ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

2017

INTERIM REPORT

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Contents

Corporate Information

Board of Directors

Executive directors
Mr. Lei Hong Wai
(Chairman and Chief Executive Officer)
Mr. Cheung Kwok Wai Elton
Mr. Chan Kin Wah Billy
Mr. Cheung Kwok Fan

Independent non-executive directors
Mr. Wan Shing Chi
Mr. Ng Heung Yan
Mr. Wong Tak Chuen

Company Secretary

Mr. Chan Kin Wah Billy

Members of Audit Committee

Mr. Wong Tak Chuen *(Chairman)*
Mr. Wan Shing Chi
Mr. Ng Heung Yan

Members of Remuneration Committee

Mr. Ng Heung Yan *(Chairman)*
Mr. Lei Hong Wai
Mr. Wan Shing Chi

Members of Nomination Committee

Mr. Lei Hong Wai *(Chairman)*
Mr. Wan Shing Chi
Mr. Ng Heung Yan

Members of Finance Committee

Mr. Chan Kin Wah Billy *(Chairman)*
Mr. Wong Tak Chuen

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business

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168-200 Connaught Road Central
Hong Kong

Principal Share Registrar and Transfer Office

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Standard Limited
Share Registration Public Office
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Auditors

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Principal Bankers

DBS Bank (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited

Stock Code

764

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Interim Results

The board of directors (the "**Board**") of Eternity Investment Limited (the "**Company**") announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2017 together with the comparative figures for 2016 as follows:

Condensed Consolidated Statement of Profit or Loss

		Six months ended 30 June	
	Notes	**2017** ***HK$'000*** **(Unaudited)**	2016 *HK$'000* (Unaudited)
Continuing operations			
Revenue	*3*	**16,658**	93,801
Cost of sales		**(18,051)**	(56,751)
Gross (loss)/profit		**(1,393)**	37,050
Investment and other income	*4*	**1,121**	988
Other gains and losses	*5*	**(197,979)**	(154,486)
Selling and distribution expenses		**(1,629)**	(2,456)
Administrative expenses		**(40,155)**	(31,439)
Share of results of associates		**(1)**	—
Loss from operations		**(240,036)**	(150,343)
Finance costs	*6*	**(5,396)**	(5,133)
Loss before taxation		**(245,432)**	(155,476)
Income tax expense	*7*	**(223)**	(594)
Loss for the period from continuing operations	*8*	**(245,655)**	(156,070)
Discontinued operations			
Loss for the period from discontinued operations	*9*	**(3)**	(16)
Loss for the period		**(245,658)**	(156,086)

Condensed Consolidated Statement of Profit or Loss *(Continued)*

	Notes	Six months ended 30 June 2017 HK$'000 (Unaudited)	2016 HK$'000 (Unaudited)
Loss for the period attributable to:			
Owners of the Company		**(245,658)**	(156,084)
Non-controlling interests		**—**	(2)
		(245,658)	(156,086)
Interim dividend	*10*	**—**	—
Loss per share	*11*		
From continuing and discontinued operations			
— Basic		**HK(7.27) cents**	HK(5.08) cents
— Diluted		**HK(7.27) cents**	HK(5.08) cents
From continuing operations			
— Basic		**HK(7.27) cents**	HK(5.08) cents
— Diluted		**HK(7.27) cents**	HK(5.08) cents
From discontinued operations			
— Basic		**HK — cent**	HK — cent
— Diluted		**HK — cent**	HK — cent

The accompanying notes form an integral part of the condensed consolidated financial statements.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(245,658)**	(156,086)
Other comprehensive income/(expense) for the period, net of income tax		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translating foreign operations	**49,598**	(32,695)
Net loss arising on revaluation of available-for-sale financial assets	**–**	(57,750)
Reclassification adjustment relating to impairment loss recognised in respect of available-for-sale financial assets	**–**	57,750
Total comprehensive expense for the period	**(196,060)**	(188,781)
Total comprehensive expense for the period attributable to:		
Owners of the Company	**(196,060)**	(188,779)
Non-controlling interests	**–**	(2)
	(196,060)	(188,781)

Condensed Consolidated Statement of Financial Position

	Notes	At 30 June 2017 HK$'000 (Unaudited)	At 31 December 2016 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	*12*	**455,821**	432,976
Investment properties	*13*	**571,020**	561,089
Intangible assets	*14*	**907,346**	890,185
Goodwill	*15*	**342,366**	332,189
Interests in associates		**599**	600
Available-for-sale financial assets	*16*	**—**	365,172
Deferred tax assets	*25*	**5,495**	4,738
Deposit paid for acquisition of properties	*19*	**48,300**	—
Prepayments	*19*	**—**	1,561
Loans receivables	*17*	**323,258**	138,500
		2,654,205	2,727,010
Current assets			
Inventories		**40,465**	45,636
Loans receivables	*17*	**436,397**	312,663
Trade receivables	*18*	**50,005**	63,160
Deposits, prepayments and other receivables	*19*	**164,199**	101,261
Amount due from an associate		**1,697**	1,697
Financial assets at fair value through profit or loss		**524,354**	544,442
Tax recoverable		**6,537**	6,694
Cash and cash equivalents		**216,622**	438,975
		1,440,276	1,514,528
Total assets		**4,094,481**	4,241,538

Condensed Consolidated Statement of Financial Position *(Continued)*

	Notes	At 30 June 2017 HK$'000 (Unaudited)	At 31 December 2016 HK$'000 (Audited)
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	*20*	**38,592**	32,160
Reserves		**3,124,242**	3,216,985
Equity attributable to owners of the Company		**3,162,834**	3,249,145
Non-controlling interests		**(6)**	(6)
Total equity		**3,162,828**	3,249,139
LIABILITIES			
Current liabilities			
Trade payables	*21*	**19,963**	36,532
Deposits received, accruals and other payables	*22*	**163,525**	173,497
Receipts in advance		**38,912**	36,512
Promissory note	*23*	**—**	30,000
Tax payables		**91,816**	85,318
Amount due to an associate		**—**	991
Bank borrowings	*24*	**28,036**	27,203
		342,252	390,053
Non-current liabilities			
Other payables	*22*	**86,791**	85,670
Receipts in advance		**48,600**	59,400
Bank borrowings	*24*	**107,472**	117,878
Deferred tax liabilities	*25*	**346,538**	339,398
		589,401	602,346
Total liabilities		**931,653**	992,399
Total equity and liabilities		**4,094,481**	4,241,538
Net current assets		**1,098,024**	1,124,475
Total assets less current liabilities		**3,752,229**	3,851,485

The accompanying notes form an integral part of the condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

	Attributable to owners of the Company										
	Share capital HK$'000 (Unaudited)	Share premium HK$'000 (Unaudited)	Capital reserve HK$'000 (Unaudited)	Contributed surplus HK$'000 (Unaudited)	Equity-settled share-based payment reserve HK$'000 (Unaudited)	Available-for-sale financial assets revaluation reserve HK$'000 (Unaudited)	Exchange reserve HK$'000 (Unaudited)	Retained profits HK$'000 (Unaudited)	Sub-total HK$'000 (Unaudited)	Non-controlling interests HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
At 1 January 2016	26,800	1,663,039	19,833	404,663	27,648	–	(32,061)	1,242,388	3,352,310	(5)	3,352,305
Loss for the period	–	–	–	–	–	–	–	(156,084)	(156,084)	(2)	(156,086)
Other comprehensive income for the period											
Exchange differences arising on translating foreign operations	–	–	–	–	–	–	(32,695)	–	(32,695)	–	(32,695)
Net loss arising on revaluation of available-for-sale financial assets	–	–	–	–	–	(57,750)	–	–	(57,750)	–	(57,750)
Reclassification adjustment relating to impairment loss recognised in respect of available-for-sale financial assets	–	–	–	–	–	57,750	–	–	57,750	–	57,750
Total comprehensive expense for the period	–	–	–	–	–	–	(32,695)	(156,084)	(188,779)	(2)	(188,781)
Placing of new shares	5,360	61,640	–	–	–	–	–	–	67,000	–	67,000
Share issue expenses	–	(2,514)	–	–	–	–	–	–	(2,514)	–	(2,514)
Change in ownership interests in a subsidiary upon deemed disposal without loss of control	–	–	–	–	–	–	–	–	–	400	400
At 30 June 2016	32,160	1,722,165	19,833	404,663	27,648	–	(64,756)	1,086,304	3,228,017	393	3,228,410
At 1 January 2017 (originally stated)	**32,160**	**1,722,165**	**19,833**	**404,663**	**9,848**	**144,250**	**(136,060)**	**1,052,286**	**3,249,145**	**(6)**	**3,249,139**
Effect on early adoption of HKFRS 9	**–**	**–**	**–**	**–**	**–**	**(144,250)**	**–**	**144,250**	**–**	**–**	**–**
At 1 January 2017 (restated)	**32,160**	**1,722,165**	**19,833**	**404,663**	**9,848**	**–**	**(136,060)**	**1,196,536**	**3,249,145**	**(6)**	**3,249,139**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(245,658)**	**(245,658)**	**–**	**(245,658)**
Other comprehensive income for the period											
Exchange differences arising on translating foreign operations	**–**	**–**	**–**	**–**	**–**	**–**	**49,598**	**–**	**49,598**	**–**	**49,598**
Total comprehensive income/(expense) for the period	**–**	**–**	**–**	**–**	**–**	**–**	**49,598**	**(245,658)**	**(196,060)**	**–**	**(196,060)**
Placing of new shares	**6,432**	**96,480**	**–**	**–**	**–**	**–**	**–**	**–**	**102,912**	**–**	**102,912**
Share issue expenses	**–**	**(3,686)**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,686)**	**–**	**(3,686)**
Recognition of equity-settled share-based payment	**–**	**–**	**–**	**–**	**10,523**	**–**	**–**	**–**	**10,523**	**–**	**10,523**
Release on disposal of a subsidiary	**–**	**–**	**(2,072)**	**–**	**–**	**–**	**–**	**2,072**	**–**	**–**	**–**
Release on lapse of equity-settled share-based payment	**–**	**–**	**–**	**–**	**(9,848)**	**–**	**–**	**9,848**	**–**	**–**	**–**
At 30 June 2017	**38,592**	**1,814,959**	**17,761**	**404,663**	**10,523**	**–**	**(86,462)**	**962,798**	**3,162,834**	**(6)**	**3,162,828**

