ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2013

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 2013 together with the comparative figures for 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2013	2012
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Turnover	*3*	**8,965**	45,472
Cost of sales		**—**	—
Gross profit		**8,965**	45,472
Investment and other income	*4*	**37,895**	1,173
Other gains and losses	*5*	**103,346**	52,722
Administrative expenses		**(16,846)**	(10,856)
Share of results of associates		**(1,764)**	—
Profit from operations	*6*	**131,596**	88,511
Finance costs		**—**	—
Profit before taxation		**131,596**	88,511
Income tax (expense)/credit	*7*	**(1,953)**	2,594
Profit for the period		**129,643**	91,105

	Notes	Six months ended 30 June **2013** ***HK$'000*** **(Unaudited)**	2012 *HK$'000* (Unaudited)
Profit attributable to:			
Owners of the Company		**129,644**	91,106
Non-controlling interests		**(1)**	(1)
		129,643	91,105
Interim dividend	*8*	**—**	—
Earnings per share	*9*		
— Basic		**HK36.74 cents**	HK44.65 cents
— Diluted		**HK36.74 cents**	HK44.04 cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**129,643**	91,105
Other comprehensive income for the period		
Item that may be subsequently reclassified to profit or loss:		
Net gain arising on revaluation of available-for-sale financial assets	**60,191**	33,500
Total comprehensive income for the period	**189,834**	124,605
Total comprehensive income attributable to:		
Owners of the Company	**189,835**	124,606
Non-controlling interests	**(1)**	(1)
	189,834	124,605

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2013 HK$'000 (Unaudited)	At 31 December 2012 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**122**	301
Investment properties		**—**	21,940
Intangible assets		**1,960**	5,722
Interests in associates		**41,792**	43,259
Convertible notes receivables		**23,672**	323,160
Available-for-sale financial assets		**172**	129,671
Loans receivables	*11*	**69,690**	—
		137,408	524,053
Current assets			
Trade receivables	*10*	**1,616**	41
Loans receivables	*11*	**139,174**	60,753
Deposits, prepayments and other receivables		**14,801**	14,815
Amount due from an associate		**3,528**	3,528
Financial assets at fair value through profit or loss		**65,747**	25,199
Convertible notes receivables		**306,109**	—
Available-for-sale financial assets		**189,690**	—
Conversion options embedded in convertible notes receivables		**157,963**	74,256
Cash and cash equivalents		**396,448**	297,967
		1,275,076	476,559
Assets classified as held for sale		**599,000**	603,000
		1,874,076	1,079,559
Total assets		**2,011,484**	1,603,612
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**4,567**	2,574
Reserves		**1,924,511**	1,519,380
Equity attributable to owners of the Company		**1,929,078**	1,521,954
Non-controlling interests		**(3)**	(2)
Total equity		**1,929,075**	1,521,952

	Notes	At 30 June 2013 HK$'000 (Unaudited)	At 31 December 2012 HK$'000 (Audited)
LIABILITIES			
Current liabilities			
Accruals, deposit received and other payables		**67,518**	68,200
Rental deposits received		**1,604**	1,595
Tax payable		**11,418**	9,533
		80,540	79,328
Non-current liability			
Deferred taxation		**1,869**	2,332
Total liabilities		**82,409**	81,660
Total equity and liabilities		**2,011,484**	1,603,612
Net current assets		**1,793,536**	1,000,231
Total assets less current liabilities		**1,930,944**	1,524,284

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 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 Interim Financial Statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2012.

The Interim Financial Statements have been prepared on the historical cost basis, except for intangible assets, investment properties, assets classified as held for sale and certain financial instruments that 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 2012, except as described below.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations issued by the HKICPA (hereinafter collectively referred to as the "**new and revised HKFRSs**"), which are effective for the Group's accounting period beginning 1 January 2013.

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

Except as describe below, the application of the new and revised HKFRSs has had no material effect on the Interim Financial Statements.

Amendments to HKAS 1 Presentation of items of other comprehensive income

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

HKFRS 13 Fair value measurement

The Group has applied HKFRS 13 for the first time in the current period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the Interim Financial Statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively.

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

HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[1]
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets[1]
HKAS 39 (Amendments)	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting[1]
HKFRS 9	Financial Instruments[2]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[2]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[1]
HK(IFRIC) – Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.
2 Effective for annual periods beginning on or after 1 January 2015.

