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ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

VERY SUBSTANTIAL DISPOSAL – DISPOSAL OF PROPERTY AND RESUMPTION OF TRADING

THE DISPOSAL

On 20 November 2012 (after trading hours of the Stock Exchange), the Vendor and the Purchaser entered into the Preliminary SPA pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Property at the Consideration of HK\$586 million.

The Consideration of HK\$586 million was agreed and determined between the Purchaser and the Vendor on a “willing buyer – willing seller” basis having regards to the offer prices of comparable properties in nearby locations.

Completion shall be conditional upon the approval by the Shareholders at the SGM of the Preliminary SPA, the Formal SPA and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules is more than 75%, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules. The Disposal is therefore subject to the Shareholders’ approval at the SGM.

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Preliminary SPA, the Formal SPA and the transactions contemplated thereunder. The aforesaid approvals shall be obtained by way of a poll. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Disposal and therefore no Shareholder is required to abstain from voting for the resolutions to approve the Preliminary SPA, the Formal SPA and the transactions contemplated thereunder at the SGM.

A circular containing, among other things, details of the Disposal and the notice of the SGM is expected to be dispatched to the Shareholders on or before 21 December 2012 to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

Shareholders and investors should note that the Disposal is subject to condition as stated in the section headed "Condition precedent" in this announcement and therefore the Disposal may or may not complete and the Disposal may or may not be effected. As such, Shareholders and investors are urged to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:00 a.m. on 21 November 2012 pending the release of this announcement. The Company has applied for a resumption of trading in the Shares with effect from 9:00 a.m. on 23 November 2012.

THE DISPOSAL

The Preliminary SPA

Date: 20 November 2012

Vendor: Rexdale Investment Limited, a wholly owned subsidiary of the Company and the legal and beneficial owner of the Property

Purchaser: Grand Reward Limited, an investment company

Property agent: Centaline Property Agency Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Purchaser is an investment company and the ultimate beneficial owner(s) of the Purchaser are Independent Third Parties and not connected with any directors, chief executive or substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates.

The sale and purchase of the Property is arranged by Centaline Property Agency Limited, an Independent Third Party.

Assets to be disposed

Pursuant to the Preliminary SPA, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Property. The Property is to be sold to the Purchaser on an “as is” basis. The Property was acquired by the Group through the acquisition of the entire issued share capital of Adelio Holdings Limited, the holding company of the Vendor, on 23 December 2011.

Date for entering into the Formal SPA

The Formal SPA shall be signed on or before 13 December 2012.

The Consideration

The Consideration of the Disposal of HK\$586 million has been and shall be settled in cash by the Purchaser to the Vendor in the following manner:

- (a) HK\$29.30 million (the “**Initial Deposit**”) in cash as initial deposit has been paid upon signing of the Preliminary SPA;
- (b) HK\$29.30 million (the “**Further Deposit**”) in cash as further deposit shall be paid on or before 13 December 2012; and
- (c) the balance of the Consideration of HK\$527.40 million shall be paid upon Completion on or before 4 July 2013.

The Consideration of HK\$586 million was agreed and determined between the Purchaser and the Vendor on a “willing buyer – willing seller” basis having regards to the offer prices of comparable properties in nearby locations. In reaching the Consideration of HK\$586 million, no property valuation report was obtained in confirming the valuation of the Property. Although no property valuation report was obtained, the Directors consider that the Consideration of HK\$586 million is fair and reasonable as the Consideration per square feet exceeds the average price per square feet for industrial property sales transaction in Kwun Tong of HK\$3,718 for October 2012 as disclosed on the website of Centaline Commercial by 13%.

Condition precedent

Completion shall be conditional upon the approval by the Shareholders at the SGM of the Preliminary SPA, the Formal SPA and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules.

Termination

If the above condition precedent has not been fulfilled on or before the Long Stop Date by the Company under the Preliminary SPA or the Formal SPA (as the case may be), which constitutes a breach of the terms of the Preliminary SPA or the Formal SPA (as the case may be) on the part of the Vendor, the parties shall be entitled to terminate the Preliminary SPA or the Formal SPA (as the case may be). In such circumstances, the Vendor shall forthwith return the Initial Deposit and/or the Further Deposit paid by the Purchaser and shall pay a sum equivalent to 10% of the Consideration to the Purchaser as damages and the Purchaser shall have no further claims against the Vendor.

Completion

Subject to the fulfillment of the condition precedent, Completion shall take place on or before the Long Stop Date.

INFORMATION OF THE PROPERTY

The Property is situated in a building, namely Lucky (Kwun Tong) Industrial Building (樂基官塘大廈), located at Nos. 398-402 Kwun Tong Road (formerly known as No.95 How Ming Street), Kowloon, Hong Kong (the “**Building**”), particularly the sole and exclusive right and privilege to hold use occupy and enjoy Factory A on the First Floor (including its Flat Roof) of the Building, Factory B on the First Floor (including its Flat Roof) of the Building, Sixth Floor of the Building, Factory A on the Seventh Floor of the Building, Factory B on the Seventh Floor of the Building, Factory A on the Eighth Floor of the Building, Factory B on the Eighth Floor of the Building, Factory A on the Ninth Floor of the Building, Factory B on the Ninth Floor of the Building, Tenth Floor of the Building, Eleventh Floor of the Building, Twelfth Floor of the Building, Roof of the Building, External Walls of the Building, Lavatory A and Lavatory B on the Ground Floor of the Building and Car Parking Spaces Nos.1, 2, 3, 14, 15, 16, 17, 18, 19, 20 and 21 on the Ground Floor of the Building. The Property takes up 367 equal undivided 622nd parts or shares of the Land on which the Property is situated.

The Building is an industrial building comprises 13-storey, which was built in 1981.

