ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014 together with the comparative figures for 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2014

	Notes	**2014** ***HK$'000***	2013 *HK$'000*
Continuing operations			
Turnover	*5*	**110,755**	25,793
Cost of sales		**(27,001)**	—
Gross profit		**83,754**	25,793
Investment and other income	*6*	**3,805**	42,955
Other gains and losses	*7*	**200,409**	91,072
Selling and distribution expenses		**(1,350)**	—
Administrative expenses		**(52,783)**	(49,997)
Share of results of associates		**(555)**	(3,720)
Profit from operations	*8*	**233,280**	106,103
Finance costs	*9*	**(406)**	—
Profit before taxation		**232,874**	106,103
Income tax expense	*10*	**(7,727)**	(5,560)
Profit for the year from continuing operations		**225,147**	100,543
Discontinued operations			
Profit/(loss) for the year from discontinued operations	*11*	**153**	(3,306)
Profit for the year		**225,300**	97,237

	Note	2014 HK$'000	2013 HK$'000
Profit for the year attributable to:			
Owners of the Company		**238,077**	97,238
Non-controlling interests		**(12,777)**	(1)
		225,300	97,237
Earnings/(loss) per share	*12*		
From continuing operations			
Basic		**HK44.72 cents**	HK24.81 cents
Diluted		**HK44.64 cents**	HK24.81 cents
From discontinued operations			
Basic		**HK0.03 cent**	HK(0.81) cent
Diluted		**HK0.03 cent**	HK(0.81) cent
From continuing and discontinued operations			
Basic		**HK44.75 cents**	HK24.00 cents
Diluted		**HK44.67 cents**	HK24.00 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014	2013
	HK$'000	*HK$'000*
Profit for the year	**225,300**	97,237
Other comprehensive income for the year, net of income tax		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translating foreign operations	**1**	—
Net gain/(loss) arising on revaluation of available-for-sale financial assets	**43,212**	(5,270)
Reclassification adjustments relating to available-for-sale financial assets disposed of	—	(7,079)
Total comprehensive income for the year	**268,513**	84,888
Total comprehensive income for the year attributable to:		
Owners of the Company	**281,290**	84,889
Non-controlling interests	**(12,777)**	(1)
	268,513	84,888

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**13,074**	89
Investment properties		—	—
Intangible assets		—	1,929
Goodwill		**89,265**	—
Interests in associates		—	46,916
Convertible notes receivables		—	24,602
Deposit for investment		**60,000**	—
Available-for-sale financial assets		**68,887**	172
Loans receivables	*13*	**230,000**	605,148
		461,226	678,856
Current assets			
Inventories		**27,100**	—
Trade receivables	*14*	**17,232**	37
Loans receivables	*13*	**720,549**	168,476
Deposits, prepayments and other receivables		**10,495**	11,191
Amount due from an associate		**3,528**	3,528
Financial assets at fair value through profit or loss		**598,705**	49,046
Convertible notes receivables		—	200,840
Conversion options embedded in convertible notes receivables		—	77,572
Restricted bank deposits		**19,701**	—
Cash and cash equivalents		**384,778**	662,153
		1,782,088	1,172,843
Assets classified as held for sale		—	—
Total assets		**2,243,314**	1,851,699
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**5,477**	4,567
Reserves		**2,139,174**	1,820,805
Equity attributable to owners of the Company		**2,144,651**	1,825,372
Non-controlling interests		**11,790**	(3)
Total equity		**2,156,441**	1,825,369

	Notes	2014	2013
		HK$'000	*HK$'000*
LIABILITIES			
Current liabilities			
Trade payables	*15*	**13,165**	—
Accruals and other payables		**17,545**	10,056
Other borrowings		**3,850**	—
Promissory notes		**6,069**	—
Tax payable		**21,709**	16,043
Deposits from customers		**80**	—
Deferred revenue		**24,000**	—
Obligations under finance leases		**444**	—
		86,862	26,099
Non-current liabilities			
Obligations under finance leases		**11**	—
Deferred taxation		**—**	231
		11	231
Total liabilities		**86,873**	26,330
Total equity and liabilities		**2,243,314**	1,851,699
Net current assets		**1,695,226**	1,146,744
Total assets less current liabilities		**2,156,452**	1,825,600

Notes:

1. **Basis of preparation**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations ("**Int**") 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 value. 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 consolidated financial statements are presented in thousands of units of Hong Kong Dollars (**HK$'000**), which is the same as the functional currency of the Company.

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 Int issued by the HKICPA (hereinafter collectively referred to as "**new and revised HKFRSs**"), which are effective for the Group's financial year beginning on 1 January 2014.

HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities
HKAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The Group has early applied the amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*, which is effective for annual periods beginning on or after 1 January 2014, in the financial year ended 31 December 2013.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 *Investment Entities*

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 *Investment Entities* for the first time in the current year. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in HKFRS 10 at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities*

The Group has applied the amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*

The Group has applied the amendments to HKAS 39 *Novation of Derivatives and Continuation of Hedge Accounting* for the first time in the current year. The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

HK (IFRIC) – Int 21 *Levies*

The Group has applied HK(IFRIC) – Int 21 *Levies* for the first time in the current year. HK(IFRIC) – Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

HK(IFRIC) – Int 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Save as described above, the application of the above new and revised HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle[2]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle[1]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle[3]
HKFRS 9	Financial Instruments[5]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture[3]
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception[3]
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]
HKAS 1 (Amendments)	Disclosure Initiative[3]
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]
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements[3]

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 Effective for annual periods beginning on or after 1 January 2018

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("**FVTOCI**") measurement category for certain simple debt instruments.

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* are 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 accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. 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 profit or loss.

- 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 profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. 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 profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 *Revenue from Contracts with Customers*

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

Save as described above, the directors of the Company anticipate that the application of new and revised HKFRSs will have no material effect on the Group's consolidated financial statements.

4. Operating segments

The Group's reportable segments have been determined based on the information reported to the Chairman of the Board, being the 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 six 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

(d) Money lending — Money lending

(e) Sale of beauty products and provision of therapy services — Sale of beauty products and provision of therapy services

(f) Sale of jewelry products — Design and sale of jewelry products

Provision of management services were discontinued in the current year.

An analysis of the Group's reportable segment results, assets, liabilities and other selected financial information for the years ended 31 December 2014 and 2013 by operating segments is as follows:

For the year ended 31 December 2014

	Continuing operations							Discontinued operations	
	Distribution	Property investment	Sale of financial assets	Money lending	Sale of beauty products and provision of therapy services	Sale of jewelry products	Sub-total	Provision of management services	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue									
Segment revenue	–	–	(3,918)	78,316	22,084	14,273	110,755	158	110,913
Results									
Segment (loss)/profit	(37)	(2,284)	89,230	75,295	(1,551)	888	161,541	153	161,694
Interest income on bank deposits *(note 6)*							2,179	–	2,179
Unallocated corporate income							1,626	–	1,626
Unallocated corporate expenses							(37,554)	–	(37,554)
Gain arising on change in fair value upon conversion of convertible notes receivables *(note 7)*							133,759	–	133,759
Gain arising on early redemption of convertible notes receivables *(note 7)*							1,611	–	1,611
Gain on deemed disposal of an associate *(note 7)*							7,669	–	7,669
Gain on disposal of property, plant and equipment *(note 7)*							139	–	139
Gain on disposal of subsidiaries *(note 7)*							1,671	–	1,671
Gain on disposal of trademark *(note 7)*							350	–	350
Impairment loss recognised in respect of other receivables *(note 7)*							(46,519)	–	(46,519)
Imputed interest income on convertible notes receivables *(note 7)*							7,686	–	7,686
Written down of property, plant and equipment *(note 7)*							(322)	–	(322)
Written off of inventories *(note 7)*							(1)	–	(1)
Finance costs *(note 9)*							(406)	–	(406)
Share of results of associates							(555)	–	(555)
Profit before taxation							232,874	153	233,027
Income tax expense *(note 10)*							(7,727)	–	(7,727)
Profit for the year							225,147	153	225,300

