ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

The board of directors (the "**Board**") of Eternity Investment Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2013 together with the comparative figures for 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2013

	Notes	**2013** *HK$'000*	2012 *HK$'000*
Turnover	*5*	**26,305**	67,442
Cost of sales		**—**	—
Gross profit		**26,305**	67,442
Investment and other income	*6*	**42,955**	2,601
Other gains and losses	*7*	**87,279**	163,131
Administrative expenses		**(50,022)**	(23,752)
Share of results of associates		**(3,720)**	(1,928)
Profit from operations	*8*	**102,797**	207,494
Finance costs		**—**	—
Profit before taxation		**102,797**	207,494
Income tax expense	*9*	**(5,560)**	(1,236)
Profit for the year		**97,237**	206,258
Profit for the year attributable to:			
Owners of the Company		**97,238**	206,259
Non-controlling interests		**(1)**	(1)
		97,237	206,258
Earnings per share	*10*		
Basic		**HK24.00 cents**	HK92.38 cents
Diluted		**HK24.00 cents**	HK92.34 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	2013	2012
	HK$'000	*HK$'000*
Profit for the year	**97,237**	206,258
Other comprehensive income for the year, net of income tax		
Items that may be reclassified subsequently to profit or loss:		
Net (loss)/gain arising on revaluation of available-for-sale financial assets	**(5,270)**	57,129
Reclassification adjustments relating to available-for-sale financial assets disposed of	**(7,079)**	—
Total comprehensive income for the year	**84,888**	263,387
Total comprehensive income for the year attributable to:		
Owners of the Company	**84,889**	263,388
Non-controlling interests	**(1)**	(1)
	84,888	263,387

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**89**	301
Investment properties		**—**	21,940
Intangible assets		**1,929**	5,722
Interests in associates		**46,916**	43,259
Convertible notes receivables		**24,602**	323,160
Available-for-sale financial assets		**172**	129,671
Loans receivables	*12*	**605,148**	—
		678,856	524,053
Current assets			
Trade receivables	*11*	**37**	41
Loans receivables	*12*	**168,476**	60,753
Deposits, prepayments and other receivables		**11,191**	14,815
Amount due from an associate		**3,528**	3,528
Financial assets at fair value through profit or loss		**49,046**	25,199
Convertible notes receivables		**200,840**	—
Conversion options embedded in convertible notes receivables		**77,572**	74,256
Cash and cash equivalents		**662,153**	297,967
		1,172,843	476,559
Assets classified as held for sale		**—**	603,000
		1,172,843	1,079,559
Total assets		**1,851,699**	1,603,612
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**4,567**	2,574
Reserves		**1,820,805**	1,519,380
Equity attributable to owners of the Company		**1,825,372**	1,521,954
Non-controlling interests		**(3)**	(2)
Total equity		**1,825,369**	1,521,952

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

At 31 December 2013

	2013	2012
	HK$'000	*HK$'000*
LIABILITIES		
Current liabilities		
Accruals, deposit received and other payables	**10,056**	68,200
Rental deposits received	**—**	1,595
Tax payable	**16,043**	9,533
	26,099	79,328
Non-current liability		
Deferred taxation	**231**	2,332
Total liabilities	**26,330**	81,660
Total equity and liabilities	**1,851,699**	1,603,612
Net current assets	**1,146,744**	1,000,231
Total assets less current liabilities	**1,825,600**	1,524,284

Notes:

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (the "**HKFRSs**") which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (the "**Interpretations**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The preparation of consolidated financial statements in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

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

2. Application of new and revised Hong Kong Financial Reporting Standards

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

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

The Group has early applied HKAS 36 (Amendments) *Recoverable Amount Disclosures for Non-Financial Assets*, which is effective for annual periods beginning on or after 1 January 2014.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit ("**CGU**") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal. The early application of amendments to HKAS 36 removes the requirement to disclose the recoverable amounts of individual asset mentioned above. Other than the additional disclosures by application of HKAS 36, the application of HKAS 36 has not had any material impact on the amounts recognised in the consolidated financial statements.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosure of Interests in Other Entities*, HKAS 27 (as revised in 2011) *Separate Financial Statements* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 (Revised) *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) — Int 12 *Consolidation — Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. Some guidance included in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, HK(SIC) — Int 13 *Jointly Controlled Entities — Non-Monetary Contributions by Venturers*, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements — joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements — jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.

Other than the additional disclosures by application of HKFRS 12, the application of HKFRS 10 and HKFRS 11 has not had any material impact on the amounts recognised in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

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

Annual Improvements to HKFRSs 2009-2011 Cycle issued in June 2012

The Annual Improvements to HKFRSs 2009-2011 Cycle include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include:

- amendments to HKAS 16 *Property, Plant and Equipment*; and

- amendments to HKAS 32 *Financial Instruments: Presentation*.

Amendments to HKAS 16

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors of the Company do not anticipate that the amendments to HKAS 16 will have a significant effect on the Group's consolidated financial statements.

Amendments to HKAS 32

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 *Income Taxes*. The directors of the Company anticipate that the amendments to HKAS 32 will have no effect on the Group's consolidated financial statements as the Group has already adopted this treatment.

