ETERNITY INVESTMENT LIMITED

(Formerly known as China Star Investment Holdings Limited)

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

The board of directors (the "Board") of Eternity Investment Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2010 together with the comparative figures for 2009 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2010

	Notes	**2010** *HK$'000*	2009 *HK$'000*
Continuing operations			
Turnover	*5*	**78,200**	74,711
Cost of sales		**(632)**	(1,362)
Gross profit		**77,568**	73,349
Other revenue and other income	*6*	**17,346**	11,905
Administrative expenses		**(14,366)**	(17,563)
Impairment loss recognised in respect of intangible assets		**(4,856)**	(117,320)
Loss on partial disposal of an associate		—	(280,020)
Loss on disposal of subsidiaries		—	(48,868)
Loss on losing significant influence of an associate		**(21,028)**	—
Loss on deemed disposal of an associate		**(537,615)**	(6,629)
Share of results of associates		**(9,371)**	724,988

	Notes	2010 HK$'000	2009 HK$'000
Gain on early repayment of promissory note receivable		**64,627**	—
Gain on early repayment of convertible notes receivable		**75,962**	—
Gain on disposal of available-for-sale financial assets		**7,579**	—
Loss arising on change in fair value of available-for-sale financial assets		**(14,280)**	—
Gain arising on change in fair value of financial assets at fair value through profit or loss		**4,918**	—
Gain/(loss) arising on change in fair value of conversion options embedded in convertible notes receivable		**1,525**	(64,542)
Gain arising on change in fair value of convertible note designated as at fair value through profit or loss		—	55,244
Loss on early redemption of convertible notes payable		**(1,062)**	—
Loss on cancellation of convertible notes payable		—	(18,247)
Adjustment to cost of combination in respect of an acquisition in prior year		—	103,434
(Loss)/profit from continuing operations	*7*	**(353,053)**	415,731
Finance costs	*8*	**(3,041)**	(8,086)
(Loss)/profit before taxation		**(356,094)**	407,645
Income tax (expense)/credit	*9*	**(363)**	14,493
(Loss)/profit for the year from continuing operations		**(356,457)**	422,138
Discontinued operations			
Loss for the year from discontinued operations		—	(5,576)
(Loss)/profit for the year		**(356,457)**	416,562
(Loss)/profit attributable to owners of the Company		**(356,457)**	416,562
(Loss)/earnings per share	*10*		
From continuing operations			
Basic and diluted		**HK(61.46) cents**	HK395.08 cents
From discontinued operations			
Basic and diluted		—	HK(5.22) cents
From continuing and discontinued operations			
Basic and diluted		**HK(61.46) cents**	HK389.86 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	2010	2009
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(356,457)**	416,562
Other comprehensive income for the year (after tax):		
Share of exchange reserve change of associates	**(83)**	(99)
Exchange differences on translating foreign operations	**—**	483
Total comprehensive (loss)/income for the year	**(356,540)**	416,946
Attributable to owners of the Company	**(356,540)**	416,946

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	Note	2010 HK$'000	2009 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,441**	1,838
Intangible assets		**334,681**	339,537
Interests in associates		—	641,908
Promissory note receivable		—	31,853
Convertible notes receivable		—	3,670
Available-for-sale financial assets		**53,892**	172
		390,014	1,018,978
Current assets			
Trade receivables	11	**5,859**	6,022
Deposits, prepayments and other receivables		**2,456**	1,015
Loan to an associate		—	155,536
Amount due from an associate		—	5,103
Financial assets at fair value through profit or loss		**9,418**	—
Conversion options embedded in convertible notes receivable		—	18,316
Tax recoverable		**32**	—
Cash and cash equivalents		**989,625**	275,802
		1,007,390	461,794
Total assets		**1,397,404**	1,480,772
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**11,021**	1,881
Reserves		**1,333,642**	1,369,163
Total equity		**1,344,663**	1,371,044

	Note	2010 HK$'000	2009 HK$'000
LIABILITIES			
Current liabilities			
Accruals and other payables		**10,872**	10,200
Trade deposits received		**477**	477
Tax payable		**1,230**	731
		12,579	11,408
Non-current liabilities			
Convertible notes payable		**—**	54,563
Deferred taxation		**40,162**	43,757
		40,162	98,320
Total liabilities		**52,741**	109,728
Total equity and liabilities		**1,397,404**	1,480,772
Net current assets		**994,811**	450,386
Total assets less current liabilities		**1,384,825**	1,469,364

Notes:

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs"), and Interpretations ("Ints") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements included applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under historical cost convention except for financial assets at fair value through profit or loss, available-for-sale financial assets at fair value, conversion options embedded in convertible notes receivable and convertible note designated as at fair value through profit or loss which are carried at fair value. The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The Group's books and records are maintained in Hong Kong Dollars ("HK$") as the directors of the Company control and monitor the performance and financial position of the Group in HK$.