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

3. Operating segments

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

(a)	Distribution	Distribution of films and sub-licensing of film rights
(b)	Property investment	Leasing of rental properties
(c)	Sale of financial assets	Sale of financial assets at fair value through profit or loss
(d)	Provision of management services	Provision of management services to the concierge department of a gaming promoter appointed by a Macau casino
(e)	Money lending	Money lending

An analysis of the Group's reportable segment results, assets, liabilities and other selected financial information for the six months ended 30 June 2013 and 2012 by operating segments are as follow:

(a) Segment results, assets and liabilities

Six months ended 30 June 2013

	Distribution *HK$'000* (Unaudited)	Property investment *HK$'000* (Unaudited)	Sale of financial assets *HK$'000* (Unaudited)	Provision of management services *HK$'000* (Unaudited)	Money lending *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Segment revenue from external customers	—	3,332	33	277	5,323	8,965
Segment profit/(loss)	(14)	(842)	40,339	(3,496)	5,233	41,220
Interest income on bank deposits						1,402
Unallocated corporate income						14
Unallocated corporate expenses						(14,374)
Finance costs						—
Gain arising on change in fair value of conversion options embedded in convertible notes receivables						83,707
Gain on disposal of subsidiaries						588
Imputed interest income on convertible notes receivables						20,506
Reversal of impairment loss recognised in respect of interest in an associate						297
Share of results of associates						(1,764)
Profit before taxation						131,596
Income tax expense						(1,953)
Profit for the period						129,643
Segment assets	271	603,250	307,893	2,064	225,905	1,139,383
Unallocated						872,101
Consolidated assets						2,011,484
Segment liabilities	—	61,863	501	235	262	62,861
Unallocated						19,548
Consolidated liabilities						82,409

Six months ended 30 June 2012

	Distribution *HK$'000* (Unaudited)	Property investment *HK$'000* (Unaudited)	Sale of financial assets *HK$'000* (Unaudited)	Provision of management services *HK$'000* (Unaudited)	Money lending *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Segment revenue from external customers	—	2,776	649	38,131	3,916	45,472
Segment profit/(loss)	(31)	35,829	(1,973)	11,006	3,900	48,731
Interest income on bank deposits						533
Unallocated corporate income						—
Unallocated corporate expenses						(8,391)
Finance costs						—
Gain arising on change in fair value of conversion options embedded in convertible notes receivables						17,369
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
Profit before taxation						88,511
Income tax credit						2,594
Profit for the period						91,105
Segment assets	379	473,768	142,519	21,528	53,789	691,983
Unallocated						705,442
Consolidated assets						1,397,425
Segment liabilities	577	3,879	509	2,019	1,246	8,230
Unallocated						12,725
Consolidated liabilities						20,955

(b) Other segment information

Six months ended 30 June 2013

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

Six months ended 30 June 2012

	Distribution *HK$'000* (Unaudited)	Property investment *HK$'000* (Unaudited)	Sale of financial assets *HK$'000* (Unaudited)	Provision of management services *HK$'000* (Unaudited)	Money lending *HK$'000* (Unaudited)	Unallocated *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Amounts included in the measure of segment profit/(loss) and segment assets							
Addition to property, plant and equipment	—	—	—	—	—	—	—
Depreciation of property, plant and equipment	—	—	111	—	—	2	113
Gain arising on change in fair value of investment properties	—	34,080	—	—	—	—	34,080
Gain on disposal of an investment property	—	640	—	—	—	—	640
Impairment loss recognised in respect of intangible assets	—	—	—	(27,111)	—	—	(27,111)
Loss arising on change in fair value of financial assets at fair value through profit or loss	—	—	(1,885)	—	—	—	(1,885)

(c) Geographical segments — Turnover

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Hong Kong	**8,688**	7,341
Macau	**277**	38,131
	8,965	45,472

Certain comparative figures have been reclassified to conform to the change of resources allocation in the current period. Accordingly, certain administrative expenses, depreciation of property, plant and equipment and other gains and losses, which were previously presented as unallocated, have been reclassified to relevant reportable segments.

