ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

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 2012 together with the comparative figures for 2011 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012

	Notes	**2012** **_HK$'000_**	2011 *HK$'000*
Turnover	*5*	**67,442**	79,174
Cost of sales		—	(14)
Gross profit		**67,442**	79,160
Investment and other income	*6*	**2,601**	15,411
Other gains and losses	*7*	**163,131**	(260,687)
Administrative expenses		**(23,752)**	(21,738)
Share of results of associates		**(1,928)**	—
Profit/(loss) from operations	*8*	**207,494**	(187,854)
Finance costs		—	—
Profit/(loss) before taxation		**207,494**	(187,854)
Income tax (expense)/credit	*9*	**(1,236)**	32,598
Profit/(loss) for the year		**206,258**	(155,256)
Profit/(loss) attributable to:			
Owners of the Company		**206,259**	(155,255)
Non-controlling interests		**(1)**	(1)
		206,258	(155,256)
Earnings/(loss) per share	*10*		(Restated)
Basic		**HK92.38cents**	HK(174.22)cents
Diluted		**HK92.34cents**	HK(174.22)cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	2012	2011
	HK$'000	*HK$'000*
Profit/(loss) for the year	**206,258**	(155,256)
Other comprehensive income for the year (after tax and reclassification adjustments):		
Net gain/(loss) arising on revaluation of available-for-sale financial assets	**57,129**	(44,780)
Total comprehensive income/(loss) for the year	**263,387**	(200,036)
Total comprehensive income/(loss) attributable to:		
Owners of the Company	**263,388**	(200,035)
Non-controlling interests	**(1)**	(1)
	263,387	(200,036)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**301**	630
Investment properties		**21,940**	442,920
Intangible assets		**5,722**	43,940
Interests in associates		**43,259**	—
Convertible notes receivables		**323,160**	289,857
Available-for-sale financial assets		**129,671**	59,132
		524,053	836,479
Current assets			
Trade receivables	*11*	**41**	4,844
Loans receivables	*12*	**60,753**	—
Deposits, prepayments and other receivables		**14,815**	15,282
Amount due from an associate		**3,528**	2,003
Financial assets at fair value through profit or loss		**25,199**	47,038
Convertible notes receivables		**—**	64,872
Conversion options embedded in convertible notes receivables		**74,256**	75,282
Cash and cash equivalents		**297,967**	217,632
		476,559	426,953
Assets classified as held for sale		**603,000**	—
Total assets		**1,603,612**	1,263,432
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**2,574**	79,344
Reserves		**1,519,380**	1,158,292
Equity attributable to owners of the Company		**1,521,954**	1,237,636
Non-controlling interests		**(2)**	(1)
Total equity		**1,521,952**	1,237,635

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

At 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
LIABILITIES			
Current liabilities			
Accruals, deposit received and other payables		**68,200**	11,787
Trade deposits received		**—**	477
Rental deposits received		**1,595**	3,113
Tax payable		**9,533**	3,513
		79,328	18,890
Non-current liabilities			
Deferred taxation		**2,332**	6,907
Total liabilities		**81,660**	25,797
Total equity and liabilities		**1,603,612**	1,263,432
Net current assets		**1,000,231**	408,063
Total assets less current liabilities		**1,524,284**	1,244,542

Notes:

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (the "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). In addition, the consolidated financial statements include 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 on the historical cost basis except for certain properties and financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The preparation of consolidated financial statements in conformity with the 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 record 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, for the first time, a number of new standards, amendments and interpretations issued by the HKICPA (hereinafter collectively referred to as the "**new and revised HKFRSs**"), which are effective for the Group's financial year beginning 1 January 2012.

HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets

Except as described below, the adoption of the new and revised HKFRSs has had no material impact on the Group's financial performance and positions for the current and prior year and/or the disclosures set out in the consolidated financial statements.

Amendments to HKFRS 7 Disclosures – Transfers of Financial Assets

The Group has applied the amendments to HKFRS 7 Disclosures – Transfers of Financial Assets in the current year. The amendments increase the disclosure requirements for transactions involving the transfer of financial assets in order to provide greater transparency around risk exposures when financial assets are transferred.

The directors of the Company anticipate that the application of the amendments to HKFRS 7 will affect the Group's disclosures regarding transfers of financial assets in the future.

3. New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (Revised in 2011)	Employee Benefits[2]
HKAS 27 (Revised in 2011)	Separate Financial Statements[2]
HKAS 28 (Revised in 2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[3]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle[2]
HKFRS 1 (Amendments)	Government Loan[2]
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
HKFRS 9	Financial Instruments[4]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

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

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at 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 reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in the consolidated income statement.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that 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 recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in the consolidated income statement. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to the consolidated income statement. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in the consolidated income statement.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 after 1 January 2015.

The directors of the Company are in the process of assessing the potential impact of adopting HKFRS 9 but are not yet in a position to determine whether HKFRS 9 will have a significant impact on how the Group's consolidated financial statements.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

- HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. HK (SIC)-Int 12 Consolidation – Special Purpose Entities will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

- HKFRS 11 replaces HKAS 31 Interests in Joint Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC) – Int 13 Jointly Controlled Entities – Non-monetary Contributions by Venturers will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

- HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided all of these standards are applied at the same time.

The directors of the Company anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. The application of HKFRS 10 may result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated (e.g. the Group's investment in associates may become the Group's subsidiaries based on the new definition of control and the related guidance in HKFRS 10). In addition, the application of HKFRS 11 may result in changes in the accounting of the Group's jointly controlled entities that are currently accounted for using proportionate consolidation. Under HKFRS 11, those jointly controlled entities will be classified as a joint operation or joint venture, depending on the rights and obligations of the parties to the joint arrangement.