Condensed Consolidated Statement of Cash Flows

	Notes	Six months ended 30 June 2017 HK$'000 (Unaudited)	2016 HK$'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations		**(208,201)**	(326,071)
Interest paid		**(5,403)**	(5,450)
Tax paid		**(930)**	(617)
Net cash used in operating activities		**(214,534)**	(332,138)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash inflow on disposal of a subsidiary	*26*	**172**	—
Deposit paid for acquisition of properties	*19*	**(48,300)**	—
Purchase of property, plant and equipment		**(17,353)**	(39,411)
Net cash inflow arising on other investing activities		**39**	296
Net cash used in investing activities		**(65,442)**	(39,115)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from placing of new shares		**102,912**	67,000
Proceeds from disposal of a subsidiary without loss of control		**—**	400
Proceeds from short-term loan		**150,000**	—
Repayment of short-term loan		**(150,000)**	—
Repayment of bank borrowings		**(13,725)**	(14,595)
Repayment of promissory note	*23*	**(30,000)**	—
Share issue expenses		**(3,686)**	(2,514)
Net cash generated from financing activities		**55,501**	50,291

Condensed Consolidated Statement of Cash Flows *(Continued)*

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net decrease in cash and cash equivalents	**(224,475)**	(320,962)
Cash and cash equivalents at beginning of the reporting period	**438,975**	509,341
Effect of foreign exchange rate changes	**2,122**	963
Cash and cash equivalents at end of the reporting period	**216,622**	189,342
Analysis of the balances of cash and cash equivalents		
Cash at bank and on hand	**216,622**	189,342

The accompanying notes form an integral part of the condensed consolidated financial statements.

1. Basic of preparation

The condensed consolidated financial statements for the six months ended 30 June 2017 have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") which is a collective term that includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA.

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

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

2. Application of new and amendments to HKFRSs

The accounting policies and method of computation used in the condensed consolidated financial statements are consistent with those followed in the preparation of the audited consolidated financial statements of the Group for the year ended 31 December 2016, except as described below.

In the current period, the Group has adopted, for the first time, the following amendments to HKFRSs issued by the HKICPA, which are effective for the Group's financial period beginning from 1 January 2017. A summary of the amendments to HKFRSs adopted by the Group is set out as follows:

HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014-2016 Cycle

The adoption of the above amendments to HKFRSs in the current interim period has no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in the condensed consolidated financial statements.

2. Application of new and amendments to HKFRSs *(Continued)*

Early adoption of HKFRS 9 *Financial Instruments*

During the period, the Group has early adopted HKFRS 9 that is effective for annual periods beginning on or after 1 January 2018. The Group has chosen 1 January 2017 as its date of initial application.

Accounting policies applied from 1 January 2017

HKFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities, and introduces new rules for hedge accounting and new impairment model for financial assets. The final version of HKFRS 9 was issued in September 2014. It replaces the guidance in HKAS 39 *Financial Instruments: Recognition and Measurement* that is related to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income ("**FVTOCI**") and fair value through profit or loss ("**FVTPL**"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. Investments in equity instruments (that are not held-for-trading) are measured at fair values with an irrevocable election at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at FVTPL. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effective tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually uses for risk management purposes.

Financial assets

(i) Classification

From 1 January 2017, the Group classified its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

2. Application of new and amendments to HKFRSs *(Continued)*
Early adoption of HKFRS 9 *Financial Instruments* *(Continued)*
Accounting policies applied from 1 January 2017 *(Continued)*
Financial assets (Continued)

(i) Classification *(Continued)*

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investments (that are not held-for-trading) at FVTOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets at FVTPL are recognised in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the assets and the cash flow characteristics of the assets. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows, where the assets' cash flows represent solely payments of principal and interest, are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in investment and other income using the effective interest rate method.

- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains and losses. Interest income from these financial assets is included in investment and other income using the effective interest rate method.

2. Application of new and amendments to HKFRSs *(Continued)*

Early adoption of HKFRS 9 *Financial Instruments* *(Continued)*

Accounting policies applied from 1 January 2017 *(Continued)*

Financial assets (Continued)

(ii) Measurement *(Continued)*

Debt instruments *(Continued)*

- FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented net in the condensed consolidated statement of profit or loss within other gains and losses in the period in which it arises. Interest income from these financial assets is included in investment and other income.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments (that are not held-for-trading) in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as investment and other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains and losses in the condensed consolidated statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

(iii) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its assets measured at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

In accordance with HKFRS 9, the Group did not restate prior periods and the cumulative effect of initially applying the standard as an adjustment was recognised in either retained profits or an appropriate equity reserve as of the opening balance as at 1 January 2017.

2. Application of new and amendments to HKFRSs *(Continued)*

Early adoption of HKFRS 9 *Financial Instruments* *(Continued)*

Accounting policies applied from 1 January 2017 *(Continued)*

Financial assets (Continued)

The following summarises the classification and measurement changes for the Group's financial assets on 1 January 2017, being the date of initial application of HKFRS 9, as follows:

(i) Listed equity securities previously classified as available-for-sale financial assets

Based on the business model for managing its financial assets, the Group elected to present in profit or loss subsequent changes in the fair value of all its listed equity securities previously classified as available-for-sale financial assets. As a result, the listed equity securities with carrying amounts of HK$365,000,000 were reclassified from available-for-sale financial assets to financial assets at FVTPL.

Cumulative gains arising on revaluation of available-for-sale financial assets recognised in other comprehensive income of HK$144,250,000 were transferred from available-for-sale financial assets revaluation reserve to retained profits.

(ii) Club debenture previously classified as available-for-sale financial assets

Based on the business model for managing its financial assets, the Group elected to present in profit or loss subsequent changes in the fair value of its club debenture previously classified as available-for-sale financial asset. As a result, the club debenture with a carrying amount of HK$172,000 was reclassified from available-for-sale financial asset to financial asset at FVTPL. Subsequent to the reclassification, the club debenture was disposed of on 17 February 2017 through the disposal of Riche Video Limited ("**Riche Video**"), an indirect wholly owned subsidiary of the Company.

Apart from stated above, the Group has not early adopted other new and amendments to HKFRSs that have been issued by the HKICPA but are not yet effective.

3. Operating segments

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

(a)	Property investment	Leasing of rental properties
(b)	Sale of financial assets	Sale of financial assets
(c)	Money lending	Money lending
(d)	Sale of jewelry products and precious stones	Design and sale of jewelry products, and sale of precious stones

An operating segment regarding the distribution of films and sub-licensing of film rights was discontinued on 17 February 2017.

3. Operating segments *(Continued)*

(a) Segment revenue and results

For the six months ended 30 June 2017

	Continuing operations					Discontinued operations	
	Property investment *HK$'000* (Unaudited)	Sale of financial assets *HK$'000* (Unaudited)	Money lending *HK$'000* (Unaudited)	Sale of jewelry products and precious stones *HK$'000* (Unaudited)	Sub-total *HK$'000* (Unaudited)	Distribution *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Segment revenue	22,292	(51,925)	30,624	15,667	16,658	–	16,658
Segment (loss)/profit	(570)	(241,862)	29,943	(2,284)	(214,773)	(3)	(214,776)
Interest income on bank deposits					39	–	39
Unallocated corporate income					60	–	60
Unallocated corporate expenses					(25,362)	–	(25,362)
Gain on disposal of a subsidiary					1	–	1
Finance costs					(5,396)	–	(5,396)
Share of results of associates					(1)	–	(1)
Loss before taxation					(245,432)	(3)	(245,435)
Income tax expense					(223)	–	(223)
Loss for the period					(245,655)	(3)	(245,658)

3. **Operating segments** *(Continued)*

(a) ***Segment revenue and results*** *(Continued)*

For the six months ended 30 June 2016

	Continuing operations					Discontinued operations	
	Property investment HK$'000 (Unaudited)	Sale of financial assets HK$'000 (Unaudited)	Money lending HK$'000 (Unaudited)	Sale of jewelry products and precious stones HK$'000 (Unaudited)	Sub-total HK$'000 (Unaudited)	Distribution HK$'000 (Unaudited)	Consolidated HK$'000 (Unaudited)
Segment revenue	24,131	(12,022)	21,992	59,700	93,801	–	93,801
Segment profit/(loss)	3,115	(108,642)	21,833	6,005	(77,689)	(16)	(77,705)
Interest income on bank deposits					296	–	296
Unallocated corporate income					6	–	6
Unallocated corporate expenses					(14,985)	–	(14,985)
Impairment loss recognised in respect of amount due from an associate					(221)	–	(221)
Impairment loss recognised in respect of available-for-sale financial assets reclassified from equity to profit or loss					(57,750)	–	(57,750)
Finance costs					(5,133)	–	(5,133)
Share of results of associates					–	–	–
Loss before taxation					(155,476)	(16)	(155,492)
Income tax expense					(594)	–	(594)
Loss for the period					(156,070)	(16)	(156,086)

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

Segment results represent (loss incurred)/profit earned by each segment without allocation of central administrative expenses including directors' emoluments, share of results of associates, investment and other income, certain other gains and losses, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

