly-controlled entity	4,538	—
Contribution to an available-for-sale investment	17,885	17,885
	31,880	27,342

The Group's share of the jointly-controlled entities' own capital commitments, which is not included in the above, is as follows:

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Contracted, but not provided for	284,168	286,790

- (b) As at 30 June 2009, the Group leased certain of its office premises under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

At the balance sheet dates, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Within one year	4,935	6,969
In the second to fifth years, inclusive	1,151	4,095
More than five years	—	1,312
	6,086	12,376

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF INTERIM RESULTS

For the six months ended 30 June 2009, the Group recorded a turnover of HK\$166,984,000 (2008: HK\$123,579,000), representing an increase of approximately 35% from the corresponding period in 2008. For the first half of 2009, there were increases in revenue with respect to certain business operations (namely film production and distribution, music production and distribution and sale of products), but off-set by a reduction in revenue from other business operations (namely live entertainment, film library licensing and advertising). The increase in revenue between the corresponding period for film production and distribution was largely due to the successful release of several films in early 2009 as compared to a backlog created by, and as a result of the limited time slot suitable and/or available for any film promotional campaigns prior to, the Beijing 2008 Olympic Games in August 2008. The increase in revenue between the corresponding period for music production and distribution was largely due to more album releases and the expansion into new media distribution. The reduction in revenue between the corresponding period for live entertainment was mainly due to the reduced number of major local pop concerts in early part of 2009 when the Hong Kong Coliseum, a major local pop concert venue in Hong Kong, was closed for renovation since late 2008.

For the six months ended 30 June 2009, the Group recorded a loss from operating activities of HK\$127,720,000 (2008: HK\$101,077,000). For the first half of 2009, due to the reasons explained above, the increase in revenue of certain business operations was accompanied by corresponding increases in related cost/expenditure. In return, the reduction in revenue generated from other business operations was accompanied by a reduction in related cost/expenditure.

For the six months ended 30 June 2009, the Group recorded a consolidated loss attributable to equity holders of the Company of HK\$100,760,000 (2008: HK\$87,832,000). The increase in losses between the corresponding period last year was largely due to the reasons explained above.

The Group recorded a share of profits of associates of HK\$39,664,000 (2008: HK\$82,215,000). The share of profits of associates was mainly attributable to Lai Sun Development Company Limited ("LSD"), an associated company of the Company. The Group currently holds a 36.72% interest in LSD, which in turn holds a 36.08% interest in the Group. The Group's share of the losses of jointly controlled entities was significantly lowered to HK\$15,641,000 as compared to HK\$78,243,000 for the corresponding period last year as (i) there was no provision made for the film production and distribution business undertaken by a jointly controlled entity for the first half of 2009 (as there had been in the corresponding period last year) and (ii) the cost/expenditure related to the Macao Studio City project was reduced, due to the status of the project during the period under review (as explained below).

Shareholders' equity as at 30 June 2009 amounted to HK\$5,229,266,000, as compared to HK\$5,321,231,000 as at 31 December 2008. Net asset value per share as at 30 June 2009 was HK\$4.21, as compared to HK\$4.29 as at 31 December 2008.

BUSINESS REVIEW

Macao Studio City

The Company's ambition remains to build Macao Studio City into one of Asia's leading integrated leisure resorts combining theatre/concert venues, live entertainment facilities, Studio Retail™ (a destination retail complex), Las Vegas-style gaming facilities and world-class hotels. The site of the project is strategically located "Where Cotai Begins™", next to the Lotus Bridge immigration checkpoint, linking the complex directly to Zhuhai's Hengqin Island.

Project progress

Progress on Macao Studio City stalled over the period under review, as a result of various factors including the difficult economic environment and differences of opinion between East Asia Satellite Television (Holdings) Limited ("EAST") and New Cotai LLC ("New Cotai") on various aspects of the project.

EAST is the holding company of a 60% interest in Cyber One (as defined below), of which 66.7% is held indirectly by the Company and 33.3% is held by CapitaLand Integrated Resorts Pte Ltd ("CapitaLand"), a wholly-owned subsidiary of CapitaLand Limited (one of the largest listed real estate companies in Asia). New Cotai is the US joint venture partner holding a 40% interest in Cyber One.