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

3. New and revised HKFRSs in issue but not yet effective

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

HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[1]
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting[1]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle[3]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle[2]
HKFRS 9	Financial Instruments[5]
HKFRS 9, HKFRS 7 and HKAS 39 (Amendments)	Hedge Accounting and Amendments to HKFRS 9, HKFRS 7 and HKAS 39[5]
HKFRS 10, HKFRS 12 and HKAS 27 (Revised in 2011) (Amendments)	Investment Entities[1]
HKFRS 14	Regulatory Deferral Accounts[4]
HK (IFRIC) — Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.
2 Effective for annual periods beginning on or after 1 July 2014.
3 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
4 Effective for annual periods beginning on or after 1 January 2016.
5 No mandatory effective date yet determined but is available for adoption.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

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

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

4. Operating segments

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

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

An analysis of the Group's revenue, results, assets, liabilities and other selected financial information for the years ended 31 December 2013 and 2012 by reportable segment are as follows:

For the year ended 31 December 2013

	Distribution *HK$'000*	Property investment *HK$'000*	Sale of financial assets *HK$'000*	Provision of management services *HK$'000*	Money lending *HK$'000*	Consolidated *HK$'000*
Revenue						
Segment revenue	**—**	**3,402**	**(1,710)**	**512**	**24,101**	**26,305**
Results						
Segment (loss)/profit	**(35)**	**(21,277)**	**35,850**	**(3,319)**	**23,093**	**34,312**
Interest income on bank deposits *(Note 6)*						**6,462**
Unallocated corporate income						**14**
Unallocated corporate expenses						**(25,511)**
Gain arising on change in fair value of conversion options embedded in convertible notes receivables *(Note 7)*						**29,836**
Gain arising on change in fair value upon conversion of convertible notes receivables *(Note 7)*						**16,446**
Gain on disposal of subsidiaries *(Note 7)*						**588**
Imputed interest income on convertible notes receivables *(Note 7)*						**38,233**
Reversal of impairment loss recognised in respect of interests in associates *(Note 7)*						**6,137**
Finance costs						**—**
Share of results of associates						**(3,720)**
Profit before taxation						**102,797**
Income tax expense *(Note 9)*						**(5,560)**
Profit for the year						**97,237**

At 31 December 2013

	Distribution *HK$'000*	Property investment *HK$'000*	Sale of financial assets *HK$'000*	Provision of management services *HK$'000*	Money lending *HK$'000*	Consolidated *HK$'000*
Assets and liabilities						
Assets						
Segment assets for reportable segment						
— Hong Kong	255	971	89,142	—	788,051	878,419
— Macau	—	—	—	2,003	—	2,003
	255	971	89,142	2,003	788,051	880,422
Unallocated corporate assets						971,247
Consolidated total assets						1,851,669
Liabilities						
Segment liabilities for reportable segment						
— Hong Kong	—	(29)	(2)	—	(181)	(212)
— Macau	—	—	—	(231)	—	(231)
	—	(29)	(2)	(231)	(181)	(443)
Unallocated corporate liabilities						(25,887)
Consolidated total liabilities						(26,330)

For the year ended 31 December 2013

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

For the year ended 31 December 2012

	Distribution *HK$'000*	Property investment *HK$'000*	Sale of financial assets *HK$'000*	Provision of management services *HK$'000*	Money lending *HK$'000*	Consolidated *HK$'000*
Revenue						
Segment revenue	—	5,930	649	51,078	9,785	67,442
Results						
Segment (loss)/profit	(53)	170,225	(6,041)	12,747	9,637	186,515
Interest income on bank deposits *(Note 6)*						1,375
Unallocated corporate income						586
Unallocated corporate expenses						(16,980)
Gain arising on change in fair value of conversion options embedded in convertible notes receivables *(Note 7)*						42
Gain on a bargain purchase *(Note 7)*						32
Impairment loss recognised in respect of amount due from an associate *(Note 7)*						(3,865)
Impairment loss recognised in respect of interests in associates *(Note 7)*						(6,137)
Imputed interest income on convertible notes receivables *(Note 7)*						50,086
Loss arising on early redemption of convertible notes receivables *(Note 7)*						(1,930)
Loss on disposal of property, plant and equipment *(Note 7)*						(302)
Finance costs						—
Share of results of associates						(1,928)
Profit before taxation						207,494
Income tax expense *(Note 9)*						(1,236)
Profit for the year						206,258

At 31 December 2012

	Distribution *HK$'000*	Property investment *HK$'000*	Sale of financial assets *HK$'000*	Provision of management services *HK$'000*	Money lending *HK$'000*	Consolidated *HK$'000*
Assets and liabilities						
Assets						
Segment assets for reportable segment						
— Hong Kong	339	717,539	155,268	—	64,577	937,723
— Macau	—	—	—	6,093	—	6,093
	339	717,539	155,268	6,093	64,577	943,816
Unallocated corporate assets						659,796
Consolidated total assets						1,603,612
Liabilities						
Segment liabilities for reportable segment						
— Hong Kong	—	(61,997)	(5)	—	—	(62,002)
— Macau	—	—	—	(687)	—	(687)
	—	(61,997)	(5)	(687)	—	(62,689)
Unallocated corporate liabilities						(18,971)
Consolidated total liabilities						(81,660)

For the year ended 31 December 2012

	Distribution *HK$'000*	Property investment *HK$'000*	Sale of financial assets *HK$'000*	Provision of management services *HK$'000*	Money lending *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Other segment information							
Amount included in the measure of segment (loss)/profit and segment assets							
Additions to property, plant and equipment	—	242	—	—	—	—	242
Additions to investment properties	—	21,438	—	—	—	—	21,438
Depreciation of property, plant and equipment *(Note 8)*	—	17	218	—	—	5	240
Gain arising on change in fair value of investment properties *(Note 7)*	—	168,592	—	—	—	—	168,592
Gain on disposal of investment properties *(Note 6)*	—	640	—	—	—	—	640
Impairment loss recognised in respect of intangible assets *(Note 7)*	—	—	—	(38,218)	—	—	(38,218)
Loss arising on change in fair value of financial assets at fair value through profit or loss *(Note 7)*	—	—	(5,169)	—	—	—	(5,169)

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

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2012: Nil).

