ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

The board of directors (the "**Board**") of Eternity Investment Limited (the "**Company**") announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2016 together with the comparative figures for 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2016	2015
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Continuing operations			
Revenue	*3*	**93,801**	79,563
Cost of sales		**(56,751)**	(34,339)
Gross profit		**37,050**	45,224
Investment and other income	*4*	**988**	3,162
Other gains and losses	*5*	**(154,486)**	228,958
Selling and distribution expenses		**(2,456)**	(1,595)
Administrative expenses		**(31,455)**	(20,249)
Share of results of an associate		**—**	—
(Loss)/profit from operations		**(150,359)**	255,500
Finance costs	*6*	**(5,133)**	—
(Loss)/profit before taxation		**(155,492)**	255,500
Income tax expense	*7*	**(594)**	(5,296)
(Loss)/profit for the period from continuing operations	*8*	**(156,086)**	250,204
Discontinued operations			
Loss for the period from discontinued operations	*9*	**—**	(7,457)
(Loss)/profit for the period		**(156,086)**	242,747

	Notes	Six months ended 30 June 2016 HK$'000 (Unaudited)	2015 HK$'000 (Unaudited)
(Loss)/profit for the period attributable to:			
Owners of the Company		**(156,084)**	244,339
Non-controlling interests		**(2)**	(1,592)
		(156,086)	242,747
Interim dividend		**—**	—
(Loss)/earnings per share	*10*		
From continuing and discontinued operations			
— Basic		**HK(5.08) cents**	HK44.45 cents
— Diluted		**HK(5.08) cents**	HK44.39 cents
From continuing operations			
— Basic		**HK(5.08) cents**	HK45.52 cents
— Diluted		**HK(5.08) cents**	HK45.46 cents
From discontinued operations			
— Basic		**N/A**	HK(1.07) cents
— Diluted		**N/A**	HK(1.07) cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss)/profit for the period	**(156,086)**	242,747
Other comprehensive income for the period, net of income tax		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translating foreign operations	**(32,695)**	15
Net (loss)/gain arising on revaluation of available-for-sale financial assets	**(57,750)**	31,166
Reclassification adjustment relating to available-for-sale financial assets disposed of	—	(74,378)
Reclassification adjustment relating to impairment loss recognised in respect of available-for-sale financial assets	**57,750**	—
Total comprehensive (expense)/income for the period	**(188,781)**	199,550
Total comprehensive (expense)/income for the period attributable to:		
Owners of the Company	**(188,779)**	201,142
Non-controlling interests	**(2)**	(1,592)
	(188,781)	199,550

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2016 HK$'000 (Unaudited)	At 31 December 2015 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**443,921**	420,784
Investment properties		**584,202**	595,448
Intangible assets		**942,117**	971,888
Goodwill		**347,672**	354,772
Interests in an associate		**—**	—
Available-for-sale financial assets		**204,922**	262,672
Deferred tax assets		**4,337**	3,792
Prepayments		**4,109**	7,979
Loans receivables	*11*	**589,790**	462,456
		3,121,070	3,079,791
Current assets			
Inventories		**48,305**	49,258
Loans receivables	*11*	**24,043**	23,021
Trade receivables	*12*	**73,318**	62,233
Deposits, prepayments and other receivables		**84,471**	98,541
Amount due from an associate		**1,876**	2,097
Financial assets at fair value through profit or loss		**724,129**	597,658
Tax recoverable		**8,903**	8,906
Cash and cash equivalents		**189,342**	509,341
		1,154,387	1,351,055
Total assets		**4,275,457**	4,430,846
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**32,160**	26,800
Reserves		**3,195,857**	3,325,510
Equity attributable to owners of the Company		**3,228,017**	3,352,310
Non-controlling interests		**393**	(5)
Total equity		**3,228,410**	3,352,305

	Notes	At 30 June 2016 HK$'000 (Unaudited)	At 31 December 2015 HK$'000 (Audited)
LIABILITIES			
Current liabilities			
Trade payables	13	**43,265**	40,220
Deposits received, accruals and other payables		**165,986**	161,019
Receipts in advance		**26,332**	33,389
Other borrowings		**—**	—
Promissory note		**30,000**	30,000
Tax payables		**93,926**	92,004
Deposits from customers		**—**	—
Deferred revenue		**—**	—
Bank borrowings		**28,471**	29,054
		387,980	385,686
Non-current liabilities			
Other payables		**95,246**	92,290
Receipts in advance		**70,200**	81,000
Bank borrowings		**137,609**	154,953
Deferred tax liabilities		**356,012**	364,612
		659,067	692,855
Total liabilities		**1,047,047**	1,078,541
Total equity and liabilities		**4,275,457**	4,430,846
Net current assets		**766,407**	965,369
Total assets less current liabilities		**3,887,477**	4,045,160

Notes:

1. **Basis of preparation**

The condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") which is a collective term that includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA.

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments that are measured at fair values at the end of each reporting period.

The condensed consolidated financial statements are presented in thousands of units of Hong Kong dollars (**HK$'000**), which is also the functional currency of the Company.

2. **Application of new and revised HKFRSs**

The accounting policies and method of computation used in the condensed consolidated financial statements are consistent with those followed in the preparation of the audited consolidated financial statements of the Group for the year ended 31 December 2015, except as described below.

In the current period, the Group has applied, for the first time, the following new and revised HKFRSs issued by the HKICPA, which are effective for the Group's financial period beginning from 1 January 2016. A summary of the new and revised HKFRSs adopted by the Group is set out as follows:

HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations

The directors of the Company considered the application of the above new or revised HKFRSs has no material impact on the Group's financial performance and financial position for the current and prior periods.

The Group has not early applied any new and revised HKFRSs that have been issued by the HKICPA but not yet effective.

3. Operating segments

The Group's operating 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 operating 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 operating segments. The Group currently has five operating 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 jewelry products and precious stones	Design and sale of jewelry products, and sale of precious stones

An operating segment regarding the sale of beauty products and provision of therapy services was discontinued on 6 November 2015.