At 31 December 2014

	Continuing operations							Discontinued operations	
	Distribution	Property investment	Sale of financial assets	Money lending	Sale of beauty products and provision of therapy services	Sale of jewelry products	Sub-total	Provision of management services	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets and liabilities									
Assets									
Segment assets for reportable segment									
— Hong Kong	253	2,355	987,687	979,249	161,362	44,378	2,175,284	—	2,175,284
— Macau	—	—	—	—	—	—	—	—	—
— The People's Republic of China (the "**PRC**")	—	—	—	—	4	—	4	—	4
	253	2,355	987,687	979,249	161,366	44,378	2,175,288	—	2,175,288
Unallocated corporate assets									68,026
Consolidated total assets									2,243,314
Liabilities									
Segment liabilities for reportable segment									
— Hong Kong	—	(160)	(12,908)	(8,585)	(41,311)	(13,778)	(76,742)	—	(76,742)
— Macau	—	—	—	—	—	—	—	—	—
— The PRC	—	—	—	—	—	—	—	—	—
	—	(160)	(12,908)	(8,585)	(41,311)	(13,778)	(76,742)	—	(76,742)
Unallocated corporate liabilities									(10,131)
Consolidated total liabilities									(86,873)

For the year ended 31 December 2014

	Continuing operations							Discontinued operations		
	Distribution *HK$'000*	Property investment *HK$'000*	Sale of financial assets *HK$'000*	Money lending *HK$'000*	Sale of beauty products and provision of therapy services *HK$'000*	Sale of jewelry products *HK$'000*	Sub-total *HK$'000*	Provision of management services *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Other segment information										
Amount included in the measure of segment profit/(loss) and segment assets										
Additions to property, plant and equipment	—	—	—	—	467	390	857	—	13	870
Depreciation of property, plant and equipment *(note 8)*	—	17	24	—	822	26	889	—	1,499	2,388
Gain arising on change in fair value of financial assets at fair value through profit or loss *(note 7)*	—	—	27,483	—	—	—	27,483	—	—	27,483
Gain on disposal of available- for-sale financial assets *(note 7)*	—	—	66,883	—	—	—	66,883	—	—	66,883

For the year ended 31 December 2013

	Continuing operations							Discontinued operations	
	Distribution *HK$'000*	Property investment *HK$'000*	Sale of financial assets *HK$'000*	Money lending *HK$'000*	Sale of beauty products and provision of therapy services *HK$'000*	Sale of jewelry products *HK$'000*	Sub-total *HK$'000*	Provision of management services *HK$'000*	Consolidated *HK$'000*
Revenue									
Segment revenue	—	3,402	(1,710)	24,101	—	—	25,793	512	26,305
Results									
Segment (loss)/profit	(35)	(21,277)	35,850	23,093	—	—	37,631	(3,306)	34,325
Interest income on bank deposits *(note 6)*							6,462	—	6,462
Unallocated corporate income							14	—	14
Unallocated corporate expenses							(25,524)	—	(25,524)
Gain arising on change in fair value of conversion options embedded in convertible notes receivables *(note 7)*							29,836	—	29,836
Gain arising on change in fair value upon conversion of convertible notes receivables *(note 7)*							16,446	—	16,446
Gain on disposal of subsidiaries *(note 7)*							588	—	588
Imputed interest income on convertible notes receivables *(note 7)*							38,233	—	38,233
Reversal of impairment loss recognised in respect of interest in an associate *(note 7)*							6,137	—	6,137
Finance costs *(note 9)*							—	—	—
Share of results of associates							(3,720)	—	(3,720)
Profit/(loss) before taxation							106,103	(3,306)	102,797
Income tax expense *(note 10)*							(5,560)	—	(5,560)
Profit/(loss) for the year							100,543	(3,306)	97,237

At 31 December 2013

	Continuing operations							Discontinued operations	
	Distribution	Property investment	Sale of financial assets	Money lending	Sale of beauty products and provision of therapy services	Sale of jewelry products	Sub-total	Provision of management services	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets and liabilities									
Assets									
Segment assets for reportable segment									
— Hong Kong	255	971	89,142	788,051	—	—	878,419	—	878,419
— Macau	—	—	—	—	—	—	—	2,003	2,003
	255	971	89,142	788,051	—	—	878,419	2,003	880,422
Unallocated corporate assets									971,277
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)

For the year ended 31 December 2013

	Continuing operations							Discontinued operations		
	Distribution	Property investment	Sale of financial assets	Money lending	Sale of beauty products and provision of therapy services	Sale of jewelry products	Sub-total	Provision of management services	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other segment information										
Amount included in the measure of segment profit/(loss) and segment assets										
Additions to property, plant and equipment	–	13	–	–	–	–	13	–	–	13
Cumulative gains reclassified from equity to profit or loss upon derecognition of available-for-sale financial assets *(note 7)*	–	–	7,079	–	–	–	7,079	–	–	7,079
Depreciation of property, plant and equipment *(note 8)*	–	42	53	–	–	–	95	–	–	95
Dividend income *(note 6)*	–	–	36,479	–	–	–	36,479	–	–	36,479
Impairment loss recognised in respect of intangible assets *(note 11)*	–	–	–	–	–	–	–	(3,793)	–	(3,793)
Loss arising on change in fair value of financial assets at fair value through profit or loss *(note 7)*	–	–	(5,307)	–	–	–	(5,307)	–	–	(5,307)
Loss arising on change in fair value of investment properties *(note 7)*	–	(1,940)	–	–	–	–	(1,940)	–	–	(1,940)
Loss on disposal of investment properties *(note 8)*	–	(13,000)	–	–	–	–	(13,000)	–	–	(13,000)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2013: Nil).

Segment results represent profit earned/(loss incurred) by each segment without allocation of central administrative expenses including directors' emoluments, share of results of associates, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes 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, 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 operates in Hong Kong, Macau and the PRC. The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Continuing operations Revenue from external customers		Discontinued operations Revenue from external customers		Continuing operations Non-current assets		Discontinued operations Non-current assets	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Europe	**1,286**	—	**—**	—	**—**	—	**—**	—
Hong Kong	**106,836**	25,793	**—**	—	**461,222**	676,927	**—**	—
Macau	**—**	—	**158**	512	**—**	—	**—**	1,929
The PRC	**—**	—	**—**	—	**4**	—	**—**	—
The United States of America	**2,633**	—	**—**	—	**—**	—	**—**	—
	110,755	25,793	**158**	512	**461,226**	676,927	**—**	1,929

Information about major customers

Included in revenue arising from interest income on loans of HK$78,316,000 (2013: HK$24,101,000) are revenue of HK$10,376,000 (2013: HK$5,840,000) which arose from sales to the Group's largest customer. No other single customers contributed 10% or more to the Group's revenue for the year ended 31 December 2014.

Customers contributed 10% or more to the Group's revenue for the year ended 31 December 2013 are as follows:

Major customers	**Reporting segment**	*HK$'000*
Customer 1	Money lending	5,840
Customer 2	Money lending	5,309
Customer 3	Money lending	3,038
Customer 4	Money lending	3,014

5. Turnover

	For the year ended 31 December 2014 HK$'000	2013 HK$'000
Sale of financial assets at fair value through profit or loss, net	**(3,918)**	(1,710)
Interest income on loans	**78,316**	24,101
Rental income	**—**	3,402
Sale of beauty products and provision of therapy services	**22,084**	—
Sale of jewelry products	**14,273**	—
	110,755	25,793

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

	For the year ended 31 December 2014 HK$'000	2013 HK$'000
Proceeds from sale of financial assets at fair value through profit or loss	**46,800**	243,820
Carrying amount of financial assets at fair value through profit or loss plus transaction costs	**(50,718)**	(245,530)
	(3,918)	(1,710)

6. Investment and other income

	For the year ended 31 December 2014 HK$'000	2013 HK$'000
Dividend income *(Note)*	**—**	36,479
Interest income on bank deposits	**2,179**	6,462
Other interest income	**1,578**	—
Sundry income	**48**	14
	3,805	42,955

Note: Dividend income was derived from shares in and bonus convertible notes issued by China Star Entertainment Limited, which were classified as available-for-sale financial assets in 2013.

