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ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2012

The board of directors (the "**Board**") of Eternity Investment Limited (the "**Company**") announces the unaudited condensed consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2012 together with the comparative figures for 2011 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2012	2011
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Turnover	*3*	**45,472**	45,074
Cost of sales		**—**	—
Gross profit		**45,472**	45,074
Investment and other income	*4*	**1,173**	3,328
Other gains and losses	*5*	**52,722**	32,237
Administrative expenses		**(10,856)**	(11,304)
Profit from operations	*6*	**88,511**	69,335
Finance costs		**—**	—
Profit before taxation		**88,511**	69,335
Income tax credit/(expense)	*7*	**2,594**	(5,723)
Profit for the period		**91,105**	63,612

		Six months ended 30 June	
		2012	2011
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Profit attributable to:			
Owners of the Company		**91,106**	63,612
Non-controlling interests		**(1)**	—
		91,105	63,612
Interim dividend	*8*	**—**	—
			(Restated)
Earnings per share	*9*		
— Basic		**HK44.65 cents**	HK237.59 cents
— Diluted		**HK44.04 cents**	HK237.59 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**91,105**	63,612
Other comprehensive income for the period (after tax):		
Gain/(loss) arising on revaluation of available-for-sale financial assets	**33,500**	(38,616)
Total comprehensive income for the period	**124,605**	24,996
Total comprehensive income attributable to:		
Owners of the Company	**124,606**	24,996
Non-controlling interests	**(1)**	—
	124,605	24,996

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2012 HK$'000 (Unaudited)	At 31 December 2011 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**517**	630
Investment properties		**469,690**	442,920
Intangible assets		**16,829**	43,940
Interests in associates		**—**	—
Convertible notes receivables		**316,830**	289,857
Available-for-sale financial assets		**92,632**	59,132
		896,498	836,479
Current assets			
Trade receivables	*10*	**4,698**	4,844
Loans receivables	*11*	**53,257**	—
Deposits, prepayments and other receivables		**17,631**	15,282
Amount due from an associate		**7,393**	2,003
Financial assets at fair value through profit or loss		**34,443**	47,038
Convertible notes receivables		**48,489**	64,872
Conversion options embedded in convertible notes receivables		**98,200**	75,282
Cash and cash equivalents		**236,816**	217,632
		500,927	426,953
Total assets		**1,397,425**	1,263,432
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**2,380**	79,344
Reserves		**1,374,092**	1,158,292
Equity attributable to owners of the Company		**1,376,472**	1,237,636
Non-controlling interests		**(2)**	(1)
Total equity		**1,376,470**	1,237,635
LIABILITIES			
Current liabilities			
Accruals and other payables		**10,251**	11,787
Trade deposits received		**477**	477
Rental deposits received		**2,192**	3,113
Tax payable		**4,381**	3,513
		17,301	18,890
Non-current liabilities			
Deferred taxation		**3,654**	6,907
Total liabilities		**20,955**	25,797
Total equity and liabilities		**1,397,425**	1,263,432
Net current assets		**483,626**	408,063
Total assets less current liabilities		**1,380,124**	1,244,542

Notes:

1. **Basis of preparation**

The unaudited condensed consolidated interim financial statements (the "**Interim Financial Statements**") have been prepared in accordance with Hong Kong Accounting Standard (the "**HKAS**") 34 "Interim Financial Reporting" issued by 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 Interim Financial Statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2011.

The Interim Financial Statements have been prepared on the historical cost basis, except for intangible assets, investment properties and financial instruments, which are measured at fair values.

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

The accounting policies used in the Interim Financial Statements are consistent with those followed in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2011.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations issued by the HKICPA (hereinafter collectively referred to as the "**new and revised HKFRSs**"), which are effective for the Group's accounting period beginning 1 January 2012.

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

The adoption of the new and revised HKFRSs has no material effect on the Interim Financial Statements for the current or prior accounting period.

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

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

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

HKFRS 9 “Financial Instruments” addresses the classification, measurement and derecognition of financial assets and liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard will affect in particular the Group’s accounting for its available-for-sale financial assets, as HKFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held of trading. Fair value gains and losses on available-for-sale investments, for example, will therefore have to be recognised directly in profit or loss instead of other comprehensive income.