(a) *Segment revenues and results*

For the six months ended 30 June 2016

	Continuing operations						Discontinued operations	
	Distribution	Property investment	Sale of financial assets	Money lending	Sale of jewelry products and precious stones	Sub-total	Sale of beauty products and provision of therapy services	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue	—	24,131	(12,022)	21,992	59,700	93,801	—	93,801
Segment (loss)/profit	(16)	3,115	(108,642)	21,833	6,005	(77,705)	—	(77,705)
Interest income on bank deposits						296	—	296
Unallocated corporate income						6	—	6
Unallocated corporate expenses						(14,985)	—	(14,985)
Impairment loss recognised in respect of amount due from an associate						(221)	—	(221)
Impairment loss recognised in respect of available-for-sale financial assets reclassified from equity to profit or loss						(57,750)	—	(57,750)
Finance costs						(5,133)	—	(5,133)
Share of results of an associate						—	—	—
Loss before taxation						(155,492)	—	(155,492)
Income tax expense						(594)	—	(594)
Loss for the period						(156,086)	—	(156,086)

For the six months ended 30 June 2015

	Continuing operations						Discontinued operations	
	Distribution	Property investment	Sale of financial assets	Money lending	Sale of jewelry products and precious stones	Sub-total	Sale of beauty products and provision of therapy services	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue	—	—	1,685	35,717	42,161	79,563	20,703	100,266
Segment (loss)/profit	(15)	(255)	157,521	35,570	3,568	196,389	(6,670)	189,719
Interest income on bank deposits						547	129	676
Unallocated corporate income						404	1	405
Unallocated corporate expenses						(16,218)	(119)	(16,337)
Cumulative gain reclassified from equity to profit or loss upon derecognition of available-for-sale financial assets						74,378	—	74,378
Gain on disposal of property, plant and equipment						—	12	12
Finance costs						—	(462)	(462)
Share of results of an associate						—	—	—
Profit/(loss) before taxation						255,500	(7,109)	248,391
Income tax expense						(5,296)	(348)	(5,644)
Profit/(loss) for the period						250,204	(7,457)	242,747

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both periods.

Segment profit/loss represents profit earned/loss incurred by each segment without allocation of central administrative expenses, directors' emoluments, share of results of an associate, investment and other income, other gains and losses, 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.

(b) *Segment assets and liabilities*

At 30 June 2016

	Continuing operations						Discontinued operations	
	Distribution	Property investment	Sale of financial assets	Money lending	Sale of jewelry products and precious stones	Sub-total	Sale of beauty products and provision of therapy services	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment assets								
— Hong Kong	259	1,022	932,473	736,782	113,148	1,783,684	—	1,783,684
— The People's Republic of China (the "**PRC**")	—	2,479,038	—	—	—	2,479,038	—	2,479,038
	259	2,480,060	932,473	736,782	113,148	4,262,722	—	4,262,722
Unallocated corporate assets								12,735
Consolidated total assets								4,275,457
Segment liabilities								
— Hong Kong	—	(70)	(12,129)	(8,521)	(45,211)	(65,931)	—	(65,931)
— The PRC	—	(878,009)	—	—	—	(878,009)	—	(878,009)
	—	(878,079)	(12,129)	(8,521)	(45,211)	(943,940)	—	(943,940)
Unallocated corporate liabilities								(103,107)
Consolidated total liabilities								(1,047,047)

At 31 December 2015

	Continuing operations						Discontinued operations	
	Distribution	Property investment	Sale of financial assets	Money lending	Sale of jewelry products and precious stones	Sub-total	Sale of beauty products and provision of therapy services	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Segment assets								
— Hong Kong	264	1,265	1,059,867	594,426	134,498	1,790,320	—	1,790,320
— The PRC	—	2,515,173	—	—	—	2,515,173	—	2,515,173
	264	2,516,438	1,059,867	594,426	134,498	4,305,493	—	4,305,493
Unallocated corporate assets								125,353
Consolidated total assets								4,430,846
Segment liabilities								
— Hong Kong	(20)	(327)	(12,126)	(6,424)	(41,568)	(60,465)	—	(60,465)
— The PRC	—	(900,311)	—	—	—	(900,311)	—	(900,311)
	(20)	(900,638)	(12,126)	(6,424)	(41,568)	(960,776)	—	(960,776)
Unallocated corporate liabilities								(117,765)
Consolidated total liabilities								(1,078,541)

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

— all assets are allocated to operating segments other than amount due from an associate, certain deposits, prepayments, and cash and cash equivalents 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 operating segments other than tax payables, certain accruals, other payables and receipts in advance that are not attributable to individual segments. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

(c) *Other segment information*

For the six months ended 30 June 2016

	Continuing operations						Discontinued operations	
	Distribution *HK$'000* (Unaudited)	Property investment *HK$'000* (Unaudited)	Sale of financial assets *HK$'000* (Unaudited)	Money lending *HK$'000* (Unaudited)	Sale of jewelry products and precious stones *HK$'000* (Unaudited)	Sub-total *HK$'000* (Unaudited)	Sale of beauty products and provision of therapy services *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Amounts included in the measure of segment (loss)/profit and segment assets								
Additions to property, plant and equipment	—	39,406	—	—	5	39,411	—	39,411
Amortisation of intangible assets	—	(10,427)	—	—	—	(10,427)	—	(10,427)
Depreciation of property, plant and equipment	—	(7,303)	—	—	(66)	(7,369)	—	(7,369)
Dividend income	—	—	686	—	—	686	—	686
Gain arising on change in fair value of investment properties	—	713	—	—	—	713	—	713
Loss arising on change in fair value of financial assets at fair value through profit or loss	—	—	(97,228)	—	—	(97,228)	—	(97,228)