3. Operating segments *(Continued)*

(b) Segment assets and liabilities

At 30 June 2017

	Continuing operations					Discontinued operations	
	Property investment *HK$'000* (Unaudited)	Sale of financial assets *HK$'000* (Unaudited)	Money lending *HK$'000* (Unaudited)	Sale of jewelry products and precious stones *HK$'000* (Unaudited)	Sub-total *HK$'000* (Unaudited)	Distribution *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Segment assets							
– Hong Kong	76,751	565,007	890,991	83,366	1,616,115	–	1,616,115
– The People's Republic of China (the "**PRC**")	2,472,158	–	–	–	2,472,158	–	2,472,158
	2,548,909	565,007	890,991	83,366	4,088,273	–	4,088,273
Unallocated corporate assets							6,208
Consolidated total assets							4,094,481
Segment liabilities							
– Hong Kong	(45)	(12,154)	(4,515)	(20,592)	(37,306)	–	(37,306)
– The PRC	(885,181)	–	–	–	(885,181)	–	(885,181)
	(885,226)	(12,154)	(4,515)	(20,592)	(922,487)	–	(922,487)
Unallocated corporate liabilities							(9,166)
Consolidated total liabilities							(931,653)

3. **Operating segments** *(Continued)*

(b) *Segment assets and liabilities* *(Continued)*

At 31 December 2016

	Continuing operations					Discontinued operations	
	Property investment HK$'000 (Audited)	Sale of financial assets HK$'000 (Audited)	Money lending HK$'000 (Audited)	Sale of jewelry products and precious stones HK$'000 (Audited)	Sub-total HK$'000 (Audited)	Distribution HK$'000 (Audited)	Consolidated HK$'000 (Audited)
Segment assets							
– Hong Kong	1,064	723,789	616,139	134,711	1,475,703	269	1,475,972
– The PRC	2,364,162	–	–	–	2,364,162	–	2,364,162
	2,365,226	723,789	616,139	134,711	3,839,865	269	3,840,134
Unallocated corporate assets							401,404
Consolidated total assets							4,241,538
Segment liabilities							
– Hong Kong	(1,198)	(12,138)	(1,220)	(39,719)	(54,275)	(1)	(54,276)
– The PRC	(833,443)	–	–	–	(833,443)	–	(833,443)
	(834,641)	(12,138)	(1,220)	(39,719)	(887,718)	(1)	(887,719)
Unallocated corporate liabilities							(104,680)
Consolidated total liabilities							(992,399)

3. Operating segments *(Continued)*

(b) Segment assets and liabilities *(Continued)*

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

— all assets are allocated to operating segments other than interests in associates, amount due from an associate, certain deposits, prepayments, and cash and cash equivalents that are not attributable to individual segments. Assets used jointly by individual segments are allocated on the basis of the revenues earned by individual segments; and

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

(c) Other segment information

For the six months ended 30 June 2017

	Continuing operations					Discontinued operations	
	Property investment HK$'000 (Unaudited)	Sale of financial assets HK$'000 (Unaudited)	Money lending HK$'000 (Unaudited)	Sale of jewelry products and precious stones HK$'000 (Unaudited)	Sub-total HK$'000 (Unaudited)	Distribution HK$'000 (Unaudited)	Consolidated HK$'000 (Unaudited)
Amounts included in the measure of segment (loss)/profit and segment assets							
Additions to property, plant and equipment	17,353	–	–	–	17,353	–	17,353
Amortisation of intangible assets	(9,950)	–	–	–	(9,950)	–	(9,950)
Depreciation of property, plant and equipment	(6,763)	–	–	(68)	(6,831)	–	(6,831)
Dividend income	–	1,022	–	–	1,022	–	1,022
Loss arising on change in fair value of investment properties	(7,143)	–	–	–	(7,143)	–	(7,143)
Loss arising on change in fair value of financial assets at fair value through profit or loss	–	(190,837)	–	–	(190,837)	–	(190,837)

3. **Operating segments** *(Continued)*

(c) ***Other segment information*** *(Continued)*

For the six months ended 30 June 2016

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

3. Operating segments *(Continued)*

(d) Geographical segments

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

	Continuing operations Six months ended 30 June		**Discontinued operations Six months ended 30 June**	
	2017 ***HK$'000*** **(Unaudited)**	2016 *HK$'000* (Unaudited)	**2017** ***HK$'000*** **(Unaudited)**	2016 *HK$'000* (Unaudited)
Australia	**30**	861	**–**	–
Europe	**3,242**	5,666	**–**	–
Hong Kong	**(9,425)**	39,100	**–**	–
The Middle East	**467**	3,386	**–**	–
The PRC	**22,292**	24,131	**–**	–
The United States of America	**52**	20,657	**–**	–
	16,658	93,801	**–**	–

4. Investment and other income

	Six months ended 30 June	
	2017 ***HK$'000*** **(Unaudited)**	2016 *HK$'000* (Unaudited)
Continuing operations		
Dividend income	**1,022**	686
Interest income on bank deposits	**39**	296
Sundry income	**60**	6
	1,121	988

5. Other gains and losses

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Continuing operations		
(Loss)/gain arising on change in fair value of investment properties	**(7,143)**	713
Impairment loss recognised in respect of amount due from an associate	**–**	(221)
Impairment loss recognised in respect of available-for-sale financial assets	**–**	(57,750)
Gain on disposal of a subsidiary	**1**	–
Loss arising on change in fair value of financial assets at fair value through profit or loss	**(190,837)**	(97,228)
	(197,979)	(154,486)

6. Finance costs

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Interest on bank borrowings	**3,752**	5,133
Interest on short-term loan	**1,644**	–
	5,396	5,133

7. Income tax expense

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Hong Kong Profits Tax		
— Current tax	**(3,385)**	(3,124)
PRC Enterprise Income Tax		
— Current tax	**(1,982)**	(804)
Deferred taxation credit *(note 25)*	**5,144**	3,334
	(223)	(594)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods. The subsidiaries incorporated in the PRC are subject to the PRC Enterprise Income Tax at 25% for both periods. The subsidiary incorporated in Dubai Multi Commodities Centre of United Arab Emirates enjoys a 50-year tax holiday for corporate income tax from the date of incorporation.

8. Loss for the period from continuing operations

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

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Amortisation of intangible assets	**9,950**	10,427
Cost of inventories sold	**13,255**	47,897
Depreciation of property, plant and equipment	**6,831**	7,369
Operating lease rentals in respect of rental premises	**1,028**	1,045
Operating lease rentals in respect of operating rights	**8,277**	8,464
Less: operating lease rentals capitalised	**(5,430)**	(5,599)
	2,847	2,865
Equity-settled share-based payment expenses in respect of consultancy services	**702**	—
Staff costs (including directors' emoluments):		
— salaries, allowances and benefits in kind	**15,621**	14,803
— contributions to retirement benefits schemes	**221**	233
— equity-settled share-based payment expenses	**9,821**	—
	25,663	15,036
Gross rental income from investment properties and operating rights	**(22,292)**	(24,131)
Less: direct operating expenses incurred for investment properties and operating rights that generated rental income during the period	**5,930**	9,962
Less: direct operating expenses incurred for investment properties and operating rights that did not generated rental income during the period	**81**	112
	(16,281)	(14,057)

9. Discontinued operations

On 17 February 2017, the Group entered into a sale and purchase agreement to dispose of the entire issued share capital of Riche Video, which is principally engaged in distribution of video products and holding of film rights. The disposal of distribution of films and sub-licensing of film rights operations enables the Group to concentrate resources on its existing businesses. The disposal was completed on 17 February 2017, on which date the control of Riche Video passed to the acquirer.

The loss for the six months ended 30 June 2017 and 2016 from the discontinued distribution of films and sub-licensing of film rights operations is set out below. The comparative figures in the condensed consolidated statement of profit or loss have been restated to re-present the distribution of films and sub-licensing of film rights operations as discontinued operations.

The results and cash flows of the discontinued operations for the six months ended 30 June 2017 and 2016 were as follows:

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue	**—**	—
Administrative expenses	**(3)**	(16)
Loss before taxation	**(3)**	(16)
Income tax expense	**—**	—
Loss for the period	**(3)**	(16)
Net cash outflow from operating activities	**(96)**	(5)
Net cash outflow	**(96)**	(5)

The gain on disposal of distribution of films and sub-licensing of film rights operations was HK$1,000.

10. Interim dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

11. Loss per share

From continuing and discontinued operations

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

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the purpose of basic and diluted loss per share		
Loss for the period attributable to owners of the Company	**(245,658)**	(156,084)

	Six months ended 30 June	
	2017	2016
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**3,379,472**	3,074,644

The calculation of diluted loss per share does not assume the exercise of the Company's outstanding share options as they had an anti-dilutive effect to the basic loss per share for the six months ended 30 June 2017 and 2016.

11. Loss per share *(Continued)*

From continuing operations

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

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the purpose of basic and diluted loss per share		
Loss for the period from continuing operations	**(245,655)**	(156,070)
Less: loss for the period from continuing operations attributable to non-controlling interests	**–**	2
Loss for the period from continuing operations attributable to owners of the Company	**(245,655)**	(156,068)

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

From discontinued operations

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

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the purpose of basic and diluted loss per share		
Loss for the period from discontinued operations	**(3)**	(16)

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

12. Property, plant and equipment

During the six months ended 30 June 2017, the Group acquired certain items of property, plant and equipment with an aggregate cost of HK$17,353,000 (six months ended 30 June 2016: HK$39,411,000). During the six months ended 30 June 2016, the Group disposed of certain items of property, plant and equipment with an aggregate carrying amount of HK$654,000, resulting with no gain or loss on disposal.

13. Investment properties

	HK$'000
Fair value	
At 1 January 2016	595,448
Gain arising on change in fair value recognised in profit or loss	3,733
Exchange alignment	(38,092)
At 31 December 2016 (audited) and 1 January 2017	561,089
Loss arising on change in fair value recognised in profit or loss *(note 5)*	(7,143)
Exchange alignment	17,074
At 30 June 2017 (unaudited)	**571,020**

The investment properties were revalued at 30 June 2017 by the Group's independent qualified professional valuer, Colliers International (Hong Kong) Limited, using the same valuation techniques used in the valuation at 31 December 2016.