2. Application of new and revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied the following new and revised standards, amendments and interpretations (hereinafter collectively referred to as "new and revised HKFRSs") issued by the HKICPA that are effective for the Group's financial year beginning 1 January 2010.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of improvements to HKFRSs issued in 2008
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions (relating to the classification and measurement of financial assets)
HKFRS 3 (as revised in 2008)	Business Combinations
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
HK-Int 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKFRS 3 (as revised in 2008) Business Combinations

HKFRS 3 (as revised in 2008) has been applied in the current year prospectively to business combinations of which the acquisition date is on or after 1 January 2010 in accordance with relevant transitional provisions. Its application has affected the accounting for business combinations in the current year.

The impact of the application of HKFRS 3 (as revised in 2008) is as follows:

— HKFRS 3 (as revised in 2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition (previously referred to as minority interests) either at fair value or at the non-controlling interests' share of recognised identifiable net assets of the acquiree.

— HKFRS 3 (as revised in 2008) changes the recognition and subsequent accounting requirements for contingent consideration. Previously contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were always made against the cost of the acquisition. Under the revised standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against the cost of acquisition only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

— HKFRS 3 (as revised in 2008) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

The impact of adoption of HKFRS 3 (as revised in 2008) on the acquisition during the current period has been related to the acquisition-related costs. It requires acquisition-related costs to be accounted for separately from the business combination. As a result, the Group has recognised these costs as an expense in profit or loss, whereas previously they would have been accounted as part of the cost of the acquisition.

HKAS 28 (as revised in 2008) Investments in Associates

The principle adopted under HKAS 27 (as revised in 2008) Consolidated and Separate Financial Statements that a loss of control is recognised as a disposal and re-acquisition of any retained interest at fair value is extended by consequential amendments to HKAS 28. Therefore, when significant influence over an associate is lost, the investor measures any investment retained in the former associate at fair value, with any consequential gain or loss recognised in profit or loss. In addition, as part of Improvements to HKFRSs issued in 2010, HKAS 28 (as revised in 2008) has been amended to clarify that the consequential amendments to HKAS 28 in relation to transactions where the investor loses significant influence over an associate should be applied prospectively. The Group has applied the amendments to HKAS 28 (as revised in 2008) as part of Improvements to HKFRSs issued in 2010 in advance of their effective dates (annual periods beginning on or after 1 July 2010).

This change in policy has affected the accounting for the deemed disposal of the Group's interest in China Star Entertainment Limited ("China Star Entertainment") and China Star Film Group Limited ("China Star Film", now known as KH Investment Holdings Limited) in current year.

The difference between the carrying amounts of the retained interests and their fair value of China Star Entertainment and China Star Film were HK$537,615,000 and HK$21,028,000 respectively and have been recognised in consolidated income statement for the year. Subsequently, the retained interests in China Star Entertainment and China Star Film have been reclassificated to available-for-sale financial assets and financial assets at fair value through profit or loss respectively.

Had the Group's previous accounting policy been followed, the carrying amount of the retained interests in China Star Entertainment would have been regarded as cost for the purpose of subsequent accounting as an available-for-sale financial assets investment under HKAS 39 Financial Instruments: Recognition and Measurement and the movement in fair value would have been recognised in consolidated income statement. Under HKAS 39, when a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to consolidated income statement as a reclassification adjustment even though the financial asset has not been derecognised. The loss reported for the current year has no material effect as a result of the change in accounting policy.

Save as described above, there is no material effect on the consolidated financial statements of the Group for the current or prior accounting periods by adopting the new and revised HKFRSs, thus no prior period adjustment has been required.

3. New and revised standards, amendments and interpretations in issue but not yet effective

The Group has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[5]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[5]
HKFRS 9	Financial Instruments[7]
HKAS 12 (Amendments)	Deferred tax: Recovery of Underlying Assets[6]
HKAS 24 (as revised in 2009)	Related Party Disclosures[4]
HKAS 32 (Amendments)	Classification of Rights Issues[2]
HK(IFRIC) — Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
2 Effective for annual periods beginning on or after 1 February 2010
3 Effective for annual periods beginning on or after 1 July 2010
4 Effective for annual periods beginning on or after 1 January 2011
5 Effective for annual periods beginning on or after 1 July 2011
6 Effective for annual periods beginning on or after 1 January 2012
7 Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

— Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.

— In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may have a significant impact on amounts reported in respect of the Group's financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Save as described above, the directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. Operating segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

For management purposes, the Group currently engages in four operating divisions (i) distribution; (ii) sub-licensing; (iii) sales of financial assets and (iv) provision of management services. The segmentations are based on the information about the operations of the Group that management uses to make decisions.

Principal activities are as follows:

(i)	Distribution	Distribution of films
(ii)	Sub-licensing	Sub-licensing of film rights
(iii)	Sales of financial assets	Sales of financial assets at fair value through profit or loss
(iv)	Provision of management services	Provision of management services to concierge departments of gaming promoters appointed by Macau casinos

The Group's reportable segments are strategic business units that operate different activities. They are managed separately because each business unit has different market and requires different marketing strategies.

Further, the business units are also managed to operate in different countries separately. Revenue and results are attributed to countries on the basis of the assets located.

