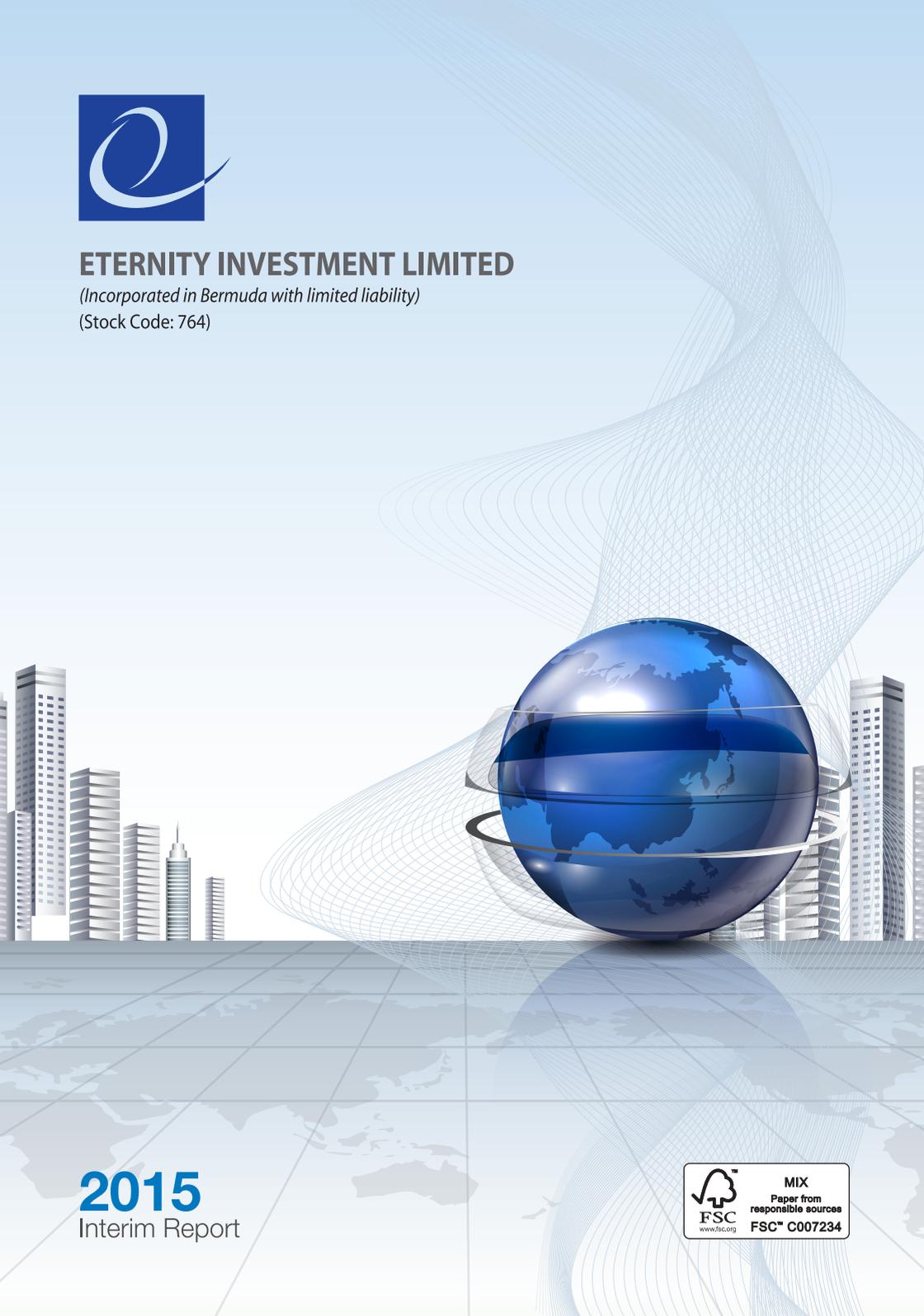




# ETERNITY INVESTMENT LIMITED

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 764)



**2015**  
Interim Report



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## 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

Unit 3811  
Shun Tak Centre, West Tower  
168-200 Connaught Road Central  
Hong Kong

### Principal Share Registrar and Transfer Office

Codan Services 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

OCBC Wing Hang Bank Limited  
DBS Bank (Hong Kong) Limited

### Stock Code

764

### Website

[www.eternityinv.com.hk](http://www.eternityinv.com.hk)

### E-mail Address

[enquiry@eternityinv.com.hk](mailto:enquiry@eternityinv.com.hk)

## 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 2015 together with the comparative figures for 2014 as follows:

### Condensed Consolidated Statement of Profit or Loss

	Notes	Six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
<b>Continuing operations</b>			
Turnover	3	100,266	30,920
Cost of sales		(49,702)	—
Gross profit		50,564	30,920
Investment and other income	4	3,292	2,104
Other gains and losses	5	228,970	13,557
Selling and distribution expenses		(2,500)	—
Administrative expenses		(31,473)	(15,993)
Share of results of associates		—	(555)
Profit from operations	6	248,853	30,033
Finance costs	7	(462)	—
Profit before taxation		248,391	30,033
Income tax expense	8	(5,644)	(4,672)
Profit for the period from continuing operations		242,747	25,361
<b>Discontinued operations</b>			
Profit for the period from discontinued operations	9	—	153
<b>Profit for the period</b>		<b>242,747</b>	<b>25,514</b>

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

		<b>Six months ended 30 June</b>	
	<i>Notes</i>	<b>2015</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2014 <i>HK\$'000</i> <i>(Unaudited)</i>
<b>Profit for the period attributable to:</b>			
<b>Owners of the Company</b>		<b>244,339</b>	25,515
<b>Non-controlling interests</b>		<b>(1,592)</b>	(1)
		<b>242,747</b>	25,514
<b>Interim dividend</b>	<i>10</i>	—	—
<b>Earnings per share</b>	<i>11</i>		
<b>From continuing operations</b>			
— Basic		<b>HK44.45 cents</b>	HK4.91 cents
— Diluted		<b>HK44.39 cents</b>	HK4.91 cents
<b>From discontinued operations</b>			
— Basic		<b>N/A</b>	HK0.03 cent
— Diluted		<b>N/A</b>	HK0.03 cent
<b>From continuing and discontinued operations</b>			
— Basic		<b>HK44.45 cents</b>	HK4.94 cents
— Diluted		<b>HK44.39 cents</b>	HK4.94 cents

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

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
<b>Profit for the period</b>		<b>242,747</b>	25,514
<b>Other comprehensive income for the period, net of income tax</b>			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translating foreign operations		15	—
Net gain/(loss) arising on revaluation of available-for-sale financial assets	17	31,166	(733)
Reclassification adjustment relating to available-for-sale financial assets disposed of		(74,378)	—
<b>Total comprehensive income for the period</b>		<b>199,550</b>	24,781
<b>Total comprehensive income for the period attributable to:</b>			
<b>Owners of the Company</b>		<b>201,142</b>	24,782
<b>Non-controlling interests</b>		<b>(1,592)</b>	(1)
		<b>199,550</b>	24,781

The accompanying note forms an integral part of the condensed consolidated financial statements.

## Condensed Consolidated Statement of Financial Position

	Notes	At 30 June 2015 HK\$'000 (Unaudited)	At 31 December 2014 HK\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	11,690	13,074
Intangible assets	13	—	—
Goodwill	14	89,265	89,265
Interests in associates	15	—	—
Deposit for investment	16	60,000	60,000
Available-for-sale financial assets	17	172	68,887
Loans receivables	18	253,000	230,000
		<b>414,127</b>	461,226
<b>Current assets</b>			
Inventories		42,730	27,100
Trade receivables	19	30,320	17,232
Loans receivables	18	580,401	720,549
Deposits, prepayments and other receivables	20	13,630	10,495
Amount due from an associate		3,528	3,528
Financial assets at fair value through profit or loss		786,831	598,705
Convertible notes receivables	21	—	—
Conversion options embedded in convertible notes receivables	22	—	—
Restricted bank deposits		19,759	19,701
Cash and cash equivalents		671,663	384,778
		<b>2,148,862</b>	1,782,088
<b>Total assets</b>		<b>2,562,989</b>	2,243,314

## Condensed Consolidated Statement of Financial Position (Continued)

	Notes	At 30 June 2015 HK\$'000 (Unaudited)	At 31 December 2014 HK\$'000 (Audited)
<b>EQUITY</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	23	5,900	5,477
Reserves		2,369,100	2,139,174
<b>Equity attributable to owners of the Company</b>			
		2,375,000	2,144,651
Non-controlling interests		10,198	11,790
<b>Total equity</b>		<b>2,385,198</b>	<b>2,156,441</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	24	26,077	13,165
Accruals and other payables		15,936	17,545
Receipt in advance	25	72,634	—
Other borrowings	26	10,117	3,850
Promissory notes	27	—	6,069
Tax payables		27,353	21,709
Deposits from customers		79	80
Deferred revenue		25,435	24,000
Obligations under finance leases		153	444
		177,784	86,862
<b>Non-current liability</b>			
Obligations under finance leases		7	11
<b>Total liabilities</b>		<b>177,791</b>	<b>86,873</b>
<b>Total equity and liabilities</b>		<b>2,562,989</b>	<b>2,243,314</b>
<b>Net current assets</b>		<b>1,971,078</b>	<b>1,695,226</b>
<b>Total assets less current liabilities</b>		<b>2,385,205</b>	<b>2,156,452</b>

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 2015

Attributable to owners of the Company

	Share capital	Share premium	Capital reserve	Contributed surplus	Share-based payment reserve	Available-for-sale financial assets revaluation reserve	Exchange reserve	Other reserve	Retained profits	Sub-total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 January 2014	4,567	450,263	19,844	404,663	16,929	–	–	1,240	927,866	1,825,372	(3)	1,825,369
Profit for the period	–	–	–	–	–	–	–	–	25,515	25,515	(1)	25,514
Other comprehensive income for the period												
Net loss arising on revaluation of available-for-sale financial assets	–	–	–	–	–	(733)	–	–	–	(733)	–	(733)
Total comprehensive income for the period	–	–	–	–	–	(733)	–	–	25,515	24,782	(1)	24,781
Placing of new shares	910	70,070	–	–	–	–	–	–	–	70,980	–	70,980
Share issue expenses	–	(790)	–	–	–	–	–	–	–	(790)	–	(790)
Release of reserve upon deemed disposal of an associate	–	–	–	–	–	–	–	(1,240)	–	(1,240)	–	(1,240)
Release of reserve upon disposal of a subsidiary	–	–	(11)	–	–	–	–	–	–	(11)	–	(11)
Share-based payment expenses	–	–	–	–	4,995	–	–	–	–	4,995	–	4,995
Release on lapse of share options	–	–	–	–	(7,081)	–	–	–	7,081	–	–	–
At 30 June 2014	5,477	519,543	19,833	404,663	14,843	(733)	–	–	960,462	1,924,088	(4)	1,924,084
At 1 January 2015	5,477	519,543	19,833	404,663	20,237	43,212	1	(41,339)	1,173,024	2,144,651	11,790	2,156,441
Profit for the period	–	–	–	–	–	–	–	–	244,339	244,339	(1,592)	242,747
Other comprehensive income for the period												
Exchange differences arising on translating foreign operations	–	–	–	–	–	–	15	–	–	15	–	15
Net gain arising on revaluation of available-for-sale financial assets	–	–	–	–	–	31,166	–	–	–	31,166	–	31,166
Reclassification adjustment relating to available-for-sale financial assets disposed of	–	–	–	–	–	(74,378)	–	–	–	(74,378)	–	(74,378)
Total comprehensive income for the period	–	–	–	–	–	(43,212)	15	–	244,339	201,142	(1,592)	199,550
Exercise of share options	423	33,724	–	–	(4,940)	–	–	–	–	29,207	–	29,207
Release on lapse of share options	–	–	–	–	(4,995)	–	–	–	4,995	–	–	–
At 30 June 2015	5,900	553,267	19,833	404,663	10,302	–	16	(41,339)	1,422,358	2,375,000	10,198	2,385,198

## Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
<b>Net cash generated from/(used in) operating activities</b>	<b>156,896</b>	(484,529)
<b>Net cash generated from investing activities</b>	<b>101,215</b>	4,251
<b>Net cash generated from financing activities</b>	<b>28,759</b>	70,190
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>286,870</b>	(410,088)
<b>Cash and cash equivalents at beginning of the period</b>	<b>384,778</b>	662,153
<b>Effect of foreign exchange rate changes</b>	<b>15</b>	—
<b>Cash and cash equivalents at end of the period</b>	<b>671,663</b>	252,065
<b>Analysis of the balances of cash and cash equivalents</b>		
Cash at bank and on hand	<b>671,663</b>	252,065
Restricted bank deposits	<b>19,759</b>	—
Less: restricted bank deposits	<b>691,422 (19,759)</b>	252,065 —
Cash and cash equivalents	<b>671,663</b>	252,065

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

### 1. Basis of preparation

The condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with Hong Kong Accounting Standard (the "HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2014.