There will be no impact on the Group’s accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 “Financial Instruments: Recognition and Measurement” and have not been changed. The Group has not yet decided when to early adopt HKFRS 9.

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

3. Operating segments

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

For management purposes, the Group currently engages in five operating divisions — (i) distribution; (ii) property investment; (iii) sales of financial assets; (iv) provision of management services; and (v) money lending. The segmentations are based on the information about the operations of the Group that management uses to make decisions.

Principal activities are as follows:

(i)	Distribution	Distribution of films and sub-licensing of film rights
(ii)	Property investment	Leasing of rental properties
(iii)	Sales of financial assets	Sales of financial assets at fair value through profit or loss
(iv)	Provision of management services	Provision of management services to concierge departments of gaming promoters appointed by Macau casinos
(v)	Money lending	Money lending business in Hong Kong

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

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

An analysis of the Group's reportable segment results, assets, liabilities and other selected financial information for the six months ended 30 June 2012 and 2011 by operating segments are as follow:

(a) Segment results, assets and liabilities

Six months ended 30 June 2012

	Distribution HK$'000 (Unaudited)	Property investment HK$'000 (Unaudited)	Sales of financial assets HK$'000 (Unaudited)	Provision of management services HK$'000 (Unaudited)	Moeny lending HK$'000 (Unaudited)	Unallocated HK$'000 (Unaudited)	Consolidated HK$'000 (Unaudited)
Revenue							
Revenue from external customers	—	2,776	649	38,131	3,916	—	45,472
Results							
Segment results for reportable segments	—	2,776	649	38,131	3,916	—	45,472
Investment and other income							1,173
Administrative expenses							(10,856)
Profit before taxation							35,789
Income tax credit							2,594
Core profit for the period (excluding major non-cash items)							38,383
Major non-cash items							
— Gain arising on change in fair value of conversion options embedded in convertible notes receivables							17,369
— Gain arising on change in fair value of investment properties							34,080
— Gain arising on early redemption of convertible notes receivables							1,836
— Gain on a bargain purchase							32
— Imputed interest income on convertible notes receivables							28,401
— Impairment loss recognised in respect of intangible assets							(27,111)
— Loss arising on change in fair value of financial assets at fair value through profit or loss							(1,885)
Profit for the period							91,105
Segment assets	379	473,768	142,519	21,528	53,789	705,442	1,397,425
Segment liabilities	577	3,879	509	2,019	1,246	12,725	20,955

Six months ended 30 June 2011

	Distribution HK$'000 (Unaudited)	Property investment HK$'000 (Unaudited)	Sales of financial assets HK$'000 (Unaudited)	Provision of management services HK$'000 (Unaudited)	Moeny lending HK$'000 (Unaudited)	Unallocated HK$'000 (Unaudited)	Consolidated HK$'000 (Unaudited)
Revenue							
Revenue from external customers	—	—	—	45,074	—	—	45,074
Results							
Segment results for reportable segments	—	—	—	45,074	—	—	45,074
Investment and other income							3,328
Administrative expenses							(11,304)
Profit before taxation							37,098
Income tax expense							(5,723)
Core profit for the period (excluding major non-cash items)							31,375
Major non-cash items							
— Loss arising on change in fair value of financial assets at fair value through profit or loss							(15,454)
— Reversal of impairment loss in respect of intangible assets							47,691
Profit for the period							63,612
Segment assets	403	—	90,658	390,342	—	978,567	1,459,970
Segment liabilities	477	—	3,226	46,119	—	11,111	60,933

(b) Geographical segments — Turnover

	Six months ended 30 June 2012 HK$'000 (Unaudited)	2011 HK$'000 (Unaudited)
Hong Kong	**7,341**	—
Macau	**38,131**	45,074
	45,472	45,074

4. Investment and other income

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest income on bank deposits	**533**	3,327
Gain on disposal of investment property	**640**	—
Sundry income	**—**	1
	1,173	3,328