For the six months ended 30 June 2015

	Continuing operations						Discontinued operations	
	Distribution *HK$'000* (Unaudited)	Property investment *HK$'000* (Unaudited)	Sale of financial assets *HK$'000* (Unaudited)	Money lending *HK$'000* (Unaudited)	Sale of jewelry products and precious stones *HK$'000* (Unaudited)	Sub-total *HK$'000* (Unaudited)	Sale of beauty products and provision of therapy services *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Amounts included in the measure of segment (loss)/profit and segment assets								
Additions to property, plant and equipment	—	10	—	—	74	84	1,052	1,136
Depreciation of property, plant and equipment	—	(11)	—	—	(58)	(69)	(2,353)	(2,422)
Dividend income	—	—	2,211	—	—	2,211	—	2,211
Gain arising on change in fair value of financial assets at fair value through profit or loss	—	—	154,580	—	—	154,580	—	154,580

(d) Geographical segments

The Group mainly operates in Hong Kong and the PRC. The Group's revenue from external customers by geographical location is detailed below:

	Continuing operations Six months ended 30 June		**Discontinued operations Six months ended 30 June**	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Australia	**861**	198	**—**	—
Europe	**5,666**	5,403	**—**	—
Hong Kong	**39,100**	53,896	**—**	20,703
The Middle East	**3,386**	1,953	**—**	—
The PRC	**24,131**	—	**—**	—
The United States of America	**20,657**	18,113	**—**	—
	93,801	79,563	**—**	20,703

4. Investment and other income

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Dividend income	**686**	2,211
Interest income on bank deposits	**296**	547
Sundry income	**6**	404
	988	3,162

5. Other gains and losses

	Six months ended 30 June 2016 HK$'000 (Unaudited)	2015 HK$'000 (Unaudited)
Continuing operations		
Cumulative gain reclassified from equity to profit or loss upon derecognition of available-for-sale financial assets	**—**	74,378
Gain arising on change in fair value of investment properties	**713**	—
Impairment loss recognised in respect of amount due from an associate	**(221)**	—
Impairment loss recognised in respect of available-for-sale financial assets reclassified from equity to profit or loss	**(57,750)**	—
(Loss)/gain arising on change in fair value of financial assets at fair value through profit or loss	**(97,228)**	154,580
	(154,486)	228,958

6. Finance costs

	Six months ended 30 June 2016 HK$'000 (Unaudited)	2015 HK$'000 (Unaudited)
Continuing operations		
Interest on bank borrowings	**5,133**	—

7. Income tax expense

	Six months ended 30 June 2016 HK$'000 (Unaudited)	2015 HK$'000 (Unaudited)
Continuing operations		
Hong Kong Profits Tax		
— current tax	**3,124**	5,296
PRC Enterprise Income Tax		
— current tax	**804**	—
Deferred taxation	**(3,334)**	—
	594	5,296

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods. PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for the current period.

8. (Loss)/profit for the period from continuing operations

(Loss)/profit for the period from continuing operations has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Amortisation of intangible assets	**10,427**	—
Cost of inventories sold	**47,897**	34,340
Depreciation of property, plant and equipment	**7,369**	69
Operating lease rentals in respect of rental premises	**1,045**	923
Operating lease rentals in respect of operating rights	**8,464**	—
Less: operating lease rentals capitalised	**(5,599)**	—
	2,865	—
Staff costs (including directors' emoluments):		
— salaries, other allowances and benefits in kind	**14,803**	10,971
— contributions to retirement benefits scheme	**233**	158
	15,036	11,129
Gross rental income from investment properties and operating rights	**(24,131)**	—
Less: direct operating expenses incurred for investment properties and operating rights that generated rental income during the period	**9,962**	—
Less: direct operating expenses incurred for investment properties and operating rights that did not generated rental income during the period	**112**	—
	(14,057)	—

9. Discontinued operations

On 6 November 2015, SkyNet Group Limited ("**SkyNet**", formerly known as EDS Wellness Holdings Limited and stock code: 8176), a then 70.18% owned subsidiary of the Company, allotted and issued 345,000,000 new ordinary shares and 30,000,000 new convertible preferred shares to six subscribers. As a result, the Group's shareholding interest in SkyNet was diluted from 70.18% to 12.51% and SkyNet has ceased to be a subsidiary of the Company. SkyNet was principally engaged in sale of beauty products and provision of therapy services.

The loss for the six months ended 30 June 2015 from the discontinued sale of beauty products and provision of therapy services operations in the condensed consolidated statement of profit or loss has been restated to re-present as discontinued operations.

The results and cash flows of the discontinued operations for the six months ended 30 June 2015 were as follows:

	Six months ended 30 June 2015 *HK$'000* (Unaudited)
Revenue	20,703
Cost of sales	(15,363)
Gross profit	5,340
Investment and other income	130
Other gains and losses	12
Selling and distribution expenses	(905)
Administrative expenses	(11,224)
Loss from operations	(6,647)
Finance costs	(462)
Loss before taxation	(7,109)
Income tax expense	(348)
Loss for the period	(7,457)
Net cash outflow from operating activities	(4,045)
Net cash outflow from investing activities	(15,209)
Net cash inflow from financing activities	48,171
Net cash inflow	28,917

10. (Loss)/earnings per share

From continuing and discontinued operations

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

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss)/earnings for the purpose of basic and diluted (loss)/earnings per share		
(Loss)/profit for the period attributable to owners of the Company	**(156,084)**	244,339

	Six months ended 30 June	
	2016	2015
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**3,074,644**	549,689
Effect of dilutive potential ordinary shares:		
Share options	**—**	722
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**3,074,644**	550,411

The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options as they had an anti-dilutive effect to the basic loss per share for the six months ended 30 June 2016.

From continuing operations

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

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss)/earnings for the purpose of basic and diluted (loss)/earnings per share		
(Loss)/profit for the period from continuing operations	**(156,086)**	250,204
Less: loss for the period from continuing operations attributable to non-controlling interests	**2**	—
	(156,084)	250,204

The denominators used are same as those detailed above for both basic and diluted (loss)/earnings per share from continuing and discontinued operations.

From discontinued operations

The calculation of the basic and diluted loss per share from discontinued operations attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the purpose of basic and diluted loss per share		
Loss for the period from discontinued operations	**—**	(7,457)
Less: loss for the period from discontinued operations attributable to non-controlling interests	**—**	1,592
	—	(5,865)

The denominators used are same as those detailed above for both basic and diluted (loss)/earnings per share from continuing and discontinued operations.