7. Other gains and losses

	For the year ended 31 December	
	2014	2013
	HK$'000	*HK$'000*
Cumulative gains reclassified from equity to profit or loss upon derecognition of available-for-sale financial assets	**—**	7,079
Gain arising on change in fair value of conversion options embedded in convertible notes receivables	**—**	29,836
Gain/(loss) arising on change in fair value of financial assets at fair value through profit or loss	**27,483**	(5,307)
Gain arising on change in fair value upon conversion of convertible notes receivables	**133,759**	16,446
Gain arising on early redemption of convertible notes receivables	**1,611**	—
Gain on deemed disposal of an associate	**7,669**	—
Gain on disposal of available-for-sale financial assets	**66,883**	—
Gain on disposal of property, plant and equipment	**139**	—
Gain on disposal of subsidiaries	**1,671**	588
Gain on disposal of trademark	**350**	—
Impairment loss recognised in respect of other receivables	**(46,519)**	—
Imputed interest income on convertible notes receivables	**7,686**	38,233
Loss arising on change in fair value of investment properties	**—**	(1,940)
Reversal of impairment loss recognised in respect of interest in an associate	**—**	6,137
Written down of property, plant and equipment	**(322)**	—
Written off of inventories	**(1)**	—
	200,409	91,072

8. Profit from operations

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

	For the year ended 31 December	
	2014	2013
	HK$'000	*HK$'000*
Auditors' remuneration	**1,180**	680
Depreciation of property, plant and equipment	**2,388**	95
Loss on disposal of investment properties	**—**	13,000
Operating lease rentals in respect of rental premises	**4,916**	1,803
Share-based payment expenses in respect of consultancy services	**6,576**	4,195
Staff costs including directors' emoluments		
— salaries and other allowances	**34,491**	15,390
— contributions to retirement benefits scheme	**390**	108
— share-based payment expenses	**3,813**	2,886
	38,694	18,384
Gross rental income from investment properties	**—**	(3,402)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	**—**	19
Less: direct operating expenses incurred for investment properties that did not generate rental income during the year	**—**	1,206
	—	(2,177)

9. Finance costs

	For the year ended 31 December	
	2014	2013
	HK$'000	*HK$'000*
Imputed interest on promissory notes	**348**	—
Interest on finance leases	**44**	—
Interest on other borrowings wholly payable within 5 years	**14**	—
	406	—

10. Income tax expense

Income tax recognised in the consolidated statement of profit or loss:

	For the year ended 31 December	
	2014	2013
	HK$'000	*HK$'000*
Current tax expense	**(9,864)**	(7,633)
Over/(under) provision in prior year	**2,137**	(17)
Deferred taxation	**—**	2,090
	(7,727)	(5,560)

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 2014 (2013: Nil) as the Group has no estimated taxable profits.

A subsidiary of the Company is subject to the PRC Enterprise Income Tax at 25% for the year. No provision for the PRC Enterprise Income Tax has been made for the year ended 31 December 2014 (2013: Nil) as the Group has no estimated taxable profits.

11. Discontinued operations

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

The results and cash flows of the discontinued operations for the current and prior years were as follows:

	For the year ended 31 December	
	2014	2013
	HK$'000	*HK$'000*
Turnover	**158**	512
Impairment loss recognised in respect of intangible assets	**—**	(3,793)
Administrative expenses	**(5)**	(25)
Profit/(loss) from operations	**153**	(3,306)
Finance costs	**—**	—
Profit/(loss) before taxation	**153**	(3,306)
Income tax expense	**—**	—
Profit/(loss) for the year from discontinued operations	**153**	(3,306)
Net cash effect on operating activity	**—**	—

12. 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:

From continuing and discontinued operations

	For the year ended 31 December	
	2014	2013
Earnings	***HK$'000***	*HK$'000*
Profit for the year attributable to owners of the Company	**238,077**	97,238

	For the year ended 31 December	
	2014	2013
Number of ordinary shares	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**531,966**	405,204
Effect of dilutive potential ordinary shares: Share options issued by the Company	**990**	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**532,956**	405,204

From continuing operations

	For the year ended 31 December	
	2014	2013
Earnings	***HK$'000***	*HK$'000*
Profit for the year from continuing operations attributable to owners of the Company	**237,924**	100,544

Number of ordinary shares	For the year ended 31 December 2014 '000	2013 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**531,966**	405,204
Effect of dilutive potential ordinary shares: Share options issued by the Company	**990**	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**532,956**	405,204

From discontinued operations

Earnings/(loss)	For the year ended 31 December 2014 HK$'000	2013 HK$'000
Profit/(loss) for the year from discontinued operations attributable to owners of the Company	**153**	(3,306)

Number of ordinary shares	For the year ended 31 December 2014 '000	2013 '000
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**531,966**	405,204
Effect of dilutive potential ordinary shares: Share options issued by the Company	**990**	—
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**532,956**	405,204

Diluted earnings/(loss) per share for the year ended 31 December 2014 is calculated by taking into account the Company's outstanding share options, which were dilutive and had a dilutive effect.

Diluted earnings/(loss) per share for the year ended 31 December 2013 was the same as the basic earnings/(loss) per share as the Company's outstanding share options were anti-dilutive and had no dilutive effect.

13. Loans receivables

	2014	2013
	HK$'000	*HK$'000*
Loans to customers	**941,000**	763,186
Accrued interest receivables	**9,549**	10,438
	950,549	773,624
Less: impairment loss recognised	**—**	—
	950,549	773,624

All loans are denominated in Hong Kong Dollars. The loans receivables carry effective interests ranging approximately from 8% to 20% per annum (2013: 2.5% to 48% per annum). A maturity profile of the loans receivables (net of impairment loss recognised, if any) at 31 December 2014 and 2013, based on the maturity date is as follows:

	2014	2013
	HK$'000	*HK$'000*
Current assets		
Within one year	**720,549**	168,476
Non-current assets		
Over one year but within two years	**230,000**	605,148
	950,549	773,624

At 31 December 2014, certain loans amounted to HK$206,000,000 (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 (2013: HK$258,600,000).

14. Trade receivables

The Group assesses the credit status and imposes credit limits for the customers in accordance with the Group's credit policy. The credit limits are closely monitored and subject to periodic reviews.

The Group allows credit period ranging from 0 day to 120 days to its customers. Details of the aged analysis of trade receivables that are not considered to be impaired and based on the invoice dates as follows:

	2014	2013
	HK$'000	*HK$'000*
0-30 days	**13,549**	37
31-60 days	**2,783**	—
61-90 days	**818**	—
91-120 days	**82**	—
Over 120 days	**396**	396
	17,628	433
Less: impairment loss recognised	**(396)**	(396)
	17,232	37

The following is an aged analysis of the trade receivables (net of impairment loss, if any) at the end of the reporting period:

	2014	2013
	HK$'000	*HK$'000*
0-30 days	**13,549**	37
31-60 days	**2,783**	—
61-90 days	**818**	—
91-120 days	**82**	—
	17,232	37

At 31 December 2014, the Company had no trade receivables past due but not impaired (2013: Nil). The Group does not hold any collateral over these balances.

Aging of impaired trade receivables is as follows:

	2014	2013
	HK$'000	*HK$'000*
Over 120 days	**396**	396

15. Trade Payables

	2014	2013
	HK$'000	*HK$'000*
Trade payables	**13,165**	—

The following is an analysis of trade payables by age based on the invoice dates:

	2014	2013
	HK$'000	*HK$'000*
0 – 30 days	**7,347**	—
31 – 60 days	**2,524**	—
61 – 90 days	**3,241**	—
91 – 120 days	**20**	—
Over 120 days	**33**	—
	13,165	—

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: 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 are presented separately as discontinued operations.

Profit attributable to owners of the Company for the year ended 31 December 2014 from continuing and discontinued operations amounted to HK$238,077,000, a 144.84% increase from HK$97,238,000 for the previous year.

Results of continuing operations

During the year ended 31 December 2014, the Group recorded a revenue of HK$110,755,000, a 329.40% increase from HK$25,793,000 for the previous year. The significant increase in turnover 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 consolidation of the financial results of EDS Wellness Holdings Limited ("**EDS Wellness**", stock code: 8176) and its subsidiaries (collectively, the "**EDS Wellness**

Group") since 2 July 2014 and the commencement of a new business, namely design and sale of jewelry products, in October 2014. Of the total turnover, HK$78,316,000 was generated from money lending, HK$22,084,000 was generated from sale of beauty products and provision of therapy services, HK$14,273,000 was generated from sale of jewelry products and a loss of HK$3,918,000 was generated from sale of financial assets. Profit for the year from continuing operations amounted to HK$225,147,000, an increase of 123.93% as compared with HK$100,543,000 for the previous year. This increase was mainly attributable to a HK$117,313,000 increase in gain arising on change in fair value upon conversion of convertible notes receivables and a gain of HK$66,883,000 arising on disposal of available-for-sale financial assets, which are partially offset by an impairment loss of HK$46,519,000 recognised in respect of other receivables.

Gross profit and gross profit margin for sale of beauty products and provision of therapy services in the year ended 31 December 2014 were HK$6,929,000 and 31.38% respectively. Gross profit and gross profit margin for sale of jewelry products in the year ended 31 December 2014 were HK$2,427,000 and 17.00% respectively.