5. Other gains and losses

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Gain arising on change in fair value of conversion options embedded in convertible notes receivables	**17,369**	—
Gain arising on change in fair value of investment properties	**34,080**	—
Gain arising on early redemption of convertible notes receivables	**1,836**	—
Gain on a bargain purchase	**32**	—
Imputed interest income on convertible notes receivables	**28,401**	—
(Impairment loss recognised)/reversal of impairment loss in respect of intangible assets	**(27,111)**	47,691
Loss arising on change in fair value of financial assets at fair value through profit or loss	**(1,885)**	(15,454)
	52,722	32,237

6. Profit from operations

Profit from operations has been arrived at after charging:

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**113**	113
Share-based payment expenses in respect of consultancy services	**1,284**	—
Staff costs including directors' remuneration:		
— salaries and other allowances	**3,456**	1,697
— contributions to retirement benefits scheme	**43**	36
— share-based payment expenses	**608**	—

7. Income tax credit/(expense)

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax expense	**(659)**	—
Deferred tax credit/(expense)	**3,253**	(5,723)
	2,594	(5,723)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2012 (six months ended 30 June 2011: HK$Nil).

No provision for Macau Complementary Profits Tax has been made for the six months ended 30 June 2012 (six months ended 30 June 2011: HK$Nil) as the Group has no estimated assessable profits.

The deferred tax credit of HK$3,253,000 represented the reversal of deferred tax liabilities arising from the recognition of impairment loss on intangible assets (six months ended 30 June 2011: expense of HK$5,723,000).

8. Interim dividend

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2012 (2011: HK$Nil).

9. Earnings per share

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company	**91,106**	63,612
	Number of ordinary shares	
	'000	*'000*
		(Restated)
Weighted average number of ordinary shares for the purpose of basic earnings per share	**204,026**	26,774
Effect of dilutive potential ordinary shares: Share options	**2,829**	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**206,855**	26,774

The weighted average number of ordinary shares for the six months ended 30 June 2012 and 2011 for the purposes of basic earnings per share have been adjusted to take into account the effect of the capital reorganisation of the Company that became effective on 9 May 2012. In addition, the weighted average number of ordinary shares for the six months ended 30 June 2011 has been adjusted to take into account the open offer of the Company's new shares as completed on 15 August 2011.

Diluted earnings per share for the six months ended 30 June 2011 was same as the basic earnings per share. The Company's outstanding share options were not included in the calculation of diluted earnings per share because the exercise of the Company's outstanding share options would result in an increase in earnings per share and was anti-dilutive.

10. Trade receivables

The following is an aged analysis of trade receivables (net of impairment allowance) at the end of reporting period:

	At 30 June 2012	At 31 December 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 — 30 days	**4,698**	4,844

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

11. Loans receivables

	At 30 June 2012	At 31 December 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Loans to customers	**36,547**	—
Accrued interest receivables	**16,710**	—
	53,257	—
Less: impairment allowance	**—**	—
	53,257	—

A maturity profile of the loans receivables (net of impairment allowance, if any) as at the end of the reporting period, based on the maturity date is as follows:

	At 30 June 2012	At 31 December 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**53,257**	—

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2012 (2011: HK$Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Results of operations

During the six months ended 30 June 2012, the Group recorded a revenue of HK$45,472,000, a 0.88% increase from HK$45,074,000 for the same period of the previous year. Of the total turnover, HK$38,131,000 or 83.86% was generated from provision of management services, HK$3,916,000 or 8.61% was generated from money lending, HK$2,776,000 or 6.10% was generated from property investment and HK$649,000 or 1.43% was generated from sales of financial assets. Profit for the six months ended 30 June 2012 amounted to HK$91,105,000, a 43.22% increase from HK$63,612,000 for the correspondence period in 2011. This increase was mainly attributable to the recognition of a gain arising on change in fair value of investment properties of HK$34,080,000 and a gain arising on change in fair value of conversion options embedded in convertible notes receivables of HK$17,369,000, which were partly offset by an impairment loss on intangible assets of HK$27,111,000.