11. Loans receivables

	At 30 June 2016 HK$'000 (Unaudited)	At 31 December 2015 HK$'000 (Audited)
Loans to customers	**607,790**	480,456
Accrued interest receivables	**6,043**	5,021
	613,833	485,477
Less: impairment loss recognised	**—**	—
	613,833	485,477

All loans are denominated in Hong Kong dollars. The loans receivables carry fixed effective interest ranging from 8% to 20% per annum (year ended 31 December 2015: 8% to 15% per annum). A maturity profile of the loans receivables (net of impairment loss recognised) at the end of the reporting period, based on the maturity date is as follows:

	At 30 June 2016 HK$'000 (Unaudited)	At 31 December 2015 HK$'000 (Audited)
Current assets		
Within one year	**24,043**	23,021
Non-current assets		
More than one year, but not exceeding two years	**589,790**	462,456
	613,833	485,477

At 30 June 2016, certain loans amounted to HK$58,000,000 (31 December 2015: HK$58,000,000) are secured by personal guarantees and the pledge of the customers' properties.

In determining the recoverability of the loans receivables, the Group considers any change in the credit quality of the loans receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

12. Trade receivables

The following is an aged analysis of the trade receivables (net of allowance for doubtful debts, if any) at the end of the reporting period presented based on the invoice dates:

	At 30 June 2016 *HK$'000* **(Unaudited)**	At 31 December 2015 *HK$'000* (Audited)
0 – 30 days	**8,839**	23,055
31 – 60 days	**8,271**	20,326
61 – 90 days	**12,565**	11,345
91 – 120 days	**12,129**	5,776
121 – 180 days	**13,410**	965
Over 180 days	**18,104**	766
	73,318	62,233

The Group allows credit period ranging from 0 to 180 days to its customers.

13. Trade payables

The following is an aged analysis of trade payables at the end of the reporting period presented based on the invoice dates:

	At 30 June 2016 *HK$'000* **(Unaudited)**	At 31 December 2015 *HK$'000* (Audited)
0 – 30 days	**1,839**	13,819
31 – 60 days	**3,615**	12,500
61 – 90 days	**9,204**	4,661
91 – 120 days	**9,406**	4,894
Over 120 days	**19,201**	4,346
	43,265	40,220

The average credit period on purchase of goods and services is 120 days.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

On 6 November 2015, SkyNet Group Limited ("**SkyNet**", formerly known as EDS Wellness Holdings Limited and stock code: 8176), a then 70.18% owned subsidiary of the Company, allotted and issued 345,000,000 new ordinary shares and 30,000,000 new convertible preferred shares to six subscribers. As a result, the Group's shareholding interest in SkyNet was diluted from 70.18% to 12.51% and SkyNet has ceased to be a subsidiary of the Company. Accordingly, the results of SkyNet and its subsidiaries (collectively, the "**SkyNet Group**") for the six months ended 30 June 2015 have been restated to re-present as discontinued operations for financial reporting purposes. During the six months ended 30 June 2015, the SkyNet Group was principally engaged in development, distribution and marketing of personal care treatments, products and services.

Results of continuing operations

During the six months ended 30 June 2016, the Group recorded revenue of HK$93,801,000, a 17.90% increase from HK$79,563,000 for the previous period. This increase in revenue was attributable to (i) the expansion of the Group's property investment business into Mainland China in the fourth quarter of 2015 and (ii) the growth in the Group's sale of jewelry products and precious stones business, which was partly offset by the loss in sale of financial assets and the decrease in interest income on loans. Of the total revenue, HK$21,992,000 was generated from money lending, HK$59,700,000 was generated from sale of jewelry products and precious stones, HK$24,131,000 was generated from property investment and a loss of HK$12,022,000 was generated from sale of financial assets. Loss attributable to owners of the Company for the six months ended 30 June 2016 amounted to HK$156,084,000, whereas a profit attributable to owners of the Company of HK$244,339,000 was recognised for the previous period. This deterioration was mainly attributable to (i) the recognition of a loss of HK$97,228,000 arising on change in fair value of financial assets at fair value through profit or loss, whereas a gain of HK$154,580,000 was recognised in the previous period, (ii) the absence of a one-off cumulative gain of HK$74,378,000 reclassified from equity to profit or loss upon derecognition of available-for-sale financial assets, which was recorded in the previous period, and (iii) the recognition of an impairment loss of HK$57,750,000 in respect of available-for-sale financial assets reclassified from equity to profit or loss.

Gross profit for sale of jewelry products and precious stones increased by 50.91% from HK$7,821,000 in the six months ended 30 June 2015 to HK$11,803,000 in the six months ended 30 June 2016 and gross profit margin for sale of jewelry products and precious stones slightly improved from 18.55% in the six months ended 30 June 2015 to 19.77% in the six months ended 30 June 2016. The increase in gross profit was a direct result of the increase in sale of jewelry products and precious stones, which reflected the Group's continuous sale and marketing efforts in direct selling its jewelry products to customers in the first half of 2016.

Investment and other income decreased by 68.75% from HK$3,162,000 in the six months ended 30 June 2015 to HK$988,000 in the six months ended 30 June 2016. This decrease was mainly attributable to the decrease in dividend income received from Hong Kong listed equities held by the Group from HK$2,211,000 in the six months ended 30 June 2015 to HK$686,000 in the six months ended 30 June 2016.

Other gains and losses represent items of income and expenses, which are material and/or extraordinary in nature. Major items of other gains and losses recorded by the Group during the six months ended 30 June 2016 are as follows:

(a) At the end of the reporting period, the Group measured its investment in 52,500,000 shares in SkyNet at market price and recognised the impairment loss of HK$57,750,000 in respect of available-for-sale financial assets reclassified from equity to profit or loss.

(b) At the end of the reporting period, the Group measured its equity portfolio at market prices and recognised the loss of HK$97,228,000 arising on change in fair value of financial assets at fair value through profit or loss.