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, other gains and losses and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

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

— all assets are allocated to reportable segments other than interests in associates, convertible notes receivables, conversion options embedded in convertible notes receivables and amount due from an associate that are not attributable to individual segments. Assets used jointly by individual segments are allocated on the basis of the revenues earned by individual segments; and

— all liabilities are allocated to reportable segments other than current tax liabilities and other financial liabilities that are not attributable to individual segments. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

Geographical information

The Group mainly operates in Hong Kong and Macau. The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		**Non-current assets**	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**25,793**	16,364	**676,927**	518,331
Macau	**512**	51,078	**1,929**	5,722
	26,305	67,442	**678,856**	524,053

Information about major customers

Customers contributed 10% or more to the Group's revenue are as follows:

		For the year ended 31 December	
		2013	2012
Major customers	Nature	***HK$'000***	*HK$'000*
Customer 1	Interest income on loans	**5,840**	—
Customer 2	Interest income on loans	**5,309**	—
Customer 3	Interest income on loans	**3,038**	—
Customer 4	Interest income on loans	**3,014**	—
Customer 5	Services fee income	**—**	49,913

5. Turnover

	For the year ended 31 December	
	2013	2012
	HK$'000	*HK$'000*
Sale of financial assets at fair value through profit or loss, net	**(1,710)**	649
Interest income on loans	**24,101**	9,785
Rental income	**3,402**	5,930
Services fee income	**512**	51,078
	26,305	67,442

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

	For the year ended 31 December	
	2013	2012
	HK$'000	*HK$'000*
Proceeds from sale of financial assets at fair value through profit or loss	**243,820**	11,400
Carrying amount of financial assets at fair value through profit or loss plus transaction costs	**(245,530)**	(10,751)
	(1,710)	649

6. Investment and other income

	For the year ended 31 December	
	2013	2012
	HK$'000	*HK$'000*
Dividend income *(Note)*	**36,479**	—
Gain on disposal of investment properties	**—**	640
Interest income on bank deposits	**6,462**	1,375
Sundry income	**14**	586
	42,955	2,601

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

7. Other gains and losses

	For the year ended 31 December	
	2013	2012
	HK$'000	*HK$'000*
Cumulative gains reclassified from equity to profit or loss upon derecognition of available-for-sale financial assets	**7,079**	—
Gain arising on change in fair value of conversion options embedded in convertible notes receivables	**29,836**	42
Gain arising on change in fair value upon conversion of convertible notes receivables	**16,446**	—
Gain on a bargain purchase	**—**	32
Gain on disposal of subsidiaries	**588**	—
Impairment loss recognised in respect of amount due from an associate	**—**	(3,865)
Impairment loss recognised in respect of intangible assets	**(3,793)**	(38,218)
Imputed interest income on convertible notes receivables	**38,233**	50,086
Loss arising on change in fair value of financial assets at fair value through profit or loss	**(5,307)**	(5,169)
(Loss)/gain arising on change in fair value of investment properties	**(1,940)**	168,592
Loss arising on early redemption of convertible notes receivables	**—**	(1,930)
Loss on disposal of property, plant and equipment	**—**	(302)
Reversal of impairment loss/(impairment loss) recognised in respect of interests in associates	**6,137**	(6,137)
	87,279	163,131

8. Profit from operations

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

	For the year ended 31 December	
	2013	2012
	HK$'000	*HK$'000*
Auditors' remuneration	**680**	680
Depreciation of property, plant and equipment	**95**	240
Loss on disposal of investment properties	**13,000**	—
Operating lease rentals in respect of rental premises	**1,803**	2,295
Share-based payment expenses in respect of consultancy services	**4,195**	1,284
Staff costs including directors' emoluments		
— salaries and other allowances	**15,390**	9,953
— contributions to retirement benefits scheme	**108**	95
— share-based payment expenses	**2,886**	608
	18,384	10,656
Gross rental income from investment properties	**(3,402)**	(5,930)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	**19**	908
Less: direct operating expenses incurred for investment properties that did not generate rental income during the year	**1,206**	2,151
	(2,177)	(2,871)

9. Income tax expense

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

	For the year ended 31 December	
	2013	2012
	HK$'000	*HK$'000*
Current tax expense	**(7,633)**	(5,811)
Under provision in prior year	**(17)**	—
Deferred taxation	**2,090**	4,575
	(5,560)	(1,236)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

No provision for Macao Complementary Profits Tax has been made for the year ended 31 December 2013 (2012: Nil) as the Group has no estimated assessable profits.

10. Earnings per share

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	For the year ended 31 December	
	2013	2012
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to owners of the Company	**97,238**	206,259

	2013	2012
	'000	*'000*
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**405,204**	223,278
Effect of dilutive potential ordinary shares: Share options issued by the Company	**—**	83
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**405,204**	223,361

The weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share for the year ended 31 December 2013 has been adjusted for the open offer of the Company's new ordinary shares as completed in April 2013.

The weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share for the year ended 31 December 2012 has been adjusted for the capital reorganisation as effective in May 2012.