The Property is currently subject to tenancies. Based on the existing arrangements of the tenancy of the Property, the current monthly rental income of the Property is approximately HK\$490,000 (exclusive of government rates, management fee and all other outgoings and utility charges).

REASONS FOR THE DISPOSAL

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 the concierge department of a gaming promoter, property investment and money lending.

With an occupancy rate below 50%, the Property generates a monthly rental income of approximately HK\$490,000 to the Group. The Directors consider that the Disposal presents a good opportunity for the Group to realise its investment in the Property on the following grounds:

- (a) the Consideration exceeds the book value of the Property of HK\$469 million as at 30 June 2012 by HK\$117 million, which represents a premium of approximately 24.90% over the book value of the Property;
- (b) the Consideration per square feet exceeds the average price per square feet for industrial property sales transaction in Kwun Tong of HK\$3,718 for October 2012 as disclosed on the website of Centaline Commercial by 13%; and
- (c) the number of prospective purchasers in the market is limited as the amount involved in purchasing the entire Property is large.

It is estimated that the Group would realise a gain on the Disposal before taxation of approximately HK\$109.64 million, which is calculated with reference to the Consideration less the book value of the Property of HK\$469 million as at 30 June 2012 and estimated related expenses (including property agent's commission) to be incurred. The actual gain on the Disposal to be recorded by the Group is subject to audit. The Company intends to apply the net proceeds from the Disposal to finance any possible property investment project and/or other business investment. As at the date of this announcement, no such property investment project or other business investment has been identified by the Group.

Accordingly, the Directors consider that the terms of the Preliminary SPA, including the Consideration, and the Disposal are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Upon Completion, the Group will continue to carry out its existing businesses in distribution of films, sub-licensing of film rights, sales of financial assets, provision of management services to the concierge department of a gaming promoter, property investment and money lending.

As at the date of this announcement, the Group has a cash and bank balance of approximately HK\$234.82 million.

FUTURE BUSINESS PLAN ON THE GROUP'S EXISTING BUSINESSES

In order to revitalise its film distribution business, the Group acquired a 29.00% of the entire issued share capital of China Media and Films Holdings Limited (stock code: 8172) (“**China Media**”) in August 2012. Given that the Group is not able to secure quality films at reasonable prices for distribution, the Directors consider that the acquisition enables the Group to (i) form a strategic alliance with China Media and Culture Landmark Investment Limited (stock code: 674), the controlling shareholder of China Media, leveraging on each respective strengths; and (ii) secure a stable supply of films from China Media for distribution in Mainland China.

The Directors believe the unresolved European debt situation continues to pose challenging market conditions for Hong Kong equities. As such, the Group will continue to adopt a more conservative investment approach towards its sales of financial assets business.

As one of its management services agreements was terminated on 12 September 2012, the performance of the Group's provision of management services business is significantly deteriorated in the second half of 2012. In light of the keen competition in Macau VIP gaming sector and the contraction in the Mainland China economy, the Directors have ceased to explore opportunities in providing management services to the concierge departments of other gaming promoters in Macau. The Group concentrates its existing resources in providing management services under the remaining management services agreement.

For the property investment business, the Group acquired two properties located at Ma Yau Tong, Sai Kung, New Territories, Hong Kong at a total consideration of HK\$21.44 million in August 2012. These two properties are held by the Group as long-term investments for rental purposes. As at the date of this announcement, all units of these properties have been rented out. The Group will continue to seek opportunity for investing other properties in order to enrich the Group's property investment portfolio and increase rental income to the Group.

Given that the European debt crisis remains unresolved and there is a contraction in the Mainland China economy, the Hong Kong economy has inevitably been affected. The Group is adopting a more cautious approach during its assessment and approval of loans in order to reduce its credit risk.

Other than focusing on the existing businesses, the Directors are active in identifying suitable investment opportunities for the Group to diversify its businesses and broaden its revenue base.

IMPLICATIONS UNDER THE LISTING RULES

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The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Preliminary SPA, the Formal SPA and the transactions contemplated thereunder. The aforesaid approvals shall be obtained by way of a poll. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Disposal and therefore no Shareholder is required to abstain from voting for the resolutions to approve the Preliminary SPA, the Formal SPA and the transactions contemplated thereunder at the SGM.

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DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise:

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of the Directors
“Company”	Eternity Investment Limited, a company incorporated in Bermuda with limited liability and the issued Shares are listed on the Main Board of the Stock Exchange (stock code: 764)
“Completion”	completion of the sale and purchase of the Property in accordance with terms and conditions of the Preliminary SPA or the Formal SPA (as the case may be)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consideration”	HK\$586 million, being the consideration for the Disposal payable by the Purchaser to the Vendor pursuant to the terms of the Preliminary SPA or the Formal SPA (as the case may be)
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Property to the Purchaser in accordance with terms and conditions of the Preliminary SPA or the Formal SPA (as the case may be)
“Formal SPA”	the formal sale and purchase agreement to be entered into between the Vendor and the Purchaser in relation to the Disposal

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person independent of the Company and its connected persons
“Land”	all that piece or parcel of ground registered in the Land Registry of Hong Kong as Section A of Kwun Tong Inland Lot No. 195
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	4 July 2013
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Main Board”	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange
“Preliminary SPA”	the binding preliminary sale and purchase agreement entered into between the Vendor and the Purchaser on 20 November 2012 in relation to the Disposal
“Property”	the units of the Building as set out in the section headed “Information of the Property”
“Purchaser”	Grand Reward Limited, a company incorporated in Hong Kong with limited liability and an Independent Third Party
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Preliminary SPA, the Formal SPA and the transactions contemplated thereunder
“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 Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Rexdale Investment Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 22 November 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.