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ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

DISCLOSEABLE TRANSACTION

EXERCISE OF THE SUBSCRIPTION RIGHTS ATTACHED TO THE BONUS WARRANTS OF CHINA STAR ENTERTAINMENT LIMITED

THE SUBSCRIPTION

On 26 November 2012 (after trading hours of the Stock Exchange), the Board resolved that Simple View be authorised to exercise the subscription rights attached to the China Star Bonus Warrants in the principal amount of HK\$7.45 million to subscribe for 35,990,338 new China Star Shares at the Subscription Price of HK\$0.207 per China Star Share.

Upon completion of the Subscription, the shareholding of the Group in China Star will increase from 16.34% of the issued share capital of China Star as at the date of this announcement to 18.14% of the issued share capital of China Star as enlarged by the Subscription and the Company remain a substantial shareholder of China Star.

The cash consideration for the Subscription is HK\$7.45 million, which is financed by the Group's internal resources.

LISTING RULES IMPLICATION

As two of the relevant applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules are more than 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is only subject to the reporting and announcement requirements of the Listing Rules.

Reference is made to the Company's announcement dated 29 March 2011 in relation to, among other things, the irrevocable undertaking dated 29 March 2011 given by Simple View in favour of China Star, HWKFE Limited and Mansion House Securities (F.E.) Limited relating to (i) the subscription of 200,000,000 new China Star Shares at a price of HK\$0.25 per China Star Share under the China Star Rights Issue and (ii) the undertaking not to dispose of and not to exercise the subscription rights attached to the warrants in the aggregate principal amount of approximately HK\$26.25 million held by Simple View on or before the completion of the China Star Rights Issue. Reference is also made to China Star's announcement dated 28 June 2011 relating to (i) the results of the China Star Rights Issue on the basis of three new China Star Shares for every one China Star Share held on the record date at HK\$0.25 per China Star Share with bonus warrants on the basis of one China Star Bonus Warrant for every five new China Star Shares taken up under the China Star Rights Issue and (ii) adjustments to share options and existing warrants.

As Simple View subscribed for 200,000,000 new China Star Shares under the China Star Rights Issue, the China Star Bonus Warrants in an aggregate principal amount of HK\$10.00 million were issued to Simple View upon the completion of the China Star Rights Issue on 29 June 2011. The China Star Bonus Warrants entitled Simple View to subscribe for 40,000,000 new China Star Shares at an initial subscription price of HK\$0.25 per China Star Share (subject to adjustment). On 17 November 2011, the subscription price of the China Star Bonus Warrants was adjusted from HK\$0.25 per China Star Share to HK\$0.207 per China Star Share as a result of the payment of special dividend by China Star to its shareholders.

As at the date of this announcement:

- (a) the Group is interested in 268,000,000 China Star Shares, representing 16.34% of the issued share capital of China Star;
- (b) the Group is interested in the China Star Bonus Warrants in an aggregate principal amount of HK\$10.00 million entitling Simple View to subscribe for 48,309,178 new China Star Shares at the Subscription Price of HK\$0.207 per China Star Share;
- (c) the Group is interested in the China Star Convertible Bonds; and
- (d) the Company is interested in the unsecured convertible notes in an aggregate principal amount of HK\$300.00 million to be issued by China Star to the Company, which is subject to the conditions precedent and yet to be completed.

On 4 June 2012, the board of directors of China Star proposed the China Star Cash Offer. HWKFE Limited, the Company, Mr. Lei, Simple View and Victory Peace and Eternity Finance and their respective associates are deemed parties acting in concert. As at the date of this announcement, Mr. Lei is interested in 9,425,652 China Star Shares, representing 0.58% of the issued share capital of China Star.

THE SUBSCRIPTION

On 26 November 2012 (after trading hours of the Stock Exchange), the Board resolved that Simple View be authorised to exercise the subscription rights attached to the China Star Bonus Warrants in the principal amount of HK\$7.45 million to subscribe for 35,990,338 new China Star Shares at the Subscription Price of HK\$0.207 per China Star Share (the “**Subscription**”).

The 35,990,338 new China Star Shares to be subscribed by Simple View represent 2.19% of the issued share capital of China Star as at the date of this announcement and 2.15% of the issued share capital of China Star as enlarged by the Subscription. Pursuant to the warrant instrument of the China Star Bonus Warrants, there are no restrictions which apply to the subsequent sale of the 35,990,338 new China Star Shares.

Upon completion of the Subscription, the shareholding of the Group in China Star will increase from 16.34% of the issued share capital of China Star as at the date of this announcement to 18.14% of the issued share capital of China Star as enlarged by the Subscription and the Company remains a substantial shareholder of China Star.

The cash consideration for the Subscription is HK\$7.45 million, which is financed by the Group’s internal resources.

It is expected that the Subscription will be completed within five business days from the date of exercising the subscription rights attached to the China Star Bonus Warrants.