4. Investment and other income

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Dividend income	**36,479**	—
Interest income on bank deposits	**1,402**	533
Gain on disposal of an investment property	**—**	640
Sundry income	**14**	—
	37,895	1,173

5. Other gains and losses

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Gain arising on change in fair value of conversion options embedded in convertible notes receivables	**83,707**	17,369
Gain/(loss) arising on change in fair value of financial assets at fair value through profit or loss	**3,950**	(1,885)
Gain arising on early redemption of convertible notes receivables	**—**	1,836
Gain on a bargain purchase	**—**	32
Gain on disposal of subsidiaries	**588**	—
Impairment loss recognised in respect of intangible assets	**(3,762)**	(27,111)
Imputed interest income on convertible notes receivables	**20,506**	28,401
(Loss)/gain arising on change in fair value of investment properties	**(1,940)**	34,080
Reversal of impairment loss recognised in respect of interest in an associate	**297**	—
	103,346	52,722

6. Profit from operations

Profit from operations has been arrived at after charging:

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**61**	113
Operating lease rentals in respect of rented premises	**1,100**	1,236
Share-based payment expenses in respect of consultancy services	**4,195**	1,284
Staff costs including directors' emoluments:		
— salaries and other allowances	**5,613**	3,456
— contributions to retirement benefits scheme	**53**	43
— share-based payment expenses	**2,886**	608
	8,552	4,107

7. Income tax (expense)/credit

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax expense	**(2,404)**	(659)
Deferred tax credit	**451**	3,253
	(1,953)	2,594

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 June 2013 (six months ended 30 June 2012: 16.5%).

No provision for Macau Complementary Profits Tax has been made for the six months ended 30 June 2013 (six months ended 30 June 2012: HK$Nil) as the Group has no estimated assessable profits.

The deferred tax credit of HK$451,000 represented the reversal of deferred tax liabilities arising from the recognition of impairment loss on intangible assets (six months ended 30 June 2012: HK$3,253,000).

8. Interim dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: HK$Nil).

9. Earnings per share

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company	**129,644**	91,106
	Number of ordinary shares	
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**352,883**	204,026
Effect of dilutive potential ordinary shares:		
Share options	**—**	2,829
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**352,883**	206,855

The weighted average number of ordinary shares for the purposes of basic and diluted earnings per share for the six months ended 30 June 2012 has been adjusted for the capital reorganisation of the Company in May 2012.

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

10. Trade receivables

	At 30 June 2013	At 31 December 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 30 days	**1,616**	41
Over 90 days	**396**	396
	2,012	437
Less: impairment loss recognised	**(396)**	(396)
	1,616	41

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

11. Loans receivables

	At 30 June 2013 *HK$'000* **(Unaudited)**	At 31 December 2012 *HK$'000* (Audited)
Loans to customers	**205,925**	52,141
Accrued interest receivables	**2,939**	8,612
	208,864	60,753
Less: impairment loss recognised	**—**	—
	208,864	60,753
Analysed for reporting purposes as:		
Current assets	**139,174**	60,753
Non-current assets	**69,690**	—
	208,864	60,753

All loans are denominated in Hong Kong Dollars. The loans receivables carry fixed effective interest ranging approximately from 8% to 48% per annum (year ended 31 December 2012: 8% to 48%). A maturity profile of the loans receivables (net of impairment loss recognised, if any) at the end of the reporting period, based on the maturity date is as follows:

	At 30 June 2013 *HK$'000* **(Unaudited)**	At 31 December 2012 *HK$'000* (Audited)
Within one year	**139,174**	60,753
Over one year but within two years	**69,690**	—
	208,864	60,753

At 30 June 2013, loans receivables amounted to approximately HK$59,387,000 are secured by a personal guarantee and an undated share charge.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: HK$Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Results of operations

During the six months ended 30 June 2013, the Group recorded revenue of HK$8,965,000, an 80.28% decrease from HK$45,472,000 for the same period of previous year. Of the total turnover, HK$5,323,000 or 59.38% was generated from money lending, HK$3,332,000 or 37.17% was generated from property investment, HK$277,000 or 3.09% was generated from provision of management services and HK$33,000 or 0.36% was generated from sale of financial assets. Profit for the six months ended 30 June 2013 amounted to HK$129,643,000, a 42.30% increase from HK$91,105,000 for the correspondence period in 2012. This increase was mainly attributable to a HK$66,338,000 increase in gain arising on change in fair value of conversion options embedded in convertible notes receivables, a HK$23,349,000 decrease in impairment loss on intangible assets and the receipt of dividend income of HK$36,479,000 which are partly offset by a HK$37,854,000 decrease in services fee income, a HK$36,020,000 decrease in gain arising on change in fair value of investment properties and a HK$7,895,000 decrease in imputed interest income on convertible notes receivables.