Investment and other income decreased by 64.75% from HK$3,328,000 in the six months ended 30 June 2011 to HK$1,173,000 in the six months ended 30 June 2012. This decrease was attributable to the lower interest income on bank deposits in the six months ended 30 June 2012 as the Group's cash and bank balances decreased by 72.08% from HK$848,299,000 at 30 June 2011 to HK$236,816,000 at 30 June 2012. Such decrease was partly offset by a gain on disposal of investment property of HK$640,000.

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 2012 are as follows:

(a) in the second half of 2011, the Group subscribed for the first tranche of convertible notes of HK$350,000,000 issued by China Star Entertainment Limited ("**China Star**", stock code: 326) and the convertible notes of HK$75,000,000 issued by Culture Landmark Investment Limited ("**Culture Landmark**", stock code: 674). In March 2012, the Group subscribed for a convertible note of HK$27,000,000 issued by Koffman Corporate Service Limited ("**Koffman Corporate**"), a Hong Kong private company, at its face value. Accordingly, the Group recognised an imputed interest income on convertible notes receivables of HK$28,401,000;

(b) the fair value of the conversion options embedded in convertible notes receivables was reassessed at the end of the reporting period with reference to the valuations performed by an independent professional valuer. As the closing price per share in China Star surged from HK$0.22 on 30 December 2011 to HK$0.345 on 29 June 2012, the fair value of the conversion options embedded in the convertible notes receivable from China Star increased from HK$65,070,000 at 31 December 2011 to HK$93,595,000 at 30 June 2012. Accordingly, a gain arising on change in fair value of the conversion options embedded in the convertible notes receivable from China Star of HK$28,525,000 was recognised. Such gain was partly offset by the losses arising on change in fair value of conversion options embedded in the convertible notes receivable from Culture Landmark and Koffman Corporate of HK$7,453,000 and HK$3,703,000 respectively;

(c) at the end of the reporting period, the directors reassessed the fair value of investment properties held by the Group with reference to the property valuations performed by the independent professional valuers and, in light of the recent increase in property prices in Hong Kong, a gain arising on change in fair value of investment properties of HK$34,080,000 was recognised;

(d) at the end of the reporting period, the directors reassessed the recoverable amounts of management services agreements held by the Group with reference to the valuations performed by the independent professional valuer and, in light of the management services agreement with Dore Entretenimento Sociedade Unipessoal Limitada ("**Dore**"), a licensed gaming promoter for Wynn Macau, being terminated on 12 September 2012, an impairment loss on intangible assets of HK$27,111,000 was recognised; and

(e) in May 2012, Culture Landmark early redeemed HK$23,000,000 of the convertible notes of HK$75,000,000 held by the Group at par. As a result, a gain arising on early redemption of convertible notes receivables of HK$1,836,000 was recognised.

Administrative expenses (before depreciation) amounted to HK$10,743,000 for the six months ended 30 June 2012, a 4.00% decrease from HK$11,191,000 for the same period of the previous year. This decrease was mainly attributable to the decrease in legal and professional fees, which was partly offset by the share-based payment expenses of HK$1,892,000 and the increase in salaries and other allowances of HK$1,759,000.

During the six months ended 30 June 2012, Spark Concept Group Limited and its subsidiaries (the "**Spark Concept Group**"), the associates of the Group engaged in catering and wine trading business in Hong Kong, reported a loss of HK$1,841,000. As the Group's share of post-acquisition losses equals to its interests in Spark Concept Group Limited, the Group did not further recognise its share of losses.

For the six months ended 30 June 2012, the Group recorded an income tax credit of HK$3,253,000 which represents the reversal of deferred tax liabilities arising from the recognition of impairment loss on intangible assets. This income tax credit was partly offset by the income tax expense of HK$659,000.

Liquidity and financial resources

During the six months ended 30 June 2012, the Group funded its operations through a combination of cash generated from operations, equity attributable to owners of the Company and issue of new shares. Equity attributable to owners of the Company increased from HK$1,237,636,000 at 31 December 2011 to HK$1,376,472,000 at 30 June 2012.

At 30 June 2012, the cash and cash equivalents of the Group amounted to HK$236,816,000 (31 December 2011: HK$217,632,000).

At 30 June 2012, the Group had no borrowings (31 December 2011: Nil).