The directors of the Company are currently assessing the impact of these new HKFRSs but it is expected that the overall impact of HKFRS 10 on the consolidated financial statements is immaterial.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that the application of the new standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKFRS 7 and HKAS 32 Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors of the Company anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

HKAS 19 (Revised in 2011) Employee Benefits

The amendments to HKAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of HKAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

The amendments to HKAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in June 2012

The Annual Improvements to HKFRSs 2009 – 2011 Cycle include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include:

- amendments to HKAS 16 Property, Plant and Equipment; and
- amendments to HKAS 32 Financial Instruments: Presentation.

Amendments to HKAS 16

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors of the Company do not anticipate that the amendments to HKAS 16 will have a significant effect on the Group's consolidated financial statements.

Amendments to HKAS 32

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. The directors of the Company anticipate that the amendments to HKAS 32 will have no effect on the Group's consolidated financial statements as the Group has already adopted this treatment.

Save as disclosed above, the directors of the Company anticipate that the application of the above new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

4. Operating segments

The Group's reportable segments have been determined based on the information reported to the Chairman of the Board, being chief operating decision maker, that are used for performance assessment and to make strategic decisions. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's reportable segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other reportable segments. The Group currently has five reportable segments:

(i)	Distribution	Distribution of films and sub-licensing of film rights
(ii)	Property investment	Leasing of rental properties
(iii)	Sale of financial assets	Sale 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
(v)	Money lending	Money lending

An analysis of the Group's reportable segment results, assets, liabilities and other selected financial information for the years ended 31 December 2012 and 2011 by operating segment are as follows:

For the year ended 31 December 2012

	Distribution *HK$'000*	Property investment *HK$'000*	Sale of financial assets *HK$'000*	Provision of management services *HK$'000*	Money lending *HK$'000*	Consolidated *HK$'000*
Revenue						
Revenue from external customers	**—**	**5,930**	**649**	**51,078**	**9,785**	**67,442**
Results						
Segment results for reportable segment	**—**	**5,930**	**649**	**51,078**	**9,785**	**67,442**
Investment and other income						**2,601**
Administrative expenses						**(23,752)**
Finance costs						**—**
Share of results of associates						**(1,928)**
Profit before taxation						**44,363**
Income tax expense						**(1,236)**
Core profit for the year (excluding major non-cash items)						**43,127**
Major non-cash items						
— Gain arising on change in fair value of conversion options embedded in convertible notes receivables						**42**
— Gain arising on change in fair value of investment properties						**168,592**
— Gain on a bargain purchase						**32**
— Impairment loss recognised in respect of amount due from an associate						**(3,865)**
— Impairment loss recognised in respect of an associate						**(6,137)**
— Impairment loss recognised in respect of intangible assets						**(38,218)**
— Imputed interest income on convertible notes receivables						**50,086**
— Loss arising on change in fair value of financial assets at fair value through profit or loss						**(5,169)**
— Loss arising on early redemption of convertible notes receivables						**(1,930)**
— Loss on disposal of property, plant and equipment						**(302)**
						206,258

For the year ended 31 December 2012

	Distribution *HK$'000*	Property investment *HK$'000*	Sale of financial assets *HK$'000*	Provision of management services *HK$'000*	Money lending *HK$'000*	Consolidated *HK$'000*
Assets and liabilities						
Assets						
Segment assets for reportable segment						
— Hong Kong	339	717,539	155,268	—	64,577	937,723
— Macau	—	—	—	6,093	—	6,093
	339	717,539	155,268	6,093	64,577	943,816
Unallocated corporate assets						659,796
Consolidated total assets						1,603,612
Liabilities						
Segment liabilities for reportable segment						
— Hong Kong	—	(60,363)	(5)	—	—	(60,368)
— Macau	—	—	—	(2,321)	—	(2,321)
	—	(60,363)	(5)	(2,321)	—	(62,689)
Unallocated corporate liabilities						(18,971)
Consolidated total liabilities						(81,660)

	Distribution *HK$'000*	Property investment *HK$'000*	Sale of financial assets *HK$'000*	Provision of management services *HK$'000*	Money lending *HK$'000*	Consolidated *HK$'000*
Other segment information						
Depreciation and amortisation						
— reportable segment	—	17	218	—	—	235
— unallocated expenses						5
						240
Additions to non-current assets (other than financial instruments and deferred tax assets)	—	21,680	—	—	—	21,680

For the year ended 31 December 2011

	Distribution *HK$'000*	Property investment *HK$'000*	Sale of financial assets *HK$'000*	Provision of management services *HK$'000*	Money lending *HK$'000*	Consolidated *HK$'000*
Revenue						
Revenue from external customers	—	281	—	78,893	—	79,174
Results						
Segment results for reportable segment	—	267	—	78,893	—	79,160
Investment and other income						15,411
Administrative expenses						(21,738)
Finance costs						—
Share of results of associates						—
Profit before taxation						72,833
Income tax credit						32,598
Core profit for the year (excluding major non-cash items)						105,431
Major non-cash items						
— Gain arising on change in fair value of conversion options embedded in convertible notes receivables						262
— Gain arising on change in fair value of investment properties						1,412
— Gain on a bargain purchase						52,837
— Gain on disposal of subsidiaries						422
— Impairment loss recognised in respect of intangible assets						(290,741)
— Impairment loss recognised in respect of property, plant and equipment						(467)
— Imputed interest income on convertible notes receivables						18,478
— Loss arising on change in fair value of financial assets at fair value through profit or loss						(42,772)
— Written off of property, plant and equipment						(118)
						(155,256)

For the year ended 31 December 2011

	Distribution *HK$'000*	Property investment *HK$'000*	Sale of financial assets *HK$'000*	Provision of management services *HK$'000*	Money lending *HK$'000*	Consolidated *HK$'000*
Assets and liabilities						
Assets						
Segment assets for reportable segment						
— Hong Kong	411	446,219	124,419	—	—	571,049
— Macau	—	—	—	48,785	—	48,785
	411	446,219	124,419	48,785	—	619,834
Unallocated corporate assets						643,598
Consolidated total assets						1,263,432
Liabilities						
Segment liabilities for reportable segment						
— Hong Kong	(578)	(5,194)	(542)	—	—	(6,314)
— Macau	—	—	—	(5,273)	—	(5,273)
	(578)	(5,194)	(542)	(5,273)	—	(11,587)
Unallocated corporate liabilities						(14,210)
Consolidated total liabilities						(25,797)