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

11. Trade receivables

	The Group	
	2013	2012
	HK$'000	*HK$'000*
0-30 days	**37**	41
31-60 days	**—**	—
61-90 days	**—**	—
Over 90 days	**396**	396
	433	437
Less: impairment loss recognised	**(396)**	(396)
	37	41

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

12. Loans receivables

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Loans to customers	**763,186**	52,141
Accrued interest receivables	**10,438**	8,612
	773,624	60,753
Less: impairment loss recognised	**—**	—
	773,624	60,753

All loans are denominated in Hong Kong Dollars. The loans receivables carry at effective interest ranging from 2.5% to 48% (2012: 8% to 48%) per annum. A maturity profile of the loans receivables (net of impairment loss, if any) at 31 December 2013 and 2012, based on the maturity date is as follows:

	2013	2012
	HK$'000	*HK$'000*
Current assets		
Within one year	**168,476**	60,753
Non-current assets		
Over one year but within two years	**605,148**	—
	773,624	60,753

At 31 December 2013, certain loans amounted to approximately HK$315,148,000 (2012: HK$4,103,000) are secured by personal guarantees, undated share charges and the pledge of the customers' properties at fair value of approximately HK$258,600,000 (2012: HK$21,920,000).

DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2013 (2012: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Results of operations

During the year ended 31 December 2013, the Group recorded a revenue of HK$26,305,000, a 61.00% decrease from HK$67,442,000 for the previous year. The decrease in turnover was mainly attributable to the termination of management services agreement with Dore Entretenimento Sociedade Unipessoal Limitada ("**Dore**"), a licensed gaming promoter for Wynn Macau, on 12 September 2012. Of the total turnover, HK$24,101,000 was generated from money lending, HK$3,402,000 was generated from property investment, HK$512,000 was generated from provision of management services and a loss of HK$1,710,000 was generated from sale of financial assets. Profit for the year attributable to owners of the Company amounted to HK$97,238,000, a 52.86% decrease from HK$206,259,000 for the previous year. The decrease in profit was mainly attributable to the absence of the gain arising on change in fair value of the Group's investment properties (the "**Kwun Tong Properties**") located in Kwun Tong, Kowloon, Hong Kong of HK$168,000,000 recorded in the year ended 31 December 2012. The Kwun Tong Properties was disposed of in July 2013.

Investment and other income increased by 1,551.48% from HK$2,601,000 in the year ended 31 December 2012 to HK$42,955,000 in the current financial year. This increase was attributable to the dividend income of HK$36,479,000 received from China Star Entertainment Limited ("**China Star**", stock code: 326).

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

(a) in September 2013, the Group converted the entire principal amount of the bonus convertible notes, which were accounted for available-for-sale financial assets, into 607,980,676 new shares in China Star at an initial conversion price of HK$0.01 per share and recognised cumulative gains reclassified from equity to profit or loss upon derecognition of available-for-sale financial assets of HK$4,849,000, which represents the difference between fair value at conversion of HK$82,949,000 and carrying amount of HK$86,333,000 (a loss of HK$3,384,000) and the recycling to profit or loss of HK$8,233,000 gain previously recognised in other comprehensive income. The Group disposed of 303,990,338 shares in China Star, which were accounted for available-for-sale financial assets, at an average selling price of HK$0.1358 per share and recognised another cumulative gains reclassified from equity to profit or loss upon derecognition of available-for-sale financial assets of HK$2,230,000, which represents the difference between proceeds of HK$41,281,000 and carrying amount of HK$43,167,000 (a loss of HK$1,886,000) and the recycling to profit or loss of HK$4,116,000 gain previously recognised in other comprehensive income;

(b) the carrying amount of the conversion options embedded in convertible notes receivables was reassessed at the end of the reporting period with reference to the valuation performed by an independent professional valuer. Given that the adjusted conversion price of the 8% convertible notes receivable from China Star was further adjusted from HK$0.12 per share to HK$0.11 per share on 7 May 2013 and the share price of China Star was closed at HK$0.119 per share on 31 December 2013, a gain arising on change in fair value of conversion options embedded in convertible notes receivables of HK$29,836,000 was recognised;

(c) on 2 October 2013, the Group converted HK$125,000,000 of the 8% convertible notes receivable from China Star into 1,136,363,636 new shares in China Star at the adjusted conversion price of HK$0.11 per share and recognised a gain arising on change in fair value upon conversion of convertible notes receivables of HK$16,446,000;

(d) the convertible notes receivable from China Star and Koffman Corporate Service Limited ("**Koffman Corporate**"), a Hong Kong private company, generated imputed interest income of HK$38,233,000 to the Group. The imputed interest income decreased from HK$50,086,000 in the year ended 31 December 2012 to HK$38,233,000 in the year ended 31 December 2013, which was attributable to the conversion of HK$125,000,000 of the 8% convertible notes receivable from China Star into 1,136,363,636 new shares in China Star on 2 October 2013;

(e) the Group revalued its equity portfolio to market prices at the end of the reporting period and recognised a loss arising on change in fair value of financial assets at fair value through profit or loss of HK$5,307,000; and

(f) a reversal of impairment loss recognised in respect of interests in associates of HK$6,137,000 was recognised as the share price of China Media and Films Holdings Limited ("**China Media**", stock code: 8172), an associate company of the Group, surged from HK$0.295 per share on 31 December 2012 to HK$0.32 per share on 31 December 2013.

Administrative expenses (before depreciation) amounted to HK$49,927,000 for the year ended 31 December 2013, a 112.35% increase from HK$23,512,000 for the previous year. This increase was mainly attributable to the payment of commission relating to the disposal of Kwun Tong Properties of HK$5,860,000, a HK$5,951,000 increase in directors' emoluments and a loss on disposal of investment properties of HK$13,000,000. The loss on disposal of investment properties is discussed in details in "Operations Review" section below.

For the year ended 31 December 2013, China Media and its subsidiaries reported a consolidated loss of HK$12,829,000 and contributed a loss of HK$3,720,000 to the Group.