Cyber One Agents Limited ("Cyber One"), the jointly controlled joint venture company responsible for the project (owned as to 60% by EAST and 40% by New Cotai) has yet to receive approval from the Macau government in relation to its application for a land grant modification on land use and to increase the developable gross floor area of the site from the original gazetted area to approximately 6,000,000 square feet. In connection with that application, the Macau government has requested further particulars from the joint venture concerning plans for the project, in respect of which EAST and New Cotai have yet to formulate an agreed response.

18

Notwithstanding that Macau has suffered from significant economic volatility since the original project plan was developed in 2006/2007, EAST is confident that the Macao Studio City project is an attractive business venture with considerable potential for long-term returns. EAST firmly believes that Cyber One is ready and able to present updated proposals on prospective financing and construction to the Macau government. By contrast, New Cotai has, for its own reasons, refused to approve or allow Cyber One to make any substantive response to the Macau government's request for further particulars, required in order to move the project forward.

Despite the differences of views between EAST and New Cotai, the Group is continuing to explore a range of potential solutions designed to give the project fresh impetus. Ideally, a consensual solution will be found, whether involving the introduction of new investors, a sale of all or part of its interest by New Cotai, a restructuring of the existing interests of the parties, or otherwise. However, EAST recognises that a solution to the differences may necessarily involve litigation, the timing and outcome of which would be uncertain. Further, in the event of legal proceedings and/or additional prolonged delays to the recommencement of the project, it is uncertain as to whether and how the Macau government would exercise its rights, including but not limited to its rights to re-possess the plot of land.

Cyber One has not appointed a general contractor and has not, to date, progressed the building works beyond foundations for the superstructure.

Cyber One will need to revisit its plans for the retail component of the project. As announced by the Company on 21 August 2009, the various arrangements with Taubman Centres, Inc and its subsidiaries ("Taubman"), which would have seen Taubman take an equity stake in the retail component and take the lead in managing it, have now lapsed. The Company is aware that the retail element of the Macao Studio City will be one of the key components of the project and it is keen to explore, together with the other stakeholders and Taubman, whether it might be possible to revive or reconfigure the arrangements with Taubman in due course.

Financing

To date, the parties have contributed a total of US\$200 million capital to the project (the Company's attributable share being US\$80 million). However, Cyber One has yet to secure the necessary project finance for the development. The Directors believe that this will be more readily achievable once consensus is reached between the joint venture partners or the current differences of views are resolved.

The Company continues to hold net proceeds of approximately HK\$1,015 million from its rights issue of 2008, substantially all of which was, and is, intended for investment in the project. Indeed, it is ultimately anticipated that, when the project does resume, there will be a requirement for further equity investment in excess of these proceeds.

East Asia Satellite Television (Holdings) Limited ("EAST")

Although the Company and CapitaLand have been in consistent agreement on the development of Macao Studio City, it should be noted (as was announced jointly by the Company and LSD on 9 January 2007 and disclosed in the Company's circular of 1 February 2007, each in the context of CapitaLand's acquisition of an interest in EAST) that, in the event that the land grant modification for the first phase of the project has not been published by the Macau government and the occupation permit for Macao Studio City (in effect, signifying completion of the first phase of the project) is not issued solely due to the failure of the Macau government to publish in its gazette the land grant modification for the first phase of the project, in each case, within 54 months of completion of CapitaLand's investment (i.e. by mid September 2011), then CapitaLand would, subject to the terms and conditions in the sale and purchase agreement, have an option to put back its holding of shares in EAST to the Company. The consideration payable for the shares would be equal to the purchase price paid by CapitaLand for the shares (being approximately HK\$659 million to date) and any further sums invested by it (being US\$40 million to date as project funding contribution) (net of any returns or dividends received by CapitaLand).

19

Media and entertainment

Film production and distribution — Media Asia Entertainment Group Limited ("MAEG")

During the six months ended 30 June 2009, MAEG has completed the principal photography of 2 films with 8 films still in the pipeline of production or under development.

There were 3 films released in the first half of 2009, namely *Look For A Star* in January, *The Sniper* in April and *City Of Life And Death* in May as compared to two films released in the corresponding period last year, namely *The Warlords* in December 2007 and *Assembly* in January 2008. Such difference was largely due to a backlog created by, and as a result of the limited time slot suitable and/or available for any film promotional campaigns prior to the Beijing 2008 Olympic Games in August 2008.