Investment and other income increased by 3,130.61% from HK$1,173,000 in the six months ended 30 June 2012 to HK$37,895,000 in the six months ended 30 June 2013. This significant increase was attributable to the dividend income of HK$36,479,000 received from China Star Entertainment Limited ("**China Star**", stock code: 326).

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 2013 are as follows:

(a) the carrying amount 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 of share in China Star surged from HK$0.142 on 31 December 2012 to HK$0.208 on 28 June 2013, the fair value of the conversion options embedded in the convertible notes receivable from China Star increased from HK$74,256,000 at 31 December 2012 to HK$157,963,000 at 30 June 2013. Accordingly, a gain arising on change in fair value of the conversion options embedded in convertible notes receivables of HK$83,707,000 was recognised;

(b) prior to their disposal on 6 June 2013, the directors revalued the Group's two three-storey New Territories Small Houses located in Ma Yau Tong, Sai Kung, New Territories to market value of HK$24,000,000 with reference to the property valuations performed by the independent professional valuer. As the market value of the two three-storey New Territories Small Houses exceeded their carrying amounts by HK$2,060,000, a gain arising on change in fair value of investment properties of HK$2,060,000 was recognised. In addition, at the end of the reporting period, the directors revalued the Group's investment properties (the "**Kwun Tong Property**") located in Kwun Tong, Kowloon to market value of HK$599,000,000 with reference to the property valuation performed by another independent professional valuer. Accordingly, a loss arising on change in fair value of investment properties of HK$4,000,000 was recognised; and

(c) in the six months ended 30 June 2013, the convertible notes receivable from China Star and Koffman Corporate Service Limited ("**Koffman**"), a Hong Kong private company, generated imputed interest income of HK$20,506,000 to the Group.

Administrative expenses (before depreciation) amounted to HK$16,785,000 for the six months ended 30 June 2013, a 56.24% increase from HK$10,743,000 for the same period of previous year. This increase was mainly attributable to a HK$5,189,000 increase in share-based payment expenses.

For the six months ended 30 June 2013, China Media and Films Holdings Limited ("**China Media**", stock code: 8172), an associate company of the Group, and its subsidiaries reported a consolidated loss of HK$6,085,000 and contributed a loss of HK$1,764,000 to the Group.

For the six months ended 30 June 2013, Spark Concept Group Limited ("**Spark Concept**"), an associate company of the Group, and its subsidiaries reported a consolidated loss of HK$1,752,000. As the Group's share of post-acquisition losses equals to its interests in Spark Concept, no further share of loss was recognised.

Liquidity and financial resources

During the six months ended 30 June 2013, 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$1,521,954,000 at 31 December 2012 to HK$1,929,078,000 at 30 June 2013.

At 30 June 2013, the cash and bank balances of the Group amounted to HK$396,448,000 (31 December 2012: HK$297,967,000).

At 30 June 2013, the Group had no borrowings (31 December 2012: Nil).

Net current assets and current ratio

At 30 June 2013, the Group's net current assets and current ratio were HK$1,793,536,000 (31 December 2012: HK$1,000,231,000) and 23.27 (31 December 2012: 13.61), respectively.

Capital structure

During the six months ended 30 June 2013, the capital structure of the Company had the following changes:

(a) on 24 January 2013, the Company allotted and issued 47,000,000 new shares at a price of HK$0.645 per share by way of placing of new shares under general mandate raising HK$29,931,000 (net of expenses) for acquiring investment property in Hong Kong in order to enrich the Group's investment properties portfolio; and

(b) on 26 April 2013, the Company allotted and issued 152,224,414 new shares at a subscription price of HK$1.20 per share by way of open offer to the qualifying shareholders of the Company on the basis of one new share for every two existing shares held on 5 April 2013 raising HK$180,277,000 (net of expenses) for financing the expansion of the loan portfolio of the Group's money lending business and/or the potential subscription of the convertible bonds to be issued by a company listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

Material acquisitions

During the six months ended 30 June 2013, the Group had no material acquisitions.