For the year ended 31 December 2013, Spark Concept Group Limited ("**Spark Concept**"), an associate company of the Group, and its subsidiaries reported a consolidated loss of HK$1,820,000. As the Group's share of post-acquisition losses equals to its interests in Spark Concept, no further share of loss was recognised.

Liquidity and financial resources

During the year, the Group funded its operations through a combination of cash generated from operations, equity attributable to owners of the Company and issue of new shares. Equity attributable to owners of the Company increased from HK$1,521,954,000 at 31 December 2012 to HK$1,825,372,000 at 31 December 2013.

At 31 December 2013, the cash and cash equivalents of the Group amounted to HK$662,153,000 (2012: HK$297,967,000).

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

Net current assets and current ratio

At 31 December 2013, the Group's net current assets and current ratio were HK$1,146,744,000 (2012: HK$1,000,231,000) and 44.94 (2012: 13.61), respectively.

Capital structure

During the year, the capital structure of the Company had the following changes:

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

(b) on 26 April 2013, the Company allotted and issued 152,224,414 new shares at a subscription price of HK$1.20 per share by way of open offer to the qualifying shareholders of the Company on the basis of one new share for every two existing shares held on 5 April 2013 raising HK$180,277,000 (net of expenses), of which HK$40,000,000 is intended to be used for financing the proposed subscription of the convertible notes to be issued by EDS Wellness Holdings Limited ("**EDS Wellness**", stock code: 8176 and formerly known as China AU Group Holdings Limited), HK$40,000,000 is intended to be used for financing the proposed granting of an unsecured loan to EDS Wellness and the remaining balance of HK$100,277,000 is intended to be used for financing the development and expansion of the Group's money lending business.

Material acquisitions

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

(a) in September 2013, the Group exercised the conversion rights attaching to the bonus convertible notes receivable from China Star to convert the entire principal amount of HK$6,079,806.76 into 607,980,676 new shares in China Star at an initial conversion price of HK$0.01 per share. The conversion of the bonus convertible notes was approved by the shareholders at the Company's special general meeting held on 28 June 2013; and

(b) on 2 October 2013, the Group exercised the conversion rights attaching to the 8% convertible notes receivable from China Star to convert the principal amount of HK$125,000,000 into 1,136,363,636 new shares in China Star at the adjusted conversion price of HK$0.11 per share. The conversion of the 8% convertible notes was approved by the shareholders at the Company's special general meeting held on 30 June 2011.

Material disposals

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

(a) on 4 July 2013, Rexdale Investment Limited ("**Rexdale**"), a wholly owned subsidiary of the Company, disposed of the Kwun Tong Properties at a consideration of HK$586,000,000 pursuant to the preliminary sale and purchase agreement dated 20 November 2012 (as amended by the supplemental agreement dated 4 July 2013) and entered into between Rexdale and Grand Reward Limited. The disposal was approved by the shareholders at the Company's special meeting held on 9 January 2013; and

(b) in September and October 2013, the Group disposed of 2,048,334,650 shares in China Star at an average price of HK$0.135 per share pursuant to the 12-month mandate granted to the directors by the shareholders at the Company's special general meeting held on 28 June 2013.

Pledge of assets

At 31 December 2013, no assets of the Group were pledged.

Material commitments

At 31 December 2013, the Group had a total commitment of HK$408,852,000 relating to:

(a) the subscription of the second tranche of convertible notes to be issued by China Star in the principal amount of HK$300,000,000 pursuant to the conditional subscription agreement dated 21 January 2011 (as amended by the supplemental agreements dated 29 June 2012 and 31 December 2013). The subscription of the second tranche of convertible notes is conditional upon the fulfillment of the conditions precedent set out in the conditional subscription agreement, including the availability of sufficient fund by the Company. On 29 June 2012, the completion date of subscription was extended from 30 June 2012 to 31 December 2013. On 31 December 2013, the completion date of subscription was further extended from 31 December 2013 to 31 December 2015;

(b) the subscription of the convertible notes to be issued by EDS Wellness in the principal amount of HK$40,000,000 pursuant to the conditional subscription agreement dated 21 March 2013 (as amended by the letter of extension dated 30 October 2013). The subscription of the convertible notes is conditional upon the fulfillment of the conditions precedent set out in the conditional subscription agreement. On 30 October 2013, the completion date of subscription was extended from 31 October 2013 to 30 June 2014;

(c) the granting of an unsecured loan in the principal amount of HK$40,000,000 to EDS Wellness pursuant to the conditional loan agreement dated 21 March 2013 (as amended by the letter of extension dated 30 October 2013). The granting of the unsecured loan is conditional upon the fulfillment of the conditions precedent set out in the conditional loan agreement. On 30 October 2013, the completion date of granting of loan was extended from 31 October 2013 to 30 June 2014; and

(d) loans commitment in the aggregate principal amount of HK$28,852,000 pursuant to the building mortgages and the loan agreements entered into between the Group and its customers.

Exchange risk and hedging

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

Contingent liabilities

At 31 December 2013, the Group had a claim brought by China Finance & Assets Management Limited ("**China Finance**") in High Court Action No. 526 of 2010 against Rexdale for failing to pay a service fee in the sum of HK$25,000,000 to China Finance. No provision for the claim was made in the consolidated financial statements of the Group for the year ended 31 December 2013 as Lafe Corporation Limited has undertaken to indemnify and keep indemnified the Group against any and all losses, claims, damages, penalties, actions, demands, proceeding, judgment and costs arising from or in connection with the claim.

Employees and remuneration policy

At 31 December 2013, the headcount of the Group was 13 (2012: 12). Staff costs (including directors' emoluments) amounted to HK$18,384,000 (2012: HK$10,656,000). In addition to basic salaries and other allowances, provident fund and discretionary bonus, staff benefits include medical scheme and share options.