Live entertainment

For the six months ended 30 June 2009, the Group's live entertainment division produced and participated in 64 (2008: 101) concerts and entertainment events by popular local, Asian and internationally renowned artistes including Andy Lau, Alan Tam, Hacken Lee, Super Band, Kay Tse, Liu Chia Chang, At 17 and George Lam, in Hong Kong and the Mainland of China.

Since the Hong Kong Coliseum, a major local pop concert venue in Hong Kong was closed for renovation till January 2009, the transition to re-opening the venue meant fewer concerts in the early part of 2009 and, as a result, revenue generated from major local pop concerts was substantially reduced as compared with the corresponding period last year.

Music production, distribution and publishing

For the six months ended 30 June 2009, the Group's music production, distribution and publishing division released 30 albums (2008: 15), including titles by Andy Lau, Denise Ho, Bosco Wong, Chet Lam and At 17.

Following the acquisition of music libraries containing over 3,000 songs and 400 music videos in 2007 and 2008, the Group has by expanding its content offering, enhanced its position to expand into the new media distribution business. During the period under review, the Group steadily grew its position in the market for music publishing and generated a stable and recurring cash flow.

Television drama and content production

The Group has expanded its entertainment offerings to include TV drama business. During the period under review, the Group has made investments, via renowned television dramas and content directors, producers and artistes from the Mainland of China, to produce television dramas and content. In addition, the Group reactivated its distribution network with the intention to expand this part of the operation.

Lai Sun Development Company Limited ("LSD")

For the period under review, the Group reported an operating loss (before taking into account the Group's share of LSD's profit) of approximately HK\$140,848,000 (2008: HK\$170,052,000). Since LSD holds a 36.08% equity interest in the Company, LSD is required to equity account for the operating loss of the Group. As the Group also holds a 36.72% equity interest in LSD, the Group is required to further take up LSD's share of the Group's operating results. The effect of such recurring process leads to the Group taking up a further loss of HK\$21,510,000 (2008: HK\$24,684,000) and such amount is included in the Group's share of profits and losses of associates.

20

Taking into account the cross-holdings between the Group and LSD, the Group's share of LSD's profits included within the Group's share of profits and losses of associates for the six months ended 30 June 2009 was HK\$40,088,000 (2008: HK\$82,220,000).

OUTLOOK

Macao Studio City

The Company continues to believe that the Macao Studio City will eventually become one of the region's major entertainment destinations and will be an important platform for the Group to expand and monetise its entertainment and media expertise. The Group remains firmly committed to the project and will continue to press for like-minded commitment from its project partners from time to time.

Media and entertainment

Film production and distribution

MAEG will continue to explore and/or consider various film projects according to its objectives as identified in the Company's last published annual report.

Reference is made to an announcement issued by the Company dated 31 March 2009, whereby an indirect wholly-owned subsidiary of the Company entered into a conditional co-financing and distribution agreement with StudioCanal S.A. on 31 March 2009. Pursuant to the terms of the conditional co-financing and distribution agreement, if the conditions precedent are not fulfilled by 30 September 2009, then unless otherwise agreed in writing by the parties, the agreement automatically terminates. As at the date of this report, the conditions precedent have yet to be fulfilled and, as a result, there is no certainty that such agreement will continue to be effective after 30 September 2009.

Live entertainment

For the second half of 2009, the live entertainment division of the Group has already scheduled its own production of 6 concerts and entertainment events by popular local artistes and participation in the production of around 4 other events by other promoters, already involving around 31 shows in total.

In addition, the Group will continue to increase its efforts to expand into live entertainment promotions in the Mainland of China and Taiwan.

Music production, distribution and publishing

With the successful debut of East Asia Music's expansion into Mandarin albums and the positive contribution from the exploitation of the music library through new media distribution, the Group will continue its efforts to expand its presence in the Mainland of China.

Television drama and content production, and distribution

In view of the steady returns generated from investments in television drama and other television content, the Group will continue to look for business opportunities in this area.

21

LSD

According to LSD, it will continue to take a defensive approach as regards its rental policies, with the objectives of maintaining occupancy rates and rental cashflows from its investment properties. It is further understood that LSD will monitor the local property market closely and will adopt a prudent and balanced approach towards its property development business.