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value.

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

The accounting policies 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 2014, except as described below.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations issued by the HKICPA (hereinafter collectively referred to as the "**new and revised HKFRSs**"), which are effective for the Group's accounting period beginning on 1 January 2015.

HKFRSs (Amendments)	<i>Annual Improvements to HKFRSs 2010-2012 Cycle</i>
HKFRSs (Amendments)	<i>Annual Improvements to HKFRSs 2011-2013 Cycle</i>
HKAS 19 (Amendments)	<i>Defined Benefit Plans: Employee Contributions</i>

The application of the new and revised HKFRSs has no material effect on the condensed consolidated financial statements for the current or prior accounting periods.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 2. Application of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

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

HKFRSs (Amendments)	<i>Annual Improvements to HKFRSs 2012-2014 Cycle<sup>1</sup></i>
HKFRS 9	<i>Financial Instruments<sup>3</sup></i>
HKFRS 10 and HKAS 28 (Amendments)	<i>Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture<sup>1</sup></i>
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	<i>Investment Entities: Applying the Consolidation Exceptions<sup>1</sup></i>
HKFRS 11 (Amendments)	<i>Accounting for Acquisitions of Interests in Joint Operations<sup>1</sup></i>
HKFRS 14	<i>Regulatory Deferral Accounts<sup>1</sup></i>
HKFRS 15	<i>Revenue from Contracts with Customers<sup>2</sup></i>
HKAS 1 (Amendments)	<i>Disclosure Initiative<sup>1</sup></i>
HKAS 16 and HKAS 38 (Amendments)	<i>Clarification of Acceptable Methods of Depreciation and Amortisation<sup>1</sup></i>
HKAS 16 and HKAS 41 (Amendments)	<i>Agriculture: Bearer Plants<sup>1</sup></i>
HKAS 27 (Amendments)	<i>Equity Method in Separate Financial Statements<sup>1</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2018

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

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 3. Operating segments

The Group's reportable 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 offer and provide. Each of the Group's reportable segments represents a strategic business unit that offers products and provides services which is subject to risks and returns that are different from those of other reportable segments. The Group currently has the following 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
(d)	Money lending	Money lending
(e)	Sale of beauty products and provision of therapy services	Sale of beauty products and provision of therapy services
(f)	Sale of jewelry products	Design and sale of jewelry products

The segment of provision of management services was discontinued in the prior period.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 3. Operating segments (Continued)

An analysis of the Group's reportable segment results, assets, liabilities and other selected financial information by operating segments is as follow:

#### (a) Segment results, assets and liabilities

For the six months ended 30 June 2015

	Continuing operations						Discontinued operations		Consolidated HK\$'000 (Unaudited)
	Distribution HK\$'000 (Unaudited)	Property investment HK\$'000 (Unaudited)	Sale of financial assets HK\$'000 (Unaudited)	Money lending HK\$'000 (Unaudited)	Sale of beauty products and provision of therapy services HK\$'000 (Unaudited)	Sale of jewelry products HK\$'000 (Unaudited)	Sub-total HK\$'000 (Unaudited)	Provision of management services HK\$'000 (Unaudited)	
<b>Revenue</b>									
Segment revenue from external customers	-	-	1,665	35,717	20,703	42,161	100,266	-	100,266
<b>Results</b>									
Segment (loss)/profit	(15)	(1,376)	231,899	35,543	(7,054)	4,018	263,015	-	263,015
Interest income on bank deposits							676	-	676
Unallocated corporate income							405	-	405
Unallocated corporate expenses							(15,255)	-	(15,255)
Gain on disposal of property, plant and equipment							12	-	12
Finance costs							(462)	-	(462)
Profit before taxation							248,391	-	248,391
Income tax expense							(5,644)	-	(5,644)
Profit for the period							242,747	-	242,747

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 3. Operating segments (Continued)

#### (a) Segment results, assets and liabilities (Continued)

At 30 June 2015

	Continuing operations							Discontinued operations	
	Distribution	Property investment	Sale of financial assets	Money lending	Sale of beauty products and provision of therapy services	Sale of jewelry products	Sub-total	Provision of management services	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Assets</b>									
Segment assets for reportable segment									
– Hong Kong	283	7,273	1,046,838	980,866	226,750	71,101	2,333,111	–	2,333,111
– The People's Republic of China (the "PRC")	–	–	–	–	1,337	–	1,337	–	1,337
	283	7,273	1,046,838	980,866	228,087	71,101	2,334,448	–	2,334,448
Unallocated corporate assets									228,541
Consolidated total assets									2,562,989
<b>Liabilities</b>									
Segment liabilities for reportable segment									
– Hong Kong	–	(51)	–	(81)	(112,792)	(26,857)	(139,781)	–	(139,781)
– The PRC	–	–	–	–	(832)	–	(832)	–	(832)
	–	(51)	–	(81)	(113,624)	(26,857)	(140,613)	–	(140,613)
Unallocated corporate liabilities									(37,178)
Consolidated total liabilities									(177,791)

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 3. Operating segments (Continued)

#### (a) Segment results, assets and liabilities (Continued)

For the six months ended 30 June 2014

	Continuing operations						Discontinued operations		Consolidated HK\$'000 (Unaudited)
	Distribution HK\$'000 (Unaudited)	Property investment HK\$'000 (Unaudited)	Sale of financial assets HK\$'000 (Unaudited)	Money lending HK\$'000 (Unaudited)	Sale of beauty products and provision of therapy services HK\$'000 (Unaudited)	Sale of jewelry products HK\$'000 (Unaudited)	Sub-total HK\$'000 (Unaudited)	Provision of management services HK\$'000 (Unaudited)	
<b>Revenue</b>									
Segment revenue from external customers	–	–	(5,037)	35,957	–	–	30,920	158	31,078
<b>Results</b>									
Segment profit/(loss)	115	1,053	(33,305)	35,499	–	–	3,362	153	3,515
Interest income on bank deposits							2,104	–	2,104
Unallocated corporate income							–	–	–
Unallocated corporate expenses							(16,457)	–	(16,457)
Gain arising on change in fair value upon conversion of convertible notes receivables							28,461	–	28,461
Gain on deemed disposal of an associate							7,669	–	7,669
Gain on disposal of subsidiaries							312	–	312
Gain on early redemption of convertible notes receivables							1,611	–	1,611
Imputed interest income on convertible notes receivables							7,670	–	7,670
Loss arising on change in fair value of conversion options embedded in convertible notes receivables							(4,144)	–	(4,144)
Finance costs							–	–	–
Share of results of associates							(555)	–	(555)
Profit before taxation							30,033	153	30,186
Income tax expense							(4,672)	–	(4,672)
Profit for the period							25,361	153	25,514

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 3. Operating segments (Continued)

#### (a) Segment results, assets and liabilities (Continued)

At 31 December 2014

	Continuing operations						Discontinued operations		Consolidated
	Distribution	Property investment	Sale of financial assets	Money lending	Sale of beauty products and provision of therapy services	Sale of jewelry products	Sub-total	Provision of management services	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
<b>Assets</b>									
Segment assets for reportable segment									
– Hong Kong	253	2,355	987,687	979,249	161,362	44,378	2,175,284	–	2,175,284
– The PRC	–	–	–	–	4	–	4	–	4
	253	2,355	987,687	979,249	161,366	44,378	2,175,288	–	2,175,288
Unallocated corporate assets									68,026
Consolidated total assets									2,243,314
<b>Liabilities</b>									
Segment liabilities for reportable segment									
– Hong Kong	–	(160)	(12,908)	(8,585)	(41,311)	(13,778)	(76,742)	–	(76,742)
– The PRC	–	–	–	–	–	–	–	–	–
	–	(160)	(12,908)	(8,585)	(41,311)	(13,778)	(76,742)	–	(76,742)
Unallocated corporate liabilities									(10,131)
Consolidated total liabilities									(86,873)

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 3. Operating segments (Continued)

#### (b) Other segment information

For the six months ended 30 June 2015

	Continuing operations							Discontinued operations		
	Distribution	Property investment	Sale of financial assets	Money lending	Sale of beauty products and provision of therapy services	Sale of jewelry products	Unallocated	Sub-total	Provision of management services	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Amounts included in the measure of segment (loss)/profit and segment assets</b>										
Depreciation of property, plant and equipment	-	11	-	-	2,353	58	-	2,422	-	2,422
Dividend income	-	-	2,211	-	-	-	-	2,211	-	2,211
Gain arising on change in fair value of financial assets at fair value through profit or loss	-	-	154,580	-	-	-	-	154,580	-	154,580
Gain on disposal of available-for-sale financial assets	-	-	74,378	-	-	-	-	74,378	-	74,378

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 3. Operating segments (Continued)

#### (b) Other segment information (Continued)

For the six months ended 30 June 2014

	Continuing operations							Discontinued operations		
	Distribution	Property investment	Sale of financial assets	Money lending	Sale of beauty products and provision of therapy services	Sale of jewelry products	Unallocated	Sub-total	Provision of management services	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Amounts included in the measure of segment profit/(loss) and segment assets</b>										
Depreciation of property, plant and equipment	-	8	24	-	-	-	-	32	-	32
Gain on disposal of property, plant and equipment	129	-	-	-	-	-	-	129	-	129
Loss arising on change in fair value of financial assets at fair value through profit or loss	-	-	(28,151)	-	-	-	-	(28,151)	-	(28,151)

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 3. Operating segments (Continued)

#### (c) Geographical segments – Turnover

	Continuing operations Six months ended 30 June		Discontinued operations Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Australia	198	—	—	—
Europe	5,403	—	—	—
Hong Kong	74,599	30,920	—	—
Macau	—	—	—	158
Middle East	1,953	—	—	—
The United States of America	18,113	—	—	—
	<b>100,266</b>	30,920	—	158

### 4. Investment and other income

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
<b>Continuing operations</b>		
Dividend income	2,211	—
Interest income on bank deposits	676	2,104
Sundry income	405	—
	<b>3,292</b>	2,104

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 5. Other gains and losses

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
<b>Continuing operations</b>		
Gain/(loss) arising on change in fair value of financial assets at fair value through profit or loss	154,580	(28,151)
Gain arising on change in fair value upon conversion of convertible notes receivables	—	28,461
Gain on deemed disposal of an associate	—	7,669
Gain on disposal of available-for-sale financial assets	74,378	—
Gain on disposal of property, plant and equipment	12	129
Gain on disposal of subsidiaries	—	312
Gain on early redemption of convertible notes receivables	—	1,611
Imputed interest income on convertible notes receivables	—	7,670
Loss arising on change in fair value of conversion options embedded in convertible notes receivables	—	(4,144)
	<b>228,970</b>	<b>13,557</b>

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 6. Profit from operations

Profit from operations has been arrived at after charging:

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
<b>Continuing operations</b>		
Depreciation of property, plant and equipment	2,422	32
Operating lease rentals in respect of rented premises	4,071	804
Share-based payment expenses in respect of consultancy services	—	3,377
Staff costs including directors' emoluments:		
— salaries and other allowances	21,721	8,225
— contributions to retirement benefit schemes	1,071	55
— share-based payment expenses	—	1,618
	<b>22,792</b>	<b>9,898</b>

### 7. Finance costs

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
<b>Continuing operations</b>		
Imputed interest on promissory notes	351	—
Interest on finance leases	43	—
Interest on other borrowings wholly payable within 5 years	68	—
	<b>462</b>	<b>—</b>

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 8. Income tax expense

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
<b>Continuing operations</b>		
Current tax expense		
– Hong Kong Profits Tax	5,644	4,672

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2015 (six months ended 30 June 2014: 16.5%).

