ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014

The board of directors (the "**Board**") of Eternity Investment Limited (the "**Company**") announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2014 together with the comparative figures for 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2014	2013
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Continuing operations			
Turnover	*3*	**30,920**	8,688
Cost of sales		**—**	—
Gross profit		**30,920**	8,688
Investment and other income	*4*	**2,104**	37,895
Other gains and losses	*5*	**13,557**	107,108
Administrative expenses		**(15,993)**	(16,841)
Share of results of associates		**(555)**	(1,764)
Profit from operations	*6*	**30,033**	135,086
Finance costs		**—**	—
Profit before taxation		**30,033**	135,086
Income tax expense	*7*	**(4,672)**	(2,404)
Profit for the period from continuing operations		**25,361**	132,682
Discontinued operation			
Profit/(loss) for the period from discontinued operation	*8*	**153**	(3,039)
Profit for the period		**25,514**	129,643

	Notes	Six months ended 30 June **2014** ***HK$'000*** **(Unaudited)**	2013 *HK$'000* (Unaudited)
Profit for the period attributable to:			
Owners of the Company		**25,515**	129,644
Non-controlling interests		**(1)**	(1)
		25,514	129,643
Interim dividend		**—**	—
Earnings/(loss) per share	*9*		
From continuing operations			
— Basic and diluted		**HK4.91 cents**	HK37.60 cents
From discontinued operation			
— Basic and diluted		**HK0.03 cent**	(HK0.86 cent)
From continuing and discontinued operations			
— Basic and diluted		**HK4.94 cents**	HK36.74 cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**25,514**	129,643
Other comprehensive income for the period		
Item that may be subsequently reclassified to profit or loss:		
Net (loss)/gain arising on revaluation of available-for-sale financial assets	**(733)**	60,191
Total comprehensive income for the period	**24,781**	189,834
Total comprehensive income for the period attributable to:		
Owners of the Company	**24,782**	189,835
Non-controlling interests	**(1)**	(1)
	24,781	189,834

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2014 HK$'000 (Unaudited)	At 31 December 2013 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**57**	89
Investment properties		—	—
Intangible assets		—	1,929
Interests in associates		—	46,916
Convertible notes receivables		**5,201**	24,602
Available-for-sale financial assets		**52,229**	172
Loans receivables	*11*	**671,000**	605,148
		728,487	678,856
Current assets			
Trade receivables	*10*	—	37
Loans receivables	*11*	**282,852**	168,476
Deposits, prepayments and other receivables		**312,858**	11,191
Amount due from an associate		**3,528**	3,528
Financial assets at fair value through profit or loss		**342,458**	49,046
Convertible notes receivables		—	200,840
Conversion options embedded in convertible notes receivables		**31,305**	77,572
Cash and cash equivalents		**252,065**	662,153
		1,225,066	1,172,843
Total assets		**1,953,553**	1,851,699
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**5,477**	4,567
Reserves		**1,918,611**	1,820,805
Equity attributable to owners of the Company		**1,924,088**	1,825,372
Non-controlling interests		**(4)**	(3)
Total equity		**1,924,084**	1,825,369

	Notes	At 30 June 2014 HK$'000 (Unaudited)	At 31 December 2013 HK$'000 (Audited)
LIABILITIES			
Current liabilities			
Accruals and other payables		**8,754**	10,056
Tax payable		**20,715**	16,043
		29,469	26,099
Non-current liability			
Deferred taxation		**—**	231
Total liabilities		**29,469**	26,330
Total equity and liabilities		**1,953,553**	1,851,699
Net current assets		**1,195,597**	1,146,744
Total assets less current liabilities		**1,924,084**	1,825,600

Notes:

1. Basis of preparation

The condensed consolidated financial statements for the six months ended 30 June 2014 have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2013.

The condensed consolidated financial statements have been prepared on the historical cost basis, except for intangible assets and certain financial instruments, which are measured at fair values.

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the audited consolidated financial statements of the Group for the year ended 31 December 2013, except as described below.

In the current period, 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 accounting period beginning 1 January 2014.

HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 39 (Amendments)	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
HKFRS 10, HKFRS 12 and HKAS 27 (Revised in 2011) (Amendments)	Investment Entities
HK(IFRIC) – Int 21	Levies

The application of the new and revised HKFRSs has no material effect on the condensed consolidated financial statements for the current or prior accounting periods.

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

HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[3]
HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions[1]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle[2]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle[1]
HKFRS 9	Financial Instruments[5]
HKFRS 9, HKFRS 7 and HKAS 39 (Amendments)	Hedge Accounting and Amendments to HKFRS 9, HKFRS 7 and HKAS 39[5]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[3]
HKFRS 14	Regulatory Deferral Accounts[3]
HKFRS 15	Revenue from Contracts with Customers[4]

1 Effective for annual periods beginning on or after 1 July 2014.
2 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
3 Effective for annual periods beginning on or after 1 January 2016.
4 Effective for annual periods beginning on or after 1 January 2017.
5 No mandatory effective date yet determined but is available for adoption.

The Group is in the process of assessing the potential impact of the new and revised HKFRSs but is not yet in a position to determine whether the new and revised HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. The new and revised HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

3. 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 the following reportable segments:

(a)	Distribution	Distribution of films and sub-licensing of film rights
(b)	Property investment	Leasing of rental properties
(c)	Sale of financial assets	Sale of financial assets at fair value through profit or loss
(d)	Money lending	Money lending

The segment of provision of management services was discontinued in the current period.