Other matters relating to the Company

Update in relation to Passport Special Opportunities Master Fund, LP and Passport Global Master Fund SPC Limited ("Passport")

In December 2008, the Company had sought to raise approximately HK\$60 million through a share placement exercise (with the prospect of raising an additional HK\$60 million if the placees exercised the accompanying warrants in full). The placing shares would have represented approximately 8.82% of the enlarged issued share capital of the Company (and the shares issued on the full exercise of the warrants would have represented approximately 8.10% of the further enlarged issued share capital of the Company). The placing, which was primarily intended to finance the Group's media and entertainment business, did not ultimately proceed in light of the fact that Passport, a substantial shareholder of the Company, obtained an order, on ex-parte application (i.e. without the Company being represented at the proceedings), that temporarily restrained the Company from going ahead with the placing. Although the long-stop date for the placing was extended once, the restraining order remained in place and with the conditions to the placing remaining unfulfilled, the placing agreement lapsed on 9 January 2009.

In essence, Passport contends that the Company had no good commercial reason for the placement and that its sole or primary purpose was to dilute Passport's shareholding. Whether or not the injunction was validly obtained by Passport remains the subject of on-going legal proceedings in respect of which the Company and its Directors are vigorously defending Passport's claims, and are pursuing their own remedies against Passport. The Court granted leave to the placing agent and certain of the placees to join the legal proceedings, as parties who were adversely affected by Passport's injunction. The Court required Passport to put up a bank guarantee in the sum of HK\$120 million to fortify its undertaking in damages. Passport has also agreed to put up security for the Company's costs. The trial of the matter is scheduled to take place in November 2009.

22

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

As at 30 June 2009, cash and cash equivalents held by the Group amounted to HK\$1,391,785,000 of which over 97% were denominated in Hong Kong dollar currency.

In order to optimise the Group's liquidity and to enhance the yield of the Group's available cash, the Group also invested in short-term bond investments with investment grade rating. As at 30 June 2009, the carrying amount of such bond investments held by the Group amounted to HK\$179,740,000.

As at 30 June 2009, the Group has unsecured promissory notes payables of HK\$20,000,000 falling due within one year and HK\$31,789,000 falling due within the second year. The promissory notes payables are interest-free except for an amount of HK\$30,000,000 which bears interest at 3.5% per annum. As at 30 June 2009, there existed unsecured other borrowings from a former shareholder of the Company in the principal amount of HK\$112,938,000 which is interest-bearing at the HSBC prime rate per annum and is repayable on demand. The Group recorded interest accruals of HK\$39,881,000 for the other borrowings as at 30 June 2009. In addition, certain land and buildings of the Group with a carrying amount of HK\$58,422,000 were pledged to a bank to secure general banking facilities granted to the Group which were not utilised by the Group as at 30 June 2009. Also, the Group had finance lease payables of HK\$108,000 falling due within one year, HK\$89,000 falling due within the second year and HK\$178,000 falling due within the third to fifth years, as at 30 June 2009.

The Group's debt to equity ratio, expressed as a percentage of total borrowings to total net assets, remained low at approximately 3.9% as at 30 June 2009. All of the Group's borrowings are denominated in Hong Kong dollars and the majority of which are floating rate debts. No financial instruments for hedging purposes were employed by the Group during the period under review.

EMPLOYEES AND REMUNERATION POLICIES

The Group employed a total of approximately 235 employees as at 30 June 2009. Total staff costs including share-based payment and mandatory provident fund contributions for the six months ended 30 June 2009 were approximately HK\$60,438,000. Pay rates for employees are maintained at competitive level, and salary adjustments and bonus are rewarded on a performance-related basis. Other staff benefits include a mandatory provident fund, free hospitalisation insurance plan, subsidised medical care and subsidies for external education and training programmes. Furthermore, the Company adopted a share option scheme for its directors and employees on 23 December 2005.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") on 23 December 2005 which became effective on 5 January 2006 (the "Commencement Date") for the benefit of any eligible employee, director of the Company and other Participants (as defined in the Share Option Scheme rules) to help motivate the Participants and to attract and retain employees of appropriate calibre. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for 10 years from the Commencement Date.