	Distribution *HK$'000*	Property investment *HK$'000*	Sale of financial assets *HK$'000*	Provision of management services *HK$'000*	Money lending *HK$'000*	Consolidated *HK$'000*
Other segment information						
Depreciation and amortisation						
— reportable segment	—	—	226	—	—	226
— unallocated expenses						2
						228
Additions to non-current assets (other than financial instruments and deferred tax assets)	—	442,920	—	—	—	442,920

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2011: Nil).

Segment results represent profit earned/(loss incurred) by each segment without allocation of central administrative expenses including directors' remuneration, share of results of associates, investment and other income, other gains and losses, 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 interests in associates, goodwill, convertible notes receivables, conversion options embedded in convertible notes receivables and amount due from an associate that are not attributable to individual segments. Assets used jointly by individual segments are allocated on the basis of the revenues earned by individual segments; and

— all liabilities are allocated to reportable segments other than current tax liabilities and other financial liabilities that are not attributable to individual segments. 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 external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		**Non-current assets**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**16,364**	281	**518,331**	792,539
Macau	**51,078**	78,893	**5,722**	43,940
	67,442	79,174	**524,053**	836,479

Information about major customers

Included in revenue arising from provision of management services of HK$51,078,000 (2011: HK$78,893,000) are revenue of HK$49,913,000 (2011: HK$73,743,000) which arose from services fee income received and receivable from the Group's largest customer.

5. Turnover

	2012	2011
	HK$'000	*HK$'000*
Sale of financial assets at fair value through profit or loss, net *(note)*	**649**	—
Interest income on loans	**9,785**	—
Rental income	**5,930**	281
Services fee income	**51,078**	78,893
	67,442	79,174

Note:

The turnover from sale of financial assets at fair value through profit or loss is recorded on a net basis.

An analysis of the turnover from sale of financial assets at fair value through profit or loss is as follows:

	2012	2011
	HK$'000	*HK$'000*
Proceeds from sale of financial assets at fair value through profit or loss	**11,400**	—
Cost of financial assets at fair value through profit or loss	**(10,751)**	—
	649	—

6. Investment and other income

	2012	2011
	HK$'000	*HK$'000*
Dividend income	**—**	8,844
Gain on disposal of an investment property	**640**	—
Interest income on bank deposits	**1,375**	5,820
Sundry income	**586**	747
	2,601	15,411

7. Other gains and losses

	2012	2011
	HK$'000	*HK$'000*
Gain arising on change in fair value of conversion options embedded in convertible notes receivables	**42**	262
Gain arising on change in fair value of investment properties	**168,592**	1,412
Gain on a bargain purchase	**32**	52,837
Gain on disposal of subsidiaries	**—**	422
Impairment loss recognised in respect of amount due from an associate	**(3,865)**	—
Impairment loss recognised in respect of an associate	**(6,137)**	—
Impairment loss recognised in respect of intangible assets	**(38,218)**	(290,741)
Impairment loss recognised in respect of property, plant and equipment	**—**	(467)
Imputed interest income on convertible notes receivables	**50,086**	18,478
Loss arising on change in fair value of financial assets at fair value through profit or loss	**(5,169)**	(42,772)
Loss arising on early redemption of convertible notes receivables	**(1,930)**	—
Loss on disposal of property, plant and equipment	**(302)**	—
Written off of property, plant and equipment	**—**	(118)
	163,131	(260,687)

8. Profit/(loss) from operations

Profit/(loss) from operations has been arrived after charging:

	2012	2011
	HK$'000	*HK$'000*
Auditor's remuneration	**680**	680
Amortisation of intangible assets	**—**	2
Depreciation of property, plant and equipment	**240**	226
Loss on disposal of property, plant and equipment	**302**	—
Share-based payment expenses in respect of consultancy services	**1,284**	—
Operating lease rentals in respect of rental premises	**2,295**	2,592
Staff costs including directors' remuneration		
— salaries and other allowances	**9,953**	4,140
— contributions to retirement benefits scheme	**95**	77
— share-based payment expenses	**608**	1,300
	10,656	5,517

9. Income tax (expense)/credit

Income tax recognised in the consolidated income statement:

	2012	2011
	HK$'000	*HK$'000*
Current tax expense	**(5,811)**	(2,283)
Deferred taxation	**4,575**	34,881
	(1,236)	32,598

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

No provision for Macao Complementary Profits Tax has been made for the year ended 31 December 2012 (2011: Nil) as the Group has no estimated assessable profits.

10. Earnings/(loss) per share

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

	2012	2011
	HK$'000	*HK$'000*
Profit/(loss) for the year attributable to owners of the Company	**206,259**	(155,255)

	2012	2011
	'000	*'000*
		(Restated)
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**223,278**	89,113
Effect of dilutive potential ordinary shares:		
Share options	**83**	—
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**223,361**	89,113

The weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings/(loss) per share for both years have been adjusted for the capital reorganisation in May 2012. In addition, the weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share for the year ended 31 December 2011 has been adjusted for the open offer of the Company's new ordinary shares in August 2011.

Diluted loss per share for the year ended 31 December 2011 was the same as the basic loss per share as the Company's outstanding share options were anti-dilutive or had no dilutive effect.

11. Trade receivables

	2012	2011
	HK$'000	*HK$'000*
0-30 days	**41**	4,844
31-60 days	**—**	—
61-90 days	**—**	—
Over 90 days	**396**	396
	437	5,240
Less: impairment loss recognised	**(396)**	(396)
	41	4,844

The Group allows an average credit period of 90 days to its customers.