An analysis of the Group's reportable segment results, assets, liabilities and other selected financial information for the six months ended 30 June 2014 and 2013 by operating segments are as follow:

(a) Segment results, assets and liabilities

Six months ended 30 June 2014

	Continuing operations					Discontinued operation	
	Distribution *HK$'000* (Unaudited)	Property investment *HK$'000* (Unaudited)	Sale of financial assets *HK$'000* (Unaudited)	Money lending *HK$'000* (Unaudited)	Sub-total *HK$'000* (Unaudited)	Provision of management services *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Revenue							
Segment revenue from external customers	—	—	(5,037)	35,957	30,920	158	31,078
Results							
Segment profit/(loss)	115	1,053	(33,305)	35,499	3,362	153	3,515
Interest income on bank deposits					2,104	—	2,104
Unallocated corporate income					—	—	—
Unallocated corporate expenses					(16,457)	—	(16,457)
Finance costs					—	—	—
Gain arising on change in fair value upon conversion of convertible notes receivables					28,461	—	28,461
Gain on deemed disposal of an associate					7,669	—	7,669
Gain on disposal of subsidiaries					312	—	312
Gain on early redemption of convertible notes receivables					1,611	—	1,611
Imputed interest income on convertible notes receivables					7,670	—	7,670
Loss arising on change in fair value of conversion options embedded in convertible notes receivables					(4,144)	—	(4,144)
Share of results of associates					(555)	—	(555)
Profit before taxation					30,033	153	30,186
Income tax expense					(4,672)	—	(4,672)
Profit for the period					25,361	153	25,514

At 30 June 2014

	Continuing operations					Discontinued operation	
	Distribution *HK$'000* (Unaudited)	Property investment *HK$'000* (Unaudited)	Sale of financial assets *HK$'000* (Unaudited)	Money lending *HK$'000* (Unaudited)	Sub-total *HK$'000* (Unaudited)	Provision of management services *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Assets							
Segment assets for reportable segment							
— Hong Kong	271	1,636	643,151	953,852	1,598,910	—	1,598,910
— Macau	—	—	—	—	—	—	—
	271	1,636	643,151	953,852	1,598,910	—	1,598,910
Unallocated corporate assets							354,643
Consolidated total assets							1,953,553
Liabilities							
Segment liabilities for reportable segment							
— Hong Kong	—	(22)	(6)	(80)	(108)	—	(108)
— Macau	—	—	—	—	—	—	—
	—	(22)	(6)	(80)	(108)	—	(108)
Unallocated corporate liabilities							(29,361)
Consolidated total liabilities							(29,469)

Six months ended 30 June 2013

	Continuing operations					Discontinued operation	
	Distribution *HK$'000* (Unaudited)	Property investment *HK$'000* (Unaudited)	Sale of financial assets *HK$'000* (Unaudited)	Money lending *HK$'000* (Unaudited)	Sub-total *HK$'000* (Unaudited)	Provision of management services *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Revenue							
Segment revenue from external customers	—	3,332	33	5,323	8,688	277	8,965
Results							
Segment (loss)/profit	(14)	(842)	40,339	5,233	44,716	(3,490)	41,226
Interest income on bank deposits					1,402	—	1,402
Unallocated corporate income					14	—	14
Unallocated corporate expenses					(14,380)	—	(14,380)
Finance costs					—	—	—
Gain arising on change in fair value of conversion options embedded in convertible notes receivables					83,707	—	83,707
Gain on disposal of subsidiaries					588	—	588
Imputed interest income on convertible notes receivables					20,506	—	20,506
Reversal of impairment loss recognised in respect of interests in an associate					297	—	297
Share of results of associates					(1,764)	—	(1,764)
Profit/(loss) before taxation					135,086	(3,490)	131,596
Income tax (expense)/credit					(2,404)	451	(1,953)
Profit/(loss) for the period					132,682	(3,039)	129,643

At 31 December 2013

	Continuing operations					Discontinued operation	
	Distribution	Property investment	Sale of financial assets	Money lending	Sub-total	Provision of management services	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Assets							
Segment assets for reportable segment							
— Hong Kong	255	971	89,142	788,051	878,419	—	878,419
— Macau	—	—	—	—	—	1,967	1,967
	255	971	89,142	788,051	878,419	1,967	880,386
Unallocated corporate assets							971,313
Consolidated total assets							1,851,699
Liabilities							
Segment liabilities for reportable segment							
— Hong Kong	—	(29)	(2)	(181)	(212)	—	(212)
— Macau	—	—	—	—	—	(231)	(231)
	—	(29)	(2)	(181)	(212)	(231)	(443)
Unallocated corporate liabilities							(25,887)
Consolidated total liabilities							(26,330)

(b) Other segment information

Six months ended 30 June 2014

	Continuing operations						Discontinued operation	
	Distribution *HK$'000* (Unaudited)	Property investment *HK$'000* (Unaudited)	Sale of financial assets *HK$'000* (Unaudited)	Money lending *HK$'000* (Unaudited)	Unallocated *HK$'000* (Unaudited)	Sub-total *HK$'000* (Unaudited)	Provision of management services *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Amounts included in the measure of segment profit/(loss) and segment assets								
Depreciation of property, plant and equipment	—	8	24	—	—	32	—	32
Gain on disposal of property, plant and equipment	129	—	—	—	—	129	—	129
Loss arising on change in fair value of financial assets at fair value through profit or loss	—	—	(28,151)	—	—	(28,151)	—	(28,151)

Six months ended 30 June 2013

	Continuing operations						Discontinued operation	
	Distribution *HK$'000* (Unaudited)	Property investment *HK$'000* (Unaudited)	Sale of financial assets *HK$'000* (Unaudited)	Money lending *HK$'000* (Unaudited)	Unallocated *HK$'000* (Unaudited)	Sub-total *HK$'000* (Unaudited)	Provision of management services *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Amounts included in the measure of segment (loss)/profit and segment assets								
Additions to property, plant and equipment	—	12	—	—	—	12	—	12
Depreciation of property, plant and equipment	—	32	29	—	—	61	—	61
Dividend income	—	—	36,479	—	—	36,479	—	36,479
Gain arising on change in fair value of financial assets at fair value through profit or loss	—	—	3,950	—	—	3,950	—	3,950
Impairment loss recognised in respect of intangible assets	—	—	—	—	—	—	(3,762)	(3,762)
Loss arising on change in fair value of investment properties	—	(1,940)	—	—	—	(1,940)	—	(1,940)

(c) **Geographical segments – Turnover**

	Continuing operations Six months ended 30 June		**Discontinued operation Six months ended 30 June**	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Hong Kong	**30,920**	8,688	**—**	—
Macau	**—**	—	**158**	277
	30,920	8,688	**158**	277

Certain comparative figures have been reclassified to conform to the change of resources allocation in the current period.