The following share options were outstanding under the Share Option Scheme during the six months ended 30 June 2009:

Name or category of participant	Date of grant of share options (Note 1)	Number of share options			At 30 June 2009	Exercise period of share options	Exercise price of share options (Note 2) HK\$ per share
		At 1 January 2009	Granted during the period	Lapsed during the period			
Directors							
Lam Kin Ngok, Peter (Note 3)	24/02/2006	1,889,506	—	—	1,889,506	01/01/2009 to 31/12/2009	4.43
	24/02/2006	1,889,507	—	—	1,889,507	01/01/2010 to 31/12/2010	4.68
		3,779,013	—	—	3,779,013		
Cheung Wing Sum, Ambrose (Note 4)	24/02/2006	1,889,506	—	—	1,889,506	01/01/2009 to 31/12/2009	4.43
	24/02/2006	1,889,507	—	—	1,889,507	01/01/2010 to 31/12/2010	4.68
		3,779,013	—	—	3,779,013		
Leung Churk Yin, Jeanny	20/02/2008	1,267,810	—	(1,267,810)	—	01/05/2008 to 30/04/2009	5.54
	20/02/2008	1,267,810	—	—	1,267,810	01/01/2009 to 31/12/2009	5.83
	20/02/2008	1,267,810	—	—	1,267,810	01/01/2010 to 31/12/2010	6.18
	20/02/2008	1,267,810	—	—	1,267,810	01/01/2011 to 31/12/2011	6.52
		5,071,240	—	(1,267,810)	3,803,430		
Low Kit Leong	20/02/2008	1,622,797	—	(1,622,797)	—	31/05/2008 to 30/05/2009	5.54
	20/02/2008	1,622,797	—	—	1,622,797	31/05/2009 to 30/05/2010	5.83
	20/02/2008	1,622,797	—	—	1,622,797	31/05/2010 to 30/05/2011	6.18
		4,868,391	—	(1,622,797)	3,245,594		
Other employees							
In aggregate (Note 5)	14/02/2006	1,889,506	—	—	1,889,506	01/01/2009 to 31/12/2009	4.92
	14/02/2006	1,889,507	—	—	1,889,507	01/01/2010 to 31/12/2010	5.42
	24/02/2006	1,889,506	—	—	1,889,506	01/01/2009 to 31/12/2009	4.43
	24/02/2006	1,889,507	—	—	1,889,507	01/01/2010 to 31/12/2010	4.68
		7,558,026	—	—	7,558,026		
		25,055,683	—	(2,890,607)	22,165,076		

Notes :

- (1) The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- (2) The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
- (3) 1,889,506 share options with the exercise period of 1 January 2008 to 31 December 2008 lapsed at close of business on 31 December 2008 in accordance with the terms of the Share Option Scheme.
- (4) 1,889,506 share options with the exercise period of 1 January 2008 to 31 December 2008 lapsed at close of business on 31 December 2008 in accordance with the terms of the Share Option Scheme.
- (5) 3,779,012 share options with the exercise period of 1 January 2008 to 31 December 2008 lapsed at close of business on 31 December 2008 in accordance with the terms of the Share Option Scheme.

During the period under review, no share options were exercised or cancelled in accordance with the terms of the Share Option Scheme.

As at 30 June 2009, the Company had a total number of 22,165,076 share options outstanding under the Share Option Scheme which represented approximately 1.79% of the Company's shares in issue as at that date. Exercise in full of the outstanding share options would result in the issue of 22,165,076 additional ordinary shares of the Company and additional share capital of HK\$11,083,000 and share premium of approximately HK\$103,077,000 (before issue expenses).

DIRECTORS' INTERESTS

25

As at 30 June 2009, the following directors and chief executive of the Company were interested, or were deemed to be interested in the following long and short positions in the shares, underlying shares of equity derivatives and debentures of the Company or any of its associated corporation (within the meaning of the Securities and Futures Ordinance (the "SFO") which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under the provisions of SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein (the "Register"); or (c) were required, pursuant to the Code of Practice for Securities Transactions by Directors and Designated Employees adopted by the Company, to be notified to the Company and the Stock Exchange:

(1) **The Company**

Name of Director	Capacity	Long positions in the shares				Total	Percentage
		Personal Interests	Family Interests	Corporate Interests	Other Interests		
Lien Jown Jing, Vincent	Beneficial owner	1,397,700	Nil	Nil	Nil	1,397,700	0.11%
Lam Kin Ngok, Peter	Beneficial owner	2,794,443	Nil	Nil	3,779,013 (under share options)	6,573,456	0.53%
Cheung Wing Sum, Ambrose	Beneficial owner	2,194,443	Nil	Nil	3,779,013 (under share options)	5,973,456	0.48%
Leung Churk Yin, Jeanny	Beneficial owner	Nil	Nil	Nil	3,803,430 (under share options)	3,803,430	0.31%
Low Kit Leong	Beneficial owner	Nil	Nil	Nil	3,245,594 (under share options)	3,245,594	0.26%

26

(2) **Associated Corporation**

Lai Sun Development Company Limited ("LSD")

Name of Director	Capacity	Long positions in the shares of LSD			Total	Percentage
		Personal Interests	Family Interests	Corporate Interests		
Lam Kin Ngok, Peter	Beneficial owner	10,099,585	Nil	1,582,869,192 (Note)	1,592,968,777	11.25%
U Po Chu	Beneficial owner	633,400	Nil	Nil	633,400	0.004%

Note:

Lai Sun Garment (International) Limited ("LSG") and its wholly-owned subsidiary beneficially owned 1,582,869,192 shares in LSD representing approximately 11.18% of the issued ordinary share capital of LSD. Mr. Lam Kin Ngok, Peter was deemed to be interested in such shares by virtue of his personal and deemed interest in approximately 37.69% of the issued share capital of LSG.

Save as disclosed above, as at 30 June 2009, none of the directors and chief executive of the Company was interested, or was deemed to be interested in the long and short positions in the shares, underlying shares of equity derivatives and debentures of the Company or any of its associated corporation(s) which were required to be notified to the Company and the Stock Exchange or recorded in the Register as aforesaid.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

As at 30 June 2009, the following persons had an interest in the following long positions in the shares and underlying shares of equity derivatives of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name	Capacity	Long positions in the shares		
		Nature	Number of shares	Percentage
Lai Sun Development Company Limited	Owner of controlled corporation	Corporate interest	447,604,186	36.08%
Passport Global Master Fund SPC Ltd for and on behalf of portfolio A — global strategy	Investment manager	Corporate interest	126,743,261	10.22%
Passport Special Opportunities Master Fund, LP	Beneficial owner	Corporate interest	224,408,401	18.09%
Burbank, John H.	Owner of controlled corporation	Corporate interest	351,253,400 (Note 1)	28.31%
Passport Capital, LLC	Investment manager	Corporate interest	351,253,400 (Note 2)	28.31%
Passport Management, LLC	Investment manager	Corporate interest	351,253,400	28.31%

Notes:

1. Burbank, John H. was taken to be interested in 351,253,400 shares in the Company due to his beneficial interests in Passport Capital, LLC.
2. Passport Capital, LLC was taken to be interested in 351,253,400 shares in the Company due to its beneficial interests in Passport Management, LLC.

Save as disclosed above, no other person was recorded in the Register required to be kept under Section 336 of the SFO as having an interest or short position in the shares and underlying shares of equity derivatives and debentures of the Company as at 30 June 2009.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2009, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

CORPORATE GOVERNANCE

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

Under code provision A.4.1, non-executive directors should be appointed for a specific term and be subject to re-election. None of the existing non-executive directors of the Company is appointed for a specific term. However, all directors of the Company are subject to the retirement provisions under the bye-laws of the Company which provide that at each annual general meeting the directors for the time being shall retire from office by rotation once every three years since their last election and a retiring director shall be eligible for re-election.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a Code of Practice for Securities Transactions by Directors and Designated Employees (the "Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all Directors who have confirmed their compliance with the required standard set out in the Code during the accounting period covered by the Interim Report.

28

REVIEW OF INTERIM REPORT

The Interim Report of the Company for the six months ended 30 June 2009 has been reviewed by the Audit Committee of the Company. The Audit Committee comprises four independent non-executive directors of the Company, namely Messrs. Tong Ka Wing, Carl, Alfred Donald Yap, Low Chee Keong and Dr. Ng Lai Man, Carmen.

By Order of the Board
Lien Jown Jing, Vincent
Chairman

Hong Kong, 25 September 2009