Material disposals

During the six months ended 30 June 2013, the Group had no material disposals.

Pledge of assets

At 30 June 2013, no assets of the Group were pledged.

Commitments

At 30 June 2013, the Group had a total commitment of HK$389,613,000 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; and

(b) loans commitment in the aggregate principal amount of HK$89,613,000 pursuant to the building mortgages and the loan agreements entered into between the Group and its customers.

Exchange risk and hedging

During the six months ended 30 June 2013, all of the Group's transactions, assets and liabilities are denominated in Hong Kong dollars. Accordingly, no financial instruments for hedging purposes have been used by the Group.

Contingent liabilities

At 30 June 2013, 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 ("**Rexdale**"), a wholly owned subsidiary of the Company, for failing to pay a service fee in the sum of HK$25,000,000 to China Finance.

No provision for the claim was made in the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2013 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 2013, the headcount of the Group was 13 (2012: 12). Staff costs (including directors' remuneration) amounted to HK$8,552,000 (2012: HK$4,107,000). 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 2013, no revenue was generated from the Group's film distribution business as the Group was not able to secure quality films at reasonable prices for distribution. In addition, no film has yet been produced by China Media for distribution by the Group during the period under review.

With the talk of an early quantitative easing exist by the Federal Reserve and the liquidity squeeze in the Mainland China's money market, Hong Kong equities experienced a volatile first half in 2013. As the directors recognise market volatility can often coincide with a good opportunity to invest, the Group acquired equities with market price of HK$36,714,000 during the six months ended 30 June 2013. The Group disposed of equities with market price of HK$149,000 and recorded a gain of

HK$33,000 from the disposal. At 30 June 2013, the Group revalued its equities portfolio to market price of HK$65,747,000 and recorded a gain arising on change in fair value of financial assets at fair value through profit or loss of HK$3,950,000.

On 18 February 2013, the directors proposed to seek approvals from the shareholders for (i) exercising the conversion rights attaching to the bonus convertible notes issued by China Star in the aggregate principal amount of HK$6,079,806.76 to convert their principal amount into 607,980,676 new shares in China Star (the "**Conversion**") and (ii) granting a 12-month mandate to the Company for disposing of the 303,990,338 shares in China Star that already held by the Group and the new shares in China Star to be allotted and issued to the Group pursuant to the exercise of the conversion rights attaching to the bonus convertible notes and the convertible notes issued by China Star in the aggregate principal amount of HK$350,000,000 (the "**Disposal**") for realising the Group's investments in China Star. The Conversion and the Disposal were approved by the shareholders at the special general meeting of the Company held on 28 June 2013. During the six months ended 30 June 2013, the Group did not exercise any conversion rights attaching to the bonus convertible notes and the convertible notes and did not dispose of any of shares in China Star. Given that the Disposal was approved by the shareholders, the bonus convertible notes and the 303,990,338 shares in China Star that already held by the Group that accounted for available-for-sale financial assets were reclassified from non-current assets to current assets for financial reporting purposes. As the closing price of share in China Star surged from HK$0.142 on 31 December 2012 to HK$0.208 on 28 June 2013, a net gain arising on revaluation of available-for-sale financial assets of HK$60,191,000 was recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

During the six months ended 30 June 2013, the Group's provision of management services business generated services fee income amounted to HK$277,000, a 99.27% decrease as compared to the same period of previous year. The significant decrease was mainly attributable to the termination of management services agreement with Dore Entretenimento Sociedade Unipessoal Limitada, a licensed gaming promoter for Wynn Macau, on 12 September 2012. In addition, the services fee income generated from the Group's remaining management services agreement decreased from HK$649,000 in the six months ended 30 June 2012 to HK$277,000 in the six months ended 30 June 2013. Such decrease reflects the gaming promoter has adopted a tightening credit policy towards its Mainland Chinese VIP customers in response to the slowdown of the Mainland Chinese economy. At 30 June 2013, the directors reassessed the carrying amount of the management services agreement held by the Group with reference to the independent valuation and an impairment loss on intangible asset of HK$3,762,000 was recognised.