PRC subsidiaries are subjected to the PRC Enterprise Income Tax at 25% for the six months ended 30 June 2015 (six months ended 30 June 2014: 25%). No provision for the PRC Enterprise Income Tax has been made for the six months ended 30 June 2015 (six months ended 30 June 2014: HK\$Nil) as the PRC subsidiaries has no estimated taxable profits.

### 9. Discontinued operations

The provision of management services operations was disposed of on 11 June 2014, details of which are set out in note 28 to the condensed consolidated financial statements.

The results and cash flows of the discontinued operations for the current and prior periods are as follows:

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Turnover	–	158
Administrative expenses	–	(5)
Profit from operations	–	153
Finance costs	–	–
Profit before taxation	–	153
Income tax expense	–	–
Profit for the period from discontinued operations	–	153
Net cash effect on operating activity	–	–

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 10. Interim dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: HK\$Nil).

### 11. Earnings per share

*From continuing operations*

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
<u>Earnings</u>		
Profit for the period attributable to owners of the Company	244,339	25,362

	Six months ended 30 June	
	2015 '000	2014 '000
<u>Number of ordinary shares</u>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	549,689	515,999
Effect of dilutive potential ordinary shares: Share options granted by the Company	722	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	550,411	515,999

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 11. Earnings per share (Continued) From discontinued operations

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
<u>Earnings</u>		
Profit for the period attributable to owners of the Company	—	153

	Six months ended 30 June	
	2015 '000	2014 '000
<u>Number of ordinary shares</u>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	549,689	515,999
Effect of dilutive potential ordinary shares: Share options granted by the Company	722	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	550,411	515,999

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 11. Earnings per share (Continued) From continuing and discontinued operations

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
<u>Earnings</u>		
Profit for the period attributable to owners of the Company	<b>244,339</b>	25,515

	Six months ended 30 June	
	2015 '000	2014 '000
<u>Number of ordinary shares</u>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>549,689</b>	515,999
Effect of dilutive potential ordinary shares: Share options granted by the Company	<b>722</b>	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>550,411</b>	515,999

Diluted earnings per share for the six months ended 30 June 2015 is calculated by taking into account the Company's outstanding share options, which were dilutive and had a dilutive effect.

Diluted earnings per share for the six months ended 30 June 2014 was the same as the basic earnings per share as the Company's outstanding share options were anti-dilutive and had no dilutive effect.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 12. Property, plant and equipment

During the six months ended 30 June 2015, the Group acquired certain items of property, plant and equipment with an aggregate cost of approximately HK\$1,136,000 (year ended 31 December 2014: HK\$870,000). Items of property, plant and equipment with carrying amounts of approximately HK\$98,000 were disposed of during the six months ended 30 June 2015 (year ended 31 December 2014: HK\$21,000), resulting a gain on disposal of approximately HK\$12,000 (year ended 31 December 2014: HK\$139,000).

### 13. Intangible assets

	<i>HK\$'000</i>
<b>Cost:</b>	
At 1 January 2014	456,857
Disposal of subsidiaries	(456,857)
<hr/>	
At 31 December 2014, 1 January 2015 and 30 June 2015	—
<b>Accumulated impairment losses:</b>	
At 1 January 2014	454,928
Written back on disposal of a subsidiary	(454,928)
<hr/>	
At 31 December 2014, 1 January 2015 and 30 June 2015	—
<b>Carrying amount:</b>	
<b>At 30 June 2015 (unaudited)</b>	<b>—</b>
<hr/>	
At 31 December 2014 (audited)	—
<hr/>	

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 14. Goodwill

	HK\$'000
<b>Cost:</b>	
At 1 January 2014	—
Additional amounts recognised from business combination	89,265
<hr/>	
At 31 December 2014, 1 January 2015 and 30 June 2015	89,265
<hr/>	
<b>Accumulated impairment losses:</b>	
At 1 January 2014, 31 December 2014, 1 January 2015 and 30 June 2015	—
<hr/>	
<b>Carrying amount:</b>	
<b>At 30 June 2015 (unaudited)</b>	<b>89,265</b>
<hr/>	
At 31 December 2014 (audited)	89,265
<hr/>	

Goodwill is generated from the acquisition of EDS Wellness Holdings Limited (“**EDS Wellness**”) for diversifying the Group’s businesses and broadening the Group’s revenue base. The goodwill is mainly attributed to the listing status of EDS Wellness and its business. For the six months ended 30 June 2015, no impairment loss was recognised in respect of goodwill (year ended 31 December 2014: HK\$Nil) as its recoverable amount exceeds the carrying amount. The recoverable amount is calculated based on the quoted market value of the 52,500,000 ordinary shares in EDS Wellness held by the Group as at 30 June 2015 and is categorised under fair value hierarchy of Level 1.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 15. Interests in associates

	At 30 June 2015 HK\$'000 (Unaudited)	At 31 December 2014 HK\$'000 (Audited)
<b>Unlisted</b>		
Cost of investment in an associate	—	—
Share of post-acquisition profits and other comprehensive income, net of dividends received	—	—
	—	—
<b>Listed in Hong Kong</b>		
Cost of investment in an associate	—	—
Share of post-acquisition profits, other comprehensive income and other reserve, net of dividends received	—	—
	—	—
Less: impairment loss recognised in respect of interests in associates	—	—
	—	—
<b>Market value of listed shares</b>	—	—

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 16. Deposit for investment

Deposit for investment represents a refundable deposit of HK\$60,000,000 paid to China Jiu hao Health Industry Corporation Limited (“**Jiu hao Health**”) pursuant to the conditional sale and purchase agreement dated 11 December 2014 (as amended and supplemented by the supplemental agreements dated 30 March 2015 and 12 June 2015 respectively) entered into between the Company as purchaser, Unique Talent Group Limited, a wholly owned subsidiary of Jiu hao Health, as vendor and Jiu hao Health as guarantor relating to the proposed acquisition of the entire shareholding interest in Smart Title Limited and the assignment of the shareholder’s loan due by Smart Title Limited (the “**Proposed Acquisition**”). Please refer to the Company’s announcement dated 15 May 2015 for more details.

### 17. Available-for-sale financial assets

	At 30 June 2015 HK\$'000 (Unaudited)	At 31 December 2014 HK\$'000 (Audited)
<b>Listed equity securities in Hong Kong, at fair value</b>		
At beginning of the period/year	68,715	—
Reclassification from interests in associates	—	52,790
Disposals (Note)	(99,881)	(27,287)
Net gain arising on revaluation of available- for-sale financial assets	31,166	43,212
	—	68,715
<b>Unlisted debt security</b>		
Club debenture	172	172
At end of the period/year	172	68,887

Note:

In April 2015, the Group disposed of 70,840,000 ordinary shares in China Star Cultural Media Group Limited (now known as Lajin Entertainment Network Group Limited) in a series of transactions on open market for an aggregate net proceeds of HK\$99,881,000, representing an average selling price of approximately HK\$1.41 per ordinary share and recognised a gain on disposal of available-for-sale financial assets of HK\$74,378,000 in the six months ended 30 June 2015.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 18. Loans receivables

	At 30 June 2015 HK\$'000 (Unaudited)	At 31 December 2014 HK\$'000 (Audited)
Loans to customers	826,000	941,000
Accrued interest receivables	7,401	9,549
	<b>833,401</b>	950,549
Less: impairment loss recognised	—	—
	<b>833,401</b>	950,549

All loans are denominated in Hong Kong Dollars. The loans receivables carry fixed effective interest ranging approximately from 8% to 15% per annum (year ended 31 December 2014: 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 period, based on the maturity date is as follows:

	At 30 June 2015 HK\$'000 (Unaudited)	At 31 December 2014 HK\$'000 (Audited)
<b>Current assets</b>		
Within one year	580,401	720,549
<b>Non-current assets</b>		
Over one year but within two years	253,000	230,000
	<b>833,401</b>	950,549

At 30 June 2015, certain loans amounted to approximately HK\$108,000,000 (31 December 2014: HK\$206,000,000) are secured by personal guarantees and a property with a fair value of HK\$11,700,000.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 19. Trade receivables

	<b>At 30 June 2015 HK\$'000 (Unaudited)</b>	At 31 December 2014 HK\$'000 (Audited)
0 – 30 days	<b>14,230</b>	13,549
31 – 60 days	<b>7,795</b>	2,783
61 – 90 days	<b>2,294</b>	818
91 – 120 days	<b>4,873</b>	82
Over 120 days	<b>1,524</b>	396
	<b>30,716</b>	17,628
Less: impairment loss recognised	<b>(396)</b>	(396)
	<b>30,320</b>	17,232

The Group allows an average credit period ranging from 0 day to 120 days to its customers.

### 20. Deposits, prepayments and other receivables

	<b>At 30 June 2015 HK\$'000 (Unaudited)</b>	At 31 December 2014 HK\$'000 (Audited)
Deposits	<b>3,674</b>	3,001
Prepayments	<b>1,787</b>	1,888
Other receivables	<b>54,688</b>	52,125
Less: impairment loss recognised in respect of other receivables (Note)	<b>(46,519)</b>	(46,519)
	<b>13,630</b>	10,495

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 20. Deposits, prepayments and other receivables (Continued)

Note:

On 30 April 2010, Blu Spa Hong Kong Limited (“**BSHK**”), a then wholly owned subsidiary of EDS Wellness, entered into a sale and purchase agreement with Mr. Shum Yeung (“**Mr. Shum**”), pursuant to which BSHK had agreed to acquire (i) a 70% of the issued share capital of an entity and (ii) a shareholder’s loan to such entity at a total consideration of HK\$80,000,000.

The acquisition did not proceed and EDS Wellness has entered into various deed of termination and deeds of settlement with Mr. Shum and a deed of guarantee with Dutfield International Group Company Limited (“**Dutfield**”) in relation to the repayment of the refundable deposit. As Mr. Shum defaulted in the full repayment of the refundable deposit and the accrued contractual interest despite repeated demands and requests, EDS Wellness has obtained a judgment against Mr. Shum pursuant to which it was adjudged, inter alia, that Mr. Shum shall pay to EDS Wellness the sum of HK\$39,127,500 (being the amount of the outstanding and unpaid refundable deposit) together with contractual interest at the rate of 30% per annum from 1 May 2013 to 6 September 2013 and thereafter at judgment rate pursuant to s.48 of the High Court Ordinance until payment. As at 31 December 2014, the aggregate amount of the outstanding and unpaid refundable deposit and the accrued interest was HK\$46,519,000. Since (i) Mr. Shum failed to settle the judgment debt and the accrued interest and commenced various legal actions to prevent EDS Wellness from recovering the judgment debt and the accrued interest thereon including a fresh legal action as announced by EDS Wellness in its announcement dated 23 January 2015; (ii) it was unclear whether and when EDS Wellness would be able to receive the judgment debt and the accrued interest thereon in full from selling (1) the charged shares in Mr. Shum’s companies; and (2) the charged properties as those properties were held by Mr. Shum and another individual as joint tenants and subject to mortgages given that EDS Wellness did not have the information of the financial status of Mr. Shum and his companies, the amount of Mr. Shum’s interest in the charged properties and the outstanding loan amounts under the mortgages; and (iii) the ability of Dutfield to fulfil its obligations under the guarantee depended on the outcome of the legal proceedings for, inter alia, its claim for the sum of HK\$141,360,000 under a loan agreement but Dutfield failed to obtain a summary judgment against the debtor and the outcome of the legal proceedings was uncertain, the Group decided to recognise an impairment on the judgment debt and the accrued interest thereon in the aggregate amount of HK\$46,519,000. For further details, please refer to EDS Wellness’s announcements dated 5 April 2012, 4 July 2012, 24 July 2012, 3 August 2012, 21 August 2012, 28 September 2012, 26 October 2012, 1 November 2012, 21 December 2012, 29 January 2013, 25 April 2013, 3 May 2013, 12 January 2015, 23 January 2015, 1 April 2015, 19 May 2015 and 9 June 2015.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 21. Convertible notes receivables