4. Investment and other income

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Dividend income	**—**	36,479
Interest income on bank deposits	**2,104**	1,402
Sundry income	**—**	14
	2,104	37,895

5. Other gains and losses

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Gain arising on change in fair value upon conversion of convertible notes receivables	**28,461**	—
Gain on deemed disposal of an associate	**7,669**	—
Gain on disposal of property, plant and equipment	**129**	—
Gain on disposal of subsidiaries	**312**	588
Gain on early redemption of convertible notes receivables	**1,611**	—
Imputed interest income on convertible notes receivables	**7,670**	20,506
Loss arising on change in fair value of investment properties	—	(1,940)
(Loss)/gain arising on change in fair value of conversion options embedded in convertible notes receivables	**(4,144)**	83,707
(Loss)/gain arising on change in fair value of financial assets at fair value through profit or loss	**(28,151)**	3,950
Reversal of impairment loss recognised in respect of interest in an associate	—	297
	13,557	107,108

6. Profit from operations

Profit from operations has been arrived at after charging:

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Depreciation of property, plant and equipment	**32**	61
Operating lease rentals in respect of rented premises	**804**	1,100
Share-based payment expenses in respect of consultancy services	**3,377**	4,195
Staff costs including directors' emoluments:		
— salaries and other allowances	**8,225**	5,613
— contributions to retirement benefits scheme	**55**	53
— share-based payment expenses	**1,618**	2,886
	9,898	8,552

7. Income tax expense

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Current tax expense	**(4,672)**	(2,404)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2014 (six months ended 30 June 2013: 16.5%).

8. Discontinued operation

The provision of management services operation was disposed of on 11 June 2014.

The results and cash flows of the discontinued operation for the current and prior periods were as follows:

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Turnover	**158**	277
Impairment loss recognised in respect of intangible assets	**—**	(3,762)
Administrative expenses	**(5)**	(5)
Profit/(loss) from operation	**153**	(3,490)
Finance costs	**—**	—
Profit/(loss) before taxation	**153**	(3,490)
Income tax credit	**—**	451
Profit/(loss) for the period from discontinued operation	**153**	(3,039)
Net cash flow from operating activity	**—**	—

9. Earnings/(loss) per share

From continuing and discontinued operations

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company	**25,515**	129,644

	Number of ordinary shares	
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**515,999**	352,883

From continuing operations

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company	**25,362**	132,683

	Number of ordinary shares	
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**515,999**	352,883

From discontinued operation

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit/(loss) for the period attributable to owners of the Company	**153**	(3,039)

	Number of ordinary shares	
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	**515,999**	352,883

Diluted earnings/(loss) per share for the six months ended 30 June 2014 and 30 June 2013 were the same as the basic earnings/(loss) per share as the Company's outstanding share options were anti-dilutive and had no dilutive effect.

10. Trade receivables

	At 30 June 2014	At 31 December 2013
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 30 days	—	37
Over 90 days	—	396
	—	433
Less: impairment loss recognised	—	(396)
	—	37

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

11. Loans receivables

	At 30 June 2014	At 31 December 2013
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Loans to customers	**947,000**	763,186
Accrued interest receivables	**6,852**	10,438
	953,852	773,624
Less: impairment loss recognised	**—**	—
	953,852	773,624

All loans are denominated in Hong Kong Dollars. The loans receivables carry fixed effective interest ranging approximately from 2.5% to 30.0% per annum (for the year ended 31 December 2013: 2.5% to 48.0% per annum). A maturity profile of the loans receivables (net of impairment loss recognised, if any) at the end of the reporting period, based on the maturity date is as follows:

	At 30 June 2014	At 31 December 2013
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current assets		
Within one year	**282,852**	168,476
Non-current assets		
Over one year but within two years	**610,000**	605,148
Over two years but within five years	**61,000**	—
	953,852	773,624

At 30 June 2014, certain loans amounted to approximately HK$251,000,000 (31 December 2013: HK$315,148,000) are secured by personal guarantees, undated share charges and the pledge of the customers' properties at fair value of HK$Nil (31 December 2013: HK$258,600,000).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: HK$Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

On 11 June 2014, the Group disposed of the entire issued share capital of Rich Daily Group Limited ("**Rich Daily**"), a wholly owned subsidiary of the Company. The principal activity of Rich Daily is the provision of management services. Accordingly, the results of Rich Daily for the six months ended 30 June 2014 are presented separately as discontinued operation.

Profit attributable to owners of the Company for the six months ended 30 June 2014 from continuing and discontinued operations amounted to HK$25,515,000, an 80% decrease from HK$129,644,000 for the previous period.

Results of continuing operations

During the six months ended 30 June 2014, the Group recorded a revenue of HK$30,920,000, a 256% increase from HK$8,688,000 for the previous period. Of the total turnover, HK$35,957,000 was generated from money lending and a loss of HK$5,037,000 was generated from sale of financial assets. Profit for the six months ended 30 June 2014 from continuing operations amounted to HK$25,361,000, an 81% decrease from HK$132,682,000 for the previous period. This decrease was mainly attributable to the absence of the gain of HK$83,707,000 arising on change in fair value of conversion options embedded in convertible notes receivables recorded in the six months ended 30 June 2013 and a loss of HK$28,151,000 arising on change in fair value of financial assets at fair value through profit or loss for the six months ended 30 June 2014.

Investment and other income decreased by 94% from HK$37,895,000 in the six months ended 30 June 2013 to HK$2,104,000 in the six months ended 30 June 2014. This was attributable to the absence of the dividend income of HK$36,479,000 received from China Star Entertainment Limited ("**China Star**", stock code: 326) in May 2013.