During the six months ended 30 June 2013, the Group's property investment business generated a rental income of HK$3,332,000. On 2 January 2013, the Group served three-month prior written notices to the tenants of the Kwun Tong Property to terminate their tenancies for delivering vacant possession of all units of the Kwun Tong Property to Grand Reward Limited upon completion pursuant to the preliminary sale and purchase agreement dated 20 November 2012 and entered into between Rexdale as vendor and Grand Reward Limited as purchaser. Subsequently, as requested by certain tenants of the Kwun Tong Property and having discussed with Grand Reward Limited, on 27 June 2013, Rexdale and the tenants entered into tenancy agreements for a term commencing on 2 April 2013 and ending on 4 July 2013, being the expected completion date, in respect of the 10th, 11th and 12th Floors and six car parking spaces of the Kwun Tong Property. On 4 July 2013, Rexdale and Grand Reward Limited entered into a supplemental agreement to amend certain terms of the preliminary sale and purchase agreement to effect that Rexdale shall no longer be required to deliver vacant possession of all units of the Kwun Tong Property on completion and the sale and purchase of the Kwun Tong Property was completed on that date. As the disposal of the Kwun Tong Property was not completed on 30 June 2013, the Kwun Tong Property that accounted for assets classified as held for sale was revalued to market value of HK$599,000,000 and a loss arising on change in fair value of investment properties of HK$4,000,000 was recognised. In view of the deteriorating market conditions following the introduction of new measures by the Hong Kong Government and Hong Kong Monetary Authority for stabilising property prices in February 2013, the Group disposed of and took profit from its two three-storey New Territories Small Houses located in Ma Yau Tong, Sai Kung, New Territories, Hong Kong by selling the entire issued share capital of East Legend Properties Limited ("**East Legend**") and Goway Properties Limited ("**Goway**"), both of them are wholly owned subsidiaries of the Company, at an aggregate cash consideration of HK$24,995,000 on 6 June 2013. Prior to their disposal, each of the two three-storey New Territories Small Houses was revalued to market price of HK$12,000,000 with reference to the property valuations performed by the independent professional valuer appointed by the Group. The considerations were determined with reference to the market value of the two three-storey New Territories Small Houses and adjusted for the net assets value of each of East Legend and Goway at 31 May 2013. As a result, the Group recorded a gain arising on change in fair value of investment properties of HK$2,060,000 and a gain on disposal of subsidiaries of HK$588,000.

During the six months ended 30 June 2013, the Group's money lending business generated interest income on loans of HK$5,323,000, a 35.93% increase as compared to the same period of previous year. This increase was attributable to an increase in the average monthly balance of loans receivables from HK$40,526,000 in the six months ended 30 June 2012 to HK$101,570,000 in the six months ended 30 June 2013. During the period under review, the Group made new loans in the aggregate principal amount of HK$159,387,000 to its customers and received loans repayment and interest of HK$16,599,000 from its customers. At 30 June 2013, the Group's loans receivables together with accrued interest receivables amounted to HK$208,864,000.

For the purpose of participating in the development EDS Wellness Holdings Limited ("**EDS Wellness**", stock code: 8176 and formerly known as China AU Group Holdings Limited), the Group and EDS Wellness entered into a conditional subscription agreement on 21 March 2013, pursuant to which EDS Wellness has conditionally agreed to issue and the Group has conditionally agreed to subscribe for the convertible notes in the principal amount of HK$40,000,000 at their face value. The convertible notes are unsecured, non-interest bearing and maturing on the date falling 30 months from the date of their issue. Subject to the compliance of the public float requirement by EDS Wellness, the convertible notes carry rights entitling the holders hereof to convert their principal amount into shares in EDS Wellness at an initial conversion price of HK$1.00 per share (subject to adjustment) during their term. Unless previously redeemed, repurchased and cancelled or converted, any outstanding convertible notes shall be redeemed at par on the maturity date. On 21 March 2013, the Group also entered into a conditional loan agreement with EDS Wellness relating to the grant of an unsecured loan in the principal amount of HK$40,000,000 for a term of three years commencing from the date of drawdown. As certain conditions precedent had not been fulfilled, the conditional subscription agreement and the conditional loan agreement remained conditional as at the date of this interim results announcement.