Selling and distribution expenses mainly represent staff costs of sales teams, overseas travelling expenses and freight charges incurred by the Group's sale of jewelry products and precious stones business. Selling and distribution expenses increased by 53.98% from HK$1,595,000 in the six months ended 30 June 2015 to HK$2,456,000 in the six months ended 30 June 2016. This increase was attributable to (i) the increase in staff costs resulted from recruiting additional sales executives in the second half of 2015 for strengthening the Group's export selling capability, (ii) the increase in overseas travelling expenses due to cultivating overseas customers and (iii) the increase in freight charges due to the increase in sale.

Administrative expenses amounted to HK$31,455,000 for the six months ended 30 June 2016, a 55.34% increase from HK$20,249,000 for the previous period. This increase was mainly attributable to (i) the general increase in administrative expenses resulted from the expansion into property investment business in Mainland China in the fourth quarter of 2015, such as the recognition of amortisation of intangible assets of HK$10,427,000 and the increase in depreciation expense of HK$1,310,000, and (ii) the increase in staff costs (including directors' emoluments) of HK$3,467,000, which were partly offset by the decrease in legal and professional fees of HK$4,647,000.

For the six months ended 30 June 2016, Spark Concept Group Limited ("**Spark Concept**"), a 49% owned associate of the Group, and its subsidiaries (collectively, the "**Spark Concept Group**") reported a consolidated loss of HK$1,464,000. As the Group's share of post-acquisition losses of the Spark Concept Group equals to its interests in Spark Concept, no further share of losses was recognised in the six months ended 30 June 2016.

Finance costs represent interest on mortgage loan paid by the Group. No such finance costs were recorded in the six months ended 30 June 2015 as the Group has assumed the mortgage loan through the acquisition of the entire issued share capital of Best Volume Investments Limited ("**Best Volume**") since 12 November 2015.

Income tax expenses decreased from HK$5,296,000 in the six months ended 30 June 2015 to HK$594,000 in the six months ended 30 June 2016. Such decrease was mainly attributable to (i) a HK$2,546,000 decrease in current tax liability for the Group's money lending business and (ii) the deferred taxation credit of HK$3,334,000, which included a deferred tax income of HK$2,881,000 arising from the reversal of deferred tax liabilities related to the temporary differences on additional amortisation and depreciation on account of upward revaluation of assets and a deferred tax income of HK$631,000 arising from the capitalisation of operating lease rentals, which were partly offset by a deferred tax expense of HK$178,000 arising from the revaluation of investment properties.

Results on discontinued operations

On 6 November 2015, SkyNet has ceased to be a subsidiary of the Company and the Group's investment in SkyNet has been accounted for as available-for-sale financial assets.

Liquidity and financial resources

During the six months ended 30 June 2016, the Group funded its operations through a combination of cash generated from operations, equity attributable to owners of the Company, issue of new shares and borrowings. Equity attributable to owners of the Company decreased from HK$3,352,310,000 at 31 December 2015 to HK$3,228,017,000 at 30 June 2016. This decrease was attributable to (i) the loss of HK$156,084,000 incurred by the Group for the six months ended 30 June 2016 and (ii) a HK$32,695,000 decrease in exchange reserve mainly resulted from the exchange loss arising on translating the Group's operations in Mainland China into Hong Kong dollars at the reporting date, which were partly offset by the increase in share capital and share premium of HK$64,486,000 arising from the issue of 536,000,000 new ordinary shares at a price of HK$0.125 per share in February 2016.

At 30 June 2016, the cash and cash equivalents of the Group amounted to HK$189,342,000 (31 December 2015: HK$509,341,000).

At 30 June 2016, the Group had outstanding borrowings of HK$196,080,000 (31 December 2015: HK$214,007,000), comprising (i) the mortgage loan of RMB141,943,000 (equivalent to HK$166,080,000), which is interest bearing at the benchmark interest rate of The People's Bank of China upward by 10.00% per annum, secured by the Group's investment property located at No. 33 Nonglinxia Road, Yuexiu District, Guangzhou, Mainland China (the "**Guangzhou Property**") and maturing on 21 April 2022 and (ii) the promissory note of HK$30,000,000 issued to Sino Credit Holdings Limited (stock code: 628), which is non-interest bearing, unsecured and maturing within three business days after the date of a final and effective judgement or an effective and binding settlement agreement of the civil proceeding lodged by Zhanjiang City No. 4 Construction Engineering Co., Ltd (湛江市第四建築工程有限公司, the "**Contractor**"), a construction engineering company, against Guangzhou Yingrui Real Estate Development Co., Ltd. (廣州市迎瑞房地產開發有限公司, "**Yingrui**"), a wholly owned subsidiary of the Company, in respect of not making certain payments under the construction contract of the Guangzhou Property. The decrease in borrowings was mainly attributable to the monthly repayments of the mortgage loan made by the Group during the six months ended 30 June 2016.

Gearing ratio

At 30 June 2016, the gearing ratio calculated as a percentage of total borrowings over equity attributable to owners of the Company was 6.07% (31 December 2015: 6.38%).

Net current assets and current ratio

At 30 June 2016, the Group's net current assets and current ratio were HK$766,407,000 (31 December 2015: HK$965,369,000) and 2.98 (31 December 2015: 3.50) respectively.

Capital structure

On 18 February 2016, the Company allotted and issued 536,000,000 new ordinary shares at a price of HK$0.125 per share to five individual investors, who are independent third parties, and one corporation investor, whose ultimate beneficial owner is an independent third party, by way of placing of new shares under general mandate raising HK$64,486,000 (net of expenses) for financing the Group's sale of jewelry products and precious stones business, and money lending business. The closing price of the Company's ordinary shares was HK$0.152 per share as quoted on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 27 January 2016, being the date of the placing agreement. The net price to the Company of each new ordinary share was HK$0.1203. The directors considered that the placing presented an opportunity for the Company to raise additional funds for the operations of the Group's sale of jewelry products and precious stones business, and money lending business while broadening the shareholder base of the Company.