12. Loans receivables

	2012	2011
	HK$'000	*HK$'000*
Loans to customers	**52,141**	—
Accrued interest receivables	**8,612**	—
	60,753	—
Less: impairment loss recognised	**—**	—
	60,753	—

All term loans and advances are denominated in Hong Kong Dollars. The loans receivables carry fixed effective interest ranging approximately from 8% to 48% per annum. A maturity profile of the loans receivables (net of impairment allowance, if any) at 31 December 2012 and 2011, based on the maturity date is as follows:

	2012	2011
	HK$'000	*HK$'000*
Within one year	**60,753**	—

At 31 December 2012, certain term loans amounted to approximately HK$4,103,000 are secured by the pledge of customers' properties at fair value of approximately HK$21,920,000.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2012 (2011: Nil).

MANAGEMENT ANALYSIS & DISCUSSION

Financial Review

Results of operations

The Group recorded a turnover of HK$67,442,000 for the year ended 31 December 2012, a 14.82% decrease from HK$79,174,000 for the previous year. Of the total turnover amount, HK$51,078,000 or 75.74% was generated from provision of management services, HK$9,785,000 or 14.51% was generated from money lending, HK$5,930,000 or 8.79% was generated from property investment and HK$649,000 or 0.96% was generated from sale of financial assets. Profit attributable to owners of the Company for the year ended 31 December 2012 amounted to HK$206,259,000, whereas the Group recorded a loss of HK$155,255,000 for the previous year. The turnaround on the Group's performance was mainly attributable to a HK$252,523,000 decrease in impairment loss recognised in respect of intangible assets and a HK$167,180,000 increase in gain arising on change in fair value of investment properties.

Investment and other income decreased by 83.12% from HK$15,411,000 in the year ended 31 December 2011 to HK$2,601,000 in the year ended 31 December 2012. This decrease was attributable to the decrease in interest income on bank deposits and the absence of special dividend income from China Star Entertainment Limited ("**China Star**", stock code: 326).

Other gains and losses represent items of income and expense, which are material and/or extraordinary in nature. Major items of other gains and losses recorded during the year are as follows:

(a) the directors reassessed the fair value of investment properties held by the Group at the end of the reporting period with reference to the property valuations performed by the independent professional valuers and, in light of the recent increase in property prices in Hong Kong, a gain arising on change in fair value of investment properties of HK$168,592,000 was recognised;

(b) in the second half of 2011, the Group subscribed for the first tranche of convertible notes of HK$350,000,000 issued by China Star and the convertible notes of HK$75,000,000 issued by Culture Landmark Investment Limited ("**Culture Landmark**", stock code: 674) at their face value. In March 2012, the Group subscribed for a convertible note of HK$27,000,000 issued by Koffman Corporate Service Limited ("**Koffman**"), a Hong Kong private company, at its face value. Accordingly, the Group recognised an imputed interest income on convertible notes receivables of HK$50,086,000;

(c) on 3 August 2012, the Group acquired 29.00% interest in the issued share capital of China Media and Films Holdings Limited ("**China Media**", stock code: 8172) at a consideration of HK$51,324,000. At the end of the reporting period, the directors performed an impairment test for the Group's investment in China Media with reference to the market value of shares in China Media on 31 December 2012 and recognised an impairment loss in respect of an associate of HK$6,137,000;

(d) at the end of the reporting period, the directors also performed impairment tests for the carrying amounts of management services agreements held by the Group with reference to the valuations performed by the independent professional valuer and, in light of the management services agreement with Dore Entretenimento Sociedade Unipessoal Limitada ("**Dore**"), a licensed gaming promoter for Wynn Macau, terminated on 12 September 2012, an impairment loss on intangible assets of HK$37,835,000 was recognised. In addition, an impairment loss on intangible assets of HK$383,000 was also recognised for the remaining management services agreement held by the Group in light of a keen competition in Macau VIP gaming sector;

(e) the Group revalued its equity portfolio at market prices at the end of the reporting period and recognised a loss arising on change in fair value of financial assets at fair value through profit or loss of HK$5,169,000; and

(f) a wholly owned subsidiary of Spark Concept Group Limited ("**Spark Concept**", together with its subsidiaries, the "**Spark Concept Group**"), an associate company of the Company engaged in catering and trading, owed the Group an amount of HK$7,393,000 at 31 December 2012. In view of the net liabilities position of that subsidiary of Spark Concept, an impairment loss of HK$3,865,000 was recognised against the amount due from an associate.

Administrative expenses (before amortisation and depreciation) amounted to HK$23,512,000 for the year ended 31 December 2012, a 9.31% increase from HK$21,510,000 for the previous year. This increase was mainly attributable to the increase in directors' salaries and allowances, which was partly offset by the decrease in legal and professional fees.

During the period from 3 August 2012, being the date on which China Media became an associate company of the Company, to 31 December 2012, China Media and its subsidiaries reported a consolidated loss of HK$6,647,000 and contributed a loss of HK$1,928,000 to the Group.

For the year ended 31 December 2012, the Spark Concept Group reported a consolidated loss of HK$3,229,000. As the Group's share of post-acquisition losses equals to its interests in Spark Concept, the Group did not further recognise any shares of losses.

Liquidity and financial resources

During the year, the Group funded its operations through a combination of cash generated from operations, equity attributable to owners of the Company and issue of new shares. Equity attributable to owners of the Company increased from HK$1,237,636,000 at 31 December 2011 to HK$1,521,954,000 at 31 December 2012.

At 31 December 2012, the cash and cash equivalents of the Group amounted to HK$297,967,000 (2011: HK$217,632,000).

At 31 December 2012, the Group had no borrowings (2011: Nil).