	<b>At 30 June 2015 HK\$'000 (Unaudited)</b>	At 31 December 2014 HK\$'000 (Audited)
At beginning of the period/year	—	225,442
Subscription of convertible notes	—	4,551
Imputed interest income on convertible notes receivables	—	7,686
Interest received on convertible notes receivables	—	(4,241)
Early redemption of convertible notes	—	(25,389)
Conversion of convertible notes	—	(208,049)
At end of the period/year	—	—

### 22. Conversion options embedded in convertible notes receivables

	<b>At 30 June 2015 HK\$'000 (Unaudited)</b>	At 31 December 2014 HK\$'000 (Audited)
At beginning of the period/year	—	77,572
Subscription of convertible notes	—	35,449
Conversion of convertible notes	—	(113,021)
At end of the period/year	—	—

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 23. Share capital

	Number of shares '000	Share capital HK\$'000
<b>Ordinary shares of HK\$0.01 each (2014: HK\$0.01 each)</b>		
<b>Authorised:</b>		
At 1 January 2014, 31 December 2014, 1 January 2015 and 30 June 2015	<b>10,000,000</b>	<b>100,000</b>
<b>Issued and fully paid:</b>		
At 1 January 2014	456,673	4,567
Placing of new shares	91,000	910
At 31 December 2014 and 1 January 2015 (audited)	547,673	5,477
Exercise of share options (Note)	42,330	423
<b>At 30 June 2015 (unaudited)</b>	<b>590,003</b>	<b>5,900</b>

Note:

On 19 June 2015, 22 June 2015 and 30 June 2015, 11,660,000, 24,290,000 and 6,380,000 new ordinary shares of HK\$0.01 each were allotted and issued at a subscription price of HK\$0.69 per ordinary share respectively pursuant to the exercise of share options granted under the Company's share option scheme.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 24. Trade payables

	<b>At 30 June 2015 HK\$'000 (Unaudited)</b>	At 31 December 2014 HK\$'000 (Audited)
0 – 30 days	<b>11,510</b>	7,347
31 – 60 days	<b>5,342</b>	2,524
61 – 90 days	<b>2,528</b>	3,241
91 – 120 days	<b>6,697</b>	20
Over 120 days	<b>–</b>	33
	<b>26,077</b>	13,165

### 25. Receipt in advance

It represents the subscription money received from Goldenland Mining & Investment Limited, Silver Empire Holding Limited, Truly Elite Limited and High Aim Global Limited in respect of their respective portions of new ordinary shares and new convertible preferred shares of EDS Wellness to be subscribed for pursuant to the conditional subscription agreement dated 17 February 2015 (as amended and supplemented by the supplemental agreements dated 19 June 2015 and 28 August 2015 respectively) entered into between EDS Wellness as issuer and Xing Hang Limited, Goldenland Mining & Investment Limited, Silver Empire Holding Limited, Truly Elite Limited, High Aim Global Limited and First Bonus International Limited as subscribers in relation to the issue of 345,000,000 new ordinary shares and 30,000,000 new convertible preferred shares in the share capital of EDS Wellness at a subscription price of HK\$0.40 per ordinary share/convertible preferred share.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 26. Other borrowings

	At 30 June 2015 HK\$'000 (Unaudited)	At 31 December 2014 HK\$'000 (Audited)
Interest bearing other borrowings (Note)	10,117	2,450
Non-interest bearing other borrowings	—	1,400
	<b>10,117</b>	<b>3,850</b>

Note:

At 30 June 2015, the Group had the following outstanding other borrowings:

- (a) a loan of HK\$7,500,000 (31 December 2014: HK\$Nil) granted to EDS Wellness by an independent third party, which is interest bearing at 10.00% per annum, unsecured and maturing on 10 June 2016; and
- (b) a loan of HK\$2,617,000 (31 December 2014: HK\$2,450,000) granted to EDS Wellness by Koffman Investment Limited ("**Koffman Investment**"), a company which is 50% owned by Mr. Yu Zhen Hua, Johnny (the former chairman of the board of directors of EDS Wellness and a former director of EDS Wellness), which is interest bearing at 5.00% per annum, unsecured and maturing on 25 August 2015.

### 27. Promissory notes

	At 30 June 2015 HK\$'000 (Unaudited)	At 31 December 2014 HK\$'000 (Audited)
At beginning of the period/year	6,069	—
Acquisition through business combination	—	12,721
Imputed interest on promissory notes	351	348
Repayment of promissory notes	(6,420)	(7,000)
At end of the period/year	<b>—</b>	<b>6,069</b>

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 27. Promissory notes (Continued)

Note:

On 11 April 2014, EDS Wellness issued four promissory notes in the aggregate principal amount of HK\$13,420,000 to two independent third parties (the “**Vendors**”) as part of the consideration for the acquisition (the “**Acquisition**”) of 51% equity interest in China Honest Enterprises Limited (“**China Honest**”) by a wholly owned subsidiary of EDS Wellness. The four promissory notes are interest-free and unsecured. Two of the promissory notes in the aggregate principal amount of HK\$2,608,000 and HK\$4,392,000 (collectively, the “**PNs I**”) matured on 30 June 2014. The remaining two promissory notes in the aggregate principal amount of HK\$4,028,000 and HK\$2,392,000 (collectively, the “**PNs II**”) matured on 30 June 2015.

Pursuant to the terms of the Acquisition, the Vendors have irrevocably and unconditionally warranted and guaranteed to EDS Wellness the profits before taxation and extraordinary items of China Honest for the years ending 31 March 2014 and 2015 will not be less than HK\$4,000,000 (the “**2014 Guaranteed Profit**”) and HK\$9,000,000 (the “**2015 Guaranteed Profit**”) respectively. In the event the 2014 Guaranteed Profit or 2015 Guaranteed Profit is not fulfilled, the Vendors shall compensate the wholly owned subsidiary of EDS Wellness an amount equivalent to the shortfall by way of setting off the shortfall against the face value of the PNs I (for the shortfall in respect of the 2014 Guaranteed Profit) or the PNs II (for the shortfall in respect of the 2015 Guaranteed Profit) on a dollar to dollar basis.

As the 2014 Guaranteed Profit was fulfilled, the PNs I were fully repaid on 27 July 2014.

At 31 December 2014, the PNs II were subjected to the compensation obligation of the 2015 Guaranteed Profit and were classified as contingent consideration. During the period from 12 April 2014 to 31 December 2014, China Honest earned a profit before taxation and extraordinary items of HK\$7,662,000. The directors of the Company were of the opinion that the 2015 Guaranteed Profit was most probably to be fulfilled and no provision for contingent consideration was made.

During the six months ended 30 June 2015, the 2015 Guaranteed Profit was fulfilled and the PNs II were fully repaid on 30 June 2015.

Based on the valuation carried out by Roma Appraisals Limited, a firm of independent qualified professional valuers, the fair values of the PNs I and the PNs II at the date of their issue were HK\$6,824,000 and HK\$5,568,000 respectively. The effective interest rates of the PNs I and PNs II are 11.74% per annum and 12.28% per annum respectively.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 28. Disposal of a subsidiary

On 30 May 2014, the Group entered into a conditional sale and purchase agreement relating to the disposal of the entire issued share capital of Rich Daily Group Limited to Mr. Ng Cheuk Fai, an independent third party, at a cash consideration of HK\$2,000,000. The disposal was completed on 11 June 2014. Details of the assets and liabilities of Rich Daily Group Limited are set out as follows:

	<i>HK\$'000</i> (Unaudited)
Intangible assets	1,929
Cash and cash equivalents	1
Deferred taxation	(231)
Net assets disposed of	1,699
<b>Gain on disposal of a subsidiary:</b>	
Cash consideration received	2,000
Net assets disposed of	(1,699)
Release of capital reserve	11
	312
<b>Net cash inflow on disposal of a subsidiary:</b>	
Cash consideration received	2,000
Less: cash and cash equivalents disposed of	(1)
	1,999

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 29. Commitments

#### (a) Lease commitments

*The Group as lessee*

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

	<b>At 30 June 2015 HK\$'000 (Unaudited)</b>	At 31 December 2014 HK\$'000 (Audited)
Within one year	<b>8,103</b>	4,845
In the second to fifth year inclusive	<b>11,953</b>	847
	<b>20,056</b>	5,692

Operating lease payments represent rentals payable by the Group for its office premises. Leases are mainly negotiated for an average term of three years and rentals are fixed for an average of three years.

#### (b) Other commitments

At 30 June 2015, the Group had other commitments of HK\$1,959,000,000 relating to:

- (i) the subscription of the second tranche of convertible notes to be issued by China Star Entertainment Limited in the principal amount of HK\$300,000,000 pursuant to the conditional subscription agreement dated 21 January 2011 (as amended and supplemented by the supplemental agreements dated 28 March 2011, 29 June 2012 and 31 December 2013 respectively). 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;
- (ii) loan commitments in the aggregate principal amount of HK\$9,000,000 pursuant to the building mortgages and the loan agreements entered into between the Group and its customers; and

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 29. Commitments (Continued)

#### (b) Other commitments (Continued)

- (iii) the consideration of HK\$1,650,000,000 for the Proposed Acquisition pursuant to the conditional sale and purchase agreement dated 11 December 2014 (as amended and supplemented by the supplemental agreements dated 30 March 2015 and 12 June 2015 respectively) entered into between the Company as purchaser, Unique Talent Group Limited as vendor and Jiu hao Health as guarantor. The consideration shall be settled as to (i) HK\$600,000,000 by cash and (ii) HK\$1,050,000,000 by the issue of a share entitlement note, which entitles the holder thereof to call for the allotment and issue of 1,500,000,000 new ordinary shares of Company at a price of HK\$0.70 per ordinary share. The Proposed Acquisition is conditional upon the fulfillment and/or waiver (as the case may be) of the conditions precedent set out in the conditional sale and purchase agreement dated 11 December 2014 (as amended and supplemented by the supplemental agreements dated 30 March 2015 and 12 June 2015 respectively).

### 30. Material related party transactions

Save as disclosed elsewhere in the condensed consolidated financial statements, the Group had entered into the following material related party transactions:

- (a) Remuneration for key management personnel, including amounts paid to the Company's directors and certain of the highest paid employees for the six months ended 30 June 2015 and 2014, is as follows:

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Salaries and other allowances	9,706	7,905
Contributions to retirement benefit schemes	45	39
Share-based payment expenses	—	1,205

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 30. Material related party transactions (Continued)

(b) Loan (from)/to related parties (net of impairment loss, if any):

Name of related party	At 30 June 2015 HK\$'000 (Unaudited)	At 31 December 2014 HK\$'000 (Audited)
Amount due from an associate — Spark Concept Group Limited (Note i)	3,528	3,528
Interest bearing other borrowing from Koffman Investment (Note ii and note 26)	(2,617)	(2,450)

Notes:

- (i) The amount due from an associate is unsecured, interest-free and repayable on demand.
- (ii) During the six months ended 30 June 2015, interest on other borrowings of HK\$53,000 was paid to Koffman Investment.

### (c) Other transaction

During the six months ended 30 June 2015, EDS Distribution Limited, a non-wholly owned subsidiary of the Company, paid rental of HK\$240,000 to Koffman Corporate Service Limited, which is wholly and beneficially owned by Mr. Yu Zhen Hua, Johnny (the former chairman of the board of directors of EDS Wellness and a former director of EDS Wellness).

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 31. Fair value measurements

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

Some of the Group's financial instruments are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value at 30 June 2015 HK\$'000 (Unaudited)	Fair value at 31 December 2014 HK\$'000 (Audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
Available-for-sale financial assets						
– Listed equity securities	–	68,715	Level 1	Quoted bid prices in an active market	N/A	N/A
Financial assets at fair value through profit or loss						
– Listed equity securities	786,831	598,705	Level 1	Quoted bid prices in an active market	N/A	N/A

There were no transfers between Level 1 and 2, or transfers into or out of Level 3 in the current and prior periods.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 31. Fair value measurements (Continued)

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

Except as detailed in the following table, the directors of the Company consider that the carrying amounts of other financial assets and liabilities recognised in the condensed consolidated financial statements approximate their fair values.