Other gains and losses represent items of income and expenses, which are material and/or extraordinary in nature. Major items of other gains and losses recorded by the Group during the six months ended 30 June 2014 are as follows:

(a) On 28 March 2014, the Group converted the remaining HK$225,000,000 of the 8% convertible notes issued by China Star into 2,045,454,545 new shares in China Star. Given that the share price of China Star increased from HK$0.119 per share on 31 December 2013 to HK$0.151 per share on 28 March 2014, being the date of conversion, a gain of HK$28,461,000 arising on change in fair value upon conversion of convertible notes receivables was recognised.

(b) On 15 April and 17 June 2014, China Star Cultural Media Group Limited ("**China Star Cultural**", stock code: 8172 and formerly known as China Media and Films Holdings Limited), a then associated company of the Group, allotted and issued 100,000,000 and 300,000,000 new shares respectively. As a result, the Group's shareholding interest in China Star Cultural was diluted from 29.00% to 16.19%. Accordingly, China Star Cultural ceased to be an associated company of the Group on 17 June 2014 and a gain on deemed disposal of an associate of HK$7,669,000 was recognised.

(c) On 30 May 2014, Koffman Corporate Service Limited ("**Koffman**"), a Hong Kong private company, early redeemed the convertible notes of HK$27,000,000 issued to the Group at par. A gain on early redemption of convertible notes receivables of HK$1,611,000 was recognised.

(d) In the six months ended 30 June 2014, the convertible notes receivable from China Star, Koffman and EDS Wellness Holdings Limited ("**EDS Wellness**", stock code: 8176) generated imputed interest income of HK$7,670,000 to the Group.

(e) At the end of the reporting period, the carrying amount of the conversion options embedded in the convertible notes of HK$40,000,000 (the "**EDS Wellness Convertible Notes**") issued to the Group by EDS Wellness on 22 May 2014 was reassessed with reference to the valuation performed by an independent professional valuer. As the share price of EDS Wellness decreased from HK$3.80 per share on 22 May 2014, being the date of issue, to HK$3.46 per share on 30 June 2014, a loss of HK$4,144,000 arising on change in fair value of the conversion options embedded in convertible notes receivables was recognised.

(f) At the end of the reporting period, the Group revalued its equity portfolio at market prices and recognised a loss of HK$28,151,000 arising on change in fair value of financial assets at fair value through profit or loss.

Administrative expenses (before depreciation) amounted to HK$15,961,000 for the six months ended 30 June 2014, a 5% decrease from HK$16,780,000 for the previous period. This decrease was mainly attributable to a HK$790,000 decrease in building management fees resulted from the disposal of the Group's investment properties in Kwun Tong in July 2013.

For the period from 1 January 2014 to 17 June 2014, being the date on which China Star Cultural ceased to be an associated company of the Group, China Star Cultural and its subsidiaries reported a consolidated loss of HK$1,510,000 and contributed a loss of HK$555,000 to the Group.

For the six months ended 30 June 2014, Spark Concept Group Limited ("**Spark Concept**"), a associate company of the Group, and its subsidiaries reported a consolidated loss of HK$320,000. As the Group's share of post-acquisition losses equals to its interests in Spark Concept, no further share of loss was recognised.

Results of discontinued operation

Profit for the six months ended 30 June 2014 from discontinued operation amounted to HK$153,000, whereas a loss of HK$3,039,000 was recorded in the previous period. The turnaround in the performance of the provision of management services business was attributable to the absence of the impairment loss recognised in respect of intangible assets of HK$3,762,000 recorded in the six months ended 30 June 2013.

Liquidity and financial resources

During the six months ended 30 June 2014, 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$1,825,372,000 at 31 December 2013 to HK$1,924,088,000 at 30 June 2014.

At 30 June 2014, the cash and bank balances of the Group amounted to HK$252,065,000 (31 December 2013: HK$662,153,000).

At 30 June 2014, the Group had no borrowings (31 December 2013: HK$Nil).

Net current assets and current ratio

At 30 June 2014, the Group's net current assets and current ratio were HK$1,195,597,000 (31 December 2013: HK$1,146,744,000) and 41.57 (31 December 2013: 44.94) respectively.

Capital structure

On 4 March 2014, the Company allotted and issued 91,000,000 new ordinary shares of HK$0.01 each at a price of HK$0.78 per share to four individual and two corporate investors, who/which and its ultimate beneficial owners are independent third parties, by way of placing of new shares under general mandate raising HK$70,190,000 (net of expenses) for financing the Group's money lending business. The closing price of the Company's shares was HK$0.94 per share as quoted on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 20 February 2014, being the date of the placing agreement. The net price to the Company of each new share was HK$0.7713. The directors considered that the placing presented an opportunity for the Company to raise additional funds for the operation of the Group's money lending business while broadening the shareholder base of the Company.

Use of proceeds from fund raising activities

(a) On 24 January 2013, the Company raised HK$29,931,000 by way of placing of 47,000,000 new shares under general mandate at a price of HK$0.645 per share. The net proceeds from the placing of HK$29,931,000 are intended to be used for property investment in Hong Kong in order to enrich the Group's investment property portfolio. At 30 June 2014, the net proceeds from the placing have not been applied as intended and are placed as interest bearing deposits with a licensed bank in Hong Kong.

(b) On 26 April 2013, the Company raised HK$180,277,000 by way of open offer of 152,224,414 new shares to the qualified shareholders of the Company at a subscription price of HK$1.20 per share. The net proceeds from the open offer of HK$180,277,000 were applied as to (i) HK$100,277,000 for financing the granting of two loans pursuant to the two loan agreements dated 13 May 2013 and 3 June 2013, (ii) HK$40,000,000 for financing the subscription of the convertible notes issued by EDS Wellness on 22 May 2014 and (iii) HK$40,000,000 for financing the granting of an unsecured loan to EDS Wellness on 23 May 2014.