Net current assets and current ratio

At 31 December 2012, the Group's net current assets and current ratio were HK$1,000,231,000 (2011: HK$408,063,000) and 13.61 (2011: 22.60), respectively.

Capital structure

During the year, the capital structure of the Company had the following changes:

(a) on 9 May 2012, the capital of the Company was reorganised involving (i) every 40 existing shares of HK$0.01 each in the issued share capital of the Company be consolidated into one share of HK$0.40 (the "**Consolidated Share**") (the "**Share Consolidation**"); (ii) the total number of the Consolidated Shares in the issued share capital of the Company be rounded down to a whole number by cancelling the fractional Consolidated Share arising from the Share Consolidation; (iii) the paid-up capital of each Consolidated Share be reduced from HK$0.40 to HK$0.01 by cancelling HK$0.39 (together with (ii) above are hereinafter referred to as the "**Capital Reduction**") so as to form a new share of HK$0.01; and (iv) the amount of credit arising in the accounts of the Company from the Capital Reduction be credited to the contributed surplus account of the Company;

(b) on 18 May 2012, the Company issued 39,670,000 new shares at a price of HK$0.32 per share by way of placing of new shares under specific mandate raising HK$12,338,000 (net of expenses) for financing possible property investment project of the Group and/or enhancing the Group's fixed income portfolio by subscribing high-yield convertible notes;

(c) on 20 December 2012, the Company issued 7,120,000 new shares at a price of HK$0.345 per share pursuant to the exercise of share options under the Company's share option scheme; and

(d) on 28 December 2012, the Company issued 12,300,000 new shares at a price of HK$0.345 per share pursuant to the exercise of share options under the Company's share option scheme.

Material acquisitions

During the year, the Group had the following material acquisitions:

(a) on 5 January 2012, the Group acquired the entire issued shares in and the sale loan due by Hong Kong Builders Finance Limited ("**Hong Kong Builders**") from Koffman Financial Group Limited at a consideration of HK$33,069,172. Hong Kong Builders is carrying on money lending business in Hong Kong;

(b) on 22 March 2012, the Group subscribed for the convertible note in the principal amount of HK$27,000,000 issued by Koffman. The convertible note is unsecured, non-interest bearing and maturing on 21 March 2015. Provided that the convertible note has not been redeemed, the whole convertible note shall automatically be converted into shares in Koffman upon the success of initial public offering of Koffman's shares at the price of initial public offering. Any amount of the convertible note which remains outstanding on the maturity date shall be redeemed by Koffman at its then outstanding principal amount plus a premium calculated at 20% of the then outstanding principal amount;

(c) on 3 August 2012, the Group acquired 146,640,000 shares in China Media, representing 29.00% of the issued share capital of China Media, from Culture Landmark at a consideration of HK$51,324,000;

(d) on 22 August 2012, the Group acquired two three-storey New Territories Small Houses located in Ma Yau Tong, Sai Kung, New Territories, Hong Kong at a total consideration of HK$21,438,000. These two three-storey New Territories Small Houses are held by the Group as long-term investments for rental purposes; and

(e) on 27 November 2012, the Group exercised the subscription rights attaching to the listed bonus warrants (warrant code: 1056) issued by China Star in the principal amount of HK$7,450,000 to subscribe for 35,990,338 new shares in China Star at an adjusted subscription price of HK$0.207 per share. The cash consideration for the subscription amounted to HK$7,450,000.

Material disposals

During the year, the Group had the following material disposals:

(a) on 27 April 2012, the Group disposed of its residential property located in Tseung Kwan O, New Territories, Hong Kong at a consideration of HK$7,950,000;

(b) on 28 May 2012, Culture Landmark early redeemed HK$23,000,000 of the convertible notes of HK$75,000,000 held by the Group at par;

(c) on 3 August 2012, Culture Landmark early redeemed the remaining balance of the convertible notes of HK$52,000,000 held by the Group at par; and

(d) on 20 November 2012, the Group as vendor entered into a preliminary sale and purchase agreement with Grand Reward Limited as purchaser relating to the sale and purchase of the whole of 1st floor and the flat roof, the whole of 6th to 12th floors, roof, external walls, two lavatories, three lorry parking spaces and eight private car parking spaces on the ground floor of an industrial building located in Kwun Tong, Kowloon, Hong Kong (the "**Kwun Tong Property**") at a consideration of HK$586,000,000. The proposed disposal of the Kwun Tong Property was approved by the shareholders on 9 January 2013 and has not been completed as at the date of this results announcement.

Pledge of assets

At 31 December 2012, no assets of the Group were pledged.

Commitments

At 31 December 2012, the Group had a total commitments of HK$309,000,000 relating to:

(a) the subscription of the second tranche of convertible notes to be issued by China Star in the aggregate principal amount of HK$300,000,000 pursuant to the conditional subscription agreement dated 21 January 2011. The subscription of the second tranche of convertible notes is conditional upon the fulfillment of the conditions precedent set out in the conditional subscription agreement, among other things, the availability of sufficient fund by the Company. On 29 June 2012, the completion date of subscription was extended from 30 June 2012 to 31 December 2013; and

(b) six building mortgages in the aggregate principal amount of HK$9,000,000 to be made to six individuals pursuant to six building mortgages entered into between Hong Kong Builders and the six individuals in February 2012.

Exchange risk and hedging

During the year, 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 2012, the Group had a material contingent liability relating to a claim brought by China Finance & Assets Management Limited ("**China Finance**") in the High Court Action No. 526 of 2010 against Rexdale Investment Limited, a wholly owned subsidiary of the Company, for failing to pay a service fee in the sum of HK$25,000,000 to China Finance.

No provision for the claim brought by China Finance was made in the consolidated financial statements of the Group for the year ended 31 December 2012 as Lafe Corporation Limited has undertaken to indemnify and keep indemnified the Group against any all losses, claims, damages, penalties, actions, demands, proceedings, judgment and costs arising from or in connection with the claim.