Financial assets	At 30 June 2015		At 31 December 2014	
	Carrying amount HK\$'000 (Unaudited)	Fair Value HK\$'000 (Unaudited)	Carrying amount HK\$'000 (Audited)	Fair Value HK\$'000 (Audited)
Available-for-sale financial assets				
– Unlisted debt security	172	280	172	280

### 32. Contingent liabilities

At 30 June 2015, the Group had the following material contingent liabilities:

- (a) On 15 April 2010, a claim was brought by China Finance & Assets Management Limited (“**China Finance**”) in High Court Action No. 526 of 2010 against Rexdale Investment Limited (“**Rexdale**”), a wholly owned subsidiary of the Company, for failing to pay a service fee in the sum of HK\$25,000,000 to China Finance. No provision for the claim was made in the condensed consolidated financial statements of the Group for the six months ended 30 June 2015 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.
- (b) On 20 March 2014, the Company announced that it came to its attention that a writ of summons in High Court Action No. 9 of 2014 was issued by The Grande Holdings Limited (in liquidation), Roderick John Sutton (as joint and several provisional liquidator of The Grande Holdings Limited), Fok Hei Yu (as joint and several provisional liquidator of The Grande Holdings Limited) and 65 other companies listed as plaintiffs against 25 defendants inclusive of One Synergy Limited (“**One Synergy**”), a wholly owned subsidiary of the Company. One Synergy has, as at the date of the condensed consolidated financial statements, not been served with the writ.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 32. Contingent liabilities (Continued)

(b) (Continued)

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 (Nominees) Ltd., being one of the plaintiffs, and The Grand Limited to Lafe Corporation Limited on or about 29 June 2007. The principal assets of Rexdale were the whole of the 1st floor and the flat roof, the whole of 6th to 12th floors, roof, external walls, two lavatories, three lorry parking spaces and eight private car parking spaces on the ground floor of an industrial building located in Kwun Tong, Kowloon, Hong Kong with a total gross floor of approximately 139,412 square feet exclusive of lavatories, lorry and private car parking spaces, flat roof and roof (collectively, the "**Kwun Tong Properties**"). The Kwun Tong Properties was sold by Rexdale to Grand Reward Limited, an independent third party, in July 2013.

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

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2015

### 32. Contingent liabilities (Continued)

- (c) On 23 January 2015, EDS Wellness received a writ of summons in High Court Action No. 200 of 2015 issued by Mr. Shum as plaintiff against EDS Wellness as defendant for the following claims:
- (i) the Judgment in High Court Action No. 1775 of 2012 dated 6 September 2013 (the “**Summary Judgment**”), pursuant to which the Court of First Instance of the High Court of Hong Kong (the “**Court of First Instance**”) adjudged that Mr. Shum (1) do pay EDS Wellness the sum of HK\$39,128,000 together with contractual interest thereon calculated from day to day at the rate of 30% per annum from 1 May 2013 to 6 September 2013, and thereafter at judgment rate pursuant to s.48 of High Court Ordinance until payment; and (2) shall pay EDS Wellness the costs of the action including the costs of and occasioned by EDS Wellness’ application for the Summary Judgment to be taxed if not agreed, entered against Mr. Shum be set aside;
  - (ii) loss and damages suffered by Mr. Shum as a result of the Summary Judgment being obtained against him;
  - (iii) an order for discovery upon oath of all matters relating to the Summary Judgment;
  - (iv) an order for payment of all sums found due to Mr. Shum together with the interest thereon at such rate and for such period as the Court of First Instance may deem just pursuant to the High Court Ordinance;
  - (v) the costs; and
  - (vi) further or other relief.
- (d) On 30 March 2015, EDS Wellness received a statement of claim in the High Court of Hong Kong filed by Mr. Shum in relation to High Court Action No. 200 of 2015.

## **Notes to the Condensed Consolidated Financial Statements** *(Continued)*

*For the six months ended 30 June 2015*

### **33. Events after the reporting period**

Subsequent to 30 June 2015 and up to the date of the condensed consolidated financial statements, the Group had the following material events:

- (a) On 24 August 2015, the proposed rights issue of 590,003,243 new ordinary shares to the qualifying shareholders of the Company on the basis of one new ordinary share for every one existing ordinary share held on 28 July 2015 at a subscription price of HK\$0.70 per ordinary share was completed.
- (b) Sparked by concerns over Mainland China's slowing economy continued to affect global markets, Hong Kong equities fell significantly in August 2015. As a result, the fair value of the Group's financial assets at fair value through profit or loss decreased from HK\$786,831,000 as at 30 June 2015 to HK\$591,526,000 as at the date of the condensed consolidated financial statements.

### **34. Approval of condensed consolidated financial statements**

The condensed consolidated financial statements were approved and authorised for issue by the Board on 28 August 2015.



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 information set out on pages 3 to 46, 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 2015 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The 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 directors of the Company are responsible for the preparation and presentation of the interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on the interim financial information 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 Hong Kong Institute of Certified Public Accountants. A review of the interim financial information 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 information is not prepared, in all material respects, in accordance with HKAS 34.

### **HLB Hodgson Impey Cheng Limited**

Certified Public Accountants

#### **Yu Chi Fat**

Practising Certificate Number: P05467

Hong Kong, 28 August 2015

## Management Discussion and Analysis

### Financial Review

During the six months ended 30 June 2015, the Group recorded a turnover of HK\$100,266,000, a 224.28% increase from HK\$30,920,000 for the previous period. This significant increase in turnover was attributable to the acquisition of a controlling interest in EDS Wellness Holdings Limited ("**EDS Wellness**", stock code: 8176), a 70.18% owned subsidiary of the Company, in July 2014 and the commencement of design and sale of jewelry products business in October 2014. Of the total turnover, HK\$35,717,000 was generated from money lending, HK\$20,703,000 was generated from sale of beauty products and provision of therapy services, HK\$42,161,000 was generated from sale of jewelry products and HK\$1,685,000 was generated from sale of financial assets. Profit attributable to owners of the Company for the six months ended 30 June 2015 amounted to HK\$244,339,000, an 857.63% increase from HK\$25,515,000 for the previous period. This significant increase was attributable to the recognition of (i) a gain of HK\$154,580,000 arising on change in fair value of financial assets at fair value through profit or loss and (ii) a gain of HK\$74,378,000 on disposal of available-for-sale financial assets.

Gross profit and gross profit margin for sale of beauty products and provision of therapy services in the six months ended 30 June 2015 were HK\$5,341,000 and 25.80% respectively. Gross profit and gross profit margin for sale of jewelry products in the six months ended 30 June 2015 were HK\$7,821,000 and 18.55% respectively.

Investment and other income increased by 56.46% from HK\$2,104,000 in the six months ended 30 June 2014 to HK\$3,292,000 in the six months ended 30 June 2015. This increase was mainly attributable to the dividend income of HK\$2,211,000 received from Hong Kong equities held by the Group during the six months ended 30 June 2015.

Other gains and losses represent items of income and expenses, which are material and/or extraordinary in nature. Major items of other gains recorded by the Group during the six months ended 30 June 2015 are as follows:

- (a) In April 2015, the Group disposed of 70,840,000 shares in China Star Cultural Media Group Limited ("**China Star Cultural**", now known as Lajin Entertainment Network Group Limited and stock code: 8172) at an average price of approximately HK\$1.41 per share on open market pursuant to the 12-month mandate granted to the directors by the shareholders at the Company's special general meeting held on 13 January 2015 and recognised a gain of HK\$74,378,000 on disposal of available-for-sale financial assets.

## Management Discussion and Analysis (Continued)

### Financial Review (Continued)

- (b) At the end of the reporting period, the Group measured its equity portfolio at market prices and recognised a gain of HK\$154,580,000 arising on change in fair value of financial assets at fair value through profit or loss.

Selling and distribution expenses mainly represent (i) advertising and promotion expenses incurred by the Group's sale of beauty products and provision of therapy services business and (ii) staff costs of sales team and overseas travelling expenses incurred by the Group's design and sale of jewelry business.

Administrative expenses (before depreciation) amounted to HK\$29,921,000 for the six months ended 30 June 2015, an 87.46% increase from HK\$15,961,000 for the previous period. This increase was mainly attributable to (i) the first half year effect of increase in administrative expenses resulted from the acquisition of a controlling interest in EDS Wellness in July 2014 and the commencement of the Group's design and sale of jewelry products business in October 2014, (ii) the legal and professional fees of HK\$1,416,000 incurred by EDS Wellness for the proposed subscription of 345,000,000 new shares in EDS Wellness and 30,000,000 new convertible preferred shares of EDS Wellness (the "**Proposed Subscription**"), the proposed continuing connected transaction, the proposed re-designation of authorised share capital and the proposed amendments to bye-laws announced by EDS Wellness on 15 April 2015 and (iii) the staff costs of HK\$1,788,000 incurred by EDS Wellness for employing 38 new staff in Mainland China for developing a new business, namely provision of in-flight WLAN and WIFI engineering and service.

For the six months ended 30 June 2015, Spark Concept Group Limited ("**Spark Concept**"), a 49% owned associate of the Group, and its subsidiaries reported a consolidated loss of HK\$432,000. As the Group's share of post-acquisition losses equals to its interests in Spark Concept, no further share of loss was recognised in the six months ended 30 June 2015.

Finance costs represent imputed interest on promissory notes, interest on finance leases and interest on loans incurred by EDS Wellness and its subsidiaries (the "**EDS Wellness Group**").

## Management Discussion and Analysis (Continued)

### Financial Review (Continued)

#### **Liquidity and financial resources**

During the six months ended 30 June 2015, 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\$2,144,651,000 at 31 December 2014 to HK\$2,375,000,000 at 30 June 2015.

At 30 June 2015, the cash and cash equivalents of the Group amounted to HK\$671,663,000 (31 December 2014: HK\$384,778,000).

At 30 June 2015, the Group had outstanding borrowings of HK\$10,277,000 (31 December 2014: HK\$10,374,000) representing (i) a loan of HK\$7,500,000 granted to EDS Wellness by an independent third party, which is interest bearing at 10.00% per annum, unsecured and maturing on 10 June 2016, (ii) a loan of HK\$2,617,000 granted to EDS Wellness by Koffman Investment Limited, a company which is 50% owned by Mr. Yu Zhen Hua Johnny (the former chairman of the board of directors of EDS Wellness and a former director of EDS Wellness), which is interest bearing at 5.00% per annum, unsecured and maturing on 25 August 2015 and (iii) the obligations under finance leases of HK\$160,000 of which (1) HK\$145,000 is interest bearing at 3.00% per annum and secured by a guarantee from Hong Kong Government, a joint and several guarantee from a director of a subsidiary and an independent third party and the Group's title to the leased assets, and (2) HK\$15,000 is non-interest bearing and secured by the Group's title to the leased assets.

#### **Gearing ratio**

At 30 June 2015, the gearing ratio calculated as a percentage of total borrowings over equity attributable to owners of the Company was 0.43% (31 December 2014: 0.48%).

#### **Net current assets and current ratio**

At 30 June 2015, the Group's net current assets and current ratio were HK\$1,971,078,000 (31 December 2014: HK\$1,695,226,000) and 12.09 (31 December 2014: 20.52) respectively.

## Management Discussion and Analysis (Continued)

### Financial Review (Continued)

#### Capital structure

In June 2015, the Company allotted and issued 42,330,000 new shares at a price of HK\$0.69 per share pursuant to the exercise of share options granted to a director, the employees and external consultants of the Group.

#### Use of proceeds from fund raising activities

On 24 January 2013, the Company raised HK\$29,931,000 by way of placing of 47,000,000 new shares under general mandate at a price of HK\$0.645 per share. The net proceeds from the placing of HK\$29,931,000 are intended to be used for property investment in Hong Kong in order to enrich the Group's investment property portfolio. At 30 June 2015, the net proceeds from the placing have not been applied as intended and are placed as interest bearing deposits with a licensed bank in Hong Kong.