Operations Review

During the year, no revenue was generated from the Group's film distribution business as the Group was not able to secure quality films at reasonable prices for distribution. In addition, no film has yet been produced by China Media for distribution by the Group during the year.

During the year, the Group acquired equities with market value of HK$36,714,000. The Group's sale of financial assets business recorded a loss of HK$1,710,000, which consists of a gain of HK$955,000 arising from the disposal of equities with market value of HK$8,545,000 and a loss of HK$2,665,000 arising from the disposal of 1,744,344,312 new shares in China Star converted from the bonus convertible notes of HK$6,079,806.76 and the HK$125,000,000 of 8% convertible notes receivable from China Star. The loss of HK$2,665,000 from disposal of 1,744,344,312 shares in China Star represents the difference between the net proceeds received and the fair values of 1,744,344,312 shares in China Star on the dates of conversion. Upon conversion of the bonus convertible notes, the Group recognised cumulative gains reclassified from equity to profit or loss upon derecognition of available-for-sale financial assets of HK$4,849,000 under "other gains and losses". Upon the conversion of the HK$125,000,000 of 8% convertible notes, the Group recognised a gain arising on change in fair value upon conversion of convertible notes receivables of HK$16,446,000 under "other gains and losses". At 31 December 2013, the Group revalued its equities portfolio to market prices of HK$49,046,000 and recorded a loss arising on change in fair value of financial assets at fair value through profit or loss of HK$5,307,000.

During the year, the Group's provision of management services business generated services fee income amounted to HK$512,000, a 99.00% decrease from HK$51,078,000 for the previous year. This significant decrease was mainly attributable to the termination of management services agreement with Dore on 12 September 2012. In addition, the services fee income generated from the Group's remaining management services agreement decreased from HK$1,166,000 in the year ended 31 December 2012 to HK$512,000 in the year ended 31 December 2013. Such decrease reflects the gaming promoter has adopted a tightening credit policy towards its Mainland Chinese VIP customers in response to the slowdown of the Mainland Chinese economy. The directors reassessed the carrying amount of the management services agreement held by the Group at 31 December 2013 with reference to the valuation performed by an independent professional valuer and an impairment loss on intangible assets of HK$3,793,000 was recognised.

During the year, the Group's property investment business generated a rental income of HK$3,402,000. On 2 January 2013, Rexdale served three-month prior written notices to the tenants of the Kwun Tong Properties to terminate their tenancies for delivering vacant possession of all units of the Kwun Tong Properties to Grand Reward Limited upon completion pursuant to the preliminary sale and purchase agreement dated 20 November 2012 and entered into between Rexdale and Grand Reward Limited. Subsequently, as requested by certain tenants of the Kwun Tong Properties and having discussed with Grand Reward Limited, on 27 June 2013, Rexdale and the tenants entered into tenancy agreements for a term commencing on 2 April 2013 and ending on 4 July 2013, being the expected completion date, in respect of the 10th, 11th and 12th floors and six car parking spaces of the Kwun Tong Properties. On 4 July 2013, Rexdale and Grand Reward Limited entered into a supplemental agreement to amend certain terms of the preliminary sale and purchase agreement to effect that Rexdale shall no longer be required to deliver vacant possession of all units of the Kwun Tong Properties on completion and the sale and purchase of the Kwun Tong Properties was completed on that date. Upon the signing of the preliminary sale and purchase agreement on 20 November 2012, the Kwun Tong Properties was accounted for assets classified as held for sale and its fair value surged from HK$469,000,000 at 30 June 2012, being the interim financial reporting period immediately prior to the date of the preliminary sale and purchase agreement, to HK$603,000,000 at 31 December 2012. Such gain arising on change in fair value of investment properties of HK$134,000,000 was directly credited to the consolidated statement of profit or loss in the second half of 2012. However, the fair value of the Kwun Tong Properties decreased from HK$603,000,000 at 31 December 2012 to HK$599,000,000 at 4 July 2013. Accordingly, a loss arising on change in fair value of investment properties of HK$4,000,000 was recognised in the year ended 31 December 2013. Given that the fair value of the Kwun Tong Properties at 4 July 2013 exceeded the consideration of HK$586,000,000 by HK$13,000,000, a loss on disposal of the Kwun Tong Properties of HK$13,000,000 was recorded. In view of the deteriorating market conditions following the introduction of new measures by the Hong Kong Government and Hong Kong Monetary Authority for stabilising property prices in February 2013, the Group disposed of and took profit from its two three-storey New Territories Small Houses located in Ma Yau Tong, Sai Kung, New Territories, Hong Kong by selling the entire issued share capital of East Legend Properties Limited ("**East Legend**") and Goway Properties Limited ("**Goway**"), both of them were wholly owned subsidiaries of the Company, at an aggregate cash consideration of HK$24,995,000 on 6 June 2013. Immediately prior to their disposal, each of the two three-storey New Territories Small Houses was revalued to market price of HK$12,000,000 with reference to the property valuations performed by an independent professional valuer appointed by the Group. The considerations were determined with reference to the market value of the two three-storey New Territories Small Houses and adjusted for the net assets value of each of East Legend and Goway at 31 May 2013. As a result, the Group recorded a gain arising on change in fair value of investment properties of HK$2,060,000 and a gain on disposal of subsidiaries of HK$588,000.