An analysis of the Group's reportable segment results, assets, liabilities, and other selected financial information for the year by operating segment is as follows:

For the year ended 31 December 2010

	Distribution *HK$'000*	Sub-licensing *HK$'000*	Sales of financial assets *HK$'000*	Provision of management services *HK$'000*	Consolidated *HK$'000*
Continuing operations					
Revenue					
Revenue from external customers	—	—	**4,590**	**73,610**	**78,200**
Results					
Segment results for reportable segment	—	—	**4,590**	**72,978**	**77,568**
Other revenue and other income					**17,346**
Administrative expenses					**(14,366)**
Finance costs					**(3,041)**
Share of results of associates					**(9,371)**
Profit before taxation and discontinued operations					**68,136**
Income tax expense					**(363)**
Profit for the year from continuing operations attributable to owners of the Company					**67,773**
Discontinued operations					
Loss for the year from discontinued operations attributable to owners of the Company					—
Core profit (excluding major non-cash items)					**67,773**
Major non-cash items					
— Gain on early repayment of promissory note receivable					**64,627**
— Gain on early repayment of convertible notes receivable					**75,962**
— Gain arising on change in fair value of financial assets at fair value through profit or loss					**4,918**
— Gain on disposal of available-for-sale financial assets					**7,579**
— Gain arising on change in fair value of conversion options embedded in convertible notes receivable					**1,525**
— Impairment loss recognised in respect of intangible assets					**(4,856)**
— Loss arising on change in fair value of available-for-sale financial assets					**(14,280)**
— Loss on early redemption of convertible notes payable					**(1,062)**
— Loss on losing significant influence of an associate					**(21,028)**
— Loss on deemed disposal of an associate					**(537,615)**
					(356,457)

For the year ended 31 December 2010

	Distribution *HK$'000*	Sub-licensing *HK$'000*	Sales of financial assets *HK$'000*	Provision of management services *HK$'000*	Consolidated *HK$'000*
Assets and liabilities					
Assets					
Segment assets for reportable segment					
— Hong Kong	**420**	**—**	**99,989**	**—**	**100,409**
— Macau	**—**	**—**	**—**	**340,540**	**340,540**
	420	**—**	**99,989**	**340,540**	**440,949**
Unallocated corporate assets					**956,455**
Consolidated total assets					**1,397,404**

	Distribution *HK$'000*	Sub-licensing *HK$'000*	Sales of financial assets *HK$'000*	Provision of management services *HK$'000*	Consolidated *HK$'000*
Liabilities					
Segment liabilities for reportable segment					
— Hong Kong	**(478)**	**—**	**(523)**	**—**	**(1,001)**
— Macau	**—**	**—**	**—**	**(40,162)**	**(40,162)**
	(478)	**—**	**(523)**	**(40,162)**	**(41,163)**
Unallocated corporate liabilities					**(11,578)**
Consolidated total liabilities					**(52,741)**
Other segment information					
Depreciation and amortisation					
— continuing operations	**—**	**—**	**362**	**—**	**362**
— unallocated expenses					**61**
					423
Additions to non-current assets (other than financial instruments and deferred tax assets)					
— unallocated expenses					**26**

For the year ended 31 December 2009

	Distribution *HK$'000*	Sub-licensing *HK$'000*	Sales of financial assets *HK$'000*	Provision of management services *HK$'000*	Consolidated *HK$'000*
Continuing operations					
Revenue					
Revenue from external customers	—	—	14,220	60,491	74,711
Results					
Segment results for reportable segment	—	—	14,220	59,129	73,349
Other revenue and other income					11,905
Administrative expenses					(17,563)
Finance costs					(8,086)
Share of results of associates					724,988
Profit before taxation and discontinued operations					784,593
Income tax credit					14,493
Profit for the year from continuing operations attributable to owners of the Company					799,086
Discontinued operations					
Loss for the year from discontinued operations attributable to owners of the Company					(5,576)
Core profit (excluding major non-cash items)					793,510
Major non-cash items					
— Adjustment to cost of combination in respect of an acquisition in prior year					103,434
— Gain arising on change in fair value of convertible note designated at fair value through profit or loss					55,244
— Impairment loss recognised in respect of intangible assets					(117,320)
— Loss arising on change in fair value of conversion options embedded in convertible notes receivable					(64,542)
— Loss on disposal of subsidiaries					(48,868)
— Loss on deemed disposal of an associate					(6,629)
— Loss on partial disposal of an associate					(280,020)
— Loss on cancellation of convertible notes payable					(18,247)
					416,562

For the year ended 31 December 2009

	Distribution *HK$'000*	Sub-licensing *HK$'000*	Sales of financial assets *HK$'000*	Provision of management services *HK$'000*	Consolidated *HK$'000*
Assets and liabilities					
Assets					
Segment assets for reportable segment					
— Hong Kong	313	15	137,199	—	137,527
— Macau	—	—	—	345,559	345,559
	313	15	137,199	345,559	483,086
Interests in associates					641,908
Unallocated corporate assets					355,778
Consolidated total assets					1,480,772

	Distribution *HK$'000*	Sub-licensing *HK$'000*	Sales of financial assets *HK$'000*	Provision of management services *HK$'000*	Consolidated *HK$'000*
Liabilities					
Segment liabilities for reportable segment					
— Hong Kong	—	—	(227)	—	(227)
— Macau	—	—	—	(40,744)	(40,744)
	—	—	(227)	(40,744)	(40,971)
Unallocated corporate liabilities					(68,757)
Consolidated total liabilities					(109,728)
Other segment information					
Depreciation and amortisation					
— continuing operations	2	—	447	—	449
— unallocated expenses					84
					533
Additions to non-current assets (other than financial instruments and deferred tax assets)					
— continuing operations	—	—	236	—	236

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year (2009: Nil).