Employees and remuneration policy

At 31 December 2012, the headcount of the Group was 13 (2011: 12). Staff costs (including directors' remuneration) for the year ended 31 December 2012 amounted to HK$10,656,000 (2011: HK$5,517,000). 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 2012, 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. In order to revitalise the Group's film distribution business, the Group acquired a 29% interest in the issued share capital of China Media from Culture Landmark in August 2012. The Group's film distribution business has been waning over the last few years with management having a difficult time finding and sourcing quality films for distribution on commercially viable terms and profitability for the Group. As one of principal activities of China Media is film production, the directors believe that taking an investment in China Media enables the Group to (i) form a strategic alliance with Culture Landmark and China Media leveraging on each respective strengths; and (ii) secure a stable supply of films from China Media for distribution in Mainland China.

Hong Kong equities had a volatile year in 2012. With the European Central Bank's pledge to do whatever it takes to save Euro in July 2012, followed by the outright monetary transaction announced in September 2012, and improving economic data from Mainland China, Hong Kong equities have gained more than 15% since bottoming in June 2012. During the year, the Group did not make any investment in equities, but sought opportunities to realise its equities. In March 2012, the Group disposed of certain equities and recorded a gain of HK$649,000. During the year, the Group recorded a loss arising on change in fair value of HK$5,169,000 for its equities.

During the year, the Group's provision of management services business generated services fee income amounted to HK$51,078,000, a 35.26% decrease as compared to the previous year. This decrease not only reflects the termination of the management services agreement with Dore on 12 September 2012, but also a keen competition in Macau VIP gaming sector following the opening of Galaxy Macau in May 2011 and the first phase of Sands Cotai Central in April 2012, despite a 7.51% increase in Macau VIP gaming revenue in 2012 as compared to the previous year. Following the termination of the management services agreement with Dore, the Group continues to provide management services to the concierge department of a licensed gaming promoter pursuant to the remaining management services agreement held by it. Given that the Group has expertise in provision of management services available, the directors intended to explore opportunities in providing management services to the concierge departments of other gaming promoters in Macau in order to revitalise the Group's provision of management services business. However, in view of the keen competition in Macau VIP gaming sector, the directors have determined to cease the exploration. During the year, the Group recognised an impairment loss on intangible assets of HK$38,218,000.

During the year, the Group's property investment business generated a rental income of HK$5,930,000. In April 2012, the Group disposed of its residential property located in Tseung Kwan O, New Territories, Hong Kong at a consideration of HK$7,950,000 and recorded a gain on disposal of investment property of HK$640,000. In August 2012, the Group acquired two three-storey New Territories Small Houses located in Ma Yau Tong, Sai Kung, New Territories, Hong Kong at a total consideration of HK$21,438,000. These two three-storey New Territories Small Houses are held by the Group as long-term investments for rental purposes. All units of these two three-storey New Territories Small Houses have been rented out since the fourth quarter of 2012 at a monthly rental of HK$77,200. In October 2012, the Group disposed of its car parking space located in Tseung Kwan O, New Territories, Hong Kong by selling the entire issued share capital of Dynamic Eagle Investments Limited at a consideration of HK$686,000, which was determined based on the net assets value of Dynamic Eagle Investments Limited at 30 September 2012 adjusted for the fair value of the car parking space on that date, and recorded a gain on disposal of a subsidiary of HK$441. In November 2012, the Group as vendor entered into a preliminary sale and purchase agreement with Grand Reward Limited as purchaser relating to the sale and purchase of the Kwun Tong Property at a consideration of HK$586,000,000. The proposed disposal of the Kwun Tong Property was approved by the shareholders on 9 January 2013. As the proposed disposal has not yet been completed, the Kwun Tong Property was reclassified as "assets classified as held for sale" at 31 December 2012 for financial reporting purpose. It is expected that the proposed disposal will be completed in the second quarter of 2013. Despite the fact that the consideration for disposing of the Kwun Tong Property is reached at HK$586,000,000, the Kwun Tong Property is revalued upwards to its market value of HK$603,000,000 at 31 December 2012 in accordance with Hong Kong Accounting Standard 40 Investment Property. Given that the carrying value of the Kwun Tong Property of HK$603,000,000 at 31 December 2012 exceeds the consideration of HK$586,000,000 by HK$17,000,000, it is expected that the Group will record a loss on disposal of the Kwun Tong Property of HK$17,000,000 plus transaction costs to be incurred upon completion. During the year, the Group recognised a gain arising on change in fair value of investment properties of HK$168,592,000, in which HK$168,000,000 was related to the Kwun Tong Property.

With a view to diversify its revenue sources, the Group expanded into money lending business by acquiring the entire issued shares in and the sale loan due by Hong Kong Builders, a Hong Kong company engaged in money lending business, at a consideration of HK$33,069,172. As the net fair value of the identifiable assets of Hong Kong Builders exceeds the fair value of the consideration paid by HK$32,000, the Group recognised a gain on a bargain purchase of HK$32,000. Hong Kong Builders generated interest income on loans of HK$9,785,000 for the year. During the year, Hong Kong Builders granted new loans in the aggregate principal amount of HK$63,820,000 to customers and received loans repayments of HK$32,005,000. In February 2012, Hong Kong Builders entered into six building mortgages in the aggregate principal amount of HK$9,000,000 with six individuals. The drawdown of the building mortgages is expected to be taken place in the second quarter of 2013. At 31 December 2012, Hong Kong Builders' loans receivables together with accrued interest receivables amounted to HK$60,753,000.