Investment and other income decreased by 91.14% from HK$42,955,000 in the year ended 31 December 2013 to HK$3,805,000 in the current financial year. This decrease 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 year are as follows:

(a) On 28 March 2014, the Group converted the remaining principal amount of HK$225,000,000 of the 8% convertible notes issued by China Star (the "**China Star 8% CNs**") into 2,045,454,545 new shares in China Star at the adjusted conversion price of HK$0.11 per share. Given that the market value of the 2,045,454,545 new shares in China Star valued at the closing price of HK$0.151 per share on 28 March 2014, being the date of conversion, exceeded the fair value of the relevant debt and conversion option components of the China Star 8% CNs by HK$28,461,000, a gain of HK$28,461,000 arising on change in fair value upon conversion of convertible notes receivables was recognised. On 2 July 2014, the Group converted the principal amount of HK$25,000,000 of the zero coupon convertible notes issued by EDS Wellness (the "**EDS Wellness CNs**") into 25,000,000 new shares in EDS Wellness at the initial conversion price of HK$1.00 per share. As the market value of the 25,000,000 new shares in EDS Wellness valued at the closing price of HK$3.4905 per share on 2 July 2014, being the date of conversion, exceeded the fair value of the relevant debt and conversion option components of the EDS Wellness CNs by HK$61,846,000, a gain of HK$61,846,000 arising on change in fair value upon conversion of convertible notes receivables was further recognised. On 30 September 2014, the Group converted the remaining principal amount of HK$15,000,000 of the EDS Wellness CNs into 15,000,000 new shares in EDS Wellness at the initial conversion price of HK$1.00 per share. Given that the market value of the 15,000,000 new shares in EDS Wellness valued at the closing price of HK$3.95 on 30 September 2014, being the date of conversion, exceeded the fair value of the relevant debt and conversion option components of the EDS Wellness CNs by HK$43,452,000, a gain of HK$43,452,000 arising on change in fair value upon conversion of convertible notes receivables was further recognised.

(b) On 15 April 2014 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 associate 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%. The Group was deemed to dispose of a 12.81% shareholding interest in China Star Cultural and ceased to have significant influence over China Star Cultural. The Group has accounted for the remaining 16.19% shareholding interest in China Star Cultural as available-for-sale investment whose fair value at 17 June 2014 was HK$52,790,000 and recognised a gain on deemed disposal of an associate of HK$7,669,000.

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

(d) During the year, the China Star 8% CNs, the EDS Wellness CNs and the Koffman CNs generated imputed interest income of HK$7,686,000 to the Group, representing a decrease of 79.90% from HK$38,233,000 for the year ended 31 December 2013. Such decrease was attributable to the full conversion of the China Star 8% CNs and the EDS Wellness CNs and the early redemption of the Koffman CNs during the year.

(e) On 19 December 2014, the Group disposed of 75,800,000 shares in China Star Cultural in a series of transactions on open market for an aggregate net proceeds of HK$94,172,000, representing an average selling price of HK$1.2468 per share and recognised a gain of HK$66,883,000 on disposal of available-for-sale financial assets.

(f) Given that (i) Mr. Shum Yeung ("**Mr. Shum**") failed to settle the judgment debt and the accrued interest in the aggregate amount of HK$46,519,000 under the Judgement in High Court Action No. 1775 of 2012 and commenced various legal actions to prevent EDS Wellness from recovering the judgment debt and the accrued interest including a fresh legal action as announced by EDS Wellness on 23 January 2015, (ii) it was unclear whether and when EDS Wellness would be able to receive the judgment debt and the accrued interest in full from selling (1) the charged shares in Mr. Shum's companies, and (2) the charged properties as those properties were held by Mr. Shum and another individual as joint tenants and subject to mortgages and EDS Wellness did not have the information of the financial status of Mr. Shum and his companies, the amount of Mr. Shum's interest in the charged properties and the outstanding loan amounts under the mortgages, and (iii) the ability of Dutfield International Group Limited ("**Dutfield**") as guarantor to Mr. Shum to fulfill its obligations under the guarantee depended on the outcome of the legal proceedings for, inter alia, its claim for the sum of HK$141,360,000 under a loan agreement but Dutfield failed to obtain a summary judgment against the debtor and the outcome of the legal proceedings is uncertain, an impairment loss of HK$46,519,000 in respect of other receivables was recognised at the end of the reporting period.

(g) At the end of the reporting period, the Group revalued its equities portfolio at market prices and recognised a gain of HK$27,483,000 arising on change in fair value of financial assets at fair value through profit or loss.

Selling and distribution expenses mainly represented advertising and promotion expenses incurred for the EDS Wellness Group's personal care products under the brand name "Evidens de Beauté", and staff costs of sales team and overseas travelling expenses incurred by the Group's design and sale of jewelry business.

Administrative expenses (before depreciation) amounted to HK$50,395,000 for the year ended 31 December 2014, a 0.99% increase from HK$49,902,000 for the previous year. After adjusting for the loss on disposal of investment properties of HK$13,000,000 recorded in 2013, administrative expenses (before depreciation) for the year increased by 36.56% as compared to the previous year. This increase was mainly attributable to a HK$10,159,000 increase in directors' emoluments and the general increase in administrative expenses resulted from the acquisition of EDS Wellness in July 2014 and the commencement of design and sale of jewelry products business in October 2014.

For the period from 1 January 2014 to 17 June 2014, being the date on which China Star Cultural ceased to be an associate 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 year ended 31 December 2014, Spark Concept Group Limited ("**Spark Concept**"), an associate of the Group, and its subsidiaries reported a consolidated loss of HK$920,000. As the Group's share of post-acquisition losses equals to its interests in Spark Concept, no further share of loss was recognised.

Finance costs represented imputed interest on promissory notes, interest on finance leases and interest on loan incurred by the EDS Wellness Group.

Results of discontinued operations

Profit for the year from discontinued operations amounted to HK$153,000, whereas a loss of HK$3,306,000 was recorded in the previous year. 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$3,793,000 recorded in the previous year.

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$1,825,372,000 at 31 December 2013 to HK$2,144,651,000 at 31 December 2014.

At 31 December 2014, the cash and cash equivalents of the Group amounted to HK$384,778,000 (2013: HK$662,153,000).

At 31 December 2014, the Group had outstanding borrowings of HK$10,374,000 (2013: Nil) representing (i) the liability component of HK$6,069,000 in respect of two promissory notes in the aggregate principal amount of HK$6,420,000 issued by EDS Wellness which are non-interest bearing, unsecured and maturing on 30 June 2015, (ii) a loan of HK$1,400,000 advanced by an independent third party which is non-interest bearing, unsecured and repayable on demand, (iii) a loan of HK$2,450,000 advanced by Koffman Investment Limited, a company which is 50% owned by Mr. Yu Zhen Hua Johnny (the chairman and a director of EDS Wellness), which is interest bearing at 5.00% per annum, unsecured and maturing on 25 August 2015 and (iv) the obligations under finance leases of HK$455,000 of which (1) HK$435,000 is interest bearing at 3.00% per annum and secured by a guarantee from Hong Kong Government, a joint and several guarantee from a director of a subsidiary and an independent third party and the Group's title to the leased assets, and (2) HK$20,000 is non-interest bearing and secured by the Group's title to the leased assets.

Gearing ratio

At 31 December 2014, the gearing ratio calculated as a percentage of total borrowings over equity attributable to owners of the Company was 0.48% (2013: Nil). The increase in gearing ratio was due to the borrowings acquired through the acquisition of ESD Wellness during the year.

Net current assets and current ratio

At 31 December 2014, the Group's net current assets and current ratio were HK$1,695,226,000 (2013: HK$1,146,744,000) and 20.52 (2013: 44.94), respectively.

Capital structure

On 4 March 2014, the Company allotted and issued 91,000,000 new 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 operations 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 31 December 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 a loan agreement dated 6 March 2014.

Material acquisitions

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

(a) On 28 March 2014, the Group converted the remaining principal amount of HK$225,000,000 of the China Star 8% CNs 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 CNs 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.

(c) On 2 July 2014, the Group converted the principal amount of HK$25,000,000 of the EDS Wellness CNs into 25,000,000 new shares in EDS Wellness at the 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 became 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.

(d) 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 (the "**EDS Open Offer**") pursuant to the irrevocable undertaking given by the Group to EDS Wellness and the underwriter on 25 June 2014. The EDS Open Offer was completed on 11 August 2014. The Group's shareholding interest in EDS Wellness maintained at 65.58% immediately after the completion of the EDS Open Offer. The subscription constitutes a discloseable transaction of the Company under the Listing Rules and was announced by the Company on 25 June 2014.