#### Material acquisitions

During the six months ended 30 June 2015, the Group had no material acquisitions.

#### Material disposals

During the six months ended 30 June 2015, the Group had the following material disposals:

- (a) In April 2015, the Group disposed of 1,723,854,545 shares in China Star Entertainment Limited ("**China Star**", stock code: 326) at an average price of approximately HK\$0.133 per share pursuant to the 12-month mandate granted to the directors by the shareholders at the Company's special general meeting held on 18 December 2014. The disposal constitutes a major transaction of the Company under the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and was approved by the shareholders at the Company's special general meeting held on 18 December 2014.
- (b) In April 2015, the Group disposed of 70,840,000 shares in China Star Cultural at an average price of approximately HK\$1.41 per share pursuant to the 12-month mandate granted to the directors by the shareholders at the Company's special general meeting held on 13 January 2015. The disposal constitutes a major transaction of the Company under the Listing Rules and was approved by the shareholders at the Company's special general meeting held on 13 January 2015.

## Management Discussion and Analysis (Continued)

### Financial Review (Continued)

#### **Pledge of assets**

At 30 June 2015, the Group's restricted bank deposits of HK\$19,759,000 (31 December 2014: HK\$19,701,000) were deposits held at banks in respect of credit card and instalment sales arrangement of its sale of beauty products and provision of therapy services business. In addition, the Group's obligations under finance leases were secured by the Group's title to the leased assets, which had an aggregate carrying amount of HK\$43,000 (31 December 2014: HK\$363,000).

#### **Commitments**

At 30 June 2015, the Group had a total commitment of HK\$1,959,000,000 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 and supplemented by the supplemental agreements dated 28 March 2011, 29 June 2012 and 31 December 2013 respectively). The subscription of the second tranche of convertible notes is conditional upon the fulfilment 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) Loan commitments in the aggregate principal amount of HK\$9,000,000 pursuant to the building mortgages and the loan agreements entered into between the Group and its customers.
- (c) The consideration of HK\$1,650,000,000 for the proposed acquisition of the entire shareholding interest in Smart Title Limited and the assignment of the shareholder's loan due by Smart Title Limited (the "**Proposed Acquisition**") pursuant to the conditional sale and purchase agreement (as amended and supplemented by the supplemental agreements dated 30 March 2015 and 12 June 2015 respectively) entered into between the Company as purchaser, Unique Talent Group Limited, a wholly owned subsidiary of China Jiu hao Health Industry Corporation Limited ("**Jiu hao Health**", stock code: 419), as vendor and Jiu hao Health as guarantor on 11 December 2014. The consideration shall be settled as to (i) HK\$600,000,000 by cash and (ii) HK\$1,050,000,000 by the issue of a share entitlement note, which entitles the holder thereof to call for the allotment and issue of 1,500,000,000 new shares in Company at a price of HK\$0.70 per share. The Proposed Acquisition is conditional upon the fulfilment and/or waiver (as the case may be) of the conditions precedent set out in the conditional sale and purchase agreement dated 11 December 2014 (as amended and supplemented by the supplemental agreements dated 30 March 2015 and 12 June 2015 respectively).

## Management Discussion and Analysis (Continued)

### Financial Review (Continued)

#### Exchange risk and hedging

As the majority of the Group's transactions, assets and liabilities are denominated in Hong Kong dollars and United States dollars, the exchange risk of the Group is considered to be minimal. Accordingly, no financial instruments for hedging purposes have been used by the Group.

#### Contingent liabilities

At 30 June 2015, the Group had the following material contingent liabilities:

- (a) On 15 April 2010, a claim was brought by China Finance & Assets Management Limited ("**China Finance**") in High Court Action No. 526 of 2010 against Rexdale Investment Limited ("**Rexdale**"), a wholly owned subsidiary of the Company, for failing to pay a service fee in the sum of HK\$25,000,000 to China Finance. No provision for the claim was made in the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2015 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.
  
- (b) On 20 March 2014, the Company announced that it came to its attention that a writ of summons in High Court Action No. 9 of 2014 was issued by The Grande Holdings Limited (in liquidation), Roderick John Sutton (as joint and several provisional liquidator of The Grande Holdings Limited), Fok Hei Yu (as joint and several provisional liquidator of The Grande Holdings Limited) and 65 other companies listed as plaintiffs against 25 defendants inclusive of One Synergy Limited ("**One Synergy**"), a wholly owned subsidiary of the Company. One Synergy has, as at the date of this interim report, 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).

## Management Discussion and Analysis (Continued)

### Financial Review (Continued)

### Contingent liabilities (Continued)

(b) (Continued)

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 (Nominees) Ltd., being one of the plaintiffs, and The Grand Limited to Lafe Corporation Limited on or about 29 June 2007. The principal assets of Rexdale were the whole of the 1st floor and the flat roof, the whole of 6th to 12th floors, roof, external walls, two lavatories, three lorry parking spaces and eight private car parking spaces on the ground floor of an industrial building located in Kwun Tong, Kowloon, Hong Kong with a total gross floor of approximately 139,412 square feet exclusive of lavatories, lorry and private car parking spaces, flat roof and roof (collectively, the “**Kwun Tong Properties**”). The Kwun Tong Properties was sold by Rexdale to Grand Reward Limited, an independent third party, in July 2013.

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

## Management Discussion and Analysis (Continued)

### Financial Review (Continued)

#### Contingent liabilities (Continued)

- (c) On 23 January 2015, EDS Wellness received a writ of summons in High Court Action No. 200 of 2015 issued by Mr. Shum Yeung (“**Mr. Shum**”) as plaintiff against EDS Wellness as defendant for the following claims:
- (i) the Judgment in High Court Action No. 1775 of 2012 dated 6 September 2013 (the “**Summary Judgment**”), pursuant to which the Court of First Instance of the High Court of Hong Kong (the “**Court of First Instance**”) adjudged that Mr. Shum (1) do pay EDS Wellness the sum of HK\$39,128,000 together with contractual interest thereon calculated from day to day at the rate of 30% per annum from 1 May 2013 to 6 September 2013, and thereafter at judgment rate pursuant to s.48 of High Court Ordinance until payment; and (2) shall pay EDS Wellness the costs of the action including the costs of and occasioned by EDS Wellness’ application for the Summary Judgment to be taxed if not agreed, entered against Mr. Shum be set aside;
  - (ii) loss and damages suffered by Mr. Shum as a result of the Summary Judgment being obtained against him;
  - (iii) an order for discovery upon oath of all matters relating to the Summary Judgment;
  - (iv) an order for payment of all sums found due to Mr. Shum together with the interest thereon at such rate and for such period as the Court of First Instance may deem just pursuant to the High Court Ordinance;
  - (v) the costs; and
  - (vi) further or other relief.
- (d) On 30 March 2015, EDS Wellness received a statement of claim in the High Court of Hong Kong filed by Mr. Shum in relation to High Court Action No. 200 of 2015.

## Management Discussion and Analysis (Continued)

### Financial Review (Continued)

#### **Employees and remuneration policy**

At 30 June 2015, the headcount of the Group was 121 (2014: 13). Total staff costs (including directors' remuneration) amounted to HK\$22,792,000 in the six months ended 30 June 2015 (six months ended 30 June 2014: HK\$9,898,000). The increase was attributable to the increase in headcount resulted from (i) the acquisition of a controlling interest in EDS Wellness in July 2014, (ii) the recruitment of 38 new staff in Mainland China by EDS Wellness in May 2015 for developing the provision of in-flight WLAN and WIFI engineering and service business and (iii) the commencement of the design and sale of jewelry products business in October 2014. In addition to basic salaries, provident fund and discretionary bonus, staff benefits include medical scheme and share options.

#### **Operations Review**

During the six months ended 30 June 2015, no revenue was generated from the Group's film distribution business as the Group was not able to secure quality films at reasonable prices for distribution.

During the six months ended 30 June 2015, the Group acquired Hong Kong equities with market value of HK\$479,173,000. The Group's sale of financial assets business recorded a profit of HK\$1,685,000, which represents a gain of HK\$5,565,000 on disposal of Hong Kong equities and a loss of HK\$3,880,000 on disposal of 1,723,854,545 shares in China Star pursuant to the 12-month mandate granted to the directors by the shareholders at the Company's special general meeting held on 18 December 2014. At 30 June 2015, the Group measured its equity portfolio at market prices and recorded a gain of HK\$154,580,000 arising on change in fair value of financial assets at fair value through profit or loss.

During the six months ended 30 June 2015, the Group's money lending business generated interest income on loans of HK\$35,717,000, a 0.67% decrease as compared to the previous period. This decrease was attributable to certain customers early repaid their outstanding loans prior to maturity. The average monthly balance of loans receivables decreased from HK\$865,963,000 in the six months ended 30 June 2014 to HK\$835,000,000 in the six months ended 30 June 2015. During the period under review, the Group granted new loans in the aggregate principal amount of HK\$221,000,000 to its customers and received loans repayment of HK\$336,000,000 from its customers. At the end of the reporting period, the directors assessed the collectability of loan receivables. As there was no objective evidence that the Group would not be able to collect all amounts due, no impairment loss on loan receivables was recognised. At 30 June 2015, the Group's loans receivables together with accrued interest receivables amounted to HK\$833,401,000 (31 December 2014: HK\$950,549,000).

## Management Discussion and Analysis (Continued)

### Operations Review (Continued)

The Group has commenced its design and sale of jewelry products business since October 2014. The design and sale of jewelry products business involves product design, sale and marketing, but does not involve manufacturing of jewelry products. The manufacturing of the jewelry products is outsourced to subcontractors, who are independent third parties. The jewelry products comprise rings, earrings, bracelets, bangles, brooches, necklaces and pendants made of diamonds, gemstones, pearls and precious metals. Target customers are mainly jewelry wholesalers and retailers in Hong Kong, Europe, the United States of America and Canada. During the six months ended 30 June 2015, the Group's design and sale of jewelry products business generated a turnover of HK\$42,161,000 and reported a profit of HK\$2,937,000. At 30 June 2015, the Group's inventories of jewelry products, including raw materials, work-in-progress and finished goods, amounted to HK\$39,564,000 and the Group's design and sale of jewelry products business had undelivered sale orders amounted to HK\$1,500,000.

The EDS Wellness Group is principally engaged in sale of beauty products and provision of therapy services. During the six months ended 30 June 2015, the EDS Wellness Group generated a turnover of HK\$20,703,000 and incurred a loss of HK\$7,458,000, of which HK\$5,867,000 was attributable to owners of the Company. Of the total turnover, HK\$2,124,000 was generated from sale of beauty products and HK\$18,579,000 was generated from provision of therapy services. The reporting of a loss of HK\$7,458,000 by the EDS Wellness Group was mainly attributable to (i) a substantial decrease in the sale of personal care products under the brand name "Evidens de Beauté" resulted the slowdown of the growth of Mainland China visitors and the weakening of Mainland China tourists' spending power, (ii) the legal and professional fees of HK\$1,416,000 incurred by EDS Wellness for the Proposed Subscription, the proposed continuing connected transaction, the proposed re-designation of authorised share capital and the proposed amendments to bye-laws announced by EDS Wellness on 15 April 2015 and (iii) the staff costs of HK\$1,788,000 incurred by EDS Wellness for employing 38 new staff in Mainland China for developing the provision of in-flight WLAN and WIFI engineering and service business.

## Management Discussion and Analysis *(Continued)*

### Operations Review *(Continued)*

On 28 June 2013, the shareholders granted a 12-month mandate to the directors for disposing of the shares in China Star held by the Group. The Group disposed of 2,369,934,650 shares in China Star under the 12-month mandate granted on 28 June 2013. Such 12-month mandate was expired on 27 June 2014. On 7 November 2014, the directors proposed to seek approvals from the shareholders for granting another 12-month mandate to the directors for disposing of the remaining 1,723,854,545 shares in China Star held by the Group. The 12-month disposal mandate for disposing of the remaining 1,723,854,545 shares in China Star constitutes a major transaction of the Company and was approved by the shareholders at the special general meeting of the Company on 18 December 2014. In April 2015, the Group disposed of 1,723,854,545 shares in China Star at an average selling price of approximately HK\$0.133 per share and recognised a loss of HK\$3,880,000 in its sale of financial assets business. At 30 June 2015, the Group did not held any shares in China Star.