For the purpose of creating a fixed income portfolio, the Group subscribed for the convertible notes of HK$350,000,000 and HK$75,000,000 issued by China Star and Culture Landmark respectively in 2011. In March 2012, the Group subscribed for the convertible note issued by Koffman in the principal amount of HK$27,000,000 at its face value. The convertible note issued by Koffman is unsecured, non-interest bearing and maturing on 21 March 2015. According to the terms of the convertible note issued by Koffman, the whole convertible note shall automatically be converted into shares in Koffman upon the success of initial public offering of Koffman's shares at the price of initial public offering, provided that the convertible note has not been redeemed. Any amount of the convertible note which remains outstanding on the maturity date shall be redeemed by Koffman at its then outstanding principal amount plus a premium calculated at 20% of the then outstanding principal amount. In May 2012, Culture Landmark early redeemed HK$23,000,000 of the convertible notes of HK$75,000,000 held by the Group at par. In August 2012, Culture Landmark early redeemed the remaining balance of the convertible notes of HK$52,000,000 at par. Accordingly, a loss arising on early redemption of convertible notes receivables of HK$1,930,000 was recorded. At 31 December 2012, the face value of the Group's fixed income portfolio amounted to HK$377,000,000, comprising the convertible notes receivable from China Star of HK$350,000,000 and the convertible note receivable from Koffman of HK$27,000,000. During the year, the Group's fixed income portfolio generated imputed interest income of HK$50,086,000 and a gain arising on change in fair value of conversion options embedded in convertible notes receivables of HK$42,000.

In June 2012, the board of directors of China Star proposed a conditional cash offer to repurchase shares in China Star at an offer price of HK$0.35 per share from its shareholders. Having regarded to the improvements of business prospects and core profit of China Star in the past few financial years, the directors considered that the offer price of HK$0.35 per share in was well below the value of shares in China Star. In addition, the directors believed that the conditional cash offer, if materialised, would lead to an enhancement of the net assets value and earnings per share in China Star. As such, the directors have determined to hold the shares in China Star for a longer time and the Group gave various irrevocable and unconditional undertakings to China Star for not accepting the conditional cash offer in order to facilitate the conditional cash offer.

Following the completion of the conditional cash offer, the board of directors of China Star proposed the bonus issue of shares and issue of bonus convertible notes for the purpose of fulfilling the minimum public float requirement in November 2012. At the request of China Star, the Group had elected to receive the bonus convertible notes in lieu of its entitlement to the bonus shares under the bonus issue to ensure the success of restoring public float by the bonus issue. The bonus convertible notes carry rights entitling the holders thereof to convert their principal amount into new shares in China Star at an initial conversion price of HK$0.01 per share (subject to adjustment). Subject to the minimum public float requirements of shares in China Star under the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), holders of the bonus convertible notes are entitled to exercise the conversion rights attaching to the bonus convertible notes at any time after their issue. The bonus convertible notes are non-redeemable and non-interest bearing. Subject to compliance with relevant laws, rules, regulations and requirements in Hong Kong and Bermuda, the bonus convertible notes have entitlement to (i) any cash dividend or distribution of any kind or any distribution of assets in specie paid or made by China Star, (ii) any capitalisation issue made by China Star and (iii) any issue shares or other securities by way of rights offered by China Star to its shareholders. Please refer to the prospectus of China Star dated 12 December 2012 for more details of the terms of the bonus convertible notes. As a result of electing to receive the bonus convertible notes, the Group received the bonus convertible notes in the aggregate principal amount of HK$6,079,806.76, instead of 607,980,676 bonus shares in China Star. The bonus convertible notes in the aggregate principal amount of HK$6,079,806.76 were accounted for as available-for-sale financial assets for financial reporting purpose. Given that the adjusted subscription price of the listed bonus warrants (warrant code: 1056) issued by China Star was well below the closing price of shares in China Star on 26 November 2012 by 50.71%, the Group exercised the subscription rights attaching to the listed bonus warrants in the principal amount of HK$7,450,000 to subscribe for 35,990,338 new shares in China Star at the adjusted subscription price of HK$0.207 per share. The cash consideration for the subscription amounted to HK$7,450,000. At 31 December 2012, the Group held 303,990,338 shares in China Star. During the year, the Group recognised a net gain arising on revaluation of available-for-sale financial assets of HK$57,129,000 in the consolidated statement of comprehensive income.

In the first half of 2012, the Spark Concept Group expanded their operations by opening a Japanese noodle shop in Central District and a European cuisine restaurant in Sheung Wan. The Spark Concept Group now has four operating arms, which are a fine dining restaurant, the European cuisine restaurant, the Japanese noodle shop and a wine trading company. Due to the rising in food and labour costs and the pre-operating expenses incurred, the Spark Concept Group reported a loss of HK$3,229,000 for the year. As the Group's share of post-acquisition losses equals to its interests in Spark Concept Group Limited, no further share of losses was recognised. To finance the capital expenditures for opening of the Japanese noodle shop and the European cuisine restaurant, each of the shareholders of Spark Concept made an interest-free advance to the Spark Concept Group according to its shareholding interest. In January 2012, the Group made a cash advance of HK$5,390,000 to Advance Top Limited, a wholly owned subsidiary of Spark Concept. At 31 December 2012, Advance Top Limited owed the Group an amount of HK$7,393,000, which is unsecured, interest-free and repayable on demand. In view of the net liabilities position of Advance Top Limited, an impairment loss of HK$3,865,000 was recognised against the amount due from Advance Top Limited.

Future Prospects

As the market grapples with the same issues that have hung over it for several years now: the Eurozone debt crisis, fragile state of economic recovery in the United States and fears of a slowdown in Mainland China, the outlook for 2013 remains uncertain and the directors expect periods of volatility in 2013. However, the directors recognise that an uncertainty outlook can often coincide with a good opportunity to invest. As such, the Group will continue to adopt a more conservative investment approach toward its sale of financial assets business for 2013.

Following the termination of the management services agreement with Dore on 12 September 2012, the Group continues to provide management services to the concierge department of a licensed gaming promoter pursuant to the remaining management services agreement held by it. As the competition in Macau VIP gaming sector is keen, the directors expect a relatively stable performance for the Group's provision of management services business in 2013.