14. Intangible assets

	Operating rights in respect of a land in the the PRC (the "Subject Land") HK$'000	Operating rights in respect of a golf club in the PRC (the "Club") HK$'000	Software and licenses HK$'000	Total HK'$000
Cost				
At 1 January 2016	920,050	56,836	40	976,926
Exchange alignment	(58,617)	(3,621)	(3)	(62,241)
At 31 December 2016 and 1 January 2017	861,433	53,215	37	914,685
Exchange alignment	26,392	1,630	1	28,023
At 30 June 2017	**887,825**	**54,845**	**38**	**942,708**
Accumulated amortisation and impairment losses				
At 1 January 2016	4,667	366	5	5,038
Charge for the year	19,127	1,501	19	20,647
Exchange alignment	(1,097)	(86)	(2)	(1,185)
At 31 December 2016 and 1 January 2017	22,697	1,781	22	24,500
Charge for the period	9,218	723	9	9,950
Exchange alignment	845	66	1	912
At 30 June 2017	**32,760**	**2,570**	**32**	**35,362**
Carrying amounts				
At 30 June 2017 (unaudited)	**855,065**	**52,275**	**6**	**907,346**
At 31 December 2016 (audited)	838,736	51,434	15	890,185

15. Goodwill

	HK$'000
Cost	
At 1 January 2016	402,528
Exchange alignment	(25,626)
At 31 December 2016 and 1 January 2017	376,902
Exchange alignment	11,547
At 30 June 2017	**388,449**
Accumulated impairment losses	
At 1 January 2016	47,756
Exchange alignment	(3,043)
At 31 December 2016 and 1 January 2017	44,713
Exchange alignment	1,370
At 30 June 2017	**46,083**
Carrying amounts	
At 30 June 2017 (unaudited)	**342,366**
At 31 December 2016 (audited)	332,189

16. Available-for-sale financial assets

	At 30 June 2017 *HK$'000* (Unaudited)	At 31 December 2016 *HK$'000* (Audited)
Listed equity securities:		
Equity securities listed in Hong Kong	–	365,000
Unlisted debt security:		
Club debenture	–	172
	–	365,172

Upon early adoption of HKFRS 9 on 1 January 2017, the Group has reclassified the listed equity securities and the club debenture as financial assets at FVTPL.

17. Loans receivables

	At 30 June 2017 HK$'000 (Unaudited)	At 31 December 2016 HK$'000 (Audited)
Loans to customers	**751,277**	446,355
Accrued interest receivables	**8,378**	4,808
	759,655	451,163
Less: impairment loss recognised	**—**	—
	759,655	451,163

All loans are denominated in Hong Kong dollars. The loans receivables carry effective interest ranging from 8% to 12% per annum (year ended 31 December 2016: 8% to 20% per annum). A maturity profile of the loans receivables (net of impairment loss recognised, if any) at the end of the reporting periods, based on the maturity date is as follows:

	At 30 June 2017 HK$'000 (Unaudited)	At 31 December 2016 HK$'000 (Audited)
Current assets		
Within one year	**436,397**	312,663
Non-current assets		
More than one year but not exceeding two years	**323,258**	138,500
	759,655	451,163

At 30 June 2017, certain loans in the aggregate principal amounts of HK$100,000,000 (31 December 2016: HK$53,500,000) are secured by personal guarantees, share charges and pledge of the customers' properties.

In determining the recoverability of the loans receivables, the Group considers any change in the credit quality of the loans receivables during the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

18. Trade receivables

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

	At 30 June 2017 ***HK$'000*** **(Unaudited)**	At 31 December 2016 *HK$'000* (Audited)
0-30 days	**6,584**	9,534
31-60 days	**3,962**	8,055
61-90 days	**2,899**	3,299
91-120 days	**3,001**	3,026
121-180 days	**1,804**	7,081
Over 180 days	**31,755**	32,165
	50,005	63,160

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

19. Deposits, prepayments and other receivables

	At 30 June 2017 ***HK$'000*** **(Unaudited)**	At 31 December 2016 *HK$'000* (Audited)
Deposits	**86,578**	10,656
Prepayments	**457**	2,545
Other receivables	**125,464**	89,621
	212,499	102,822
Less: prepayments classified as non-current assets	**—**	(1,561)
deposit paid for acquisition of properties classified as non-current assets	**(48,300)**	—
	164,199	101,261

20. Share capital

	Number of shares '000	Share capital HK$'000
Ordinary shares of HK$0.01 each (2016: HK$0.01 each)		
Authorised:		
At 1 January 2016, 31 December 2016, 1 January 2017 and 30 June 2017	**10,000,000**	**100,000**
Issued and fully paid:		
At 1 January 2016	2,680,006	26,800
Placing of new shares	536,000	5,360
At 31 December 2016 (audited) and 1 January 2017	3,216,006	32,160
Placing of new shares *(Note)*	643,200	6,432
At 30 June 2017 (unaudited)	**3,859,206**	**38,592**

Note:

On 16 May 2017, the Company allotted and issued 643,200,000 new ordinary shares at a price of HK$0.16 per share to five individual investors, who are independent third parties, and five corporate investors, whose ultimate beneficial owners are independent third parties, by way of placing of new shares under general mandate raising HK$99,226,000 (net of expenses) for financing the proposed acquisition of the properties located in Hong Kong (the "**Hong Kong Property**") as announced by the Company on 13 April 2017.

21. Trade payables

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

	At 30 June 2017 HK$'000 (Unaudited)	At 31 December 2016 HK$'000 (Audited)
0-30 days	**–**	3,255
31-60 days	**105**	3,681
61-90 days	**121**	9,385
91-120 days	**193**	6,525
Over 120 days	**19,544**	13,686
	19,963	36,532

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

22. Deposits received, accruals and other payables

	At 30 June 2017 HK$'000 (Unaudited)	At 31 December 2016 HK$'000 (Audited)
Deposits received	**2,273**	2,205
Accruals	**43,344**	42,881
Other payables	**204,699**	214,081
	250,316	259,167
Less: other payables classified as non-current liabilities	**(86,791)**	(85,670)
	163,525	173,497

23. Promissory note

	At 30 June 2017 HK$'000 (Unaudited)	At 31 December 2016 HK$'000 (Audited)
At the beginning of the reporting period	**30,000**	30,000
Repayment of promissory note	**(30,000)**	—
At the end of the reporting period	**—**	30,000

The promissory note is non-interest bearing, unsecured and maturing within three business days after the date of a final and effective judgement or an effective and binding settlement agreement of the lawsuit between the Group and a construction engineering company in respect of not paying certain payment under the construction contract of the Group's investment properties located at No.33 Nonglinxia Road, Yuexiu District, Guangzhou, Guangdong Province, the PRC (the "**Guangzhou Property**").

During the period ended 30 June 2017, the abovementioned lawsuit have been settled between the Group and the construction engineering company, the promissory note was fully repaid following the settlement of the lawsuit.

24. Bank borrowings

	At 30 June 2017 HK$'000 (Unaudited)	At 31 December 2016 HK$'000 (Audited)
Secured bank borrowings	**135,508**	145,081
Carrying amounts repayable:		
Within one year	**28,036**	27,203
More than one year, but not exceeding two years	**28,036**	27,203
More than two years, but not exceeding five years	**79,436**	81,608
Over five years	**—**	9,067
	135,508	145,081
Less: amounts shown under current liabilities	**(28,036)**	(27,203)
Amounts shown under non-current liabilities	**107,472**	117,878

24. Bank borrowings *(Continued)*

Bank borrowings are carrying floating interest rate at the benchmark interest rate of The People's Bank of China upward by 10% per annum, secured by the Guangzhou Property and maturing on 21 April 2022.

Bank borrowings are denominated in Renminbi.

25. Deferred tax assets/liabilities

For the purposes of presentation in the condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	At 30 June 2017 *HK$'000* (Unaudited)	At 31 December 2016 *HK$'000* (Audited)
Deferred tax assets	**5,495**	4,738
Deferred tax liabilities	**(346,538)**	(339,398)
	(341,043)	(334,660)

The followings are the major deferred tax liabilities and assets recognised and movements thereon:

	Revaluation of investment properties *HK$'000*	**Fair value adjustment on acquisition of subsidiaries** *HK$'000*	**Amortisation of operating lease** *HK$'000*	**Total** *HK$'000*
At 1 January 2016	(104,466)	(260,146)	3,792	(360,820)
(Charge)/credit to consolidated statement of profit or loss	(933)	5,753	1,239	6,059
Exchange alignment	6,695	13,699	(293)	20,101
At 31 December 2016 (audited) and 1 January 2017	(98,704)	(240,694)	4,738	(334,660)
Credit to condensed consolidated statement of profit or loss *(note 7)*	1,786	2,756	602	5,144
Exchange alignment	(2,995)	(8,687)	155	(11,527)
At 30 June 2017 (unaudited)	**(99,913)**	**(246,625)**	**5,495**	**(341,043)**

26. Disposal of a subsidiary

Riche Video

On 17 February 2017, the Group entered into a sale and purchase agreement to dispose of the entire issued share capital of Riche Video and the shareholder's loan of HK$39,851,000 due by Riche Video to an independent third party, at a cash consideration of HK$173,000. The disposal was completed on 17 February 2017.