(c) On 4 March 2014, the Company raised HK$70,190,000 by way of placing of 91,000,000 new shares under general mandate at a price of HK$0.78 per share. The net proceeds from the placing of HK$70,190,000 were fully utilised for financing the granting of a loan pursuant to the loan agreement dated 6 March 2014.

Material acquisitions

During the six months ended 30 June 2014, the Group had the following material acquisitions:

(a) On 28 March 2014, the Group converted the remaining HK$225,000,000 of the 8% convertible notes issued by China Star into 2,045,454,545 new shares in China Star at the adjusted conversion price of HK$0.11 per share. The conversion constitutes a very substantial acquisition of the Company under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and was approved by the shareholders at the Company's special general meeting held on 30 June 2011.

(b) On 22 May 2014, the Group subscribed for the EDS Wellness Convertible Notes of HK$40,000,000 at their face value pursuant to the conditional subscription agreement dated 21 March 2013. The subscription constitutes a discloseable transaction of the Company under the Listing Rules and was announced by the Company on 21 March 2013.

Material disposals

During the six months ended 30 June 2014, the Group had the following material disposals:

(a) On 15 April 2014, China Star Cultural allotted and issued 100,000,000 new shares by way of placing of new shares under general mandate to not less than six placees and the Group's interest in China Star Cultural was diluted from 29.00% to 24.21%. On 17 June 2014, China Star Cultural allotted and issued another 300,000,000 new shares by way of placing of new shares under specific mandate to not less than six placees and the Group's interest in China Star Cultural was further diluted from 24.21% to 16.19%. As a result, China Star Cultural ceased to be an associated company of the Group on 17 June 2014 and the Group was deemed to dispose of a 12.81% shareholding interest in China Star Cultural.

(b) In April 2014, the Group disposed of 321,600,000 shares in China Star at an average price of HK$0.1358 per share pursuant to the 12-month mandate granted to the directors by the shareholders at the Company's special general meeting held on 28 June 2013. The disposal constitutes a very substantial disposal of the Company under the Listing Rules and was approved by the shareholders at the Company's special general meeting held on 28 June 2013.

(c) On 30 May 2014, Koffman early redeemed the convertible notes of HK$27,000,000 issued to the Group at par.

(d) On 11 June 2014, the Group disposed of the entire issued share capital of Rich Daily to Mr. Ng Cheuk Fai, an independent third party, at a consideration of HK$2,000,000 pursuant to the conditional sale and purchase agreement dated 30 May 2014. The disposal constitutes a discloseable transaction of the Company under the Listing Rules and was announced by the Company on 30 May 2014.

Pledge of assets

At 30 June 2014, no assets of the Group were pledged.

Commitments

At 30 June 2014, the Group had a total commitment of HK$318,000,000 relating to:

(a) The subscription of the second tranche of convertible notes to be issued by China Star in the principal amount of HK$300,000,000 pursuant to the conditional subscription agreement dated 21 January 2011 (as amended by the supplemental agreements dated 28 March 2011, 29 June 2012 and 31 December 2013). 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, including 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. On 31 December 2013, the completion date of subscription was further extended from 31 December 2013 to 31 December 2015.

(b) Loans commitment in the aggregate principal amount of HK$18,000,000 pursuant to the building mortgages and the loan agreements entered into between the Group and its customers.

Exchange risk and hedging

During the six months ended 30 June 2014, all 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 30 June 2014, the Group had the following material contingent liabilities:

(a) On 15 April 2010, a claim was brought by China Finance & Assets Management Limited ("**China Finance**") in the High Court Action No. 526 of 2010 against Rexdale Investment Limited ("**Rexdale**"), 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 was made in the condensed consolidated financial statements of the Group for the six months ended 30 June 2014 as Lafe Corporation Limited has undertaken to indemnify and keep indemnified the Group against any and all losses, claims, damages, penalties, actions, demands, proceeding, judgment and costs arising from or in connection with the claim.

(b) On 20 March 2014, the Company announced that it came to its attention that a writ (the "**Writ**") of summons in High Court Action No. 9 of 2014 was issued by The Grande Holdings Limited (in liquidation), Roderick John Sutton (as joint and several provisional liquidator of The Grande Holdings Limited), Fok Hei Yu (as joint and several provisional liquidator of The Grande Holdings Limited) and 65 other companies listed as plaintiffs against 25 defendants inclusive of One Synergy Limited ("**One Synergy**"), a wholly owned subsidiary of the Company.

    The action alleges, inter alia, that One Synergy is liable to the plaintiffs as a constructive trustee and/or by way of equitable compensation and/or an accounts of profits and/or restitution and/or damages as a knowing recipient and/or by reason of the knowing or dishonest assistance in the breaches of trust and/or breaches of fiduciary duties by various of the defendants and/or by reason of dealings between One Synergy and the plaintiffs otherwise being voidable (and avoided), void, unlawful or illegal, in respect of its receipt of the shares in The Grande Properties Ltd. (now known as Rexdale).

    Riche (BVI) Limited, a wholly owned subsidiary of the Company, acquired the entire issued share capital of Adelio Holdings Limited, which is the holding company of One Synergy, from Vartan Holdings Limited, an independent third party, pursuant to a sale and purchase agreement dated 25 May 2011. One Synergy acquired the entire issued share capital of Rexdale from Lafe Corporation Limited, being one of the defendants, pursuant to a sale and purchase agreement dated 31 December 2010 (the "**Agreement**"). The entire issued share capital of Rexdale was sold by The Grande (Nominees) Ltd., being one of the plaintiffs, and The Grand Limited to Lafe Corporation Limited on or about 29 June 2007. The principal assets of Rexdale were the whole of the 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 with a total gross floor of approximately 139,412 square feet exclusive of lavatories, lorry and private car parking spaces, flat roof and roof (collectively, the "**Kwun Tong Properties**"). The Kwun Tong Properties was sold by Rexdale to Grand Reward Limited, an independent third party, in July 2013.