During the year, the Group's money lending business generated interest income on loans of HK$24,101,000, a 146.31% increase from HK$9,785,000 for the previous year. This increase was attributable to the active expansion of the Group's money lending business during the year. The average monthly balance of loans receivables increased from HK$41,244,000 in the year ended 31 December 2012 to HK$248,124,000 in the year ended 31 December 2013. During the year, the Group made new loans in the aggregate principal amount of HK$789,500,000 to its customers and received loans repayment of HK$64,955,000 from its customers. At 31 December 2013, the Group's loans receivables together with accrued interest receivables amounted to HK$773,624,000.

For participating in the development of EDS Wellness, the Group and EDS Wellness entered into a conditional subscription agreement on 21 March 2013, pursuant to which EDS Wellness has conditionally agreed to issue and the Group has conditionally agreed to subscribe for the convertible notes in the principal amount of HK$40,000,000 at their face value. The convertible notes are unsecured, non-interest bearing and maturing on the date falling 30 months from the date of their issue. Subject to the compliance of the public float requirement by EDS Wellness, the convertible notes carry rights entitling the holders hereof to convert their principal amount into new shares in EDS Wellness at an initial conversion price of HK$1.00 per share (subject to adjustment) during their term. Unless previously redeemed, repurchased and cancelled or converted, any outstanding convertible notes shall be redeemed at par on the maturity date. On 21 March 2013, the Group also entered into a conditional loan agreement with EDS Wellness relating to the grant of an unsecured loan in the principal amount of HK$40,000,000 for a term of three years commencing from the date of drawdown. On 30 October 2013, the long stop dates of the conditional subscription agreement and the conditional loan agreement were extended from 31 October 2013 to 30 June 2014 as additional time is required for the fulfillment of the conditions precedent of these two agreements.

On 18 February 2013, the directors proposed to seek approvals from its shareholders for (i) exercising the conversion rights attaching to the bonus convertible notes issued by China Star in the aggregate principal amount of HK$6,079,806.76 to convert their principal amount into 607,980,676 new shares in China Star (the "**Conversion**") and (ii) granting a mandate to the Company for disposing of the 303,990,338 shares in China Star that already held by the Group and the new shares in China Star to be allotted and issued to the Group pursuant to the exercise of the conversion rights attaching to the bonus convertible notes and the 8% convertible notes receivable from China Star in the aggregate principal amount of HK$350,000,000 (the "**Disposal**") for realising the Group's investments in China Star. The Conversion and the Disposal were approved by the shareholders at the special general meeting of the Company held on 28 June 2013. In September 2013, the Group converted the entire principal amount of the bonus convertible notes into 607,980,676 new shares in China Star at an initial conversion price of HK$0.01 per share and recorded cumulative gains reclassified from equity to profit or loss upon derecognition of available-for-sale financial assets of HK$4,849,000. In September 2013, the Group disposed of 303,990,338 shares in China Star, which were accounted for available-for-sale financial assets, at an average selling price of HK$0.1358 per share and recognised cumulative gains reclassified from equity to profit or loss upon derecognition of available-for-sale financial assets of HK$2,230,000. On 2 October 2013, the Group converted HK$125,000,000 of the 8% convertible notes of HK$350,000,000 into 1,136,363,636 new shares in China Star at the adjusted conversion price of HK$0.11 per share. The partial conversion of the 8% convertible notes resulted in a gain arising on change in fair value upon conversion of convertible notes receivables of HK$16,446,000. In September and October 2013, the Group disposed of 1,744,344,312 new shares in China Star converted from the bonus convertible notes and the 8% convertible notes at an average selling price of HK$0.1349 per share and recognised a loss of HK$2,665,000. At 31 December 2013, the remaining 8% convertible notes held by the Group amounted to HK$225,000,000. As the adjusted conversion price of the 8% convertible notes receivable from China Star was further adjusted from HK$0.12 per share to HK$0.11 per share on 7 May 2013 and the share price of China Star was closed at HK$0.119 per share on 31 December 2013, a gain arising on change in fair value of conversion options embedded in convertible notes receivables of HK$29,836,000 was recognised.

During the year, the Group's fixed income portfolio generated imputed interest income of HK$38,233,000, a 23.67% decrease from HK$50,086,000 for the previous year. Such decrease was attributable to the partial conversion of the 8% convertible notes as discussed above. During the year, the cash interest income received by the Group amounted to HK$30,384,000. At 31 December 2013, the face value of the Group's fixed income portfolio amounted to HK$252,000,000, comprising the 8% convertible notes receivable from China Star of HK$225,000,000 and the convertible note receivable from Koffman Corporate of HK$27,000,000.

In April 2013, Spark Concept and its subsidiaries (the "**Spark Concept Group**") expanded their operations by opening a Japanese noodle shop in Quarry Bay, Hong Kong. On 1 July 2013, the landlord of the European cuisine restaurant in Sheung Wan, Hong Kong served a written notice to the Spark Concept Group to terminate its tenancy with the Spark Concept Group on 1 August 2013 with a payment of three-month rental as compensation. Accordingly, the European cuisine restaurant was closed on 1 August 2013. On 31 August 2013, the major shareholder of Spark Concept disposed of her 51% interests in Spark Concept to an independent third party, who has extensive business experience in running Japanese restaurants in Hong Kong. The Group remains holding 49% interests in Spark Concept. Following the change of the major shareholder, a restructuring of the Spark Concept Group's business was undertaken, involving the disposal of the fine dining restaurant and the wine trading company for concentrating its resources in Japanese noodle shops. In December 2013, the Japanese noodle shops, namely Shugetsu Ramen (麵鮮醬油房周月), were selected in the Michelin Guide Hong Kong & Macau 2014 as BIB Gourmand Restaurants (Michelin inspectors' favorites for good value). Since the publication of the guide, the performance of Spark Concept Group has improved and is currently at cash-flow breakeven situation. During the year, no further cash was advanced to the Spark Concept Group by its shareholders. At 31 December 2013, the Spark Concept Group owed the Group an amount of HK$7,393,000 (before impairment loss of HK$3,865,000), which is unsecured, interest-free and repayable on demand. Due to the rising in food and labour costs, the Spark Concept Group reported a loss of HK$1,820,000 for the year. As the Group's share of post-acquisition losses equals to its interests in Spark Concept, no further share of losses was recognised for the year.