Details of the assets and liabilities of Riche Video, as at the date of disposal were as follows:

	HK$'000
Club debenture	**172**
Cash and cash equivalents	**1**
Amount due to immediate holding company	**(39,851)**
Accruals	**(1)**
Net liabilities disposed of	**(39,679)**

Gain on disposal of a subsidiary

	HK$'000
Cash consideration received	**173**
Net liabilities disposed of	**39,679**
Less: shareholder's loan assigned to the purchaser	**(39,851)**
Gain on disposal of a subsidiary	**1**

Net cash inflow arising on disposal of Riche Video

	HK$'000
Cash consideration received	**173**
Less: cash and cash equivalents disposed of	**(1)**
Net cash inflow	**172**

27. Commitments

(a) Lease commitments

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 30 June 2017 HK$'000 (Unaudited)	At 31 December 2016 HK$'000 (Audited)
Within one year	**13,364**	13,384
In the second to fifth year inclusive	**50,137**	48,851
Over five years	**635,527**	622,789
	699,028	685,024

Operating lease payments represent rentals payable by the Group for its office premises and the operating rights in respect of (i) the rights to construct and operate the Club up to 31 December 2051 and (ii) the rights to develop and operate the Subject Land and the rights to manage the properties erected on the Subject Land up to 30 January 2062. Leases in respect of the office premises are mainly negotiated for an average term of three years and rentals are fixed for an average of three years. The Group does not have an option to purchase the leased premises and the operating rights in respect of the Club and the Subject Land at the expiry of the lease period.

The Group as lessor

Rental income from investment properties and the assets of the Club earned during the period was HK$22,292,000 (30 June 2016: HK$24,131,000). All of the Group's investment properties are held for rental purposes. The investment properties are expected to generate rental yields of 2.12% (30 June 2016: 2.30%) on an ongoing basis. The investment properties have committed tenants for the next 7.5 years (31 December 2016: 8 years).

27. Commitments *(Continued)*

(a) Lease commitments *(Continued)*

The Group as lessor (Continued)

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	At 30 June 2017 *HK$'000* (Unaudited)	At 31 December 2016 *HK$'000* (Audited)
Within one year	**22,463**	24,219
In the second to fifth year inclusive	**75,521**	85,723
Over five years	**33,769**	47,170
	131,753	157,112

(b) Other commitments

At 30 June 2017, the Group had other commitments of HK$57,992,000 (31 December 2016: HK$58,190,000) relating to the capital expenditures for the Subject Land, which were contracted but not provided for.

28. Fair value measurement of financial instruments

(a) Fair value of the Group's financial instruments that are measured at fair value on a recurring basis

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Financial assets	**Fair value at 30 June 2017** ***HK'000*** **(Unaudited)**	Fair value at 31 December 2016 *HK$'000* (Audited)	**Fair value hierarchy**	**Valuation techniques and key inputs**
Available-for-sale financial assets				
— Listed equity securities	**–**	365,000	Level 1	Quoted closing prices in active markets
Financial assets at FVTPL				
— Listed equity securities	**524,354**	544,442	Level 1	Quoted closing prices in active markets

28. Fair value measurement of financial instruments *(Continued)*

(a) Fair value of the Group's financial instruments that are measured at fair value on a recurring basis *(Continued)*

Details of the fair value hierarchy of the Group's financial instruments at 30 June 2017 and 31 December 2016 are as follows:

Financial assets	Level 1		Level 2		Level 3		Total	
	At 30 June 2017 HK$'000 (Unaudited)	At 31 December 2016 HK$'000 (Audited)	**At 30 June 2017 HK$'000 (Unaudited)**	At 31 December 2016 HK$'000 (Audited)	**At 30 June 2017 HK$'000 (Unaudited)**	At 31 December 2016 HK$'000 (Audited)	**At 30 June 2017 HK$'000 (Unaudited)**	At 31 December 2016 HK$'000 (Audited)
Available-for-sale financial assets								
– Listed equity securities	**–**	365,000	**–**	–	**–**	–	**–**	365,000
Financial assets at FVTPL								
– Listed equity securities	**524,354**	544,442	**–**	–	**–**	–	**524,354**	544,442
	524,354	909,442	**–**	–	**–**	–	**524,354**	909,442

During the six months ended 30 June 2017, there were no transfers between Level 1 and 2, or transfers into or out of Level 3.

The Group's policy is to recognise transfers between levels of fair value hierarchy as of the date of the events or change in circumstances that cause the transfer.

28. Fair value measurement of financial instruments *(Continued)*

(b) Fair values of financial assets and liabilities

The carrying amounts of financial assets and financial liabilities recognised in the condensed consolidated financial statements are not materially different from their fair values at 30 June 2017 and 31 December 2016.

29. Contingent liabilities

At 30 June 2017, the Group had no material contingent liabilities.

30. Events after the end of the reporting period

Subsequent to 30 June 2017 and up to the date of this interim report, the Group had the following material events:

(a) The proposed acquisition of the Hong Kong Property was approved by the shareholders at the special general meeting of the Company held on 18 July 2017.

(b) In August 2017, the Group obtained a secured bank loan in the principal amount of RMB170,000,000 (equivalent to HK$201,462,000) for refinancing its existing mortgage loan.

(c) On 22 August 2017, the Company entered into a conditional subscription agreement with an independent third party relating to the issue of HK$300,000,000 8.00% secured notes due 2020 for financing a portion of the development costs of the Subject Land. The notes were issued on 25 August 2017. Please refer to the Company's announcement dated 22 August 2017 for more information.

31. Comparative figures

Certain comparative figures have been reclassified to conform with current period presentation. In the opinion of the directors of the Company, such reclassifications provide a more appropriate presentation of the Group's business segments.

32. Approval of condensed consolidated financial statements

The condensed consolidated financial statements were approved and authorised for issue by the Board on 30 August 2017.

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

INDEPENDENT REVIEW REPORT
TO THE BOARD OF DIRECTORS OF
ETERNITY INVESTMENT LIMITED
(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial statements set out on pages 3 to 45, which comprise the condensed consolidated statement of financial position of Eternity Investment Limited (the "**Company**") and its subsidiaries (together, the "**Group**") as of 30 June 2017 and the related condensed consolidated statement of profit or loss, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The directors of the Company are responsible for the preparation and presentation of this interim financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on the interim financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review 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 HKICPA. A review of the interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements is not prepared, in all material respects, in accordance with HKAS 34.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hon Koon Fai, Alex
Practising Certificate Number: P05029

Hong Kong, 30 August 2017

Financial Review

Given that the Group has not been able to secure quality films at reasonable price for distribution for several years, the Group ceased its film distribution business by disposing of the entire issued share capital of Riche Video Limited ("**Riche Video**"), an indirect wholly owned subsidiary of the Company, on 17 February 2017 in order to concentrate resources on its existing businesses. Accordingly, the results of Riche Video are presented separately as discontinued operations for the six months ended 30 June 2017 for financial reporting purposes. Riche Video is principally engaged in distribution of video products and holding of film rights.

Loss attributable to owners of the Company for the six months ended 30 June 2017 amounted to HK$245,658,000, a 57.39% increase from HK$156,084,000 for the six months ended 30 June 2016. The deterioration in the results is discussed in the sub-sections headed "Results of continuing operations" and "Operations Review" below.

Results of continuing operations

During the six months ended 30 June 2017, the Group recorded revenue of HK$16,658,000, an 82.24% decrease from HK$93,801,000 for the previous period. This decrease was attributable to (i) the decrease in the Group's sale of jewelry products and precious stones, and (ii) the significant increase in loss on sale of financial assets. Of the total revenue, HK$30,624,000 was generated from money lending, HK$15,667,000 was generated from sale of jewelry products and precious stones, HK$22,292,000 was generated from property investment and a loss of HK$51,925,000 was generated from sale of financial assets.

Loss for the period from continuing operations amounted to HK$245,655,000, a 57.40% increase from HK$156,070,000 for the six months ended 30 June 2016. This significant increase was mainly attributable to a HK$93,609,000 increase in loss arising on change in fair value of financial assets at fair value through profit or loss.

Gross profit for sale of jewelry products and precious stones decreased by 79.56% from HK$11,803,000 in the six months ended 30 June 2016 to HK$2,412,000 in the six months ended 30 June 2017 and gross profit margin for sale of jewelry products and precious stones decreased from 19.77% in the six months ended 30 June 2016 to 15.40% in the six months ended 30 June 2017. These decreases were mainly due to the sluggish market conditions and the recording of a HK$1,662,000 sales return from customers as discussed in the section headed "Operations Review".

Financial Review *(Continued)*

Results of continuing operations *(Continued)*

Gross profit for property investment increased by 14.53% from HK$15,276,000 in the six months ended 30 June 2016 to HK$17,496,000 in the six months ended 30 June 2017. The increase was mainly due to the receipt of a Mainland China Business Tax refund of HK$4,794,000. Gross profit margin for property investment increased from 63.30% in the six months ended 30 June 2016 to 78.49% in the six months ended 30 June 2017. Such increase was attributable to the refund of Mainland China Business Tax as mentioned above.

Other gains and losses represent items of income and expenses, which are material and/or extraordinary in nature. Other gains and losses recorded by the Group during the six months ended 30 June 2017 are as follows:

(a) On 17 February 2017, the Group disposed of the entire issued share capital of Riche Video at a consideration of HK$173,000 and recognised a gain on disposal of a subsidiary of HK$1,000.

(b) At the end of the reporting period, the Group measured the fair value of the investment property located at No. 33 Nonglinxia Road, Yuexiu District, Guangzhou, Mainland China (the "**Guangzhou Property**") and recognised a loss of HK$7,143,000 arising on change in fair value of investment properties.

(c) At the end of the reporting period, the Group measured its equity portfolio at market prices and recognised a loss of HK$190,837,000 arising on change in fair value of financial assets at fair value through profit or loss.

Selling and distribution expenses mainly represent staff costs of sales teams, overseas travelling expenses, freight charges and commission incurred by the Group's sale of jewelry products and precious stones business. Selling and distribution expenses decreased by 33.67% from HK$2,456,000 in the six months ended 30 June 2016 to HK$1,629,000 in the six months ended 30 June 2017. This decrease was attributable to (i) the restructuring of the Group's sales force in response to the sluggish market conditions, and (ii) the reduction in overseas business travelling activities.