Segment results represent the (loss incurred)/profit earned by each segment without allocation of central administrative expenses including directors' salaries, finance costs and income tax (expense)/credit. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments:

— all assets are allocated to reportable segments other than goodwill. Assets used jointly by segments are allocated on the basis of the revenues earned by individual segments; and

— all liabilities are allocated to reportable segments other than current and deferred tax liabilities. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

Geographical information

The Group mainly operates in Hong Kong and Macau. The Group's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		**Non-current assets**	
	2010	2009	**2010**	2009
	HK\$'000	*HK\$'000*	***HK\$'000***	*HK\$'000*
Hong Kong	**4,590**	14,220	**55,333**	679,441
Macau	**73,610**	60,491	**334,681**	339,537
	78,200	74,711	**390,014**	1,018,978

Information about major customers

Included in revenue arising from provision of management services of HK\$73,610,000 (2009: HK\$60,491,000) is revenue of HK\$60,295,000 (2009: HK\$22,684,000) which arose from sales to the Group's largest customer.

5. Turnover

	Continuing operations		Discontinued operations		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Sales of financial assets at fair value through profit or loss, net *(note)*	**4,590**	14,220	**—**	—	**4,590**	14,220
Rental income	**—**	—	**—**	3,102	**—**	3,102
Service fee income	**73,610**	60,491	**—**	—	**73,610**	60,491
	78,200	74,711	**—**	3,102	**78,200**	77,813

Note:

The gains or losses from sales of financial assets at fair value through profit or loss are recorded in "turnover" on a net basis.

An analysis of sales of financial assets at fair value through profit or loss is as follows:

	2010	2009
	HK$'000	*HK$'000*
Proceeds from sales of financial assets at fair value through profit or loss	**10,521**	15,470
Cost of financial assets at fair value through profit or loss	**(5,931)**	(1,250)
	4,590	14,220

6. Other revenue and other income

	Continuing operations		Discontinued operations		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other revenue						
Interest income on loan to a related company	**—**	3,972	**—**	—	**—**	3,972
Interest income on convertible notes receivable	**—**	1,130	**—**	—	**—**	1,130
Interest income on bank deposits	**2,992**	1	**—**	465	**2,992**	466
Compensation for lapse of joint venture agreement	**1,500**	—	**—**	—	**1,500**	—
Compensation for shortfall in service fee income guarantee	**4,938**	—	**—**	—	**4,938**	—
Dividend income	**3,504**	—	**—**	—	**3,504**	—
Sundry income	**365**	—	**—**	47	**365**	47
	13,299	5,103	**—**	512	**13,299**	5,615
Other income						
Imputed interest income on:						
— convertible notes receivable	**527**	881	**—**	—	**527**	881
— promissory note receivable	**3,520**	5,901	**—**	—	**3,520**	5,901
Gain on disposal of property, plant and equipment	**—**	20	**—**	—	**—**	20
	4,047	6,802	**—**	—	**4,047**	6,802
	17,346	11,905	**—**	512	**17,346**	12,417

7. (Loss)/profit from operations

(Loss)/profit from operations has been arrived after charging:

	Continuing operations		Discontinued operations		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Auditors' remuneration	**600**	600	**—**	—	**600**	600
Depreciation of property, plant and equipment	**423**	533	**—**	1,293	**423**	1,826
Impairment loss recognised in respect of trade receivables	**—**	396	**—**	—	**—**	396
Share-based payment expenses in respect of consultancy services	**671**	1,330	**—**	—	**671**	1,330
Operating lease rentals in respect of rented premises	**2,845**	1,403	**—**	19	**2,845**	1,422
Staff costs including directors' remuneration						
— salaries	**1,779**	6,394	**—**	942	**1,779**	7,336
— contributions to retirement benefits scheme	**45**	110	**—**	—	**45**	110
— share-based payment expenses	**1,639**	2,399	**—**	—	**1,639**	2,399
	3,463	8,903	**—**	942	**3,463**	9,845

8. Finance costs

	Continuing operations		Discontinued operations		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest expense on secured bank loan wholly repayable within five years	**—**	—	**—**	5,678	**—**	5,678
Imputed interest expense on convertible notes payable	**3,041**	8,086	**—**	—	**3,041**	8,086
	3,041	8,086	**—**	5,678	**3,041**	13,764

9. Income tax (expense)/credit

Income tax recognised in profit or loss

	Continuing operations		Discontinued operations		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Current tax expense	**(531)**	—	**—**	—	**(531)**	—
Deferred taxation	**168**	14,493	**—**	(601)	**168**	13,892
	(363)	14,493	**—**	(601)	**(363)**	13,892

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 December 2010.