EFFECT OF SUBSCRIPTION ON SHAREHOLDING STRUCTURE OF CHINA STAR

The shareholding structure of China Star (i) as at the date of this announcement and (ii) upon completion of the Subscription, are set out as below:

	As at the date of this announcement		Upon completion of the Subscription	
	No. of China Star Shares	Approx.%	No. of China Star Shares	Approx.%
HWKFE Limited	1,109,800,613	67.67	1,109,800,613	66.22
Mr. Lei	9,425,652	0.58	9,425,652	0.56
Simple View	200,000,000	12.19	235,990,338	14.08
Victory Peace	68,000,000	4.15	68,000,000	4.06
Dorest Company Limited	13,702	0.00	13,702	0.00
Sub-total	1,387,239,967	84.59	1,423,230,305	84.92
Public shareholders	252,792,340	15.41	252,792,340	15.08
Total	1,640,032,307	100.00	1,676,022,645	100.00

INFORMATION ON CHINA STAR

China Star is an investment holding company and its subsidiaries are principally engaged in film production, distribution of films and television drama series, sale of Chinese health products, investing in operations which receive the profit streams from gaming promotion business, property and hotel investment, and property development.

According to the annual report of China Star for the year ended 31 December 2011, China Star had the audited net consolidated assets attributable to owners of China Star of approximately HK\$1,968.59 million as at 31 December 2011. For the year ended 31 December 2011, the audited consolidated losses before and after taxation were approximately HK\$661.53 million and approximately HK\$654.11 million respectively. The audited consolidated loss attributable to owners of China Star for the year ended 31 December 2011 amounted to approximately HK\$683.23 million.

According to the annual report of China Star for the year ended 31 December 2010, China Star had the audited net consolidated assets attributable to owners of China Star of approximately HK\$2,302.78 million as at 31 December 2010. For the year ended 31 December 2010, the audited consolidated profits before and after taxation were approximately HK\$26.22 million and approximately HK\$24.83 million respectively. The audited consolidated loss attributable to owners of China Star for the year ended 31 December 2010 amounted to approximately HK\$8.08 million.

According to the interim report of China Star for the six months ended 30 June 2012, China Star had the unaudited net consolidated assets attributable to owners of China Star of approximately HK\$1,978.71 million as at 30 June 2012. For the six months ended 30 June 2012, the unaudited consolidated profits before and after taxation were approximately HK\$41.83 million and approximately HK\$42.08 million respectively. The unaudited consolidated profit attributable to owners of China Star for the six months ended 30 June 2012 amounted to approximately HK\$2.69 million.

REASONS FOR THE SUBSCRIPTION

Given that the Subscription Price representing a 50.71% discount to the closing price of China Star Share of HK\$0.42 as of the date of this announcement, the Directors consider that the Subscription enables the Group to increase its shareholding in China Star at a price well below the current market price of China Star Share. As such, the Directors consider that the Subscription is fair and reasonable and in the interests of the Company and its shareholders as a whole.

Upon completion of the Subscription, the newly subscribed 35,990,338 China Star Shares will be accounted for available-for-sale financial assets by the Company in accordance with Hong Kong Financial Reporting Standard 9: Financial Instruments.

GENERAL

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 in Macau, property investment and money lending.

LISTING RULES IMPLICATION

As two of the relevant applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules are more than 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is only subject to the reporting and announcement requirements of the Listing Rules.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it in the Hong Kong Code on Takeovers and Mergers
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of the Directors
“China Star”	China Star Entertainment Limited, an exempted company incorporated in Bermuda with limited liability and the issued China Star Shares are listed on the Main Board of the Stock Exchange
“China Star Bonus Warrants”	the outstanding listed warrants (warrant code: 1056) in an aggregate principal amount of approximately HK\$11.69 million entitling the holders thereof to subscribe for 56,463,285 new China Star Shares at the Subscription Price of HK\$0.207 as at the date of this announcement and exercisable at any time during the period from 29 June 2011 to 28 December 2012 (both days inclusive) pursuant to the warrant instrument issued by China Star on 29 June 2011
“China Star Cash Offer”	the conditional cash offer made by Get Nice Securities Limited on behalf of China Star to repurchase for cancellation up to 887,901,665 China Star Shares at the offer price of HK\$0.35 per China Star Share from its shareholders

“China Star Convertible Bonds”	the unsecured convertible bonds issued by China Star to Eternity Finance in the aggregate principal amount of HK\$350.00 million carrying rights entitling the holders thereof to convert their principal amount into 972,222,222 new China Star Shares at an adjusted conversion price of HK\$0.36 per China Star Share (subject to further adjustment, if required)
“China Star Rights Issue”	the proposed issue of new China Star Shares by way of rights on the basis of three new China Star Shares for every one existing China Star Share held on 7 June 2011, with the proposed bonus issue of China Star Bonus Warrants on the basis of one China Star Bonus Warrant for every five new China Star Shares taken up under the rights issue
“China Star Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of China Star
“Company”	Eternity Investment Limited, an exempted company incorporated in Bermuda with limited liability and the Shares are listed on the Main Board of the Stock Exchange
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“Eternity Finance”	Eternity Finance Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of Company holding the China Star Convertible Bonds as at the date of this announcement
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HWKFE Limited”	Heung Wah Keung Family Endowment Limited, the controlling shareholder of China Star
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lei”	Mr. Lei Hong Wai, the Chairman of the Board, a substantial shareholder of the Company and an employee of China Star
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company

“Simple View”	Simple View Investment Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company holding 200,000,000 China Star Shares and the China Star Bonus Warrants in an aggregate principal amount of HK\$10.00 million as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the adjusted subscription price of HK\$0.207 per China Star Share (subject to further adjustment, if required)
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Victory Peace”	Victory Peace Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company holding 68,000,000 China Star Shares as at the date of this announcement
“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, 26 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.