Financial Review *(Continued)*

Results of continuing operations *(Continued)*

Administrative expenses amounted to HK$40,155,000 for the six months ended 30 June 2017, a 27.72% increase from HK$31,439,000 for the previous period. This increase was mainly attributable to the recognition of equity-settled share-based payment expenses arising from the grant of share options of HK$10,523,000.

For the six months ended 30 June 2017, Spark Concept Group Limited ("**Spark Concept**"), a 49% owned associate of the Group, and its subsidiaries (collectively, the "**Spark Concept Group**") reported a consolidated profit of HK$339,000. Although the Spark Concept Group returned to profitability in the six months ended 30 June 2017, no share of the Spark Concept Group's profit was recognised as the Group's share of the losses not recognised in the previous years has not been recovered by the share of the current period profit. The share of results of associates of HK$1,000 represented the Group's share of loss from China Hong Kong Money Limited, a 30% owned associate of the Group.

Finance costs represented interests on mortgage loan and short-term loan paid by the Group. Finance costs increased by 5.12% from HK$5,133,000 in the six months ended 30 June 2016 to HK$5,396,000 in the six months ended 30 June 2017. Such increase was due to the interest payment of a short-term loan of HK$1,644,000, which was partly offset by a HK$1,381,000 decrease in interest on mortgage loan. The short-term loan in the principal amount of HK$150,000,000 was obtained on 23 March 2017 for the purpose of financing the Group's short-term funding needs and was fully repaid on 12 May 2017.

Income tax expense decreased from HK$594,000 in the six months ended 30 June 2016 to HK$223,000 in the six months ended 30 June 2017. Such decrease was mainly attributable to a HK$1,810,000 increase in deferred taxation credit, which was partly offset by a HK$1,439,000 increase in current tax expense resulted from the increase in estimated taxable income of the Group's property investment business.

Financial Review *(Continued)*

Results on discontinued operations

Loss from discontinued operations for the six months ended 30 June 2017 amounted to HK$3,000, which represented the results of Riche Video for the period from 1 January 2017 to 17 February 2017, being the date on which Riche Video ceased to be a subsidiary of the Company.

Liquidity and financial resources

During the six months ended 30 June 2017, the Group funded its operations through a combination of cash generated from operations, equity attributable to owners of the Company, issue of new shares and borrowings. Equity attributable to owners of the Company decreased from HK$3,249,145,000 at 31 December 2016 to HK$3,162,834,000 at 30 June 2017. This decrease was mainly attributable to the loss of HK$245,658,000 incurred by the Group for the six months ended 30 June 2017, which was partly offset by (i) a HK$99,226,000 increase in share capital and share premium resulted from the issue of 643,200,000 new ordinary shares at a price of HK$0.160 per share on 16 May 2017, and (ii) a HK$49,598,000 increase in exchange reserve resulted from an exchange gain arising on translating the Group's operations in Mainland China into Hong Kong dollars at the reporting date.

At 30 June 2017, the cash and cash equivalents of the Group amounted to HK$216,622,000 (31 December 2016: HK$438,975,000).

At 30 June 2017, the Group had outstanding borrowings of HK$135,508,000 (31 December 2016: HK$175,081,000) representing the mortgage loan (equivalent to RMB117,610,000) which was interest bearing at the benchmark interest rate of The People's Bank of China upward by 10.00% per annum, secured by the Guangzhou Property and maturing on 21 April 2022. The decrease in outstanding borrowings was mainly attributable to the repayment of promissory note of HK$30,000,000 issued to Gome Finance Technology Co., Ltd. (stock code: 628) on 23 March 2017.

Financial Review *(Continued)*

Gearing ratio

At 30 June 2017, the gearing ratio calculated as a percentage of total borrowings over equity attributable to owners of the Company was 4.28% (31 December 2016: 5.39%).

Net current assets and current ratio

At 30 June 2017, the Group's net current assets and current ratio were HK$1,098,024,000 (31 December 2016: HK$1,124,475,000) and 4.21 (31 December 2016: 3.88) respectively.

Capital structure

On 16 May 2017, the Company allotted and issued 643,200,000 new ordinary shares at a price of HK$0.160 per share to five individual investors, who are independent third parties, and five corporate investors, whose ultimate beneficial owners are independent third parties, by way of placing of new shares under general mandate raising HK$99,226,000 (net of expenses) for financing the proposed acquisition of seven office units located at Shun Tak Centre, West Tower, Hong Kong (the "**Hong Kong Property**") as announced by the Company on 13 April 2017. The closing price of the Company's ordinary shares was HK$0.199 per share as quoted on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 26 April 2017, being the date of the placing agreement. The net price to the Company of each new ordinary share was HK$0.154. The directors considered that the placing presented an opportunity for the Company to raise additional funds for financing the proposed acquisition of the Hong Kong Property while broadening the shareholder base of the Company.

Use of proceeds from fund raising activities

As at 30 June 2017, the net proceeds of HK$99,226,000 from the placing of 643,200,000 new ordinary shares under general mandate had not been applied for the proposed acquisition of the Hong Kong Property and were placed as interest bearing deposits with a licensed bank in Hong Kong.

Material acquisitions

During the six months ended 30 June 2017, the Group had no material acquisitions.

Financial Review *(Continued)*

Material disposals

During the six months ended 30 June 2017, the Group disposed of an aggregate of 13,500,000 shares in SkyNet Group Limited (stock code: 8176) at an average price of approximately HK$7.25 per share in a series of transactions on open market pursuant to the 12-month disposal mandate granted to the directors by the shareholders at the Company's special general meeting held on 12 May 2016. The 12-month disposal mandate constitutes a very substantial disposal of the Company under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and was approved by the shareholders at the Company's special general meeting held on 12 May 2016.

Pledge of assets

At 30 June 2017, the Guangzhou Property with a carrying amount of HK$571,020,000 (31 December 2016: HK$561,089,000) has been pledged to secure the mortgage loan granted to the Group.

Material commitments

At 30 June 2017, the Group had a total commitment of HK$57,992,000 (31 December 2016: HK$58,190,000) relating to the development costs for a piece of 580 Chinese acre land (the "**Subject Land**") adjacent to the Group's membership golf club and resort in Beijing, Mainland China (the "**Club**"), which were contracted but not provided for.

Exchange risk and hedging

The majority of the Group's transactions, assets and liabilities are denominated in Hong Kong dollars, United States dollars and Renminbi. The Group is exposed to exchange risk with respect mainly to Renminbi which may affect its performance. The directors closely monitor statement of financial position and cashflow exchange risk exposures and where considered appropriate use financial instruments, such as forward exchange contracts, foreign currency options and forward rate agreements, to hedge this exchange risk. During the six months ended 30 June 2017, no financial instruments for hedging purposes were used by the Group.

Contingent liabilities

At 30 June 2017, the Group had no material contingent liabilities.

Financial Review *(Continued)*

Employees and remuneration policy

At 30 June 2017, the headcount of the Group was 38 (30 June 2016: 41). Staff costs (including directors' emoluments) amounted to HK$25,663,000 in the six months ended 30 June 2017 (six months ended 30 June 2016: HK$15,036,000). The increase in staff costs was mainly attributable to the recognition of equity-settled share-based payment expenses of HK$9,821,000 arising from the grant of share options to executive directors and employees of the Group. In addition to basic salaries, contributions to retirement benefits scheme and discretionary bonus, staff benefits include medical scheme and share options.

Operations Review

Given that the Group has not been able to secure quality films at reasonable price for distribution for several years, the Group ceased its film distribution business by disposing of the entire issued share capital of Riche Video at the consideration of HK$173,000 on 17 February 2017 in order to concentrate resources on its existing businesses. The disposal of Riche Video resulted in the recognition of a gain of HK$1,000.

During the six months ended 30 June 2017, the Group's sale of financial assets business reported a segment loss (before taxation) of HK$241,862,000, which mainly included (i) a loss of HK$51,925,000 from trading of Hong Kong listed equities, (ii) a loss of HK$190,837,000 arising on change in fair value of financial assets at fair value through profit or loss, and (iii) the dividend income from Hong Kong listed equities held by the Group of HK$1,022,000. The reporting of the segment loss mainly due to (i) a HK$39,903,000 increase in the loss incurred from trading of Hong Kong listed equities, and (ii) the poor market sentiment on small-cap stocks.

During the six months ended 30 June 2017, the Group acquired five Hong Kong listed equities with the aggregate acquisition cost of HK$79,973,000 and made the trading loss of HK$51,925,000 from disposing of three Hong Kong listed equities with the aggregate carrying amount plus transactions costs of HK$274,974,000 at the aggregate sale proceeds of HK$223,049,000. In addition, the Hong Kong listed equities held by the Group as available-for-sale financial assets of HK$365,000,000 were reclassified to financial assets at fair value through profit or loss as the Group has early adopted HKFRS 9 in its consolidated financial statements with effect from 1 January 2017.