Net current assets and current ratio

At 30 June 2012, the Group's net current assets and current ratio were HK$483,626,000 (31 December 2011: HK$408,063,000) and 28.95 (31 December 2011: 22.60), respectively.

Capital structure

During the six months ended 30 June 2012, the capital structure of the Company had the following changes:

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

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

Material acquisitions

During the six months ended 30 June 2012, the Group had the following material acquisitions:

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

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

Material disposals

During the six months ended 30 June 2012, the Group had the following material disposals:

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

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

Pledge of assets

At 30 June 2012, no assets of the Group were pledged.

Commitments

At 30 June 2012, the Group had a total commitments of HK$360,324,000 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. 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;

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

(c) the payment of consideration of HK$51,324,000 for acquiring 146,640,000 shares in China Media and Films Holdings Limited ("**China Media**", formerly known as KH Investment Holdings Limited and stock code: 8172) pursuant to the conditional sale and purchase agreement entered into between the Company as purchaser and Culture Landmark as vendor on 28 May 2012.

Exchange risk and hedging

During the six months ended 30 June 2012, the majority of the Group's transactions, assets and liabilities are denominated in Hong Kong dollars. Accordingly, no financial instruments for hedging purposes have been used by the Group.

Contingent liabilities

At 30 June 2012, the Group had a material contingent liability relating to a claim brought by China Finance & Assets Management Limited ("**China Finance**") in the High Court Action No. 526 of 2010 against Rexdale Investment Limited, a wholly owned subsidiary of the Company, for failing to pay a service fee in the sum of HK$25,000,000 to China Finance.

No provision for the claim was made in the condensed consolidated financial statements of the Group for the six months ended 30 June 2012 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.

Employees and remuneration policy

At 30 June 2012, the headcount of the Group was 12 (2011: 10). Staff costs (including directors' remuneration) amounted to HK$4,107,000 (2011: HK$1,733,000). In addition to basic salaries, provident fund and discretionary bonus, staff benefits include medical scheme and share options.

Operations Review

During the six months ended 30 June 2012, no revenue was generated from the Group's film distribution business as the Group was not able to secure quality films at reasonable prices for distribution. For the purpose of revitalising the Group's film distribution business, the Company as purchaser entered into the conditional sale and purchase agreement with Culture Landmark as vendor on 28 May 2012 relating to the acquisition of 146,640,000 shares in China Media at a consideration of HK$51,324,000. The directors consider that the acquisition enables the Group to (i) form a strategic alliance with Culture Landmark and China Media leveraging on each respective strengths; and (ii) secure a stable supply of films from China Media for distribution in Mainland China. The acquisition was approved by the shareholders on 27 July 2012 and completed on 3 August 2012.

The first quarter of 2012 has proved strongly positive for Hong Kong equities, with the Hang Seng Index rising by some 11%. However, Hong Kong equities gave up much of their first quarter gains in the second quarter, owing to deterioration in both the European debt crisis as well as the growth momentum of the Mainland China economy. In view of the continuation of volatility, the Group did not make any investment in equities, but sought opportunities to realise its equities. In March 2012, the Group disposed of certain equities and recorded a gain of HK$649,000. During the six months ended 30 June 2012, the Group recorded a loss arising on change in fair value of HK$1,885,000 for its financial assets at fair value through profit or loss. As the closing price per share in China Star surged from HK$0.22 on 30 December 2011 to HK$0.345 on 29 June 2012, a gain arising on revaluation of available-for-sale financial assets of HK$33,500,000 was recognised in the condensed consolidated statement of comprehensive income.

During the six months ended 30 June 2012, the Group's provision of management services business generated services fee income amounted to HK$38,131,000, a 15.40% decrease as compared to the same period of the previous year. This decrease reflects a keen competition in Macau VIP gaming sector following the opening of the first phase of Sands Cotai Central and Galaxy Macau in mid 2011, despite a 15.09% increase in Macau VIP gaming revenue in the first half of 2012 as compared to the correspondence period of 2011.

