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ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

DISCLOSEABLE TRANSACTIONS:

- (I) SUBSCRIPTION AND CONVERSION OF CONVERTIBLE BONDS;
(II) PROVISION OF FINANCIAL ASSISTANCE;
AND
(III) APPLICATION FOR WHITEWASH WAIVER**

(I) THE SUBSCRIPTION AGREEMENT

On 21 March 2013 (after trading hours), the Subscriber, an indirect wholly-owned subsidiary of the Company, and China AU entered into the Subscription Agreement, pursuant to which, China AU has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Bonds in the principal amount of HK\$40,000,000 at their face value.

Completion of the Subscription is subject to the conditions as set out in the paragraph headed “Conditions precedent to the Subscription Agreement” in this announcement.

The principal terms of the Convertible Bonds are set out in the paragraph headed “Principal terms of the Convertible Bonds” in this announcement.

(II) PROVISION OF FINANCIAL ASSISTANCE

On 21 March 2013 (after trading hours), the Lender, an indirect wholly-owned subsidiary of the Company, and China AU as borrower entered into the Loan Agreement, pursuant to which, the Lender has conditionally agreed to grant an unsecured loan in the principal amount of HK\$40,000,000 to China AU for a term of three (3) years from the date of drawdown.

The principal terms of the Loan Agreement are set out in the paragraph headed “The Loan Agreement” in this announcement.

(III) APPLICATION FOR WHITEWASH WAIVER

Assuming the China AU Capital Reorganisation takes effect and no further China AU Shares or China AU New Shares are issued or repurchased by China AU, the Subscriber will be interested in 40,000,000 China AU New Shares, representing approximately 75.30% of the issued share capital of China AU as enlarged by the allotment and issue of all the Conversion Shares, immediately upon the full exercise of the conversion rights attaching to the Convertible Bonds. Under Rule 26.1 of the Takeovers Code, the Subscriber is required to make a mandatory general offer to the China AU Shareholders for all the issued China AU New Shares (other than those China AU New Shares already owned or agreed to be acquired by the Subscriber and parties acting in concert with it) unless the Whitewash Waiver is obtained. In this regard, the Subscriber will make an application to the Executive for the Whitewash Waiver in respect of the Subscription and the exercise of the conversion rights attaching to the Convertible Bonds subject to, among other things, approval by the China AU Independent Shareholders in respect of the Subscription and the Whitewash Waiver at the China AU EGM by way of a poll.

IMPLICATIONS UNDER LISTING RULES

As the grant of loan under the Loan Agreement is conditional upon completion of the Subscription, the grant of loan under the Loan Agreement shall be aggregated with the Subscription under Rule 14.22 of the Listing Rules.

As the relevant applicable percentage ratios (as defined in the Listing Rules) in respect of the Subscription and the grant of loan under the Loan Agreement when aggregated together are more than 5% but less than 25%, the Subscription and the grant of loan under the Loan Agreement constitute discloseable transactions for the Company and are only subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As two of the relevant applicable percentage ratios (as defined in the Listing Rules) in respect of the conversion of the Convertible Bonds are more than 5% but less than 25%, the conversion of the Convertible Bonds constitutes a discloseable transaction for the Company and is only subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

(I) THE SUBSCRIPTION AGREEMENT

Parties and Date

Date: 21 March 2013 (after trading hours)

Issuer: China AU Group Holdings Limited

Subscriber: New Cove Limited

The Subscriber is an indirect wholly-owned subsidiary of the Company.

China AU has rented portion of the Ninth Floor and Car Parking Spaces Nos. 14 and 21 of Lucky (Kwun Tong) Industrial Building, Nos. 398-402 Kwun Tong Road, Kowloon, Hong Kong from REXDALE Investment Limited, an indirect wholly-owned subsidiary of the Company, for a monthly rent of HK\$52,700 for a term of three years commencing on 7 March 2012. The tenancy agreement of such premises will be terminated on 1 April 2013.

China AU is a third party independent of the Company and its connected persons. Save as disclosed above, prior to the entering into of the Subscription Agreement and the Loan Agreement, neither the Subscriber, the Company nor parties acting in concert with any of them has any interest in or business dealings/transactions with China AU.