No provision for Macao Complementary Profits Tax has been made for the year ended 31 December 2010 (2009: Nil) as the Group has no estimated assessable profits.

10. (Loss)/earnings per share

The calculation of basic and diluted (loss)/earnings per share attributable to owners of the Company is based on the following data:

	2010	2009
	HK$'000	*HK$'000*
(Loss)/earnings for the year attributable to owners of the Company		
From continuing operations	**(356,457)**	422,138
From discontinued operations	**—**	(5,576)
From continuing and discontinued operations	**(356,457)**	416,562

	2010	2009
	'000	*'000*
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	**580,028**	106,850

11. Trade receivables

	2010	2009
	HK$'000	*HK$'000*
0-30 days	**5,859**	6,022
31-60 days	**—**	—
61-90 days	**—**	—
Over 90 days	**396**	396
	6,255	6,418
Less: Impairment loss recognised	**(396)**	(396)
	5,859	6,022

FINAL DIVIDEND

The directors of the Company do not recommend the payment of a final dividend for the year ended 31 December 2010 (2009: Nil). An interim dividend of HK$0.03 per share was paid on 1 November 2010 (2009: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Results of operations

During the year ended 31 December 2010, the Group recorded a revenue of HK$78,200,000, a 4.67% increase from HK$74,711,000 for the previous year. Of the total turnover amount, HK$73,610,000 was generated from provision of management services and HK$4,590,000 was generated from sales of financial assets. Loss for the year ended 31 December 2010 amounted to HK$356,457,000, whereas the Group recorded a profit of HK$416,562,000 for the previous year. The deterioration was mainly attributable to a loss on deemed disposal of an associate of HK$537,615,000 which was partly offset by a gain on early repayment of promissory note receivable of HK$64,627,000 and a gain on early repayment of convertible notes receivable of HK$75,962,000.

Cost of sales for the year amounted to HK$632,000, which was wholly related to provision of management services. Based on the turnover of HK$73,610,000, the gross profit margin for provision of management services was 99.14%.

Other revenue and other income increased by 45.70% from HK$11,905,000 in the year ended 31 December 2009 to HK$17,346,000 in the year ended 31 December 2010. This increase was mainly attributable to the receipt of a compensation of HK$4,938,000 for a shortfall in service fee income guarantee given to the Group.

Administrative expenses (before depreciation and impairment loss recognised in respect of trade receivables) amounted to HK$13,943,000 for the year ended 31 December 2010, a 16.18% decrease from HK$16,634,000 for the previous year. This decrease was mainly attributable to the decreases in share-based payment expenses in respect of consultancy services and staff costs which were partly offset by the increases in legal and professional fees and office rental.

The directors reassessed the recoverable amounts of management services agreements held by the Group at the end of financial year of 2010 with reference to the valuations performed by an independent firm of professional valuers and, in light of the non-achievement of the service fee income guarantee for the 12-month ended 30 June 2010, an impairment loss on intangible assets of HK$4,856,000 was recognised.

During the year ended 31 December 2010, the Group ceased to have significant influence over China Star Film Group Limited ("China Star Film", now known as KH Investment Holdings Limited) and was deemed to dispose of its shareholding interest in China Star Entertainment Limited ("China Star Entertainment"). As a result, the Group discontinued to account for China Star Film and China Star Entertainment as associates. The Group reclassified its investments in China Star Film and China Star Entertainment as financial assets at fair value through profit or loss and available-for-sale financial assets, respectively. Accordingly, the Group recognised a loss on losing significant influence of an associate of HK$21,028,000, a loss on deemed disposal of an associate of HK$537,615,000 and a loss arising on change in fair value of available-for-sale financial assets of HK$14,280,000. Please refer to the section headed "Material disposals" below for more details.

During the year ended 31 December 2010, China Star Film and China Star Entertainment contributed losses of HK$543,000 and HK$8,828,000 to the Group respectively.

On 26 May 2010, the convertible notes receivable of HK$100,000,000 and the promissory note receivable of HK$100,000,000 were repaid by China Star Film before their maturity. The Group recorded a gain on early repayment of promissory note receivable of HK$64,627,000 and a gain on early repayment of convertible notes receivable of HK$75,962,000. In addition, the Group reassessed the fair value in respect of the conversion options embedded in the convertible notes receivable as at the date of repayment with reference to the valuation performed by an independent firm of professional valuers and recognised a gain arising on change in fair value of HK$1,525,000.

In October 2010, the Group sold 6,750,000 shares (the "Hantec Sale Shares") in Hantec Holdings Investment Limited ("Hantec") to Mr. Man Kong Yui at a consideration of HK$21,600,000. Taking into account the fair value of the consideration paid and the call option granted, the Group recorded a gain on disposal of available-for-sale financial assets of HK$7,579,000. Please refer to the sections headed "Material acquisition" and "Material disposals" below for more details.

