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ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 764)

DISCLOSEABLE TRANSACTIONS: SUBSCRIPTION AND CONVERSION OF CONVERTIBLE NOTE

THE SUBSCRIPTION

On 19 March 2012 (after trading hours of the Stock Exchange), the Issuer and the Subscriber, a wholly owned subsidiary of the Company, entered into the Subscription Agreement, pursuant to which the Issuer has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Note in the principal amount of HK\$27,000,000 at its face value. Completion of the Subscription is subject to the conditions as set out in the paragraph headed “Conditions precedent” below. The principal terms of the Subscription Agreement are set out in the paragraph headed “Principal terms of the Convertible Note”.

LISTING RULES IMPLICATION

As the relevant applicable percentage ratios calculated in accordance with the Listing Rules are more than 5% but less than 25%, the Subscription and the conversion of the Convertible Note constitute discloseable transactions on the part of the Company under Chapter 14 of the Listing Rules and are only subject to the reporting and announcement requirements of the Listing Rules.

THE SUBSCRIPTION

On 19 March 2012 (after trading hours of the Stock Exchange), the Issuer and the Subscriber, a wholly owned subsidiary of the Company, entered into the Subscription Agreement, pursuant to which the Issuer has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Note in the principal amount of HK\$27,000,000 at its face value. The principal terms of the Subscription Agreement are set out as follows:

The Subscription Agreement

Date: 19 March 2012

Issuer: Koffman Corporate Service Limited, a company 100% beneficially owned by Mr. Yu

Subscriber: Eternity Finance Group Limited, a wholly owned subsidiary of the Company

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, the Issuer and its ultimate beneficial owner are third parties independent of and not connected nor acting in concert with any directors, chief executive or substantial shareholders of the Company or its subsidiaries, or any of their respective associates.

The Subscription will be financed by the Group's internal resources.

Principal terms of the Convertible Note

Principal amount: The principal amount of HK\$27,000,000.

Maturity: Unless previously redeemed, the Convertible Note shall be redeemed on the date falling on the third anniversary of the date of issue of the Convertible Note.

Interest: The Convertible Note shall not carry any interest.

Redemption: The Issuer shall be entitled at its sole discretion, by giving not less than 30 days prior notice to the noteholder, to redeem the then entire outstanding amount of the Convertible Note at the par value of the Convertible Note at any time and from time to time after the date of issue to the maturity date.

Any amount of the Convertible Note which remains outstanding on the maturity date shall be redeemed at its then outstanding principal amount plus a premium calculated at 20% of the then outstanding principal amount.

Conversion: Provided that the Convertible Note has not been redeemed, the Convertible Note (in whole but not part of) shall automatically be converted into Listing Shares on the Conversion Date in accordance with the following:

$$N = \frac{W}{\text{IPO Price}}$$

where: N = number of Listing Shares, provided that where N is not a whole number, it shall be rounded down to the nearest whole number

W = the outstanding principal amount of the Convertible Note

For the avoidance of doubt, the Listing Shares to be allotted and issued to the noteholder shall have no entitlement under the Capitalisation Issue.

Ranking: The Listing Shares arising on conversion shall be allotted and issued by the Listing Company, credited as fully paid up, in accordance with its memorandum and articles of association (or other constitutional documents) to the noteholder with effect from the Conversion Date and such Listing Shares shall rank pari passu with the Listing Shares in issue on the Conversion Date.

Status of Convertible Note: The Convertible Note shall constitute a direct unconditional, unsecured and unsubordinated obligation of the Issuer and rank pari passu and rateably without preference (with the exception of obligations in respect of taxes and certain other statutory exceptions) equally with all other unsecured and unsubordinated obligations of the Issuer.

Voting rights: The Convertible Note shall not confer on the noteholder the right to vote at a general meeting of the Issuer.

Transferability: Non-transferable.

Representation in the board of directors of the Issuer For so long as the principal amount of the Convertible Note remains outstanding, the noteholder shall be entitled to nominate a director (and may require to remove a director previously nominated by him/her/them) by lodging a notice in writing to the Issuer.

Conditions Precedent

Completion shall be conditional upon the following matters having been occurred:

- (a) the Subscriber having satisfied at its sole discretion in all material respects with its due diligence investigation in respect of the Issuer's Group, including but not limited to an inspection and investigation as to the legal status, the financial, operation, contractual, taxation and management of the Issuer's Group;
- (b) the publication of the announcement of the Company in relation to the Subscription Agreement and the transactions contemplated therein in compliance with Chapter 14 of the Listing Rules; and
- (c) the warranties under the Subscription Agreement remaining true and accurate in all material aspects and not misleading in any material respect, at all times subsequent to the date of the Subscription Agreement up to and including the date of Completion as if repeated on each day immediately prior to the date of Completion.