(e) On 30 September 2014, the Group converted the remaining principal amount of HK$15,000,000 of the EDS Wellness CNs into 15,000,000 new shares in EDS Wellness at the initial conversion price of HK$1.00 per share. As a result of the conversion, the Group's shareholding interest in EDS Wellness has increased to 70.18%. The conversion 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 year, 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 and the Group's shareholding interest in China Star Cultural was diluted from 29.00% to 24.21%. On 17 June 2014, China Star Cultural further allotted and issued another 300,000,000 new shares by way of placing of new shares under specific mandate and the Group's shareholding interest in China Star Cultural was further diluted from 24.21% to 16.19%. As a result, the Group was deemed to dispose of a 12.81% shareholding interest in China Star Cultural and China Star Cultural ceased to be an associate of the Group on 17 June 2014.

(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 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 Koffman CNs 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.

(e) On 19 December 2014, the Group disposed of 75,800,000 shares in China Star Cultural in a series of transactions on open market for an aggregate net sale proceeds of HK$94,172,000. The disposal constitutes a discloseable transaction of the Company under the Listing Rules and was announced on 19 December 2014.

Pledge of assets

At 31 December 2014, the Group's restricted bank deposits of HK$19,701,000 (2013: Nil) were deposits held at banks in respect of credit card and instalment sales arrangement of its sale of beauty products and provision of therapy services business. In addition, the Group's obligations under finance leases are secured by the Group's title to the leased assets, which have a carrying amount of HK$363,000 (2013: Nil).

Material commitments

At 31 December 2014, the Group had a total commitment of HK$1,959,000,000 (2013: HK$408,852,000) 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$9,000,000 pursuant to the building mortgages and the loan agreements entered into between the Group and its customers; and

(c) the consideration of HK$1,650,000,000 for the proposed acquisition of the entire shareholding interest in a target company and the assignment of the shareholder's loan due by the target company (the "**Proposed Acquisition**") pursuant to a conditional sale and purchase agreement entered into between the Company as purchaser, a vendor, a wholly owned subsidiary of a company listed on the Main Board of the Stock Exchange (the "**Main Board Listed Company**"), as vendor and the Main Board Listed Company as guarantor on 11 December 2014. The consideration shall be settled as to (i) HK$600,000,000 by cash and (ii)

HK$1,050,000,000 by the issue of a share entitlement note, which entitles the holder thereof to call for the allotment and issue of 1,500,000,000 new shares in Company at a price of HK$0.70 per share, to the Main Board Listed Company. The Proposed Acquisition is conditional upon the fulfillment and/or waiver (as the case may be) of the conditions precedent set out in the conditional sale and purchase agreement.

Exchange risk and hedging

As the majority of the Group's transactions, assets and liabilities are denominated in Hong Kong Dollars and United States Dollars. Accordingly, no financial instruments for hedging purposes have been used by the Group.

Contingent liabilities

At 31 December 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 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 consolidated financial statements of the Group for the year ended 31 December 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 1**") 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. One Synergy has, as at the date of this announcement, not been served with the Writ 1.

    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 1 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.

(c) On 28 April 2014, EDS Wellness received a writ of summons (the "**Writ 2**") from the People's Court of Huadu District, Guangzhou City, Guangdong Province of the People's Republic of China (the "**Huadu People's Court**").

Pursuant to the two writs of civil proceedings (the "**Writs of Civil Proceedings**") enclosed with the Writ 2, the plaintiff廣州市溢盈物業管理服務有限公司(Guangzhou Yiying Property Management Services Co. Ltd.) ("**Yiying**"), a property management company, alleges that, among others, (i)廣州市雅基置業有限公司(Guangzhou Yaji Properties Co. Ltd.) ("**Yaji**") has defaulted in payment of the management fees and utilities and miscellaneous fees in the aggregate amount of RMB2,868,000 (equivalent to HK$3,622,000) in respect of certain commercial properties owned by Yaji in Huadu District, Guangzhou City (the "**Properties**") for the period from February 2012 to January 2014; and (ii) after the Properties had been sold and transferred to Yaji by廣州市花都佳業房地產開發有限公司(Guangzhou Huadu Jiaye Property Development Co. Ltd.) ("**Jiaye**"), Yaji continued to default in payment of the management fees and as Yaji did not have enough capacity for payment, upon discussion between the parties, Yaji, EDS Wellness, Yiying and Jiaye entered into a letter of confirmation (the "**Letter of Confirmation**") on 26 November 2010 providing that the obligations which should be performed by Yaji in relation to the management of the Properties would be assumed and performed by EDS Wellness. As such, EDS Wellness shall be jointly liable for the payment of the outstanding management fees and utilities and miscellaneous fees.

Under the Writs of Civil Proceedings, Yiying requests the Huadu People's Court to:

(i) order Yaji and EDS Wellness to forthwith and jointly pay to Yiying the outstanding management fees from February 2012 to January 2014 in the aggregate amount of RMB2,866,000 (equivalent to HK$3,620,000) and the default payment until the day of actual repayment (which is in the aggregate amount of RMB1,369,000 (equivalent to HK$1,729,000) as at 31 January 2014), totalling RMB4,235,000 (equivalent to HK$5,349,000);

(ii) order Yaji and EDS Wellness to forthwith and jointly pay to Yiying the outstanding utilities and miscellaneous fees from February 2012 to January 2014 in the aggregate amount of RMB2,500 (equivalent to HK$3,100) and the interest loss until the day of actual repayment of RMB300 (equivalent to HK$400) as at 31 January 2014), totalling RMB2,800 (equivalent to HK$3,500);

(iii) order the appraisal fee of RMB8,000 (equivalent to HK$10,000) for the security for the application for preservation of property be borne jointly by Yaji and EDS Wellness; and

(iv) order all costs of the legal proceedings be borne jointly by Yaji and EDS Wellness.

With reference to the announcements of EDS Wellness dated 30 April 2010, 5 April 2012, 4 July 2012, 24 July 2012, 3 August 2012, 21 August 2012, 28 September 2012, 26 October 2012, 1 November 2012, 21 December 2012, 29 January 2013 and 25 April 2013 in relation to, among others, the proposed acquisition of a company which held the entire equity interest in Yaji, the termination of such proposed acquisition and the legal proceedings against Mr. Shum. Although Yaji was once a wholly owned subsidiary of the target company to be acquired by the EDS Wellness Group, such proposed acquisition was terminated and the EDS Wellness Group has never acquired any equity interest in Yaji.

Having examined a copy of the Letter of Confirmation enclosed with the Writ 2 and reviewed the internal records of EDS Wellness and enquired with the former management of EDS Wellness at the relevant times, EDS Wellness considers that the signature of the alleged representative of EDS Wellness on the Letter of Confirmation was not signed by any authorised representative of EDS Wellness and may be forged for, among others, the following reasons:

(i) the signature of the alleged representative of EDS Wellness on the Letter of Confirmation was different from those of the former directors and the chief executive officer of EDS Wellness at the relevant times;

(ii) the company chop affixed to the Letter of Confirmation was not the one commonly used by EDS Wellness for the execution of documents;

(iii) the style of the signature and the handwriting of the date of execution of the alleged representative of EDS Wellness highly resemble those of Yaji on the same Letter of Confirmation;

(iv) the internal records of EDS Wellness do not show that EDS Wellness has executed or approved the Letter of Confirmation; and

(v) the former chairman and executive director, the former vice-chairman and executive director and the former chief executive officer of EDS Wellness at the relevant times have confirmed that (1) they had never seen or signed the Letter of Confirmation; (2) the Letter of Confirmation had never been tabled for discussion in any meetings of directors of EDS Wellness they attended and they had never passed any resolution in any meeting of directors of EDS Wellness to approve the Letter of Confirmation or authorised any person to represent EDS Wellness to sign the Letter of Confirmation; and (3) they are not aware of any person having signed the Letter of Confirmation for and on behalf of EDS Wellness.

EDS Wellness has instructed the legal advisers in Mainland China to defend the two cases. Three hearings were held by the Huadu People's Court on 16 June 2014, 30 June 2014 and 15 August 2014 respectively.

On 24 September 2014, the EDS Wellness Group received the judgments of the Civil Proceedings (the "**Civil Proceedings Judgments**") issued by the Huadu People's Court on 19 September 2014, pursuant to which, the Huadu People's Court made the following principal orders:

(i) order Yaji to pay to Yiying within 10 days from the date of the Civil Proceedings Judgments the outstanding management fees in the total sum of RMB2,616,000 (equivalent to HK$3,304,000) and the default payment until the day of actual repayment; and

(ii) dismiss the claims against EDS Wellness set out in the Writs of Civil Proceedings.