One Synergy has sought counsel opinion on the Writ and has been advised to defend the plaintiffs' claim in the said action. Counsel has advised that, based upon available evidence, there is nothing unusual in the Agreement and One Synergy would not have any express or constructive notice of the plaintiffs' alleged irregularities and/or fraudulent acts of the former directors and/or management officers of the plaintiffs and One Synergy should not be held liable to any part of the plaintiffs' claim and has good and valid defence thereto.

Employees and remuneration policy

At 30 June 2014, the headcount of the Group was 13 (2013: 13). Staff costs (including directors' remuneration) amounted to HK$9,898,000 (2013: HK$8,552,000). In addition to basic salaries, provident fund and discretionary bonus, staff benefits include medical scheme and share options.

Operations Review

During the six months ended 30 June 2014, 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 addition, no film has been produced by China Star Cultural for distribution by the Group during the period under review.

During the six months ended 30 June 2014, the Group acquired equities with market value of HK$61,261,000 and converted the remaining HK$225,000,000 of the 8% convertible notes into 2,045,454,545 new shares in China Star with a market value of HK$308,864,000 as at the date of conversion. The Group's sale of financial assets business recorded a loss of HK$5,037,000, which represents the loss on disposal of 321,600,000 shares in China Star. Upon the conversion of the remaining 8% convertible notes into 2,045,454,545 new shares in China Star, the Group recognised a gain of HK$28,461,000 arising on change in fair value upon conversion of convertible notes receivables under other gains and losses. At 30 June 2014, the Group revalued its equity portfolio to market price and recorded a loss of HK$28,151,000 arising on change in fair value of financial assets at fair value through profit or loss, in which a loss of HK$56,887,000 was related to the shares in China Star and a gain of HK$28,736,000 was related to other Hong Kong equities.

In 2013, the gaming promoter adopted a tightening credit policy towards its Mainland Chinese VIP customers in response to the slowdown of Mainland Chinese economy. With worries over the Mainland Chinese economic growth and excessive growth in the Mainland China's so-called shadow banking sector, the gaming promoter has unveiled to the Group that a tightening credit policy towards its Mainland Chinese VIP customers is likely to remain in place for the entire 2014. In view of the above, the directors considered that the potential growth of the provision of management services business engaged by Rich Daily was uncertain and determined to discontinue the provision of management services business in order to concentrate the Group's resources in its existing businesses. On 11 June 2014, the Group disposed of the entire issued share capital of Rich Daily at a consideration of HK$2,000,000 pursuant to the conditional sale and purchase agreement dated 30 May 2014 and recorded a gain on disposal of subsidiaries of HK$312,000. During the six months ended 30 June 2014, the Group's provision of management services business generated services fee income amounted to HK$158,000.

During the six months ended 30 June 2014, the Group's money lending business generated interest income on loans of HK$35,957,000, a 576% increase as compared to the previous period. This increase was attributable to the active expansion of the Group's money lending business in the second half of 2013 and the first half of 2014. The average monthly balance of loans receivables increased from HK$92,522,000 in the six months ended 30 June 2013 to HK$865,963,000 in the six months ended 30 June 2014. During the period under review, the Group made new loans in the aggregate principal amount of HK$508,440,000 to its customers and received loans repayment of HK$324,626,000 from its customers. At 30 June 2014, the Group's loans receivables together with accrued interest receivables amounted to HK$953,852,000.

In 2013, the Group disposed of all its investment properties in response to the implementation of Double Stamp Duty in February 2013 and the US Federal Reserve tapering of its monthly bond purchase programme. During the six months ended 30 June 2014, the Group has adopted a wait-and-see approach towards its property investment business and did not acquire any investment properties.

On 18 February 2013, the directors 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 (the "**Conversion**") and (ii) granting a 12-month mandate to the Company for disposing of the 303,990,338 shares in China Star that already held by the Group and the 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 8% convertible notes receivable from China Star in the aggregate principal amount of HK$350,000,000 (the "**Disposal**") for realising the Group's investments in China Star. The Conversion and the Disposal constitute a very substantial acquisition and a very substantial disposal of the Company under the Listing Rules respectively and were approved by the shareholders at the special general meeting of the Company held on 28 June 2013.

On 28 March 2014, the Group converted the remaining HK$225,000,000 of the 8% convertible notes into 2,045,454,545 new shares in China Star at the adjusted conversion price of HK$0.11 per share and recognised a gain of HK$28,461,000 arising on change in fair value upon conversion of convertible notes receivables. During the six months ended 30 June 2014, the Group disposed of 321,600,000 shares in China Star at an average selling price of HK$0.1358 per share. At 30 June 2014, there are 1,723,854,545 shares in China Star remaining on hand. As the share price of China Star decreased from HK$0.151 on 28 March 2014, being the date of conversion of the remaining 8% convertible notes, to HK$0.118 on 30 June 2014, a loss of HK$56,887,000 arising on change in fair value of financial assets at fair value through profit or loss was recognised. The 12-month mandate was expiry on 27 June 2014. The Group converted the entire principal amount of the bonus convertible notes and the 8% convertible notes into 3,789,798,857 new shares in China Star and disposed of 2,369,934,650 shares in China Star under the 12-month mandate. On the expiry of the 12-month mandate, the Group held 1,723,854,545 shares in China Star. The net proceeds from the Disposal amounted to HK$319,160,000, of which HK$310,077,000 is intended to be used for financing the proposed acquisition of the entire issued shares in and the shareholder's loan due by Thought Diamond International Limited ("**Thought Diamond**"), a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Cheung Kwok Fan, the non-executive director and a substantial shareholder of the Company (as defined under the Listing Rules), as announced by the Company on 7 and 25 April 2014 and the remaining balance of HK$9,083,000 has been temporarily applied for general working capital of the Group.