Use of proceeds from fund raising activities

On 18 February 2016, the Company raised HK$64,486,000 by way of placing of 536,000,000 new ordinary shares under general mandate at a price of HK$0.125 per share. The net proceeds from the placing of HK$64,486,000 were fully utilised for financing the granting of two new loans pursuant to the loan agreements dated 19 February 2016 and 23 May 2016.

Material acquisitions

During the six months ended 30 June 2016, the Group had no material acquisitions.

Material disposals

During the six months ended 30 June 2016, the Group had no material disposals.

Pledge of assets

At 30 June 2016, the Guangzhou Property with a carrying amount of HK$584,202,000 (31 December 2015: HK$595,448,000) has been pledged to a bank for securing the mortgage loan granted to the Group.

Material commitments

At 30 June 2016, the Group had a total commitment of HK$30,121,000 (31 December 2015: HK$52,329,000) relating to the development costs for a piece of 580 Chinese acre land (the "**Subject Land**") adjacent to a membership golf club and resort in Beijing, Mainland China (the "**Club**"), which were contracted but not provided for.

Exchange risk and hedging

The majority of the Group's transactions, assets and liabilities are denominated in Hong Kong dollars and United States dollars, Euro and Renminbi. The Group is exposed to exchange risk with respect mainly to Renminbi and Euro which may affect its performance. The directors closely monitor statement of financial position and cashflow exchange risk exposures and where considered appropriate use financial instruments, such as forward exchange contracts, foreign currency options and forward rate agreements, to hedge this exchange risk. During the six months ended 30 June 2016, no financial instruments for hedging purposes were used by the Group.

Contingent liabilities

At 30 June 2016, the Group had the following material contingent liabilities:

(a) On 20 March 2014, the Company announced that it came to its attention that a writ of summons in High Court Action No. 9 of 2014 was issued by The Grande Holdings Limited (in liquidation), Roderick John Sutton (as joint and several provisional liquidator of The Grande Holdings Limited), Fok Hei Yu (as joint and several provisional liquidator of The Grande Holdings Limited) and 65 other companies listed as plaintiffs against 25 defendants inclusive of One Synergy Limited ("**One Synergy**"), a company acquired by the Group in December 2011. One Synergy has, as at the date of this results announcement, not been served with the writ.

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 Investment Limited ("**Rexdale**")), a wholly owned subsidiary of the Company.

Riche (BVI) Limited, a wholly owned subsidiary of the Company, acquired the entire issued share capital of Adelio Holdings Limited, which was 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 area of approximately 139,412 square feet exclusive of lavatories, lorry and private car parking spaces, flat roof and roof (collectively, the "**Kwun Tong Properties**"). The Kwun Tong Properties was sold by Rexdale to Grand Reward Limited, an independent third party, in July 2013.

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

(b) On 1 April 2015, the Contractor commenced a civil proceeding (the "**Proceeding**") against Yingrui at the People's Court of Yuexiu District of Guangzhou City (the "**People's Court**") for failing to pay certain payments in the sum of RMB11,427,354 (equivalent to HK$13,370,000) under the construction contract entered into between Yingrui and the Contractor for the construction of the Guangzhou Property dated 28 July 2010, plus the interest accrued thereon and the related costs and expenses incurred in relation to the Proceeding. The amount claimed by the Contractor under the Proceeding comprises (i) the construction progress payment of RMB1,420,000 (equivalent to HK$1,661,000), (ii) the return of the performance bond of RMB1,000,000 (equivalent to HK$1,170,000) and (iii) the balance payment of construction fee of RMB9,007,354 (equivalent to HK$10,539,000). On 7 April 2015, the People's Court upon an application of the Contractor, issued a seizure order on certain units of the Guangzhou Property in the aggregate value of RMB15,000,000 (equivalent to HK$17,551,000) to protect the interest of the Contractor under the Proceeding.

Pursuant to the first trial written judgement issued by the People's Court on 24 June 2016 (the "**First Trial Judgement**"), the People's Court has ruled:

(i) Yingrui to make a one-off payment of RMB7,662,183 (equivalent to HK$8,965,000), being the construction fee, plus the interest accrued for the period from 13 September 2013 to the payment date calculated daily at the similar lending rate published by The People's Bank of China for the same period to the Contractor;

(ii) Yingrui to return the performance bond of RMB1,000,000 (equivalent to HK$1,170,000) by making a one-off payment plus the interest accrued for the period from 1 October 2013 to the payment date calculated daily at the similar lending rate published by The People's Bank of China for the same period to the Contractor;

(iii) the Contractor's other claims on the Proceeding be dismissed; and

(iv) Yingrui to pay RMB239,207 (equivalent to HK$280,000), being part of all the costs of the First Trial Judgement.

Having consulted with its legal advisers, Yingrui has made an appeal against the First Trial Judgement to the Intermediate People's Court of Guangzhou City in July 2016.

No provision for the Proceeding was made in the condensed consolidated financial statements of the Group for the six months ended 30 June 2016 as Best Volume, has secured an unconditional undertaking from Ace Guide Holdings Limited, the ultimate beneficial owner of Yingrui prior to the acquisition by Best Volume in October 2014, under which Ace Guide Holdings Limited has agreed to pay to Best Volume or its assignee by way of damages an amount equal to any and all losses incurred by Yingrui and/or Best Volume resulting from, arising out of or in relation to the Proceeding, including without limitation payment under final effective judgement or settlement, and all other costs and expenses incurred in relation to the Proceeding.

Employees and remuneration policy

At 30 June 2016, the headcount of the Group was 41 (30 June 2015: 121). Staff costs (including directors' emoluments) amounted to HK$15,036,000 in the six months ended 30 June 2016 (six months ended 30 June 2015: HK$11,129,000). The increase in staff costs was attributable to the increase of HK$2,510,000 in directors' emoluments. In addition to basic salaries, contributions to retirement benefits scheme and discretionary bonus, staff benefits include medical scheme and share options.

Operations Review

During the six months ended 30 June 2016, 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.