Pursuant to the Civil Proceedings Judgments, Yaji and Yiying might, within 15 days from receipt of the Civil Proceedings Judgments, lodge an appeal to the Intermediate People's Court of Guangzhou City, Guangdong Province of the People's Republic of China (the "**Intermediate People's Court**") against the Civil Proceedings Judgments and EDS Wellness might, within 30 days from receipt of the Civil Proceedings Judgments, lodge an appeal to the Intermediate People's Court against the Civil Proceedings Judgments.

On 3 December 2014, EDS Wellness was informed by its legal advisers that Yaji had filed appeals (the "**Appeals**") against the Civil Proceedings Judgments and the hearing for the Appeals was fixed on 11 December 2014. Yiying had not filed any appeals against the Civil Proceedings Judgments.

No provision for the outstanding management fees and utilities and miscellaneous fees was made in the consolidated financial statements of the Group for the year ended 31 December 2014 as the Appeals were dismissed by the Intermediate People's Court on 14 January 2015 according to the relevant judgments received by EDS Wellness's legal advisers in Mainland China.

Employees and remuneration policy

At 31 December 2014, the headcount of the Group was 75 (2013: 13). Staff costs (including directors' emoluments) amounted to HK$38,694,000 (2013: HK$18,384,000). In addition to basic salaries, provident fund and discretionary bonus, staff benefits include medical scheme and share options.

Operations Review

During the year, 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 year.

During the year, the Group acquired Hong Kong equities with market value of HK$263,874,000 and converted the remaining principal amount of HK$225,000,000 of the China Star 8% CNs into 2,045,454,545 new shares in China Star with market value of HK$308,864,000 as at the date of conversion. Upon the conversion of the China Star 8% CNs, 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 and the 2,045,454,545 new shares in China Star have been accounted for as financial assets at fair value through profit or loss. The Group's sale of financial assets business recorded a loss of HK$3,918,000, which consists of a gain of HK$1,119,000 arising from the disposal of Hong Kong equities and a loss of HK$5,037,000 arising from the disposal of 321,600,000 shares in China Star. At 31 December 2014, the Group revalued its equities portfolio to market prices and recognised a gain of HK$27,483,000 arising on change in fair value of financial assets at fair value through profit or loss.

In 2013, the gaming promoter adopted a tightening credit policy towards its Mainland China's VIP customers in response to the slowdown of Mainland China's economy. With worries over the Mainland China's economic growth and excessive growth in the Mainland China's so-called shadow banking sector, the gaming promoter had unveiled to the Group that a tightening credit policy towards its Mainland China's VIP customers would 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 and favorable investment opportunities. 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 recognised a gain on disposal of subsidiaries of HK$312,000. During the year, the Group's provision of management services business generated services fee income amounted to HK$158,000 and the results of Rich Daily for the year ended 31 December 2014 were presented separately as discontinued operations.

During the year, the Group's money lending business generated interest income on loans of HK$78,316,000, a 224.95% increase from HK$24,101,000 for the previous year. This significant 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$248,124,000 in the year ended 31 December 2013 to HK$901,065,000 in the year ended 31 December 2014. During the year, the Group granted new loans in the aggregate principal amount of HK$698,440,000 to its customers and received loans repayment of HK$520,626,000 from its customers. At 31 December 2014, the Group's loans receivables together with accrued interest receivables amounted to HK$950,549,000. At the end of the reporting period, the directors assessed the collectability of loan receivables. As there was no objective evidence that the Group would not be able to collect all amounts due according to the terms of the loan agreements, no impairment loss on loan receivables was recognised.

In order to diversify its businesses and broaden its revenue, the Group has commenced the design and sale of jewelry products business since October 2014. The design and sale of jewelry products business involves product design, sale and marketing, but does not involve manufacturing of jewelry products. The manufacturing of the jewelry products is outsourced to subcontractors, who are independent third parties. The jewelry products comprise rings, earrings, bracelets, bangles, brooches, necklaces and pendants made of diamonds, gemstones, pearls and precious metals. Target customers are mainly jewelry wholesalers and retailers in Hong Kong, Europe, the United States of America (the "**US**") and Canada. During the year, the Group has funded HK$30,000,000 to the design and sale of jewelry products business for financing its development and operations. Given that the business does not involve manufacturing of jewelry products, the initial funding has been utilised mainly for the purchase of inventories and payment of operating costs. During the year, the design and sale of jewelry products business generated a sale of HK$14,273,000 and recorded a net profit of HK$577,000. At 31 December 2014, the Group's inventories of jewelry products, including raw materials, work-in-progress and finished goods, amounted to HK$25,177,000 and the Group's design and sale of jewelry products business had undelivered sale orders amounted to HK$800,000.

For the purpose of participating in the development of EDS Wellness, the Group subscribed for the EDS Wellness CNs in the aggregate principal amount 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 CNs 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 CNs carry rights entitling the holders thereof to convert their principal amount into shares in EDS Wellness at the 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 CNs shall be redeemed at par on the maturity date. For the purpose of facilitating the EDS Open Offer, the Group, on 25 June 2014, gave an irrevocable undertaking in favour of EDS Wellness and the underwriter (i) to convert the principal amount of HK$25,000,000 of the EDS Wellness CNs into 25,000,000 new shares in EDS Wellness before the commencement of the book close period of the EDS Open Offer, (ii) not to convert the remaining balance of the EDS Wellness CNs of HK$15,000,000 into 15,000,000 new shares in EDS Wellness before the record date for the EDS 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 EDS 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 EDS Open Offer. On 2 July 2014, the

Group converted the principal amount of HK$25,000,000 of the EDS Wellness CNs into 25,000,000 new shares in EDS Wellness at the 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 became a 65.58% owned subsidiary of the Group and the financial results of the EDS Wellness Group have been consolidated into the consolidated financial statements of the Group since 2 July 2014. On 22 July 2014, the Group subscribed for 12,500,000 new shares in EDS Wellness under the EDS Open Offer at a subscription price of HK$3.00 per share pursuant to the irrevocable undertaking dated 25 June 2014. On 28 August 2014, EDS Wellness allotted and issued 2,620,000 new shares by way of placing of new shares under general mandate and the Group's shareholding interest in EDS Wellness was diluted from 65.58% to 62.71%. On 30 September 2014, the Group converted the remaining principal amount of HK$15,000,000 of the EDS Wellness CNs into 15,000,000 new shares in EDS Wellness at the initial conversion price of HK$1.00 per share. As a result of the conversion, the Group's shareholding interest in EDS Wellness has increased from 62.71% to 70.18%. Upon the conversion of the EDS Wellness CNs, the Group recognised a gain of HK$105,298,000 arising on change in fair value upon conversion of convertible notes receivables.

The EDS Wellness Group is principally engaged in sale of beauty products and provision of therapy services. For the sale of beauty products, the EDS Wellness Group offers a variety of personal care products under the brand name "Evidens de Beauté", and a variety of medical skincare products, including the brand "Activa". For the provision of therapy services, the EDS Wellness Group operates a spa with the brand "Le Spa Evidens de Beauté" to offer spa, facial sahos, body treatments and wellness massages services at Lyndhurst Terrace in Central and a medical skincare centre under the trading name "COLLAGEN+" at Soundwill Plaza in Causeway Bay. During the period from 2 July 2014 to 31 December 2014, the EDS Wellness Group generated a revenue of HK$22,084,000 and incurred a loss of HK$47,043,000 to the Group. Of the total revenue, HK$1,648,000 was generated from sale of beauty products and HK$20,436,000 was generated from provision of therapy services. The reporting of a loss by the EDS Wellness Group was mainly due to the substantial decrease in the sale of personal care products under the brand name "Evidens de Beauteˊ" resulted the slowdown of the growth of Mainland China visitors and the weakening of Mainland China tourists' spending power and the recognition of an impairment loss on other receivables of HK$46,519,000.

For the purpose of reducing administrative expenses and audit fees of the EDS Wellness Group, EDS Wellness as vendor entered into a sale and purchase agreement with Koffman Investment Limited, a company which is 50% owned by Mr. Yu Zhen Hua Johnny (the chairman and a director of EDS Wellness), as purchaser relating to the disposal of the entire issued share capital of Blu Spa Group Limited at a nominal cash consideration of HK$1.00 on 19 December 2014. Blu Spa Group Limited holds the entire equity interest in Blu Spa (Hong Kong) Limited, which in turn is an intermediate holding company of seven subsidiaries (the "**BS Group**"). Blu Spa (Hong Kong) Limited is in the process of being wound up and joint liquidators have been appointed for the winding up of Blu Spa (Hong Kong) Limited. The assets and liabilities of the BS Group have not been consolidated into the consolidated financial statements of the Group. As at the date of the sale and purchase agreement, the BS Group was indebted to EDS Wellness in an amount of HK$241,420,000, which was fully impaired in the financial statements of EDS Wellness in the year ended 30 June 2014. Given that the BS Group is severely insolvent, it is expected that no dividend will be distributed in respect of the equity interest in Blu Spa (Hong Kong) Limited. The disposal constitutes a connected transaction of the Company under the Listing Rules. As all the applicable percentage ratios under the Listing Rules in respect of the disposal are less than 5% and the consideration is less than HK$3,000,000, the disposal is fully exempted from the connected transaction requirements under the Listing Rules and the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange. The Group recognised a gain of HK$1,359,000 from the disposal.