On 5 December 2014, the directors proposed to seek approvals from the shareholders for granting a 12-month mandate to the directors for disposing of up to 146,640,000 shares in China Star Cultural held by the Group. The 12-month disposal mandate for disposing of up to 146,640,000 shares in China Star Cultural constitutes a major transaction of the Company and was approved by the shareholders at the special general meeting of the Company on 13 January 2015. Prior to the approval of the 12-month disposal mandate, the Group disposed of 75,800,000 shares in China Star Cultural in a series of transactions on open market on 19 December 2014. In April 2015, the Group disposed of the remaining 70,840,000 shares in China Star Cultural at average selling price of approximately HK\$1.41 per share. As a result, the Group recognised a gain of HK\$74,378,000 on disposal of available-for-sale financial assets. At 30 June 2015, the Group did not held any shares in China Star Cultural.

## Management Discussion and Analysis (Continued)

### Operations Review (Continued)

To expand its property investment business into Mainland China, the Company as purchaser entered into a conditional sale and purchase agreement with Unique Talent Group Limited as vendor and Jiu hao Health as guarantor relating to the Proposed Acquisition on 11 December 2014. On 30 March 2015, the parties to the conditional sale and purchase agreement entered into a supplemental agreement in relation to the amendments of the forms of the club lease agreement and the share entitlement note attached to the conditional sale and purchase agreement. On 12 June 2015, the parties to the conditional sale and purchase agreement entered into another supplemental agreement in relation to the extension of the long stop date of the conditional sale and purchase agreement. Smart Title Limited and its subsidiaries have two major assets, which are (i) the rights to manage and operate a membership-based golf club and resort in Beijing (the “**Club**”) up to 31 December 2051 and (ii) the rights to develop and operate a land adjacent to the Club (the “**Subject Land**”) and the rights to manage the properties erected on the Subject Land up to 30 January 2062. Both the Club and the Subject Land are located in Beijing. The Subject Land is intended to be developed into a low-density deluxe hotel villas community and a high-end hotel apartment complex. The Group intends to hold the Club and the Subject Land as long-term investments for rental purposes. The consideration of HK\$1,650,000,000 for the Proposed Acquisition shall be settled as to (i) HK\$600,000,000 by cash and (ii) HK\$1,050,000,000 by the issue of the share entitlement note, which entitles the holder thereof to call for the allotment and issue of 1,500,000,000 new shares in Company at a price of HK\$0.70 per share. For the cash consideration of HK\$600,000,000, HK\$402,702,000 will be financed by the net proceeds from the proposed rights issue announced by the Company on 15 May 2015, HK\$114,300,000 will be financed by the rental income for the first five years of RMB90,000,000 (equivalent to HK\$114,300,000) under the club lease agreement to be entered into between the Group and Jiu hao Health upon completion of the Proposed Acquisition and the balance of HK\$82,998,000 will be financed by the Group’s internal resources. At 30 June 2015, a refundable deposit of HK\$60,000,000 has been paid to Jiu hao Health. The conditional sale and purchase agreement dated 11 December 2014 (as amended and supplemented by the supplemental agreements dated 30 March 2015 and 12 June 2015 respectively) and the transactions contemplated thereunder constitute (i) a very substantial acquisition of the Company under the Listing Rules and (ii) the issue of new shares under specific mandate, which are subject to the approval of the shareholders of the Company in accordance with the requirements of the Listing Rules. The circular for convening the special general meeting for approving the conditional sale and purchase agreement dated 11 December 2014 (as amended and supplemented by the supplemental agreements dated 30 March 2015 and 12 June 2015 respectively) is being prepared by the Company and will be despatched to the shareholders as soon as practicable.

## Management Discussion and Analysis *(Continued)*

### Operations Review *(Continued)*

On 11 February 2015, the Group as purchaser entered into a conditional sale and purchase agreement with an independent third party as vendor in relation to a proposed acquisition of approximately 74.63% of the issued share capital of a company listed on the Growth Enterprise Market of the Stock Exchange (the “**Target Company**”) which constitutes a very substantial acquisition for the Company under the Listing Rules and lead to a change in control of the Target Company and the Group may be required to make a mandatory general offer under the Hong Kong Code on Takeovers and Mergers in cash for all the shares and relevant securities of the Target Company (other than those already owned by or agreed to be acquired by the Group and parties acting in concert in it). On 20 May 2015, the Company announced that on 19 May 2015, the parties to the conditional sale and purchase agreement entered into a termination agreement, pursuant to which, the parties to the conditional sale and purchase agreement mutually, irrevocably and unconditionally agreed that the conditional sale and purchase agreement be terminated and cease to have any effect. Since the issues raised by the Stock Exchange concerning the level of operations of the remaining subsidiaries of the Target Company which will not be disposed are unlikely to be resolved for the time being and given the longstop date for fulfilling all the conditions precedent under the conditional sale and purchase agreement will fall on 22 June 2015 (unless it is otherwise extended by the parties), the parties to the conditional sale and purchase agreement consider that it is unlikely that such conditions precedent can be fulfilled by the longstop date under the current situation. As the prolonged suspension of trading in the shares of the Company is not in the interests of the Company and its shareholders as a whole, the Company decided to enter into the termination agreement.

## Management Discussion and Analysis *(Continued)*

### Operations Review *(Continued)*

With a view to improve its profitability, EDS Wellness as issuer entered into a conditional subscription agreement with six investors as subscribers relating to the Proposed Subscription on 17 February 2015. The directors believe that the entering into of the conditional subscription agreement represents a good opportunity for EDS Wellness to (i) raise a substantial amount of additional funds for future business development in in-flight WLAN and WIFI engineering and service business in Mainland China which is in a segment difference from the existing business of EDS Wellness, (ii) improve its financial position and liquidity and (iii) leverage on the expertise and business network of Mr. Cai Zhaoyang, who is the majority shareholder and the sole director of the major subscriber, to take advantage of the expected strong growth in the avionic engineering and service sector in Mainland China. Upon completion of the Proposed Subscription, the Group is deemed to dispose of a substantial percentage in its shareholding interest in EDS Wellness and EDS Wellness will cease to be a subsidiary of the Company. The Group's investment in EDS Wellness will be accounted for as available-for-sale investment. The directors consider that, following the completion of the Proposed Subscription, the Group as a shareholder holding its investment in EDS Wellness will continue to benefit from the increase in market price of shares in EDS Wellness driven by the improvement in EDS Wellness' profitability. On 19 June 2015, the parties to the conditional subscription agreement entered into a supplemental agreement in relation to the extension of the longstop date of the conditional subscription agreement. On 28 August 2015, the parties to the conditional subscription agreement entered into another supplemental agreement in relation to the further extension of the longstop date of the conditional subscription agreement. The conditional subscription agreement dated 17 February 2015 (as amended and supplemented by the supplemental agreements dated 19 June 2015 and 28 August 2015 respectively) and the transactions contemplated thereunder are subject to the approval of the independent shareholders of EDS Wellness in accordance with the requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange. The conditional subscription agreement dated 17 February 2015 (as amended and supplemented by the supplemental agreements dated 19 June 2015 and 28 August 2015 respectively) and the transactions contemplated thereunder also constitute a major transaction of the Company under the Listing Rules and are subject to the approval of the shareholders of the Company in accordance with the requirements of the Listing Rules. The circulars for convening the special general meetings for approving the conditional subscription agreement dated 17 February 2015 (as amended and supplemented by the supplemental agreements dated 19 June 2015 and 28 August 2015 respectively) are being prepared by the Company and EDS Wellness and will be despatched to the shareholders of the Company and EDS Wellness as soon as practicable.

## Management Discussion and Analysis (Continued)

### Operations Review (Continued)

On 15 May 2015, the Company announced the proposed issue of not less than 547,673,243 new shares and not more than 593,921,844 new shares by way of rights to the qualifying shareholders of the Company on the basis of one new share for every one existing share held on 28 July 2015 at a subscription price of HK\$0.70 per share. The proposed rights issue is one of the conditions precedents to complete the Proposed Acquisition. The proposed rights issue was expected to raise not less than HK\$373,100,000 but not more than HK\$405,470,000 (net of expenses). The net proceeds from the proposed rights issue are used for financing the Proposed Acquisition. The proposed rights issue was approved by the shareholders, other than the directors and their respective associates at the special general meeting of the Company held on 16 July 2015. The proposed rights issue was completed on 24 August 2015.

Spark Concept and its subsidiaries (collectively, the “**Spark Concept Group**”) are operating three Japanese noodle shops in Central, Quarry Bay and Hunghom. During the six months ended 30 June 2015, the Spark Concept Group reported a loss of HK\$432,000, a 35.00% increase from HK\$320,000 for the correspondence period in 2014. 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 period under review. In spite of raising food and staff costs, the Spark Concept Group still achieved a cashflow breakeven in its operation in the six months ended 30 June 2015. During the six months ended 30 June 2015, no further cash was advanced to the Spark Concept Group by its shareholders. At 30 June 2015, the Spark Concept Group owed the Group an amount of HK\$7,393,000 (before impairment of HK\$3,865,000), which is unsecured, non-interest bearing and repayable on demand. On 30 June 2015, the Spark Concept Group as purchaser entered into a sale and purchase agreement with an independent third party as vendor in relation to the sale and purchase of the entire issued share capital of and the shareholder’s loan due by a company incorporated in Hong Kong with limited liability at a consideration of HK\$600,000. The acquisition is for the purpose of opening a high-end Japanese restaurant in Central. The high-end Japanese restaurant is expected to be opened in October 2015.

### Future Prospects

As the Federal Reserve is still expected to raise its policy rate before the end of 2015, the Hong Kong equity market faces the challenges from a strong United States dollars and potential volatility from the Federal Reserve’s policy normalisation. In addition, concerns over Mainland China’s slowing economy sparked market corrections in all major equity markets in August 2015. Accordingly, the directors expect the Hong Kong equity market remains volatile in the remainder of 2015. The directors will cautiously monitor the equity market, change the Group’s equities portfolio mix from time to time and realise the Group’s equities into cash as and when appropriate. The Group will continue to adopt a conservative investment approach to its sale of financial assets business in 2015.

## Management Discussion and Analysis *(Continued)*

### **Future Prospects** *(Continued)*

The new round of mortgage-tightening measures targeting small to medium size flats rolled out by the Hong Kong Monetary Authority in February 2015 to cool the overheated housing market did not weaken market sentiment. Property prices have continued to break new records. The directors expect the property prices will remain at the current expensive level, instead of experiencing a drastic decline, in 2015. The directors believe that, if the property prices continue to grow by another 5% to 10% in the next few months, further cooling measures will be rolled out by the Hong Kong Monetary Authority. As such, the Group has adopted a wait-and-see approach towards its property investment business in Hong Kong. For the expansion of the Group's property investment business into Mainland China, it is expected that the Proposed Acquisition will be completed in the third quarter of 2015.

With the active expansion in the second half of 2013 and the first half of 2014, the Group's money lending business recorded a significant growth in the year ended 31 December 2014 as compared to the previous year. The Group will slow down its pace of expanding money lending business in 2015 as certain internal cash resources of the Group will be allocated to finance the operations of Smart Title Limited and its subsidiaries, if the Proposed Acquisition is completed. Therefore, it is expected that there will be a decrease in interest income on loans in 2015 as compared to 2014.

According to the Census and Statistic Department, the total retail sales in Hong Kong for the first quarter of 2015 were down by 2.3% year-on-year. With the implementation of a tightened policy on Chinese tourists in response to mounting concern on capacity constraints, the directors do not expect any growth in EDS Wellness' sale of beauty products and provision of therapy services in 2015.

The Group's design and sale of jewelry products business recorded a positive result since its commencement in October 2014. Consumer spending in the countries where the Group's target customers locate were weak in the first quarter of 2015. As the current economic indicators suggest the economies of these countries are finding momentum in the second quarter, consumer spending in these countries rebounded stronger than expected in recent months. The directors predict consumer spending in these countries could be fairly strong in 2015 as low inflation gives households more disposable income to spend. Accordingly, the directors anticipate that the sales volume will show a moderate growth in 2015. In order to solidify the foundation of the Group's design and sale of jewelry products business, business plans, which include setting up overseas subsidiaries and participating overseas tradeshow and exhibitions, are being formulated for increasing direct export sales to jewelry wholesalers and retailers in Europe and the Middle East.