During the year ended 31 December 2010, the Group recognised a gain arising on change in fair value of financial assets at fair value through profit or loss of HK$4,918,000, representing a gain of HK$3,150,000 arising from revaluating the Group's stocks portfolio at market prices and a gain of HK$1,768,000 arising from the bonus issue of warrants by China Star Entertainment.

To reduce its finance costs, the Company early redeemed the convertible notes of HK$72,000,000 payable to Well Will Investment Limited on 26 July 2010 and recognised a loss on early redemption of convertible notes payable of HK$1,062,000.

Finance costs decreased from HK$8,086,000 in the year ended 31 December 2009 to HK$3,041,000 in the year ended 31 December 2010. It was mainly attributable to the decrease in imputed interest expense on convertible notes payable resulted from the early redemption of convertible notes of HK$72,000,000 payable by the Company on 26 July 2010.

Liquidity and financial resources

During the year ended 31 December 2010, the Group mainly funded its operations through a combination of cash generated from operations, equity attributable to owners of the Company, convertible notes payable and issue of new shares. Equity attributable to owners of the Company decreased from HK$1,371,044,000 at 31 December 2009 to HK$1,344,663,000 at 31 December 2010.

At 31 December 2010, the cash and cash equivalents of the Group amounted to HK$989,625,000 (31 December 2009: HK$275,802,000). This increase was mainly attributable to the repayment of loan of HK$155,536,000 by上海昇平文化發展有限公司 ("Shanghai Shengping"), a subsidiary of China Star Film, the early repayment of convertible notes receivable of HK$100,000,000 and promissory note receivable of HK$100,000,000 by China Star Film and the fund raising activities conducted by the Company raising net proceeds of HK$350,230,000.

At 31 December 2010, the Group had no borrowings.

At 31 December 2010, the Group's net current assets and current ratio were HK$994,811,000 (31 December 2009: HK$450,386,000) and 80.09 (31 December 2009: 40.48), respectively.

Capital structure

During the year ended 31 December 2010, the capital structure of the Company had the following changes:

(a) on 16 April 2010, the Company issued 26,420,000 new shares credited as fully paid to Mr. Man Kong Yui for settling the consideration of HK$18,000,000 for acquiring the Hantec Sale Shares;

(b) on 29 April 2010, the Company issued 5,680,000 new shares at a price of HK$0.64 per share and 5,830,000 new shares at a price of HK$0.60 per share pursuant to the exercise of share options granted to the directors and the Group's employees and consultants;

(c) on 5 May 2010, the Company issued 990,000 new shares at a price of HK$0.60 per share and 1,600,000 new shares at a price of HK$0.64 per share pursuant to the exercise of share options granted to the Group's employees and consultants;

(d) on 10 June 2010, the Company issued 960,000 new shares at a price of HK$0.66 per share pursuant to the exercise of share options granted to an employee of the Group;

(e) on 23 July 2010, the Company issued 45,920,000 new shares at a price of HK$0.55 per share by way of placing of new shares under general mandate raising HK$24,900,000 (net of expenses) for general working capital of the Group; and

(f) on 29 September 2010, the Company issued 826,584,147 rights shares at a subscription price of HK$0.40 per share by way of rights issue to qualifying shareholders on the basis of three rights shares for every one existing share held on 3 September 2010 raising HK$325,330,000 (net of expenses) for funding the loan facility to be granted to a joint venture company.

Material acquisition

On 16 April 2010, the Group acquired the Hantec Sale Shares from Mr. Man Kong Yiu at a consideration of HK$18,000,000, which was settled by the Company in issuing 26,420,000 new shares credited as fully paid to Mr. Man. The fair value of the new shares issued was HK$14,003,000.

Material disposals

During the year ended 31 December 2010, the Group had the following material disposals:

(a) Following the resignation of Mr. Heung Wah Keung, a then executive director of the Company, as a director of China Star Film on 21 January 2010, the Group ceased to have significant influence over China Star Film. Accordingly, the Group accounted for its investment in China Star Film as financial assets at fair value through profit or loss, instead of an associate, and recognised a loss on losing significant influence of an associate of HK$21,028,000.

(b) On 13 Janury 2010, China Star Entertainment issued 52,790,000 new shares upon the exercise of shares options granted to its employees, which caused a dilution on the Group's interest in China Star Entertainment from 29.61% to 28.94%. The Group was deemed to dispose of 0.67% shareholding interest in China Star Entertainment and recognised a loss on deemed disposal of an associate of HK$10,790,000.

(c) On 11 February 2010, China Star Entertainment issued 540,000,000 new shares pursuant to a private placement causing a dilution on the Group's interest in China Star Entertainment from 28.94% to 23.54%. The Group was deemed to dispose of 5.40% shareholding interest in China Star Entertainment and recognised a loss on deemed disposal of an associate of HK$95,343,000.

(d) On 11 August 2010, China Star Entertainment issued 1,444,643,184 new shares pursuant to the rights issue proposed on 8 July 2010. As the Group did not take up its entitlement under the rights issue, the Group's interest in China Star Entertainment was diluted from 23.54% to 15.69% and ceased to have significant influence over China Star Entertainment. The Group has accounted for its investment in China Star Entertainment as available-for-sale financial assets, instead of an associate, and recognised a loss on deemed disposal of an associate of HK$431,482,000 and a loss arising on change in fair value of available-for-sale financial assets of HK$14,280,000.