In 2013, the Group disposed of all its investment properties in response to the implementation of Double Stamp Duty in February 2013 and the Federal Reserve tapering of its monthly bond purchase programme. Following the disposal of all the Group's investment properties, the directors have cautiously identified suitable investment properties or property projects for the Group's investment property business.

To expand the Group's property investment into Mainland China, the Company as purchaser, the vendor, a wholly owned subsidiary of the Main Board Listed Company, as vendor and the Main Board Listed Company as guarantor entered into the conditional sale and purchase agreement in relation to the Proposed Acquisition at an aggregate consideration of HK$1,650,000,000 on 11 December 2014. The consideration shall be settled as to (i) HK$600,000,000 by cash and (ii) HK$1,050,000,000 by the issue of a share entitlement note, which entitles the holder thereof to call for the allotment and issue of 1,500,000,000 new shares in Company at a price of HK$0.70 per share, to the Main Board Listed Company. The target company and its subsidiaries have two major assets, which are (i) the rights to manage and operate a membership-based golf club and resort in Beijing, Mainland China (the "**Club**") up to 31 December 2051 and (ii) the rights to develop and operate a land adjacent to the Club (the "**Subject Land**") and the rights to manage the properties erected on the Subject Land up to 30 January 2062. The Club is an exclusive premier membership-based golf club and resort, which comprises of a 7,260-yard Nelson and Haworth designed 18-hole championship golf course, the first PGA branded and managed Golf Academy in Asia, driving range facilities, theme restaurants and cafes, a luxurious spa and fitness centre and retail shops. The Subject Land is 582 Chinese acres (equivalent to approximately 387,000 square meters) of land adjacent to the Club. The Subject Land is intended to be developed into (i) a low-density deluxe hotel villas community with a total gross floor area of 55,000 square meters and (ii) a high-end hotel apartment complex with a total gross floor area of 25,000 square meters. Both the Club and the Subject Land are well located in Chaoyang District (between the Fourth and Fifth Ring Roads), close to Beijing Capital International Airport and a 30-minute drive to Beijing central business district. The Proposed Acquisition, if materialises, constitutes a very substantial acquisition of the Company under the Listing Rules and requires an approval from the shareholders at a special general meeting of the Company. On 19 December 2014 the Company has submitted a draft announcement relating to the Proposed Acquisition for the Stock Exchange's review and vetting. As at the date of this announcement, the draft announcement is being reviewed by the Stock Exchange and is pending the Stock Exchange's clearance for publication.

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 (the "**China Star Bonus CNs**") 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 China Star Bonus CNs and the China Star 8% CNs 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. The 12-month mandate was expiry on 27 June 2014. Under the 12-month mandate, the Group converted the entire principal amount of the China Star Bonus CNs and the China Star 8% CNs into an aggregate of 3,789,798,857 new shares in China Star and disposed of 2,369,934,650 shares in China Star. On the expiry of the 12-month mandate, the Group held 1,723,854,545 shares in China Star and the net proceeds from the Disposal amounted to HK$319,160,000. On 7 November 2014, the directors proposed to seek approvals from its shareholders for granting another 12-month mandate to the Company for disposing of the remaining 1,723,854,545 shares in China Star held by the Group. The 12-month disposal mandate constitutes a major transaction of the Company and was approved by the shareholders at the special general meeting of the Company on 18 December 2014.

During the year, the Group's fixed income portfolio generated imputed interest income of HK$7,686,000, a 79.90% decrease from HK$38,233,000 for the previous year. The decrease was attributable to the full conversion of the China Star 8% CNs and the EDS Wellness CNs and the early redemption of the Koffman CNs as discussed above. At 31 December 2014, the Group did not hold any convertible notes

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 and the Group's shareholding interest in China Star Cultural was diluted from 29.00% to 24.21%. On 17 June 2014, China Star Cultural further allotted and issued another 300,000,000 new shares by way of placing of new shares under specific mandate and the Group's shareholding interest in China Star Cultural was further diluted from 24.21% to 16.19%. As a result, the Group was deemed to dispose of a 12.81% shareholding interest in China Star Cultural on 17 June 2014 and recognised a gain on deemed disposal of an associate of HK$7,669,000. As China Star Cultural ceased to be an associate of the Group, the Group has accounted for its 146,640,000 shares in China Star Cultural as available-for-sale investment. Given that the Group's investment in China Star Cultural was for the purpose of forming a strategic alliance with Culture Landmark Investment Limited, a company listed on the Main Board of the Stock Exchange under stock code: 674, and China Star Cultural in order to secure a stable supply of films from China Star Cultural for revitalising the Group's film distribution business. However, such investment does not produce the intended result and Culture Landmark Investment Limited is no longer a shareholder of China Star Cultural. Accordingly, the Company intends to dispose of the 146,640,000 shares in China Star Cultural held by the Group on open market from time to time in order to realise the Group's investment in China Star Cultural. On 5 December 2014, the directors proposed to seek approvals from its shareholders for granting a 12-month mandate to the Company for disposing of up to 146,640,000 shares in China Star Cultural held by the Group. The 12-month disposal mandate constitutes a major transaction of the Company and was approved by the shareholders at the special general meeting of the Company on 13 January 2015. Prior to the approval of the 12-month disposal mandate, the Group disposed of 75,800,000 shares in China Star Cultural in a series of transactions on open market on 19 December 2014 and recognised a gain of HK$66,883,000 from the disposal. The disposal constitutes a discloseable transaction of the Company under the Listing Rules and was announced by the Company on 19 December 2014.

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, the Spark Concept and its subsidiaries (collectively, the "**Spark Concept Group**") has opened a new Japanese noodle shop in Hunghom in August 2014 to further expand its business. During the year ended 31 December 2014, no further cash was advanced to the Spark Concept Group by its shareholders. At 31 December 2014, the Spark Concept Group owed the Group an amount of HK$7,393,000 (before an impairment loss of HK$3,865,000), which is unsecured, non-interest bearing and repayable on demand. Since two of the Japanese noodle shops, namely Shugetsu Ramen（麵鮮醬油房周月）, have been selected in the Michelin Guide Hong Kong & Macau 2015 as BIB Gourmand restaurants in December 2014, the performance of Spark Concept Group has improved. The Spark Concept Group reported a loss of HK$920,000 for the year ended 31 December 2014, represents a 49.45% improvement from HK$1,820,000 for the year ended 31 December 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 year.

Future Prospects

The economic growth of Hong Kong is determined by the performance of the world's two largest economies: the US and Mainland China. With a falling unemployment rate and firm economic growth in the US, the Federal Reserve is approaching a point to normalise its monetary policy and begin to raise interest rate, albeit in a gradual manner. While Mainland China's economy has slowed from its double-digit growth levels of recent years, structural reforms and deleveraging are still the Central Government's priorities. At the same time, the People's Bank of China lowers the benchmark interest rates and adopts selective monetary easing measures in order to avoid any liquidity squeeze. The Central Government is doing its best to maintain growth targets, which makes a hard landing unlikely. This divergence in economic growth of the world's two largest economies could cause equity market volatility. In addition, the potential implications of rising US interest rate could increase market volatility. Accordingly, the directors expect periods of volatility in 2015. The directors will cautiously monitor the equity market, change its equities portfolio mix from time to time and realise the Group's equities into cash as and when appropriate. The Group will continue to adopt a conservative investment approach in investing towards its sale of financial assets business in 2015.

The US economy has been turnaround since the second quarter of 2014 and the US labour market has vastly improved which boosted the business investment, consumer and government spending. Accordingly, the rise in inflation will compel the Federal Reserve to increase the interest rate in the second quarter of 2015. The increase in interest rate in the US will also result in higher cost of mortgage loan in Hong Kong. This could give a negative impact on the Hong Kong property market. Given that the current government demand curb measures, such as Special Stamp Duty, Double Stamp Duty and Buyer's Stamp Duty are expected to remain in force in the foreseeable future, the directors predict that the property price could drop up to 15% in 2015. As such, the Group has adopted a wait-and-see approach towards the property investment in Hong Kong.