The Subscriber may at any time waive in writing the above condition (a). Conditions (b) and (c) are incapable of being waived by either party according to the Subscription Agreement.

If the above conditions have not been satisfied (or as the case may be, waived by the Subscriber) on or before 4:00 p.m. on 31 May 2012, or such later as the Issuer and the Subscriber may agree in writing, the Subscription Agreement shall cease and determine (save and except certain clauses under the Subscription Agreement which shall continue to have full force and effect) and thereafter, neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place on the date falling the third business day after all the conditions under the Subscription Agreement have been fulfilled (or waived as the case may be) or such other date as the Issuer and the Subscriber may agree.

Termination

The Subscriber may, by notice to the Issuer given at any time prior to the Completion, terminate the Subscription Agreement in any of the following circumstances:

- (a) in the absolute opinion of the Subscriber, the success of the Subscription would be materially and adversely affected by:

- (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Subscriber materially and adversely affect the business or the financial or trading position or prospects of the Issuer's Group as a whole or is materially adverse in the context of the Subscription; or
 - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date thereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Subscriber materially and adversely affect the business or the financial or trading position or prospects of the Issuer's Group as a whole or materially and makes it inexpedient or inadvisable to proceed with the Subscription; or
- (b) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Subscriber is likely to materially or adversely affect the success of the Subscription or otherwise makes it inexpedient or inadvisable to proceed with the Subscription; or
 - (c) there is any change in the circumstances of the Issuer or any member of the Issuer's Group which in the absolute opinion of the Subscriber will adversely affect the prospects of the Issuer, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Issuer's Group or the destruction of any material asset of the Issuer's Group; or
 - (d) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
 - (e) any material adverse change in relation to the business or the financial or trading position or prospects of the Issuer's Group as a whole whether or not ejusdem generis with any of the foregoing; or
 - (f) any material breach of any of the representations, warranties or undertakings contained in the Subscription Agreement comes to the knowledge of the Subscriber.

If at any time prior to the Completion any such notice as is referred to above is given by the Subscriber, the obligations of all parties under the Subscription Agreement (save and except certain clauses under the Subscription Agreement which shall continue to have full force and effect) shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches of the Subscription Agreement.

SHAREHOLDING INTEREST IN THE LISTING COMPANY UPON FULL CONVERSION OF THE CONVERTIBLE NOTE

Based on the basic requirements for listing equity securities on GEM in accordance with the GEM Listing Rules as at the date of this announcement in which (i) the minimum market capitalisation of the Listing Company at the time of listing on GEM is HK\$120,000,000 and (ii) the expected market capitalisation at the time of listing of the Listing Shares which are held by the public is HK\$30,000,000, a full conversion of the Convertible Note would result the Subscriber holding a maximum of approximately 22.50% of issued share capital of the Listing Company immediately upon completion of the Initial Public Offering.

USE OF PROCEEDS FROM THE ISSUE OF CONVERTIBLE NOTE

As advised by the Issuer, the entire net proceeds received by the Issuer for the issue of the Convertible Note of which HK\$11,000,000 shall be utilised for repayment of the outstanding debts obligations in full and the remaining net proceeds of HK\$16,000,000 shall be used solely for general working capital purpose, including payment of the expenses relating to the Initial Public Offering without the prior written consent of the holder of the Convertible Note.

INFORMATION OF THE ISSUER

The Issuer is a company incorporated in Hong Kong with limited liability and is 100% beneficially owned by Mr. Yu, a private investor. The Issuer is a corporate advisory service provider offering strategies and solution to address challenges and opportunities faced by its clients.

According to the audited consolidated financial statements of the Issuer's Group for the year ended 31 December 2010, the Issuer's Group recorded a consolidated turnover of HK\$10,800,307. The consolidated profit before and after income tax were HK\$3,213,292 and HK\$2,745,843 respectively. The consolidated loss after income tax and expenses incurred for the Initial Public Offering exercise was HK\$1,679,856 for the year ended 31 December 2010. The Issuer's Group had an audited net assets of HK\$3,498,780 as at 31 December 2010.

According to the unaudited consolidated management accounts of the Issuer's Group for the year ended 31 December 2011, the Issuer's Group recorded a consolidated turnover of HK\$23,992,855. The consolidated profit before and after income tax were HK\$11,289,154 and HK\$8,773,695 respectively. The unaudited consolidated profit after income tax and expenses incurred for the Initial Public Offering exercise was HK\$8,758,833 for the year ended 31 December 2011. The Issuer's Group had an unaudited net assets of HK\$13,458,867 as at 31 December 2011.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE SUBSCRIPTION AGREEMENT

The Company is an investment holding company and its subsidiaries are principally engaged in distribution of films, sub-licensing of film rights, sales of financial assets, provision of management services to concierge departments of gaming promoters, money lender and property investment.