Operations Review *(Continued)*

Movements in the Hong Kong listed equities held by the Group during the six months ended 30 June 2017 and 2016 are as follows:

		2017 **HK$'000**	2016 HK$'000
Carrying amount at 1 January		**544,442**	597,658
Add:	Re-classification from available-for-sale financial assets	**365,000**	—
	Acquisitions	**79,973**	302,035
Less:	Disposals	**(274,224)**	(78,336)
	Loss arising on change in fair value	**(190,837)**	(97,228)
Carrying amount at 30 June		**524,354**	724,129

Operations Review *(Continued)*

Details of the Hong Kong listed equities held by the Group at 30 June 2017 are as follows:

Name of Hong Kong listed equities	Number of shares held at 30 June 2017	Fair value at 30 June 2017 HK$'000	Fair value as compared to the consolidated total assets of the Group at 30 June 2017	Gain/(loss) arising on change in fair value recognised in the six months ended 30 June 2017 HK$'000
Brockman Mining Ltd. (stock code: 159)	40,220,000	6,033	0.15%	1,201
CBK Holdings Ltd. (stock code: 8428)	21,720,000	3,671	0.09%	(1,217)
China Healthcare Enterprise Group Ltd. (stock code: 1143)	30,000,000	3,450	0.08%	90
China Healthwise Holdings Ltd. (stock code: 348)	800,000,000	108,000	2.64%	(57,210)
Frontier Services Group Ltd. (stock code: 500)	4,800,000	7,056	0.17%	2,064
Hsin Chong Group Holdings Ltd. ("**Hsin Chong**") (stock code: 404)	90,000,000	–*	0.00%	(31,950)
Kingston Financial Group Ltd. (stock code: 1031)	33,028,000	93,139	2.27%	(17,505)
Lajin Entertainment Network Group Ltd. (stock code: 8172)	123,000,000	51,660	1.26%	(28,052)
Sincere Watch (Hong Kong) Ltd. (stock code: 444)	55,000,000	9,460	0.23%	(1,540)
SkyNet Group Ltd. (stock code: 8176)	14,000,000	130,060	3.18%	(1,540)
Town Health International Medical Group Ltd. (stock code: 3886)	70,000,000	47,600	1.16%	(39,900)
Yunfeng Financial Group Ltd. (stock code: 376)	14,368,000	64,225	1.57%	(15,278)
		524,354		(190,837)

*: *The share price of Hsin Chong closed at HK$0.35 per share on 31 March 2017, being the last trading day prior to the suspension of trading of the shares at 9:00 a.m. on 3 April 2017. In view of the recent development of suspension announced by Hsin Chong, the entire fair value of the shares in Hsin Chong of HK$31,500,000 at 30 June 2017 was fully impaired for prudence sake.*

Operations Review *(Continued)*

During the six months ended 30 June 2017, the Group's money lending business generated interest income on loans of HK$30,624,000, a 39.25% increase from HK$21,992,000 for the previous period. This increase was attributable to the increase in the aggregate principal amount of new loans granted in the six months ended 30 June 2017 as compared to the previous period. The average monthly outstanding balance of loans receivables increased from HK$526,715,000 in the six months ended 30 June 2016 to HK$693,612,000 in the six months ended 30 June 2017. During the period under review, the Group granted new loans in the aggregate principal amount of HK$742,000,000 to six customers. The Group's customers made drawing in the aggregate principal amount of HK$631,884,000 from the existing and new loans and the Group received loans repayment of HK$326,961,000 from its customers. At the end of the reporting period, the directors assessed the collectability of the loan receivables. As there was no objective evidence that the Group would not be able to collect its loans receivables, no impairment loss on loans receivables was recognised. At 30 June 2017, the Group's loans receivables together with accrued interest receivables amounted to HK$759,655,000 (31 December 2016: HK$451,163,000).

During the six months ended 30 June 2017, the Group's sale of jewelry products and precious stones business generated revenue of HK$15,667,000, a 73.76% decrease from HK$59,700,000 for the previous period, and reported a segment loss (before taxation) of HK$2,284,000, whereas a segment profit (before taxation) of HK$6,005,000 was recorded for the previous period. The decrease in revenue and the deterioration in segment results in the six months ended 30 June 2017 were mainly attributable to the sluggish market conditions and the recording of a HK$1,662,000 sales return from customers. In response to the sluggish market conditions, the Group restructured its sales force in order to ensure a cost effective operating structure and refined its business strategy by developing, in addition to overseas retail shops market, overseas retail chain stores market. A number of customers had not settled their trade debts for a long period of time. Having negotiated with these customers, the Group accepted sales return from certain of these customers in order to reduce its credit risk and reached repayment schedules for the long outstanding trade debts with others. Up to now, these long outstanding trade debts have been settled as scheduled. As the sale of precious stones business merely provides a single digit gross profit margin and requires a longer than expected period for trade debts settlement, the Group has temporarily suspended its sale of precious stones business since the first quarter of 2017.

Operations Review *(Continued)*

At 30 June 2017, the Group's inventories of jewelry products and precious stones, including raw materials, work-in-progress and finished goods, amounted to HK$35,081,000 (31 December 2016: HK$38,329,000) and the Group's sale of jewelry products and precious stones business had undelivered sale orders amounting to HK$2,758,000 (31 December 2016: HK$2,000,000).

During the six months ended 30 June 2017, the Group's property investment business generated rental income of HK$22,292,000, a 7.62% decrease from HK$24,131,000 for the six months ended 30 June 2016, and recorded a segment loss (before taxation) of HK$570,000, whereas a segment profit (before taxation) of HK$3,115,000 was recorded in the six months ended 30 June 2016. The decrease in rental income was due to one of the tenants of the Guangzhou Property moved out in May 2017 and the decrease in average exchange rate in translating rental income received and receivable in Renminbi into Hong Kong dollars. Of the total rental income, HK$10,204,000 was generated from the assets of the Club and HK$12,088,000 was generated from the Guangzhou Property. No rental income was generated from the Subject Land as the entire Subject Land is still at development stage.

The development of the Subject Land is divided into three phases, in which the first phase involves erecting nine hotel villas with a total gross floor area of 21,661 square meters, the second phase involves erecting 29 hotel villas with a total gross floor area of 33,000 square meters, and the third phase is a development of a five-storey high-end hotel apartment complex with restaurants, multi-function room facilities and approximately 100 hotel apartment units with a total gross floor area of 25,000 square meters. At 30 June 2017, the first phase development was substantially completed. In view of being approached by various prospective purchasers for sale and purchase of the Club and the Subject Land, marketing activity for leasing the nine hotel villas was delayed and the development of the Subject Land was temporarily suspended for the purpose of selling the Club and the Subject Land as at their current conditions with no further development costs to be incurred. On 10 May 2017, the Group entered into a non-legal binding letter of intent with China Healthwise Holdings Limited (stock code: 348) relating to the possible disposal of the entire issued share capital of Smart Title Limited, an indirect wholly owned subsidiary of the Company, by the Group to China Healthwise Holdings Limited, where the Club and the Subject Land are held by an indirect wholly owned subsidiary of Smart Title Limited. However, the non-legal binding letter of intent was terminated on 10 July 2017. Following the termination, the marketing activity for leasing the nine hotel villas has been launched in July 2017 and the development of the first phase of the Subject Land is being finalised.

Operations Review *(Continued)*

Taking into account the development costs already incurred, the remaining total budgeted development costs to be incurred by the Group for the Subject Land at 30 June 2017 is approximately RMB853,424,000 (equivalent to HK$983,315,000). To speed up the development of the Subject Land, the Group was in discussions with several financial institutions relating to obtaining borrowings for financing a portion of the remaining total budgeted development costs. The remaining portion will be financed by the Group's internal resources and the rental income generated from the assets of the Club and the Subject Land.

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

At the end of the reporting period, the directors measured the fair value of the Guangzhou Property. Based on a property valuation report prepared by another independent valuer, the fair value of the Guangzhou Property decreased from RMB501,900,000 (equivalent to HK$561,089,000) at 31 December 2016 to RMB495,600,000 (equivalent to HK$571,020,000) at 30 June 2017. Accordingly, the Group recognised a loss of RMB6,300,000 (equivalent to HK$7,143,000) arising on change in fair value of investment properties. However, the loss arising on change in fair value was not reflected in the carrying amount of the Guangzhou Property at 30 June 2017, the carrying amount of the Guangzhou Property increased from HK$561,089,000 at 31 December 2016 to HK$571,020,000 at 30 June 2017 instead. It is due to the Renminbi to Hong Kong dollars exchange rate increased by approximately 3.07% from 31 December 2016 to 30 June 2017, which created an exchange realignment of HK$17,074,000 in translating the carrying amount of Guangzhou Property from Renminbi to Hong Kong dollars at the end of the reporting period. Such exchange realignment not only offset the loss of HK$7,143,000 arising on change in fair value entirely, but also put up the carrying amount of the Guangzhou Property by HK$9,931,000.

The Group was in discussion with a Mainland Chinese bank relating to refinancing its existing mortgage loan secured by the Guangzhou Property for keeping the cash out to meet the Group's financing needs.

Operations Review *(Continued)*

The directors are optimistic about the prospect of the Hong Kong office market. To enlarge and diversify the Group's investment properties portfolio, the Group as purchaser entered into a provisional sale and purchase agreement with an independent third party relating to the proposed acquisition of the Hong Kong Property at a consideration of HK$322,000,000 on 13 April 2017. The Group intends to hold the Hong Kong Property for long-term investment purpose. Upon completion, part of the Hong Kong Property is intended to be used as the head office of the Company and the remaining part is intended to be leased out for generating rental income. The consideration for the proposed acquisition will be financed by the internal resources of the Group, the net proceeds from the placing of 643,200,000 new ordinary shares under general mandate as completed on 16 May 2017 and bank borrowings. The proposed acquisition constitutes a major transaction for the Company under the Listing Rules and was approved by the shareholders at the special general meeting of the Company held on 18 July 2017. Completion of the proposed acquisition is expected to be taken place on or before 18 September 2017.

The Spark Concept Group is operating two Japanese noodle shops（麵鮮醬油房周月）in Central and Quarry Bay, and a high-end Japanese restaurant（料理人 上田）in Central. During the six months ended 30 June 2017, the Spark Concept Group reported a profit of HK$339,000, whereas a loss of HK$1,464,000 was recorded in the correspondence period in 2016. No share of the Spark Concept Group's profit was recognised as the Group's share of the losses not recognised in the previous years has not been recovered by the share of the current period profit. The turnaround in the Spark Concept Group's performance was mainly attributable to the two Japanese noodle shops making profit, however such profit was partly offset by the loss incurred by the high-end Japanese restaurant. No further cash was advanced to the Spark Concept Group by the Group during the six months ended 30 June 2017. In view of the improvement on the Spark Concept Group's performance, no impairment loss was recognised against the amount due from the Spark Concept Group. At 30 June 2017, the Spark Concept Group owed the Group an amount of HK$7,393,000 (before accumulated impairment of HK$5,696,000), which is unsecured, non-interest bearing and repayable on demand. As announced by the Michelin Guide in November 2016, the Japanese noodle shops in Central and Quarry Bay are again awarded the Bib Gourmand rating in the Michelin Guide Hong Kong Macau 2017.