For enriching its property investment portfolio, the Group acquired two three-storey New Territories Small Houses in August 2012. All units of these two three-storey New Territories Small Houses have been rented out since the fourth quarter of 2012. According to the terms of the proposed disposal, the Group shall deliver vacant possession of the Kwun Tong Property to Grand Reward Limited upon completion. In January 2013, the Group served three-month notices to the tenants of the Kwun Tong Property for terminating the tenancies for the purpose of completing the proposed disposal. Accordingly, the rental income of the Group's property investment business will be deteriorated after the first quarter of 2013. Despite the introduction of new measures by the Hong Kong Government and Hong Kong Monetary Authority for stabilising property prices in February 2013, the directors remain optimistic about Hong Kong properties as land is a scarce resource in Hong Kong and the land supply of Hong Kong is limited. As such, the directors will cautiously seek opportunity for investing other properties in order to enrich the Group's property investment portfolio and increase the Group's rental income.

Following the expansion into money lending business in the first quarter of 2012, a number of merchants and professionals have enquired the Group for obtaining short-term financings. The directors believe that there is a strong demand for short-term financings in Hong Kong and have determined to allocate more resources to expand the Group's money lending business in order to improve the Group's performance. Despite the determination for expanding its money lending business, the Group will adopt a cautious approach towards its assessment and approval of loans in order to reduce its credit risk.

Given that the outlook for 2013 remains uncertain, the Group will continue to cautiously monitor the business environment and continue to strengthen its business foundation by focusing on its the existing businesses to protect the interests of its shareholders. In addition to focusing on the Group's existing businesses in the next fiscal year, the directors will continue to cautiously identify suitable investment opportunities for the Group to diversify its businesses and broaden its revenue.

Events after the Reporting Period

Subsequent to 31 December 2012 and up to the date of this results announcement, the Group had the following material events:

(a) on 24 January 2013, the Company issued 47,000,000 new shares at a price of HK$0.645 per share by way of placing of new shares under general mandate raising HK$29,860,000 (net of expenses) for property investment in Hong Kong in order to enrich the Group's investment properties portfolio. Please refer to the Company's announcement dated 14 January 2013 for more details;

(b) on 18 February 2013, the Company proposed to seek approvals from its shareholders for (i) exercising the conversion rights attaching to the bonus convertible notes issued by China Star in the aggregate principal amount of HK$6,079,806.76 to convert their principal amount into 607,980,676 new shares in China Star and (ii) granting a mandate to the Company for disposing of the 303,990,338 shares in China Star that already held by the Group and the 3,524,647,342 new shares in China Star to be allotted and issued to the Group pursuant to the exercise of the conversion rights attaching to the bonus convertible notes and the convertible notes issued by China Star in the aggregate principal amount of HK$350,000,000. Please refer to the Company's announcement dated 18 February 2013 for more details;

(c) on 8 March 2013, the Group entered into a loan agreement with an individual. Pursuant to the loan agreement, the Group has conditionally agreed to grant an unsecured loan in the principal amount of HK$80,000,000 to the individual. The loan is unsecured, interest bearing at 8% per annum and maturing on the date falling on the second anniversary from the date of drawdown. Please refer to the Company's announcement dated 8 March 2013 for more details. The loan has not been drawn as at the date of this results announcement;

(d) on 13 March 2013, the Board announced the proposed issue of not less than 152,224,414 new shares and not more than 152,432,572 new shares of the Company by way of open offer to the qualifying shareholders for subscription at a price of HK$1.20 per share on the basis of one new share for every two existing shares held on 5 April 2013. The net proceeds from the open offer are estimated to be not less than HK$180,020,000 but not more than HK$180,270,000 and intended to be used for financing the expansion of the loan portfolio of the Group's money lending business and/or the potential subscription of the convertible bonds to be issued by a company listed on the Growth Enterprise Market of the Stock Exchange. Please refer to the Company's announcement dated 13 March 2013 for more details; and

(e) on 21 March 2013, the Group entered into a subscription agreement with China AU Group Holdings Limited ("**China AU**", stock code: 8176). Subject to the fulfillment of the conditions set out in the subscription agreement, the Group has agreed to subscribe for the convertible notes in the principal amount of HK$40,000,000 to be issued by China AU at their face value. The convertible notes are unsecured, non-interest bearing and maturing on the date falling on the 30 months from the date of their issue. The convertible notes carry rights entitling the holders thereof to convert their principal amount into new shares in China AU at an initial conversion price of HK$1.00 per share at any time prior to the maturity date. On the same date, the Group also entered into a loan agreement with China AU. Pursuant to the loan agreement, the Group has conditionally agreed to grant an unsecured loan in the principal amount of HK$40,000,000 to China AU. The loan is unsecured, interest bearing at 5% per annum and maturing on the date falling on the third anniversary from the date of drawdown. Please refer to the Company's announcement dated 21 March 2013 for more details.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company had complied with the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2012, except for:

(a) code provision A.2.1 requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the year, 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;

(b) code provision A.4.1 requires that non-executive directors should be appointed for a specific term, subject to re-election. All non-executive directors of the Company are not appointed for a specific term, but are subject to retirement from office by rotation and 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 less than one-third) shall retire from office by rotation, provided that every director shall be subject to retirement by rotation at least once every three years. As such, the Company considers that such provision is sufficient to meet the underlying objective of this code provision; and

(c) code provision A.6.7 requires that independent non-executive directors and other non-executive directors, as equal board members, should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Ng Heung Yan, an independent non-executive director of the Company, was not able to attend the annual general meeting of the Company held on 31 May 2012 due to another business engagement.

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 2012.

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 2012.

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 2012.

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 2012 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 2013

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; one non-executive director, namely, Mr. Cheung Kwok Fan; and three independent non-executive directors, namely, Mr. Wan Shing Chi, Mr. Ng Heung Yan and Mr. Wong Tak Chuen.