During the six months ended 30 June 2016, the Group reported a segment loss (before taxation) of HK$108,642,000, which includes the loss of HK$12,022,000 from trading of Hong Kong listed equities, the loss of HK$97,228,000 arising on change in fair value of financial assets at fair value through profit or loss and the dividend income from the Hong Kong listed equities held by the Group of HK$686,000, for its sale of financial assets business. The reporting of the loss was mainly due to the poor market sentiment in small and mid-cap stocks in Hong Kong resulted from investors taking a defensive strategy towards uncertainty.

During the six months ended 30 June 2016, the Group acquired five Hong Kong listed equities with the aggregate market value of HK$302,035,000 and made the trading loss of HK$12,022,000 from disposing of three Hong Kong listed equities with the aggregate carrying amount plus transactions costs of HK$78,506,000 at the aggregate sale proceeds of HK$66,484,000.

Movements in the Hong Kong listed equities held by the Group during the six months ended 30 June 2016 are as follows:

	HK$'000
Carrying amount at 31 December 2015	597,658
Add: Acquisitions	302,035
Less: Disposals	(78,336)
Loss arising on change in fair value	(97,228)
Carrying amount at 30 June 2016	724,129

Details of the Hong Kong listed equities held by the Group at 30 June 2016 are as follows:

Name of Hong Kong listed equities	**Number of shares held at 30 June 2016**	**Fair value at 30 June 2016**	**Gain/(loss) arising on change in fair value recognised in the six months ended 30 June 2016**
		HK$'000	*HK$'000*
Brockman Mining Ltd. (stock code: 159)	220,088,000	19,588	(11,004)
China Healthcare Enterprise Group Ltd. (stock code: 1143)	30,000,000	8,700	(16,796)
China Information Technology Development Ltd. (stock code: 8178)	189,984,000	37,047	12,322
Frontier Services Group Ltd. (stock code: 500)	4,800,000	5,184	(3,360)
Hsin Chong Group Holdings Ltd. (stock code: 404)	90,000,000	67,500	(1,800)
Huanxi Media Group Ltd. (stock code: 1003)	74,680,000	154,588	19,685
Kingston Financial Group Ltd. (stock code: 1031)	33,028,000	114,937	14,269
Lajin Entertainment Network Group Ltd. (stock code: 8172)	120,000,000	76,800	(19,549)
NetMind Financial Holdings Ltd. (stock code: 985)	500,000,000	42,000	(3,500)
Reorient Group Ltd. (stock code: 376)	13,000,000	86,060	(42,120)
Sincere Watch (Hong Kong) Ltd. (stock code: 444)	55,000,000	22,825	(22,275)
Town Health International Medical Group Ltd. (stock code: 3886)	70,000,000	88,900	(23,100)
		724,129	(97,228)

During the six months ended 30 June 2016, the Group's money lending business generated interest income on loans of HK$21,992,000, a 38.43% decrease from HK$35,717,000 for the previous period. This decrease was attributable to the decrease in the average monthly balance of loans receivables. The average monthly balance of loans receivables decreased from HK$835,000,000 in the six months ended 30 June 2015 to HK$526,715,000 in the six months ended 30 June 2016. During the period under review, the Group granted new loans in the aggregate principal amount of HK$282,000,000 to its customers and received loans repayment of HK$154,666,000 from its customers. In view of certain internal cash resources of the Group are allocated to finance the development of the Subject Land, the Group raised additional funds of HK$64,486,000 from the placing of new shares under general mandate in February 2016 for financing the operations of its money lending business. The entire additional funds have been utilised for granting two new loans to customers. At the end of the reporting period, the directors assessed the collectability of the loan receivables. As there was no objective evidence that the Group would not be able to collect all amounts due, no impairment loss on loan receivables was recognised. At 30 June 2016, the Group's loans receivables together with accrued interest receivables amounted to HK$613,833,000 (31 December 2015: HK$485,477,000).

During the six months period, the Group's sale of jewelry products and precious stones business generated revenue of HK$59,700,000, a 41.60% increase from HK$42,161,000 for the previous period, and reported a segment profit (before taxation) of HK$6,005,000, a 68.30% increase from HK$3,568,000 for the previous period. The increase in revenue and segment profit was mainly attributable to the Group's continuous sale and marketing efforts in direct selling its jewelry products to customers in Australia, Europe and the Middle East. At 30 June 2016, the Group's inventories of jewelry products and precious stones, including raw materials, work-in-progress and finished goods, amounted to HK$40,686,000 (31 December 2015: HK$41,412,000) and the Group's sale of jewelry products and precious stones business had undelivered sale orders amounted to HK$2,500,000 (31 December 2015: HK$1,500,000).

During the six months ended 30 June 2016, the Group's property investment business generated rental income of HK$24,131,000, in which HK$10,693,000 was generated from the assets of the Club and HK$13,438,000 was generated from the Guangzhou Property. No rental income was generated from the Subject Land as the entire Subject Land is still at development stage.

Taking into account the development costs already incurred, the remaining total budgeted development costs to be incurred by the Group for the Subject Land at 30 June 2016 is approximately RMB826,000,000 (equivalent to HK$966,453,000). It is currently expected that the remaining total budgeted development costs will be financed by the Group's internal resources and the rental income generated from the assets of the Club and the Subject Land.

At the end of the reporting period, the directors performed an impairment test for the intangible assets relating to (i) the rights to construct and operate the club facilities of the Club and (ii) the rights to develop and operate the Subject Land and the rights to manage the properties erected on the Subject Land with reference to the valuation report prepared by the independent valuer. As the recoverable amounts of the intangible assets exceeded their carrying amounts, no impairment was required.