Future Prospects

While the Federal Reserve kept its policy rate unchanged in its July meeting, an important message is that it is looking to start its balance sheet reduction soon. Global markets may face challenges from the Federal Reserve's policy normalisation in the second half of 2017. Accordingly, the directors cautiously monitor Hong Kong equity market and adjust the Group's equity portfolio as and when appropriate in the second half of 2017.

As certain internal cash resources of the Group is allocated to finance the proposed acquisition of the Hong Kong Property and the development of the Subject Land, the Group slows down its pace of its money lending business and the directors expect the interest income on loans in the second half of 2017 may be more or less the same as the one in the first half of 2017.

In the second half of 2017, the Group has refined the business strategy for its sale of jewelry products business and resources have been allocated for developing overseas retail chain stores market in order to achieve a stable settlement on its trade debts. As time is needed for developing this market, it is expect that the performance of the Group's sale of jewerly products business in the second half of 2017 may be more or less the same as the one in the first half of 2017.

The marketing activity for leasing the nine hotel villas in the Subject Land has been launched in July 2017. If the nine hotel villas are leased out, the directors expect that the rental income of the Group will show a growth in the second half of 2017.

In the second half of 2017, the directors will continue to cautiously monitor the business environment and strengthen the Group's business foundation by focusing the Group's existing businesses. In addition, the directors will continue to cautiously identify suitable investment opportunities for the Group to diversify its businesses and broaden its revenue.

Events after the End of the Reporting Period

Subsequent to 30 June 2017 and up to the date of this interim report, the Group had the following material events:

(a) The proposed acquisition of the Hong Kong Property was approved by the shareholders at the special general meeting of the Company held on 18 July 2017.

(b) In August 2017, the Group obtained a secured bank loan in the principal amount of RMB170,000,000 (equivalent to HK$201,462,000) for refinancing its existing mortgage loan.

(c) On 22 August 2017, the Company entered into a conditional subscription agreement with an independent third party relating to the issue of HK$300,000,000 8.00% secured notes due 2020 for financing a portion of the development costs of the Subject Land. The notes were issued on 25 August 2017. Please refer to the Company's announcement dated 22 August 2017 for more information.

Additional Information Required by the Listing Rules

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

Changes in Information of Directors

The changes in information of directors as required to be disclosed pursuant to Rule 13.51B of the Listing Rules are set out below:

(a) Mr. Chan Kin Wah Billy, an executive director of the Company, resigned as an executive director, authorised representative, compliance officer, chairman of the special investigation committee, member of the remuneration committee and the nomination committee of SkyNet Group Limited, a company listed on the Growth Enterprise Market operated by the Stock Exchange under stock code: 8176, with effect from 25 May 2017; and

(b) Mr. Wong Tak Chuen, an independent non-executive director of the Company, resigned as the chief financial officer and the company secretary of a company listed on the Main Board of the Stock Exchange, with effect from 20 June 2017.

Directors' and Chief Executive's Interests in Shares, Underlying Shares and Debentures

At 30 June 2017, the interests of the directors and the chief executive and their associates in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "**SFO**"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long positions

a. Ordinary shares of HK$0.01 each of the Company

Name of director	*Note*	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Lei Hong Wai	*1*	Held by controlled corporations	211,416,000	5.48%
Mr. Cheung Kwok Wai Elton	*1*	Held by controlled corporations	211,416,000	5.48%
Mr. Cheung Kwok Fan	*1*	Held by controlled corporations	211,416,000	5.48%
Mr. Chan Kin Wah Billy		Beneficial owner	6,319,500	0.16%

Note:

1. Twin Success International Limited is owned as to 50% by Silver Pacific International Limited and as to 50% by Silver Pacific Development Limited. Silver Pacific International Limited is wholly owned by Mr. Lei Hong Wai. Silver Pacific Development Limited is owned as to 50% by Mr. Cheung Kwok Wai Elton and as to 50% by Mr. Cheung Kwok Fan. Twin Success International Limited beneficially owns 211,416,000 ordinary shares of the Company.

Directors' and Chief Executive's Interests in Shares, Underlying Shares and Debentures *(Continued)*

Long positions *(Continued)*

b. Share options

Name of director	Capacity	Number of share options held	Number of underlying shares
Mr. Lei Hong Wai	Beneficial owner	32,150,000	32,150,000
Mr. Cheung Kwok Wai Elton	Beneficial owner	32,160,000	32,160,000
Mr. Cheung Kwok Fan	Beneficial owner	32,160,000	32,160,000
Mr. Chan Kin Wah Billy	Beneficial owner	32,150,000	32,150,000

Other than as disclosed above, none of the directors, chief executive nor their associates had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations at 30 June 2017.

Share Option Scheme

Pursuant to an ordinary resolution passed by the shareholders on 12 December 2011, the Company adopted a new share option scheme to replace the share option scheme adopted on 21 January 2002. The principal terms of the share option scheme were disclosed in the Company's 2016 annual report. Details of movements in the Company's share options during the six months ended 30 June 2017 are set out as follows:

Share Option Scheme *(Continued)*

	Share options type	Number of share options: Outstanding at 1 January 2017	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30 June 2017
Directors and chief executive						
Mr. Lei Hong Wai	2007B	1,001	–	–	(1,001)	–
	2017	–	32,150,000	–	–	32,150,000
		1,001	32,150,000	–	(1,001)	32,150,000
Mr. Cheung Kwok Wai Elton	2017	–	32,160,000	–	–	32,160,000
		–	32,160,000	–	–	32,160,000
Mr. Cheung Kwok Fan	2017	–	32,160,000	–	–	32,160,000
		–	32,160,000	–	–	32,160,000
Mr. Chan Kin Wah Billy	2007B	1,001	–	–	(1,001)	–
	2017	–	32,150,000	–	–	32,150,000
		1,001	32,150,000	–	(1,001)	32,150,000
Total directors and chief executive		2,002	128,620,000	–	(2,002)	128,620,000
Employees and consultants						
	2007A	4,835	–	–	(4,835)	–
	2007B	23,307	–	–	(23,307)	–
	2017	–	192,980,000	–	–	192,980,000
Total employees and consultants		28,142	192,980,000	–	(28,142)	192,980,000
Total		30,144	321,600,000	–	(30,144)	321,600,000
Exercisable at the end of the period						321,600,000

Share Option Scheme *(Continued)*

Details of specific categories of share options are as follows:

Share options type	Date of grant	Exercise period	Exercise price
2007A	22 March 2007	22 March 2007 to 21 March 2017	HK$1,470.308
2007B	31 May 2007	31 May 2007 to 30 May 2017	HK$2,188.687
2017	27 April 2017	27 April 2017 to 26 April 2018	HK$0.202

Substantial Shareholders

At 30 June 2017, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Long positions

a. Ordinary shares of HK$0.01 each of the Company

Name of shareholder	*Notes*	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Tsoi Tung		Beneficial owner	372,416,803	9.65%
Twin Success International Limited	*1*	Beneficial owner	211,416,000	5.48%
Silver Pacific International Limited	*1 and 2*	Held by controlled corporation	211,416,000	5.48%
Silver Pacific Development Limited	*1 and 3*	Held by controlled corporation	211,416,000	5.48%
Mr. Lei Hong Wai	*1 and 2*	Held by controlled corporations	211,416,000	5.48%
Mr. Cheung Kwok Wai Elton	*1 and 3*	Held by controlled corporations	211,416,000	5.48%
Mr. Cheung Kwok Fan	*1 and 3*	Held by controlled corporations	211,416,000	5.48%

Substantial Shareholders *(Continued)*

Long positions *(Continued)*

a. Ordinary shares of HK$0.01 each of the Company *(Continued)*

Notes:

1. Twin Success International Limited is owned as to 50% by Silver Pacific International Limited and as to 50% by Silver Pacific Development Limited.

2. Silver Pacific International Limited is wholly owned by Mr. Lei Hong Wai.

3. Silver Pacific Development Limited is owned as to 50% by Mr. Cheung Kwok Wai Elton and as to 50% by Mr. Cheung Kwok Fan.

b. Share options

Name of shareholder	Capacity	Number of share options held	Number of underlying shares
Mr. Lei Hong Wai	Beneficial owner	32,150,000	32,150,000
Mr. Cheung Kwok Wai Elton	Beneficial owner	32,160,000	32,160,000
Mr. Cheung Kwok Fan	Beneficial owner	32,160,000	32,160,000

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company at 30 June 2017.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2017.

Compliance with Code on Corporate Governance Code

In the opinion of the Board, the Company had complied with the code provisions of the Corporate Governance Code (the "**Code**") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2017, 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 2017, Mr. Lei Hong Wai has taken up the roles of the Chairman of the Board and the Chief Executive Officer of the Company. Mr. Lei possesses essential leadership skills and has extensive experience in corporate management and business development. The Board is of the view that currently vesting the roles of the Chairman and the Chief Executive Officer in the same person provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies; and

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

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules for securities transactions by the directors of the Company. Having made specific enquiry by the Company, all directors have confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2017.

Review of Financial Information

The Audit Committee has reviewed the 2017 interim report and the unaudited condensed consolidated financial statements for the six months ended 30 June 2017 and agreed to the accounting principles and policies adopted by the Company. In addition, the Company's external auditor, HLB Hodgson Impey Cheng Limited, has reviewed the unaudited condensed consolidated financial statements for the six months ended 30 June 2017 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.

Acknowledgement

On behalf of the Board, I would like to express my gratitude and appreciation to my fellow directors, the management and staff for their dedication, loyalty and contribution. In addition, I would like to thank our shareholders for their continuous support.

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

Hong Kong, 30 August 2017