For the purpose of participating in the development EDS Wellness, the Group subscribed for the EDS Wellness Convertible Notes of HK$40,000,000 at their face value on 22 May 2014 pursuant to the conditional subscription agreement dated 21 March 2013. The EDS Wellness Convertible Notes are unsecured, non-interest bearing and maturing on 21 November 2016. Subject to the compliance of the public float requirement by EDS Wellness, the EDS Wellness Convertible Notes carry rights entitling the holders hereof to convert their principal amount into shares in EDS Wellness at an initial conversion price of HK$1.00 per share (subject to adjustment) during their term. Unless previously redeemed, repurchased and cancelled or converted, any outstanding EDS Wellness Convertible Notes shall be redeemed at par on the maturity date. For the purpose of facilitating the open offer announced by EDS Wellness on 25 June 2014, the Group, on 25 June 2014, gave an irrevocable undertaking in favour of EDS Wellness and the underwriter (i) to convert HK$25,000,000 of the EDS Wellness Convertible Notes into 25,000,000 new shares in EDS Wellness before the commencement of the book close period of the open offer, (ii) not to convert the remaining balance of the EDS Wellness Convertible Notes of HK$15,000,000 into 15,000,000 new shares in EDS Wellness before the record date for the open offer, (iii) to subscribe or procure the subscription for the 12,500,000 new shares in EDS Wellness to be allotted to it under the open offer and (iv) to lodge the application form in respect of the 12,500,000 new shares in EDS Wellness referred to (iii) above accompanied by remittances prior to the latest time for acceptance under the open offer. On 2 July 2014, the Group converted HK$25,000,000 of the EDS Wellness Convertible Notes into 25,000,000 new shares in EDS Wellness at an initial conversion price of HK$1.00 per share pursuant to the irrevocable undertaking dated 25 June 2014. As a result of the conversion, EDS Wellness has become a 65.58% owned subsidiary of the Company and the financial results of EDS Wellness and its subsidiaries will be consolidated into the consolidated financial statements of the Group from 2 July 2014. On 22 July 2014, the Group subscribed for 12,500,000 new shares in EDS Wellness under the open offer at a subscription price of HK$3.00 per share pursuant to the irrevocable undertaking dated 25 June 2014.

During the six months ended 30 June 2014, the Group's fixed income portfolio generated imputed interest income of HK$7,670,000, a 63% decrease from HK$20,506,000 for the previous period. This was attributable to the partial conversion of HK$125,000,000 of the 8% convertible notes in October 2013 and the conversion of the remaining HK$225,000,000 of the 8% convertible notes in March 2014. During the period under review, the cash interest income on convertible notes received by the Group amounted to HK$13,019,000. On 30 May 2014, Koffman early redeemed the convertible notes of HK$27,000,000 at par. As a result, the Group recognised a gain on early redemption of convertible notes receivables of HK$1,611,000. As the share price of EDS Wellness decreased from HK$3.80 per share on 22 May 2014, being the date of issue, to HK$3.46 per share on 30 June 2014, a loss of HK$4,144,000 arising on change in fair value of conversion options embedded in convertible notes receivables was recognised. At 30 June 2014, the face value of the Group's fixed income portfolio amounted to HK$40,000,000, representing the EDS Wellness Convertible Notes.

Following the disposal of all the Group's investment properties in 2013, the directors have cautiously identified suitable investment opportunities for the Group to diversify its business and improve its profitability. On 28 March 2014, the Company as purchaser was in negotiations with various investors as vendors for sale and purchase of in aggregate 95,900,000 shares in 21 Holdings Limited ("**21 Holdings**", stock code: 1003), representing approximately 29.90% of its then entire issued share capital. During the course of negotiations, the investors requested the completion of the sale and purchase of 95,900,000 shares in 21 Holdings to take place immediately after the agreement of the selling price per share in 21 Holdings. As the acquisition of 95,900,000 shares in 21 Holdings constitutes a notifiable transaction of the Company under the Listing Rules, a lengthy process will be required to comply with the announcement, reporting and shareholders' approval requirements of the Listing Rules. The Company has, therefore, requested Mr. Cheung Kwok Fan to procure Thought Diamond to enter into bought and sold notes with the investors on 1 April 2014 for acquiring the 95,900,000 shares in 21 Holdings at a total consideration of HK$286,017,000 and, in turn, entering into a conditional sale and purchase agreement with the Group for selling the entire issued shares in and the shareholder's loan due by Thought Diamond to the Group (the "**Proposed Acquisition**") at the same consideration of HK$286,017,000 plus the net assets (excluding the amount due to the shareholder) of Thought Diamond of HK$85,000 at 31 March 2014 in order to facilitate the sale and purchase of the 95,900,000 shares in 21 Holdings. On 25 April 2014, the board of directors of 21 Holdings announced, among others, the issue of not less than 160,379,617 and not more than 192,379,617 new shares in 21 Holdings by way of open offer on the basis of one new share for every two existing shares held by its qualifying shareholders on 21 May 2014 at a subscription price of HK$0.50 per share. In order to maintain its level of shareholding interest in 21 Holdings and facilitate the open offer for raising additional capital to expand into a new business, namely provision of mortgage financing, of 21 Holdings, Thought Diamond, on 25 April 2014, gave an irrevocable undertaking in favour of 21 Holdings and the underwriter to subscribe for or procure subscription for 47,950,000 new shares to which Thought Diamond is entitled under the open offer. In light of the open offer and the irrevocable undertaking given by Thought Diamond, the Group, on the same date, entered into a deed of variation with Mr. Cheung Kwok Fan pursuant to which, among others, the consideration for the Proposed Acquisition is increased from HK$286,102,000 to HK$310,077,000. As Mr. Cheung Kwok Fan is a connected person of the Company, the Proposed

Acquisition constitutes a very substantial acquisition and a connected transaction of the Company under the Listing Rules and requires an approval from the independent shareholders at a special general meeting of the Company. The consideration for the Proposed Acquisition of HK$310,077,000 shall be financed by the net proceeds from the Disposal. Please refer to the Company's announcements dated 7 and 25 April 2014 for more details. At 30 June 2014, the refundable deposits of HK$309,992,000 have been paid to Mr. Cheung Kwok Fan. The circular for convening the special general meeting is being prepared and will be dispatched as soon as possible.