At the end of the reporting period, the directors measured the fair value of the Guangzhou Property. Based on a property valuation report prepared by another independent valuer, the fair value of the Guangzhou Property increased from RMB498,700,000 at 31 December 2015 to RMB499,300,000 at 30 June 2016. Accordingly, the Group recognised a gain of HK$713,000 arising on change in fair value of investment properties. However, the gain arising on change in fair value was not reflected in the carrying amount of the Guangzhou Property at 30 June 2016. As the Renminbi to Hong Kong dollars exchange rate fell by approximately 1.97% from 31 December 2015 to 30 June 2016, an exchange realignment adjustment of HK$11,959,000 for translating the Guangzhou Property from Renminbi to Hong Kong dollars at the closing rate at 30 June 2016 was recorded. Such exchange realignment adjustment not only offset the gain of HK$713,000 arising on change in fair value entirely, but also reduced the carrying amount of the Guangzhou Property by HK$11,246,000. The exchange realignment adjustment of HK$11,959,000 was debited to the Group's exchange reserve in accordance with Hong Kong Accounting Standard 21 *The Effects of Changes in Foreign Exchange Rates*.

In order to enable the Group to dispose of its investment in SkyNet in an effective and efficient manner, the directors proposed to seek approvals from the Company's shareholders for granting a 12-month mandate to the directors for disposing of up to 52,500,000 shares in SkyNet held by the Group on 8 January 2016. The 12-month disposal mandate constitutes a very substantial disposal 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 special general meeting of the Company held on 12 May 2016. During the six months ended 30 June 2016, no shares in SkyNet were disposed of due to thin trading volume. At the end of the reporting period, the Group measured its investment in 52,500,000 shares in SkyNet at market price and recognised the impairment loss of HK$57,750,000 in respect of available-for-sale financial assets reclassified from equity to profit or loss.

The Spark Concept Group is operating two Japanese noodle shops in Central and Quarry Bay, and a high-end Japanese restaurant in Central. During the six months ended 30 June 2016, the Spark Concept Group reported a loss of HK$1,464,000, a 238.89% increase from HK$432,000 for the correspondence period in 2015. As the Group's share of post-acquisition losses of the Spark Concept Group equals to its interests in Spark Concept, no further share of losses was recognised for the period under review. The increase in loss was mainly attributable to (i) the written-off of property, plant and equipment of HK$581,000 resulted from the closure of the Japanese noodle shop in Hunghom in February 2016 and (ii) the unsatisfactory performance of the high-end Japanese restaurant in Central. No further cash was advanced to the Spark Concept Group by the Group during the six months ended 30 June 2016. In view of the decrease in the consolidated net assets (before shareholders' loans) of the Spark Concept Group, an impairment loss of HK$221,000 was recognised against the amount due from the Spark Concept Group. At 30 June 2016, the Spark Concept Group owed the Group an amount of HK$7,393,000 (before accumulated impairment of HK$5,517,000), which is unsecured, non-interest bearing and repayable on demand. As announced by the Michelin Guide in November 2015, the Japanese noodle shops in Central and Quarry Bay are again awarded the Bib Gourmand rating in the Michelin Guide Hong Kong Macau 2016.

Future Prospects

The United Kingdom's vote to leave the European Union not only brings volatility to markets, but also leaves a cloud of uncertainty hanging over the global economy. The directors expect the Hong Kong equity market remains volatile in the remainder of 2016. However, the directors recognise that market volatility and downturns can often coincide with a good opportunity to acquire equities at a better price. In the second half of 2016, the directors cautiously monitor the Hong Kong equity market and actively seek equities which are believed to be undervalued and/or to have a sustainable business growth. In relation to the Group's existing equity portfolio, the directors believe that the future performance is largely affected by economic factors, investor sentiment, demand and supply balance of an investee company's shares and fundamentals of an investee company, such as investee company's news, business fundamentals and development, financial performance and future prospects. Accordingly, the directors closely monitor the above factors, particularly the fundamentals of each individual investee company in the Group's equity portfolio, and proactively adjust the Group's equity portfolio mix in order to improve its performance.

Hong Kong's economy reported a sharp deceleration in the first quarter of 2016 in comparison to the fourth quarter of 2015 and the data for the second quarter are not optimistic. Retail sales made the 15th consecutive month of contraction in May 2016. Given that concern over the outlook of Hong Kong's economy is growing, the Group has adopted a more cautious approach during its assessment and approval of new loans in order to mitigate its credit risk. Accordingly, the directors expect a decline in the Group's money lending business in 2016 as compare to 2015.

The Group's sale of jewelry products and precious stones business has achieved an impressive growth since its commencement of business, which is the direct result of the Group's continuous sale and marketing efforts in direct selling its jewelry products to customers. To stay competitive, the Group has set up a wholly owned subsidiary in Dubai for reducing import tax on selling its jewelry products to Europe and the Middle East in March 2016. It is expected that the Dubai subsidiary will commence operations by the end of the fourth quarter of 2016. Due to the uncertainty over global economic outlook casted by the United Kingdom's vote to leave the European Union in June 2016, the directors expects the growth of the Group's sale of jewelry products and precious stones business may slow down in 2016.

As no lease agreement for the Guangzhou Property will be expired until August 2019, the directors expect the rental income of the Group's property investment business for the second half of 2016 is more or less the same as the first half.

In the second half of 2016, 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, the directors will continue to cautiously identify suitable investment opportunities for the Group to diversify its businesses and broaden its revenue.

Events after the End of the Reporting Period

Subsequent to 30 June 2016,

(a) the fair value of the Group's financial assets at fair value through profit or loss decreased from HK$724,129,000 at 30 June 2016 to HK$662,448,000 at the date of this results announcement; and

(b) the fair value of the Group's available-for-sale financial assets decreased from HK$204,922,000 at 30 June 2016 to HK$182,872,000 at the date of this results announcement.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company complied with the code provisions set out in the Corporate Governance Code (the "**Code**") contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2016, except for:

(a) code provision A.2.1 of the Code requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the six months ended 30 June 2016, 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. Having made specific enquires, all directors have confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2016.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2016.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed the 2016 interim report and the unaudited condensed consolidated financial statements for the six months ended 30 June 2016 and agreed to the accounting principles and policies adopted by the Company. In addition, the Company's external auditor, HLB Hodgson Impey Cheng Limited, has reviewed the unaudited condensed consolidated financial statements for the six months ended 30 June 2016 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

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

Hong Kong, 29 August 2016

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.