(e) On 27 October 2010, Mr. Man Kong Yui exercised the call option, which was granted to him by the Group under the conditional sale and purchase agreement dated 31 March 2010, to require the Group to sell the Hantec Sale Shares to him at a consideration of HK$21,600,000. The disposal of the Hantec Sale Shares was completed on 28 October 2010 and the Group recognised a gain on disposal of available-for-sale financial assets of HK$7,579,000.

Loan to Shanghai Shengping

In May 2010, Shanghai Shengping fully repaid the loan of HK$155,536,000.

The loan was secured by a corporate guarantee given by China Star Film, interest-free and had no fixed terms of repayment.

Pledge of assets

At 31 December 2010, no assets of the Group were pledged.

Commitments

At 31 December 2010, the Group had no material commitments.

Exchange risk and hedging

During the year ended 31 December 2010, the majority of the Group's transactions, assets and liabilities are denominated in Hong Kong dollars. Accordingly, no financial instruments for hedging purposes have been used by the Group.

Contingent liabilities

At 31 December 2010, the Group had no material contingent liabilities.

Employees and remuneration policy

At 31 December 2010, the headcount of the Group was 10 (2009: 21). Staff costs (including directors' remuneration) amounted to HK$3,463,000 (2009: HK$8,903,000 for continuing operations; HK$942,000 for discontinued operations). In addition to basic salaries, provident fund and discretionary bonus, staff benefits include medical scheme and share options.

Operations Review

During the year ended 31 December 2010, no revenue was generated from the Group's film distribution business as the Group was not able to secure quality films at reasonable prices for distribution.

Due to Europe's sovereign debt and bank anxiety, equity markets were volatile in the second quarter of 2010, the Group has started to rebuild its stocks portfolio by investing in equities of Hong Kong small and medium capitalisation companies. Following the cessation of significant influence over China Star Film, the Group disposed of its entire investment in China Star Film on market in May 2010. As the Group did not take up any of its entitlement under the rights issue proposed by China Star Entertainment, the Group sold the nil-paid rights shares in China Star Entertainment on market in July 2010. The Group reported a profit of HK$4,590,000 for its sale of financial assets business in the year ended 31 December 2010.

During the year ended 31 December 2010, the Group's provision of management services business generated services fee income amounted to HK$73,610,000, a 21.69% increase as compared to the previous year. The increase was mainly due to a strong growth in Macau VIP gaming revenue in 2010. The directors believe that the strong growth in Macau VIP gaming revenue was a direct result of the Mainland China's economic growth coupled with a lending boom.

On 16 April 2010, the Group acquired the Hantec Sale Shares at a consideration of HK$18,000,000 from Mr. Man Kong Yui and granted the call option to Mr. Man to acquire the Hantec Sale Shares from the Group for a consideration of HK$21,600,000 within one year from the date of completion. Pursuant to the conditional sale and purchase agreement dated 31 March 2010, Mr. Man had given a dividend guarantee for not less than HK$1,800,000 per annum for the period from 16 April 2010, being the date of completion of the acquisition, to 30 June 2012. On 17 May 2010, Hantec notified the Group that the registration of the transfer of the Hantec Sale Shares had been declined pursuant to the articles of association of Hantec. On 20 May 2010, a trust deed was executed by Mr. Man as trustee in favour of the Group as beneficiary, pursuant to which Mr. Man had agreed to act as nominee for the Group in respect of the Hantec Sale Shares and to hold the Hantec Sale Shares on trust for the Group. On the same date, Mr. Man gave an undertaking in favour of the Group that he should procure the registration of transfer of the Hantec Sale Shares within six months from the date of the undertaking and, if he failed to procure the registration within the prescribed time, exercise the call option to acquire the Hantec Sale Shares from the Group at HK$21,600,000. As Mr. Man failed to procure the registration of transfer of the Hantec Sale Shares within the prescribed time, Mr. Man exercised the call option to acquire the Hantec Sale Shares from the Group at HK$21,600,000 on 27 October 2010. Taking into account the fair value of the consideration paid and the call option granted, the Group recognised a gain on disposal of the Hantec Sale Shares of HK$7,579,000. The Group also recognised a dividend income of HK$962,000 from the Hantec Sale Shares.

On 24 June 2010, the Group entered into a joint venture agreement with Yiu Hing International Limited ("Yiu Hing") relating to the formation of a joint venture company engaged in growing and sale of organic vegetables in Mainland China. Pursuant to the joint venture agreement, the joint venture company is owned as to 50% by the Group and as to 50% by Yiu Hing and each of the Group and Yiu Hing shall contribute HK$30,000,000 in cash as capital. As the joint venture company was not able to obtain the land use rights for growing organic vegetables within 60 days from the date of the joint venture agreement, the Company announced on 24 August 2010 that the joint venture agreement was ceased and determined. The capital of HK$30,000,000 contributed made by the Group was returned to the Group and Yiu Hing paid a compensation of HK$1,500,000 to the Group on that date.