On 15 April 2014, China Star Cultural allotted and issued 100,000,000 new shares by way of placing of new shares under general mandate to not less than six placees and the Group's interest in China Star Cultural was diluted from 29.00% to 24.21%. On 17 June 2014, China Star Cultural allotted and issued another 300,000,000 new shares by way of placing of new shares under specific mandate to not less than six placees and the Group's interest in China Star Cultural was further diluted from 24.21% to 16.19%. As a result, China Star Cultural ceased to be an associated company of the Group on 17 June 2014 and the Group was deemed to dispose of a 12.81% shareholding interest in China Star Cultural. Accordingly, a gain on deemed disposal of an associate of HK$7,669,000 was recognised by the Group and the 146,640,000 shares in China Star Cultural held by the Group were reclassified from interests in associates to available-for-sale financial assets. As the share price of China Star Cultural decreased from HK$0.36 per share on 17 June 2014, being the date on which China Star Cultural ceased to be an associate company of the Group, to HK$0.355 per share on 30 June 2014, a net loss of HK$733,000 arising on revaluation of available-for-sale financial assets was recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

Following the opening of an additional Japanese noodle shop in Quarry Bay, the change of its major shareholder and the restructuring of its business in 2013, Spark Concept and its subsidiaries (collectively, the "**Spark Concept Group**") achieved a cashflow breakeven in its operation in the six months ended 30 June 2014. In August 2014, the Spark Concept Group has opened a new Japanese noodle shop in Hunghom to further expand its business. During the six months ended 30 June 2014, no further cash was advanced to the Spark Concept Group by its shareholders. At 30 June 2014, the Spark Concept Group owed the Group an amount of HK$7,393,000 (before impairment of HK$3,865,000), which is unsecured, non-interest bearing and repayable on demand. The Spark Concept Group reported a loss of HK$320,000, an 82% improvement from HK$1,752,000 for the correspondence period in 2013. As the Group's share of post-acquisition losses equals to its interests in Spark Concept, no further share of losses was recognised for the period under review.

Future Prospects

Hong Kong has been witnessing a surge in capital inflows well before this summer. The directors believe that the capital influx has been triggered by the market's recognition that the Mainland Chinese economy could have bottomed and a return of investor interests as Mainland Chinese economy is showing signs of steadying based on recent data. Mainland Chinese manufacturing activity has recently picked up as a series of government stimulus measures took effect. Given that capital influx is highly correlated with equities, the directors are positive on the outlook for the Hong Kong equity market. Accordingly, the Group may further invest in Hong Kong equities in the second half of 2014. Despite the positive outlook of Hong Kong equities, the Group continues to adopt a conservative investment approach in investing towards its sale of financial assets business.

The US Federal Reserve signaled interest rates may rise by the middle of 2015 and said it could increase as soon as six months after the US Federal Reserve ends its monthly bond purchase programme. This will impact those repaying mortgages as interest rates are expected to increase by 2% to 3% within the next three years. The current Special Stamp Duty, Double Stamp Duty and Buyer's Stamp Duty are expected to remain in force until material downward adjustments in secondary market prices. With the prospects of a possible 2015 interest rate hikes and the government's demand curb measures, the directors predict a 10% to 15% drop in Hong Kong property prices over the next 12 months. In addition, the credit problems in Mainland China forcing cash-strapped Mainland Chinese to sell their Hong Kong properties with discounts of 5% to 10% below market average have the potential to increase this price drop. As such, the directors have adopted a wait-and-see approach towards the Group's property investment business in 2014 and expect that the Group's property investment business will not be revitalised until the end of 2015.

With the active expansion in the second half of 2013 and the first half of 2014, the Group's money lending business recorded a significant growth in the six months ended 30 June 2014 as compared to the previous period. The Group will slow down the pace of expanding money lending business in the remainder of 2014. As most of the loans granted in the second half of 2013 were drawn in the fourth quarter of 2013, it is expected that a significant growth in the Group's money lending business will be recorded for the year ending 31 December 2014 as compared to HK$24,101,000 in 2013.

Events after the Reporting Period

(a) On 2 July 2014, the Group converted HK$25,000,000 of the EDS Wellness Convertible Notes into 25,000,000 new shares in EDS Wellness at an initial conversion price of HK$1.00 per share pursuant to the irrevocable undertaking dated 25 June 2014. As a result of the conversion, EDS Wellness has become a 65.58% owned subsidiary of the Company. The conversion constitutes a discloseable transaction of the Company under the Listing Rules and was announced by the Company on 21 March 2013.

(b) On 22 July 2014, the Group subscribed for 12,500,000 new shares in EDS Wellness under the open offer announced by EDS Wellness on 25 June 2014 at a subscription price of HK$3.00 per share pursuant to the irrevocable undertaking dated 25 June 2014. The subscription constitutes a discloseable transaction of the Company under the Listing Rules and was announced by the Company on 25 June 2014.

(c) On 28 August 2014, EDS Wellness allotted and issued 2,620,000 new shares by way of placing of new shares under general mandate to not less than six placees and the Group's interest in EDS Wellness was diluted from 65.58% to 62.71%.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company had complied with the code provisions of the Corporate Governance Code (the "**Code**") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2014, 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. During the six months ended 30 June 2014, 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 of the Code 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.

COMPLIANCE WITH THE 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. Having made specific enquires, all members of the Board have confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2014.

PURCHASE, SALE OR 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 six months ended 30 June 2014.

REVIEW OF FINANCIAL INFORMATION

The audit committee has reviewed the 2014 interim report and the unaudited condensed consolidated financial statements for the six months ended 30 June 2014 and agreed to the accounting principles and policies adopted by the Company. In addition, the Company's external auditor, HLB Hodgson Impey Cheng Limited, has reviewed the unaudited condensed consolidated financial statements for the six months ended 30 June 2014 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

By Order of the Board
Eternity Investment Limited
Lei Hong Wai
Chairman

Hong Kong, 29 August 2014

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.