The Group's fixed income portfolio generated imputed interest income of HK$20,506,000 for the six months ended 30 June 2013. As the closing price of share in China Star surged from HK$0.142 on 31 December 2012 to HK$0.208 on 28 June 2013, a gain arising on change in fair value of conversion options embedded in convertible notes receivables of HK$83,707,000 was recognised. At 30 June 2013, the face value of the Group's fixed income portfolio amounted to HK$377,000,000, comprising the convertible notes receivable from China Star of HK$350,000,000 and the convertible note receivable from Koffman of HK$27,000,000.

In April 2013, Spark Concept and its subsidiaries (the "**Spark Concept Group**") expanded their operations by opening another Japanese noodle shop in Quarry Bay, Hong Kong. On 1 July 2013, the landlord of the European cuisine restaurant in Sheung Wan, Hong Kong served a written notice to the Spark Concept Group to terminate its tenancy with the Spark Concept Group on 1 August 2013 by paying three-month rental as compensation. Accordingly, the European cuisine restaurant was closed on 1 August 2013. During the six months ended 30 June 2013, no further cash was advanced to the Spark Concept Group by its shareholders. At 30 June 2013, the Spark Concept Group owed the Group an amount of HK$7,393,000 (before impairment of HK$3,865,000), which is unsecured, interest-free and repayable on demand. Due to the rising in food and labour costs, the Spark Concept Group reported a loss of HK$1,752,000 for the period under review. As the Group's share of post-acquisition losses equals to its interests in Spark Concept, no further share of losses was recognised for the six months ended 30 June 2013.

Future Prospects

The directors believe Hong Kong equities remain volatile in the remainder of 2013 as the United States economic data continues its moderately improving trend and the new leadership of Mainland China under Mr. Xi Jinping appears willing to sacrifice some growth in order to focus more on structural reforms. The directors also believe market volatility can often coincide with a good opportunity to the Group to invest. As such, the Group continues to adopt a conservative investment approach in investing toward the Group's sale of financial assets business.

As the gaming promoter of the remaining management services agreement has adopted a tightening credit policy toward its Mainland Chinese VIP customers in response to the slowdown of the Mainland Chinese economy, the Group's provision of management services business is negatively impacted. It is expected that there will be a slight decrease in the Group's provision of management services business in the second half of 2013.

Following the completion of disposal of the Kwun Tong Property on 4 July 2013, the Group does not hold any investment properties. The implementation of Special Stamp Duty, Buyer's Stamp Duty and Doubling Stamp Duty in February 2013 measures, along with the cut in loan-to-value ratio, have effectively suppressed demand by increasing transaction costs. Property sales volume has been contracted. In addition, the market is anxious over the Federal Reserve announcement that it may phase out its quantitative easing program and the slowing growth of the Mainland Chinese economy. The directors believe that property prices are going to decline 10% to 20% from the current level and the Group will cautiously seek opportunity for investing properties in Hong Kong in order to revitalise its property investment business. Given that the carrying amount of the Kwun Tong Property of HK$599,000,000 at 30 June 2013 exceeds the consideration for disposal of HK$586,000,000 by HK$13,000,000, it is expected that the Group will record a loss on disposal of the Kwun Tong Property of HK$13,000,000 plus transaction costs to be incurred in the second half of 2013.

In the second and third quarters of 2013, the Group actively expanded its money lending business by granting loans to new customers. The Group will slow down its pace of expanding money lending business in the remainder of 2013. As most of the new loans were drawn in the second and third quarters of 2013, the directors expect a significant growth in the Group's money lending business in the second half of 2013.

Event after the Reporting Period

On 4 July 2013, Rexdale disposed of the Kwun Tong Property at a cash consideration of HK$586,000,000 pursuant to the preliminary sale and purchase agreement dated 20 November 2012 and entered into between Rexdale and Grand Reward Limited as amended and supplemented by the supplemental agreement dated 4 July 2013.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company had complied with the code provisions of the Corporate Governance Code (the "**Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the six months ended 30 June 2013, 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 2013, Mr. Lei Hong Wai has taken up the roles of the Chairman of the Board and the Chief Executive Officer of the Company. Mr. Lei possesses essential leadership skills and has extensive experience in corporate management and business development. The Board is of the view that currently vesting the roles of the Chairman and the Chief Executive Officer in the same person provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies; and

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules for securities transactions by the directors of the Company. All members of the Board have confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2013.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2013.

REVIEW OF FINANCIAL INFORMATION

The audit committee has reviewed the 2013 interim report and the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2013 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 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, 28 August 2013

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