With a view to expand into real estate business in Vietnam, the Group entered into a joint venture agreement with Campbell Shillinglaw & Partners (Vietnam) Limited ("Campbell") and Victory Peace Holdings Limited on 21 July 2010, pursuant to which the Group and Campbell have conditionally agreed to setting up a joint venture company, namely Victory Peace Holdings Limited, to engage in the business of conducting, development and investing into real estate and related projects in Vietnam. The joint venture company is held as to 90.1% by the Group and 9.9% by Campbell. On the same date, the Company and the joint venture company entered into the facility agreement, pursuant to which the Company has conditionally agreed to grant a revolving credit facility of HK$700,000,000 to the joint venture company to proceed with its business of conducting, development and investing into real estate and related projects in Vietnam. The formation of the joint venture company and the granting of revolving credit facility to the joint venture company were approved by the shareholders on 3 September 2010. As Campbell failed to obtain the relevant approvals and consents from the Vietnam Government in relation to its acquiring a 9.9% equity interest in the joint venture company on or before 31 December 2010, being the long stop date of the joint venture agreement, the joint venture agreement has lapsed with effect from 31 December 2010.

Future Prospects

The directors believe that the key risks of 2011 are slower-than-expected US GDP growth, intensified European sovereign debt crises, supply disruption from the Tohoku Earthquake and other troubles in the Western economies and they may disrupt equities markets over the course of 2011. The directors continue to see market weakness as an opportunity to the Group for building its portfolio for sustainable growth. The Group continues to adopt a prudence approach in investing equities to enhance the returns to its shareholders.

Despite the fact that the Macau VIP gaming revenue had a 70% growth in 2010, the directors believe that the grow in gaming revenue will be smoother in 2011 as Mainland China has already launched tightening measures to combat inflation. The directors expect that the overall performance of the Group's provision of management services business will report a mild growth in 2011.

Although the setting up of the joint venture company engaging in the business of conducting, development and investing into real estate and related projects in Vietnam was lapsed, the Group's business strategy in expanding into property investment and development business remains unchanged and the directors are actively seeking suitable property projects for the Group. The directors are also active in identifying potential investment targets and expanding new business activities for distributing constant real returns to the Company's shareholders.

Events after the Reporting Period

On 21 January 2011, the Company and China Star Entertainment entered into a subscription agreement pursuant to which China Star Entertainment has conditionally agreed to issue and the Company has conditionally agreed to subscribe or procure subscription for the convertible bonds in the maximum principal amount of HK$650,000,000 in two tranches at their face value. The convertible bonds are unsecured, interest bearing at 8% per annum and maturing on the fifth anniversary of the date of their issue. The convertible bonds carry rights entitling the Company to convert their principal amount into shares in China Star Entertainment at an initial conversion price of HK$0.08 per share (subject to adjustment). The subscription of the convertible bonds constitutes a major transaction and the conversion of the convertible bonds constitutes a very substantial acquisition for the Company under the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Accordingly, the subscription and the conversion of the convertible bonds are subject to the notification, publication and shareholders' approval requirements. Please refer to the Company's announcement dated 9 February 2011 for details.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company had complied with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2010, except for:

(a) Code provision A.2.1 of the Code requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Following the resignation of Mr. Heung Wah Keung and Ms. Chen Ming Yin, Tiffany as executive directors of the Company on 1 February 2010, Mr. Lei Hong Wai has taken up the roles of the Chairman of the Board and the Chief Executive Officer of the Company. Mr. Lei possesses essential leadership skills and has extensive experience in corporate management and business development. The Board is of the view that currently vesting the roles of the Chairman and the Chief Executive Officer in the same person provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long term business strategies; and

(b) Code provision A.4.1 of the Code requires that non-executive directors should be appointed for a specific term, subject to re-election. The term of office for the non-executive directors of the Company is subject to retirement from office by rotation and is eligible for re-election in accordance with the provisions of the Company's bye-laws. At each annual general meeting, one-third of the directors for the time being, (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation. As such, the Company considers that such provision is sufficient to meet the underlying objective of this code provision.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules for securities transactions by the directors of the Company. All the members of the Board have confirmed that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2010.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2010.

REVIEW OF FINANCIAL INFORMATION

The audit committee of the Company has reviewed this annual results announcement and the annual report of the Company for the year ended 31 December 2010.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the websites of the Company (www.eternityinv.com.hk) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2010 containing all the information required by the Listing Rules will be dispatched to shareholders of the Company and make available on the abovementioned websites in due course.

By Order of the Board
Lei Hong Wai
Chairman

Hong Kong, 25 March 2011

As at the date of this announcement, the Board comprises three executive directors namely, Mr. Lei Hong Wai, Mr. Cheung Kwok Wai, Elton and Mr. Chan Kin Wah, Billy and; and three independent non-executive directors namely, Mr. Tang Chak Lam, Gilbert, Mr. Hung Hing Man and Mr. Wan Shing Chi.