Future Prospects

A number of central banks around the world tightened monetary policy during the last week of January 2014, but the rationale for their policy decisions varied significantly. In the United States, the Federal Reserve continued its tapering of monthly bond purchase programme to reflect the strong economic growth prospects, while certain emerging markets tightened policy in an attempt to prevent an exodus of foreign capital from their countries. Although the situation in the Eurozone continues to improve with forward looking survey data suggesting continued economic expansion, unemployment is still at extremely high levels and the rate of private sector credit growth remains very low. The directors expect the global outlook for 2014 remains uncertain. However, the directors recognise that an uncertainty outlook can often coincide with a good opportunity to invest. As such, the Group continues to adopt a conservative investment approach in investing towards the Group's sale of financial assets business in 2014.

In 2013, the gaming promoter of the management services agreement held by the Group adopted a tightening credit policy towards its Mainland Chinese VIP customers in response to the slowdown of the Mainland Chinese economy. With worries over the Mainland Chinese economic growth and excessive growth in the Mainland China's so-called shadow banking sector, the gaming promoter has unveiled to the Group that a tightening credit policy towards its Mainland Chinese VIP customers is likely to remain in place for 2014. Accordingly, the directors do not expect any growth in the Group's provision of management services business in 2014.

Following the disposal of its two three-storey New Territories Houses located in Ma Yau Tong, Sai Kung, New Territories, Hong Kong on 6 June 2013 and the Kwun Tong Properties on 4 July 2013, the Group does not hold any investment properties. The implementation of Special Stamp Duty in November 2010, Buyer's Stamp Duty in October 2012 and Doubling Stamp Duty in February 2013 measures, along with the lowered loan-to-value ratio, has effectively suppressed demand by increasing transaction costs and they have essentially stopped speculation. The sales market for properties experienced a substantial contraction in 2013. In view of a slow sale market, the Government's stamp duty measures remaining in place and the Federal Reserve tapering of its monthly bond purchase programme, potential price corrections are expected. The Group adopts a wait-and-see approach in revitalising its property investment business in 2014.

The Group actively expanded its money lending business in 2013 and the money lending business has become the main driver of the Group's earnings. The directors will allocate more resources to further expand the money lending business in 2014 in order to enhance the Group's earnings. In addition, as most of the loans granted in 2013 were drawn in the fourth quarter of 2013, it is expected that a growth will be recorded in the Group's money lending business in 2014. Despite the determination for further expanding its money lending business, the Group adopts a cautious approach towards its assessment and approval of loans in order to reduce its credit risk.

In 2014, the directors will continue to cautiously monitor the business environment and continue to strengthen the Group's business foundation by focusing the Group's existing businesses. In addition to focusing on the Group's existing businesses, the directors will continue to cautiously identify suitable investment opportunities for the Group to diversify its businesses and broaden its revenue.

Events after the Reporting Period

(a) On 4 March 2014, the Company allotted and issued 91,000,000 new shares at a price of HK$0.78 per share by way of placing of new shares under general mandate raising HK$70,140,000 (net of expenses) for financing the Group's money lending business.

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

    The action alleges, inter alia, that One Synergy is liable to the plaintiffs as a constructive trustee and/or by way of equitable compensation and/or an accounts of profits and/or restitution and/or damages as a knowing recipient and/or by reason of the knowing or dishonest assistance in the breaches of trust and/or breaches of fiduciary duties by various of the defendants and/or by reason of dealings between One Synergy and the plaintiffs otherwise being voidable (and avoided), void, unlawful or illegal, in respect of its receipt of the shares in The Grande Properties Ltd (now known as Rexdale).

Riche (BVI) Limited, a wholly owned subsidiary of the Company, acquired the entire issued share capital of Adelio Holdings Limited, which is the holding company of One Synergy, from Vartan Holdings Limited, an independent third party, pursuant to a sale and purchase agreement dated 25 May 2011. One Synergy acquired the entire issued share capital of Rexdale from Lafe Corporation Limited, being one of the defendants, pursuant to a sale and purchase agreement dated 31 December 2010 (the "**Agreement**"). The entire issued share capital of Rexdale was sold by The Grande (Nominess) Ltd., being one of the plaintiffs, and The Grand Limited to Lafe Corporation Limited on or about 29 June 2007. The principal assets of Rexdale were the Kwun Tong Properties. The Kwun Tong Properties was sold by Rexdale to Grand Reward Limited, an independent third party, in July 2013.

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company had complied with the code provisions of the Corporate Governance Code (the "**Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the year ended 31 December 2013, except for:

(a) code provision A.2.1 of the Code requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the year, Mr. Lei Hong Wai has taken up the roles of the Chairman of the Board and the Chief Executive Officer of the Company. Mr. Lei possesses essential leadership skills and has extensive experience in corporate management and business development. The Board is of the view that currently vesting the roles of the Chairman and the Chief Executive Officer in the same person provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies; and

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules for securities transactions by the directors of the Company. All members of the Board have confirmed that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2013.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2013.

REVIEW OF FINANCIAL INFORMATION

The audit committee has reviewed this annual results announcement and the annual report of the Company for the year ended 31 December 2013.

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

Hong Kong, 25 March 2014

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