On 12 September 2011, the Group was informed by Dore that the management services agreement dated 30 June 2008 entered into between the Group and Dore would be terminated on 12 September 2012. Given that the services fee income generated from the management services agreement represents a substantial portion of the revenue of the Group's provision of management services business, it is expected that there will be a substantial decrease in the revenue of the Group's provision of management services business from 12 September 2012. In view of the management services agreement being terminated on 12 September 2012, the Group further recognised an impairment loss on intangible assets of HK$27,111,000 in the six months ended 30 June 2012. Upon the termination of the management services agreement with Dore on 12 September 2012, the Group shall continue to carry out the business of provision of management services to the concierge department of gaming promoter pursuant to the remaining management services agreement held by it.

During the six months ended 30 June 2012, the investment properties (the "**Kwun Tong Property**") located at Kwun Tong, Kowloon, Hong Kong generated a rental income of HK$2,776,000 and its occupancy rate calculated in gross floor area was 41.26% at 30 June 2012. Activities have been carried out for selling the Kwun Tong Property entirely or partly. Enquiries have been received, but no terms or agreements have been reached up to the date of this results announcement. In April 2012, the Group disposed of its residential property located at Tseung Kwan O, New Territories, Hong Kong at a cash consideration of HK$7,950,000 and recorded a gain on disposal of investment property of HK$640,000.

With a view to diversify its revenue sources, the Group expanded into money lending business by acquiring the entire issued shares in and the sale loan due by Hong Kong Builders, a Hong Kong company engaged in money lending business, at a consideration of HK$33,069,172. As the fair value of the net identifiable assets of Hong Kong Builders exceeds the fair value of the consideration paid by HK$32,000, the Group recognised a gain on a bargain purchase of HK$32,000. During the six months ended 30 June 2012, Hong Kong Builders generated interest income of HK$3,916,000 and granted a loan in the principal amount of HK$15,000,000 to a customer. In February 2012, Hong Kong Builders entered into six building mortgages in the aggregate principal amount of HK$9,000,000 with six individuals. The drawdown of the building mortgages are expected to be taken place in the third quarter of 2012. At 30 June 2012, Hong Kong Builders loans receivables together with accrued interest receivables amounted to HK$53,257,000.

For the purpose of creating a fixed income portfolio, the Group subscribed for the convertible notes of HK$350,000,000 and HK$75,000,000 issued by China Star and Culture Landmark respectively in 2011. In March 2012, the Group subscribed for the convertible note issued by Koffman Corporate in the principal amount of HK$27,000,000 at its face value. The convertible note issued by Koffman Corporate is unsecured, non-interest bearing and maturing on 21 March 2015. According to the terms of the convertible note issued by Koffman Corporate, the whole convertible note shall automatically be converted into shares in Koffman Corporate upon the success of initial public offering of Koffman Corporate's shares at the price of initial public offering, provided that the convertible note has not been redeemed. Any amount of the convertible note which remains outstanding on the maturity date shall be redeemed by Koffman Corporate at its then outstanding principal amount plus a premium calculated at 20% of the then outstanding principal amount. In May 2012, Culture Landmark early redeemed HK$23,000,000 of the convertible notes of HK$75,000,000 held by the Group at par. Accordingly, a gain arising on early redemption of convertible notes receivables of HK$1,836,000 was recorded. During the six months ended 30 June 2012, the Group's fixed income portfolio generated imputed interest income of HK$28,401,000.

In the six months ended 30 June 2012, the Spark Concept Group expanded its operations by opening a Japanese noodle shop in Central District and a European cuisine restaurant in Sheung Wan. The Spark Concept Group now has four operating arms, which are two restaurants, the Japanese noodle shop and a wine trading company. To finance the capital expenditures for opening of the Japanese noodle shop and the European cuisine restaurant, each of the shareholders of Spark Concept Group Limited made an interest-free advance to the Spark Concept Group according to its shareholding interest. In January 2012, the Group made a cash advance of HK$5,390,000 to the Spark Concept Group. At 30 June 2012, the Spark Concept Group owed the Group an amount of HK$7,393,000, which is unsecured, interest-free and repayable on demand. Due to the rising in food and labour costs and the pre-operating expenses incurred, the Spark Concept Group reported a loss of HK$1,841,000 for the period. As the Group's share of post-acquisition losses equals to its interests in Spark Concept Group Limited, no further share of losses was recognised.