With a pessimistic view on the Hong Kong property market, the Group shifts its focus and expands its property investment business into Mainland China by entering into the conditional sale and purchase agreement relating to the Proposed Acquisition on 11 December 2014. The target company and its subsidiaries have two major assets, which are (i) the rights to manage and operate the Club up to 31 December 2051 and (ii) the rights to develop and operate the Subject Land and the rights to manage the properties erected on the Subject Land up to 30 January 2062. Both the Club and the Subject Land are located in Beijing. The Subject Land is intended to be developed into a low-density deluxe hotel villas community and a high-end hotel apartment complex. The Group intends to hold the Club and the Subject Land as long-term investments for rental purposes. It is expected that the Proposed Acquisition will be completed in the third quarter 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 year ended 31 December 2014 as compared to the previous year. The Group will slow down its pace of expanding money lending business in 2015 as some internal cash resources of the Group will be allocated to finance the operations of the target company and its subsidiaries, if the Proposed Acquisition materialises, and the proposed acquisition of a 74.63% shareholding interest in a company listed on the Growth Enterprise Market of the Stock Exchange (the "**GEM Board Listed Company**"), which will be used by the Group as a platform for expanding into food and beverage business in Hong Kong. Therefore, it is expected that there will be a decrease in interest income on loans in 2015 as compared to 2014.

With a slump in Hong Kong retail sales by 14.60% in January 2015 from the same month last year, the Group does not expect any growth in the EDS Wellness Group's sale of beauty products and provision of therapy services in the coming year. With a view to improve its profitability, EDS Wellness as issuer entered into a conditional subscription agreement with six investors (the "**Subscribers**") as subscribers relating to the Proposed Subscription (as defined below) on 17 February 2015. The directors believe that the entering into of the conditional subscription agreement represents a good opportunity for the EDS Wellness Group to (i) raise a substantial amount of additional funds for future business development in certain new business developments in a segment difference from the existing business of the EDS Wellness Group, (ii) improve its financial position and liquidity and (iii) leverage on the expertise and business network of one of the Subscribers to take advantage of the expected strong growth in the new business. The Proposed Subscription (as defined below) is conditional upon the fulfillment and/or waiver (as the case may be) of the conditions precedent set out in the conditional subscription agreement. Upon completion of the Proposed Subscription (as defined below), the Group is deemed to dispose of a substantial percentage in its shareholding interest in EDS Wellness and EDS Wellness will cease to be a subsidiary of the Company. The Group's investment in EDS Wellness will be accounted for as available-for-sale investment and the Group will realise it as and when appropriate.

The Group's design and sale of jewelry products business recorded a positive result since its commencement in October 2014. Looking ahead, it is expected that the gross profit ratio may not be as high as that of 2014 due to sluggish economy and low inflation in the Eurozone. However, in view of a brighter economic outlook and stronger purchasing power in the US and the rise in consumer spending in several countries such as Canada, Germany and England, where the Group's target customers locate, the directors anticipate that the sales volume will show a moderate growth in 2015. In order to solidify the foundation of the Group's design and sale of jewelry products business, the directors consider expanding its target markets into Middle East, strengthening its sales force and increasing its promotional activities in 2015.

In 2015, the directors will continue to cautiously monitor the business environment and strengthen the Group's business foundation by focusing the Group's existing businesses. In addition to focusing on the Group's existing businesses, 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 2014 and up to the date of this announcement, the Group had the following material events:

(a) On 23 January 2015, EDS Wellness received a writ of summons in High Court Action No. 200 of 2015 issued by Mr. Shum as plaintiff against EDS Wellness as defendant for the following claims:

    (i) the Judgment in High Court Action No. 1775 of 2012 dated 6 September 2013, pursuant to which the Court of First Instance of the High Court of Hong Kong adjudged that Mr. Shum (1) do pay EDS Wellness the sum of HK$39,128,000 together with contractual interest thereon calculated from day to day at the rate of 30% per annum from 1 May 2013 to 6 September 2013, and thereafter at judgment rate pursuant to s.48 of High Court Ordinance until payment; and (2) shall pay EDS Wellness the costs of the action including the costs of and occasioned by EDS Wellness' application for summary judgment to be taxed if not agreed, entered against Mr. Shum be set aside;

    (ii) loss and damages suffered by Mr. Shum as a result of the Judgement being obtained against him;

    (iii) an order for discovery upon oath of all matters relating to the Judgement;

    (iv) an order for payment of all sums found due to Mr. Shum together with the interest thereon at such rate and for such period as the High Court may deem just pursuant to the High Court Ordinance;

(v) the costs; and

(vi) further or other relief.

(b) On 11 February 2015, the Group as purchaser entered into a conditional sale and purchase agreement with an independent third party as vendor in relation to the proposed acquisition of a 74.63% of the issued share capital of the GEM Board Listed Company. The proposed acquisition, if materialises, constitutes a very substantial acquisition of the Company under the Listing Rules and leads to a change in control of the GEM Board Listed Company and the Group is required to make a mandatory general offer under the Hong Kong Code on Takeovers and Mergers in cash for all the issued shares and relevant securities of the GEM Board Listed Company (other than those already owned or agreed to be acquired by the Group and parties acting in concert with it). The proposed acquisition requires an approval from the shareholders at a special general meeting of the Company. On 17 February 2015, the Company has submitted a draft announcement relating to the proposed acquisition to the Securities and Futures Commission and the Stock Exchange for review and vetting. As at the date of this announcement, the draft announcement is being reviewed by the Securities and Futures Commission and the Stock Exchange and is pending their clearance for publication.

(c) On 17 February 2015, EDS Wellness as issuer entered into the conditional subscription agreement with the Subscribers, which are independent third parties, as subscribers in relation to a proposed subscription of new ordinary shares and convertible preferred shares of EDS Wellness (the "**Subscription Shares**") by the Subscribers (the "**Proposed Subscription**"). Subject to satisfaction and/or waiver (as the case may be) of the terms and conditions set out in the conditional subscription agreement, the Subscribers, in aggregate, will hold more than 50% of the then voting rights in EDS Wellness. Pursuant to the conditional subscription agreement, one of the Subscribers who will subscribe for the largest portion of the Subscription Shares and who will own 42.86% of the ordinary shares of EDS Wellness in issue as enlarged by the allotment and issue of the Subscription Shares (assuming none of the convertible preferred shares of EDS Wellness to be subscribed by the Subscribers are converted) and 40.00% of the ordinary shares of EDS Wellness as enlarged by the allotment and issue of the Subscription Shares and upon conversion in full of the convertible preferred shares of EDS Wellness to be subscribed by the Subscribers, has undertaken to EDS Wellness that, following and subject to completion of the conditional subscription agreement, it will make an unconditional mandatory general offer (the "**Offer**") in compliance with the Hong Kong Code on Takeovers and Mergers in cash for all the ordinary shares of EDS Wellness (other than those already owned by or agreed to be acquired by it and parties acting in concert with it including a certain number of the ordinary shares of EDS Wellness held by the Company (which is considered a party acting in concert with the Subscribers as a result of certain non-disposal undertakings between it and the Subscribers) in respect of which the Company has undertaken not to accept the Offer). The Proposed Subscription, if materialises, constitutes a deemed disposal and major transaction of the Company under the Listing Rules. On 5 March 2015, the Company and EDS Wellness have submitted a draft joint announcement relating to the Proposed Subscription and the Offer to the

Securities and Futures Commission and the Stock Exchange for review and vetting. As at the date of this announcement, the draft joint announcement is being reviewed by the Securities and Futures Commission and the Stock Exchange and is pending their clearance for publication.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the code provisions of the Corporate Governance Practices (the "**Code**") as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 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 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; and

(b) code provision A.4.1 of the Code requires that non-executive directors should be appointed for a specific term, subject to re-election. 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. All 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 2014.

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 2014.

REVIEW OF FINANCIAL INFORMATION

The audit committee has reviewed this annual results announcement and the annual report of the Company for the year ended 31 December 2014.

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

Hong Kong, 27 March 2015

As at the date of this announcement, the Board comprises four executive directors, namely, Mr. Lei Hong Wai, Mr. Cheung Kwok Wai, Elton, Mr. Chan Kin Wah, Billy and Mr. Cheung Kwok Fan; and three independent non-executive directors, namely, Mr. Wan Shing Chi, Mr. Ng Heung Yan and Mr. Wong Tak Chuen.