The Issuer is a corporate advisory service provider offering strategies and solution to address challenges and opportunities faced by its clients. As advised by the board of directors of the Issuer, the Issuer is currently in preparation for the Initial Public Offering. As disclosed in the Company's interim reports for the six months ended 29 August 2011, the Directors have been actively identifying potential investment opportunities to maximise the returns of the Shareholders, the Directors consider that the Subscription enables the Group to participate in the development of the Issuer and benefit from the upside of the share price performance of the Listing Shares, if the Initial Public Offering succeeds. In the event that the Initial Public Offering does not take place before the maturity of the Convertible Note, any amount of the Convertible Note which remains outstanding shall be redeemed by the Issuer at its then outstanding principal amount plus a premium calculated at 20% of the then outstanding principal amount. As such, the Directors consider that the Subscription Agreement and the transactions contemplated thereunder are in line with the Company's strategy and are in the interest of the Company and its Shareholders as a whole.

Given that the terms of the Subscription Agreement are reached after an arm's length negotiation between the Issuer and the Subscriber, the Directors consider that the terms of the Subscription Agreement (including the conversion mechanism and the redemption premium at maturity) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As the relevant applicable percentage ratios calculated in accordance with the Listing Rules are more than 5% but less than 25%, the Subscription and the conversion of the Convertible Note constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are only subject to the reporting and announcement requirements of the Listing Rules.

PREVIOUS TRANSACTION WITH MR. YU

On 3 January 2012, the Company announced that (i) Wingo Consultants Limited (now known as Eternity Finance Group Limited), a wholly owned subsidiary of the Company, as purchaser; (ii) Koffman Financial Group Limited, a company 50% beneficially owned by Mr. Yu, as vendor; and (iii) Mr. Yu, as guarantor, entered into a conditional sale and purchase agreement relating to the sale and purchase of the entire issued shares in and the sale loan due by Hong Kong Builders Finance Limited at a consideration of HK\$33,069,172 (the "**Previous Transaction**"). Hong Kong Builders Finance Limited is carrying on a business as a money lender in Hong Kong. Completion took place on 5 January 2012.

The Subscription and the conversion of the Convertible Note are not required to be aggregated with the Previous Transaction under Rule 14.22 of the Listing Rules.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that the Subscription Agreement is subject to the satisfaction of the conditions precedent as set out in the paragraph headed “Conditions Precedent”. Accordingly, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Capitalisation Issue”	the issue of such number of Listing Shares to the shareholders of the Issuer in proportion to their respective shareholdings held on a particular record date as may be determined by the board of directors of the Listing Company upon capitalisation of certain sums standing to the credit of the share premium account of the Issuer before completion of the Initial Public Offering
“Company”	Eternity Investment Limited, a company incorporated in Bermuda with limited liability and the Shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“connected person”	has the meaning ascribed to it in the Listing Rules
“Convertible Note”	the zero coupon unsecured convertible note in the principal amount of HK\$27,000,000 to be issued by the Issuer to the Subscriber on the terms and conditions set out in the Instrument
“Conversion Date”	the date of the allotment and issue of the Listing Shares under the Capitalisation Issue

“Directors”	the directors of the Company
“Equity Share Capital”	the share capital of a company excluding any part thereof which does not either as respects dividends or as respects capital carry any right to participate beyond a specified amount or beyond an amount calculated by reference to a specified rate in a distribution
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Initial Public Offering”	the initial public offering of the Listing Shares and the listing of such Listing Shares on GEM
“Instrument”	the instrument to be executed by the Issuer by way of a deed poll constituting the Convertible Note to be issued upon completion of the Subscription
“IPO Price”	the final price at which a Listing Share is issued or sold (exclusive of any applicable duty, brokerage or other fees or levies) determined by the Issuer and the underwriters of the Initial Public Offering pursuant to the Initial Public Offering
“Issuer”	Koffman Corporate Service Limited, a company incorporated in Hong Kong with limited liabilities and 100% beneficially owned by Mr. Yu
“Issuer’s Group”	the Issuer and its subsidiaries
“Listing Company”	the Issuer or the Substituted Listing Company in respect of which the Initial Public Offering has taken place
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Listing Shares”	shares in the Equity Share Capital of the Listing Company
“Mr. Yu”	Mr. Yu Shu Kuen

“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Eternity Finance Group Limited (formerly known as Wingo Consultants Limited), a company incorporated in the British Virgin Islands with limited liabilities and a wholly owned subsidiary of the Company
“Subscription”	the subscription of the Convertible Note by the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 19 March 2012 entered into between the Issuer and the Subscriber in relation to the Subscription
“substantial shareholders”	has the meaning ascribed to it in the Listing Rules
“Substituted Listing Company”	the substituted holding company of the Issuer in place of the Issuer as the company the shares of which will be subject to the conversion pursuant to the Instrument
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 19 March 2012

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