Future Prospects

The directors believe the unresolved European debt situation continues to pose challenging market conditions for Hong Kong equities. Moreover, the pace and magnitude of policy easing in Mainland China continues to underwhelm. As such, the Group will continue to adopt a more conservative investment approach toward its sales of financial assets business for the remaining financial year of 2012.

As one of its management services agreements will be terminated on 12 September 2012, it is expected that the performance of the Group's provision of management services business will be significantly deteriorated in the second half of 2012. In light of the keen competition in Macau VIP gaming sector and the further contraction in the Mainland China economy, the directors have ceased to explore opportunities in providing management services to the concierge departments of other gaming promoters in Macau.

For the property investment business, the Group intends to sell the Kwun Tong Property entirely or partly and the car parking space located at Tseung Kwan O, New Territories, Hong Kong for capital gain. Following the Energizing Kowloon East Project announced by the Chief Executive of Hong Kong Special Administrative Region in 2011, the price level of industrial buildings in Kwun Tong is challenging higher and higher level. With the recent expansion of The Link's investment strategy to include non-residential properties, speculation activities are active since May 2012. The directors believe that the Kwun Tong Property is able to generate a considerable capital gain to the Group.

Given that the European debt crisis remains unresolved and there is a further contraction in the Mainland China economy, the Hong Kong economy has inevitably been affected. The Group will adopt a more cautious approach during its assessment and approval of loans in order to reduce its credit risk. Accordingly, the directors expect a steady growth in the newly expanded money lending business.

The directors believe that the key risks for the second half of 2012 are (i) weaker than forecast United States growth, (ii) the risk of a hard economic landing in Mainland China, (iii) a failure to agree a long term sustainable structure for the Eurozone, and (iv) recession in Europe proves deeper and longer than expected. As such, the Group will continue to cautiously monitor the business environment, focus on its existing business and implement prudent cost control strategies.

Events after the Reporting Period

Subsequent to 30 June 2012, the Group had the following material events:

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

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

(c) on 21 August 2012, Hong Kong Builders has conditionally agreed to grant a loan of HK$22,500,000 to an individual. The loan is unsecured, interest bearing at 8% per annum and maturing on the date falling two years from the date of drawdown. The loan was fully drawn on 22 August 2012; and

(d) on 21 August 2012, the Group entered into two conditional sale and purchase agreements with two independent third parties relating to the proposed acquisitions of two properties located at Ma Yau Tong, Sai Kung, New Territories, Hong Kong at a cash consideration of HK$10,719,000 for each of the properties. The proposed acquisitions of these two properties were completed on 22 August 2012. It is currently intended by the Group that it will hold these two properties as long-term investments for rental purposes.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company had complied with the code provisions of the Code on Corporate Governance Practices (the "**Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the six months ended 30 June 2012, 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 2012, Mr. Lei Hong Wai has taken up the roles of the Chairman of the Board and the Chief Executive Officer of the Company. Mr. Lei possesses essential leadership skills and has extensive experience in corporate management and business development. The Board is of the view that currently vesting the roles of the Chairman and the Chief Executive Officer in the same person provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long term business strategies;

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

(c) code provision A.6.7 of the Code requires that independent non-executive directors and other non-executive directors, as equal board members, should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Cheung Kwok Fan, the non-executive director of the Company, was not able to attend the special general meeting of the Company held on 19 March 2012 due to another business engagement. Mr. Ng Heung Yan, an independent non-executive director of the Company, was not able to attend the annual general meeting of the Company held on 31 May 2012 due to another business engagement.

COMPLIANCE WITH 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 six months ended 30 June 2012.

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

During the six months ended 30 June 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF FINANCIAL INFORMATION

The audit committee has reviewed the 2012 interim report and the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2012 and agreed to the accounting principles and policies adopted by the Company. In addition, the Company's external auditors, HLB Hodgson Impey Cheng Limited, have reviewed the unaudited condensed consolidated interim financial statements 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 2012

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