## Management Discussion and Analysis *(Continued)*

### Events after the Reporting Period

Subsequent to 30 June 2015 and up to the date of this interim report, the Group had the following material events:

- (a) On 24 August 2015, the proposed rights issue of 590,003,243 new shares to the qualifying shareholders of the Company on the basis of one new share for every one existing share held on 28 July 2015 at a subscription price of HK\$0.70 per share was completed.
- (b) Sparked by concerns over Mainland China's slowing economy continued to affect global markets, Hong Kong equities fell significantly in August 2015. As a result, the fair value of the Group's financial assets at fair value through profit or loss decreased from HK\$786,831,000 as at 30 June 2015 to HK\$591,526,000 as at the date of this interim report.

## 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 2015 (six months ended 30 June 2014: HK\$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. Lei Hong Wai, the Chairman of the Board and an executive director of the Company, has been appointed as an executive director of Man Sang International Limited, a company listed on the Main Board of the Stock Exchange under stock code: 938, with effect from 26 June 2015;
- (b) Mr. Cheung Kwok Wai, Elton, an executive director of the Company, has been appointed as an executive director of Man Sang International Limited, with effect from 26 June 2015; and
- (c) a discretionary bonus of HK\$3,000,000 was paid to Mr. Chan Kin Wah, Billy, an executive director of the Company, on 5 August 2015.

### Directors' and Chief Executive's Interests in Shares and Underlying Shares

At 30 June 2015, the interests of the directors and chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of 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:

## Additional Information Required by the Listing Rules (Continued)

### Directors' and Chief Executive's Interests in Shares and Underlying Shares (Continued)

#### Long positions

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

Directors	Note	Capacity	Number of issued shares held	Approximate percentage of the issued share capital of the Company
Mr. Lei Hong Wai	1	Held by controlled corporations	105,708,000	17.92%
Mr. Cheung Kwok Wai, Elton	1	Held by controlled corporations	105,708,000	17.92%
Mr. Cheung Kwok Fan	1	Held by controlled corporations	105,708,000	17.92%
Mr. Chan Kin Wah, Billy		Beneficial owner	6,319,500	1.07%

#### Note:

- 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.

- b. Share options

Directors	Capacity	Number of share options held	Number of underlying shares
Mr. Lei Hong Wai	Beneficial owner	950	950
Mr. Chan Kin Wah, Billy	Beneficial owner	950	950

## Additional Information Required by the Listing Rules (Continued)

### Directors' and Chief Executive's Interests in Shares and Underlying Shares (Continued)

#### Long positions (Continued)

c. Derivatives to ordinary shares of HK\$0.01 each of the Company

Directors	Note	Capacity	Number of derivatives (physically settled)	Number of underlying shares
Mr. Lei Hong Wai	1	Held by controlled corporations	105,708,000	105,708,000
Mr. Cheung Kwok Wai, Elton	1	Held by controlled corporations	105,708,000	105,708,000
Mr. Cheung Kwok Fan	1	Held by controlled corporations	105,708,000	105,708,000

Note:

1. The derivatives (physically settled) represent the irrevocable undertaking given by Twin Success International Limited to the Company and Kingston Securities Limited to accept or procure the acceptance for 105,708,000 new shares to be allotted and issued to it under its provisional pro-rata entitlement pursuant to the rights issue announced by the Company on 15 May 2015.

Other than the holdings disclosed above, none of the directors, chief executive and 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 2015.

## Additional Information Required by the Listing Rules (Continued)

### 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 2014 annual report. Details of movements in the Company's share options during the six months ended 30 June 2015 are set out as follows:

Share options type	Number of share options					Outstanding at 30 June 2015
	Outstanding at 1 January 2015	Granted during the period	Exercised during the period	Lapsed during the period		
<b>Directors and chief executive</b>						
Mr. Lei Hong Wai	2007B	950	–	–	–	950
		950	–	–	–	950
Mr. Chan Kin Wah, Billy	2007B	950	–	–	–	950
	2014A	1,600,000	–	–	(1,600,000)	–
	2014B	3,870,000	–	(3,870,000)	–	–
		5,470,950	–	(3,870,000)	(1,600,000)	950
Total directors and chief executive		5,471,900	–	(3,870,000)	(1,600,000)	1,900
<b>Employees and consultants</b>						
	2007A	4,588	–	–	–	4,588
	2007B	22,113	–	–	–	22,113
	2014A	24,760,000	–	–	(24,760,000)	–
	2014B	42,350,000	–	(38,460,000)	–	3,890,000
Total employees and consultants		67,136,701	–	(38,460,000)	(24,760,000)	3,916,701
<b>Total</b>		<b>72,608,601</b>	<b>–</b>	<b>(42,330,000)</b>	<b>(26,360,000)</b>	<b>3,918,601</b>
<b>Exercisable at the end of the period</b>						<b>3,918,601</b>

## Additional Information Required by the Listing Rules (Continued)

### 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\$1,549.705
2007B	31 May 2007	31 May 2007 to 30 May 2017	HK\$2,306.876
2014A	8 January 2014	8 January 2014 to 7 January 2015	HK\$0.84
2014B	2 September 2014	2 September 2014 to 1 September 2015	HK\$0.69

### Substantial Shareholders

At 30 June 2015, 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

Shareholders	Notes	Capacity	Number of issued shares held	Approximate percentage of the issued share capital of the Company
Twin Success International Limited	1	Beneficial owner	105,708,000	17.92%
Silver Pacific International Limited	1 and 2	Held by controlled corporation	105,708,000	17.92%
Silver Pacific Development Limited	1 and 3	Held by controlled corporation	105,708,000	17.92%
Mr. Lei Hong Wai	1 and 2	Held by controlled corporations	105,708,000	17.92%

## Additional Information Required by the Listing Rules (Continued)

### Substantial Shareholders (Continued)

#### Long positions (Continued)

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

Shareholders	Notes	Capacity	Number of issued shares held	Approximate percentage of the issued share capital of the Company
Mr. Cheung Kwok Wai, Elton	1 and 3	Held by controlled corporations	105,708,000	17.92%
Mr. Cheung Kwok Fan	1 and 3	Held by controlled corporations	105,708,000	17.92%
Asia Vest Partners VII Limited	4	Held by controlled corporations	129,412,174	9.95%
Asia Vest Partners X Limited	4	Held by controlled corporations	129,412,174	9.95%
Asia Vest Partners Limited	4	Held by controlled corporations	129,412,174	9.95%
Mr. Andrew Nan Sherrill	4	Held by controlled corporations	129,412,174	9.95%
Kingston Securities Limited	5	Beneficial owner	1	0.00%
Galaxy Sky Investments Limited	5	Held by controlled corporations	1	0.00%
Kingston Capital Asia Limited	5	Held by controlled corporations	1	0.00%
Kingston Financial Group Limited	5	Held by controlled corporations	1	0.00%

## Additional Information Required by the Listing Rules (Continued)

### Substantial Shareholders (Continued)

#### Long positions (Continued)

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

Shareholders	Notes	Capacity	Number of issued shares held	Approximate percentage of the issued share capital of the Company
Active Dynamic Limited	5	Held by controlled corporations	1	0.00%
Ms. Chu Yuet Wah	5	Held by controlled corporations	1	0.00%

#### 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.
4. The number of ordinary shares held and the approximate percentage of the issued share capital of the Company are based on the Disclosure of Interests Notices filed to the Company by the relevant shareholders on 4 September 2007.
5. Kingston Securities Limited is a wholly owned subsidiary of Galaxy Sky Investments Limited, which is wholly owned by Kingston Capital Asia Limited. Kingston Capital Asia Limited is wholly owned by Kingston Financial Group Limited. Active Dynamic Limited owns 49.19% interest in Kingston Financial Group Limited. Ms. Chu Yuet Wah owns 100% interest in Active Dynamic Limited.

- b. Share options

Shareholder	Capacity	Number of share options held	Number of underlying shares
Mr. Lei Hong Wai	Beneficial owner	950	950

## Additional Information Required by the Listing Rules (Continued)

### Substantial Shareholders (Continued)

#### Long positions (Continued)

c. Derivatives to ordinary share of HK\$0.01 each of the Company

Shareholders	Notes	Capacity	Number of derivatives (physically settled)	Number of underlying shares
Unique Talent Group Limited	1	Other	1,500,000,000	1,500,000,000
China Jiu hao Health Industry Corporation Limited	1	Held by controlled corporation	1,500,000,000	1,500,000,000
Kingston Securities Limited	2	Other	488,213,844	488,213,844
Galaxy Sky Investments Limited	2	Held by controlled corporations	488,213,844	488,213,844
Kingston Capital Asia Limited	2	Held by controlled corporations	488,213,844	488,213,844
Kingston Financial Group Limited	2	Held by controlled corporations	488,213,844	488,213,844
Active Dynamic Limited	2	Held by controlled corporations	488,213,844	488,213,844
Ms. Chu Yuet Wah	2	Held by controlled corporations	488,213,844	488,213,844
Twin Success International Limited	3	Beneficial owner	105,708,000	105,708,000
Silver Pacific International Limited	3	Held by controlled corporation	105,708,000	105,708,000
Silver Pacific Development Limited	3	Held by controlled corporation	105,708,000	105,708,000
Mr. Lei Hong Wai	3	Held by controlled corporations	105,708,000	105,708,000

## Additional Information Required by the Listing Rules (Continued)

### Substantial Shareholders (Continued)

#### Long positions (Continued)

c. Derivatives to ordinary share of HK\$0.01 each of the Company (Continued)

Shareholders	Notes	Capacity	Number of derivatives (physically settled)	Number of underlying shares
Mr. Cheung Kwok Wai, Elton	3	Held by controlled corporations	105,708,000	105,708,000
Mr. Cheung Kwok Fan	3	Held by controlled corporations	105,708,000	105,708,000

#### Notes:

1. Unique Talent Group Limited is a wholly owned subsidiary of China Jiu hao Health Industry Corporation Limited.
2. The derivatives (physically settled) represent the maximum number of new shares underwritten by Kingston Securities Limited pursuant to the underwriting agreement dated 15 May 2015 (as amended by the deed of variation date 20 May 2015) entered into between the Company and Kingston Securities Limited in relation to the underwriting arrangement in respect of the rights issue announced by the Company on 15 May 2015.
3. The derivatives (physically settled) represent the irrevocable undertaking given by Twin Success International Limited to the Company and Kingston Securities Limited to accept or procure the acceptance for 105,708,000 new shares to be allotted and issued to it under its provisional pro-rata entitlement pursuant to the rights issue announced by the Company on 15 May 2015.

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 2015.

## 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 2015.

## Compliance with Corporate Governance Code

In the opinion of the Board, the Company had complied with the code provisions set out in the Corporate Governance Code (the “**Code**”) contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2015, 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 2015, Mr. Lei Hong Wai has taken up the roles of the Chairman of the Board and the Chief Executive Officer of the Company. Mr. Lei possesses essential leadership skills and has extensive experience in corporate management and business development. The Board is of the view that currently vesting the roles of the Chairman and the Chief Executive Officer in the same person provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies; and
  
- (b) code provision A.4.1 of the Code requires that non-executive directors should be appointed for a specific term, subject to re-election. All non-executive directors of the Company are not appointed for a specific term, but are subject to retirement from office by rotation and re-election in accordance with the provisions of the Company’s bye-laws. At each annual general meeting, one-third of the directors for the time being, (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, provided that every director shall be subject to retirement by rotation at least once every three years. As such, the Company considers that such provision is sufficient to meet the underlying objective of this code provision.

## Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules for securities transactions by the directors of the Company. Having made specific enquires, all members of the Board have confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2015.

## Review of Financial Information

The audit committee has reviewed the 2015 interim report and the unaudited condensed consolidated financial statements for the six months ended 30 June 2015 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 2015 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, 28 August 2015