The Subscriber, the Company and parties acting in concert with any of them have not acquired any voting rights in China AU during the six month period immediately prior to the date of this announcement, and save for the Subscription, are not interested in any issued shares of China AU or other relevant securities (as defined in note 4 to Rule 22 of the Takeovers Code) of China AU as at the date of this announcement.

Subscription amount

The Subscriber has conditionally agreed to subscribe for the Convertible Bonds in the principal amount of HK\$40,000,000 at their face value. The subscription amount of HK\$40,000,000 will be paid to China AU by the Subscriber in cash upon completion of the Subscription. The subscription amount was determined after arm's length negotiations between the Subscriber and China AU.

The Subscription will be financed by internal resources of the Group or the net proceeds to be raised from the open offer as announced in the announcement of the Company dated 13 March 2013.

Conditions precedent to the Subscription Agreement

Completion of the Subscription Agreement is conditional upon:

- (a) the passing of the necessary resolution(s) by the China AU Independent Shareholders who are allowed to vote under the GEM Listing Rules, the Takeovers Code and/or other applicable laws and regulations approving separately at the China AU EGM (i) the Subscription Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares); and (ii) the grant of the Whitewash Waiver;
- (b) the GEM Listing Committee having granted the listing of and permission to deal in the Conversion Shares;

- (c) the warranties given by China AU under the Subscription Agreement remaining true and correct in all material respects;
- (d) all necessary consents and approvals (including but not limited to approval from the board of directors of China AU and the relevant regulatory approval pursuant to the GEM Listing Rules and the Takeovers Code) as may be required to be obtained by China AU in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained;
- (e) the publication of an announcement of the Company in relation to the Subscription Agreement and the transactions contemplated thereunder in compliance with Chapter 14 of the Listing Rules;
- (f) the granting of the Whitewash Waiver by the Executive; and
- (g) the China AU Capital Reorganisation having become effective.

The Subscriber shall use its best endeavours to procure the fulfillment of the conditions set out in (e) and (f) above. China AU shall use its best endeavours to procure the fulfillment of the conditions set out in (a), (b), (c), (d) and (g) above. The Subscriber may at any time by notice in writing to China AU waive the condition set out in (c) above. The conditions set out in (a), (b), (d), (e), (f) and (g) above are incapable of being waived by China AU and the Subscriber. As at the date of this announcement, condition (e) described above has been fulfilled.

If any of the conditions set out above have not been fulfilled or waived in full by 5:00 p.m. on 31 October 2013 (or such other time and date as may be agreed between China AU and the Subscriber in writing), the Subscription Agreement will cease and determine and neither party shall have any obligations and liabilities thereunder save for any antecedent breaches of the terms thereof.

Shareholders and potential investors should be aware of and take note that completion of the Subscription is conditional upon, among others, the GEM Listing Committee having granted the listing of and permission to deal in, the Conversion Shares. As the trading in the China AU Shares on GEM has been suspended since 30 September 2011, the Stock Exchange has expressed that the GEM Listing Committee would only grant the listing of and permission to deal in, the Conversion Shares after trading in the China AU Shares has been resumed.

The Stock Exchange has expressed reservation on the granting of the listing of and permission to deal in, the Conversion Shares before China AU has satisfied all the resumption conditions as set out in the letter from the Stock Exchange dated 13 July 2012. Therefore, the listing of and permission to deal in, the Conversion Shares may or may not be granted.

Completion

Completion shall take place on the second Business Day after the conditions precedent to the Subscription Agreement mentioned above have been satisfied or, as appropriate, waived or such other date as China AU and the Subscriber may agree.

Principal terms of the Convertible Bonds

The principal terms of the Convertible Bonds are arrived at after arm's length negotiations between the Subscriber and China AU and are summarised as follows:

Principal amount: HK\$40,000,000.

Interest: The Convertible Bonds shall carry no interest.

Maturity date: 30 months from the date of the issue of the relevant Convertible Bonds (the "**Maturity Date**").

Redemption: Unless previously redeemed, repurchased and cancelled or converted, all and any outstanding Convertible Bonds shall be redeemed at par on the Maturity Date.

China AU shall be entitled at any time on or after the expiry of the second anniversary of the date of issue of the Convertible Bonds while the Convertible Bonds are outstanding and have not been converted to redeem part or whole of the Convertible Bonds from the holder(s) of the Convertible Bonds pro-rata based on the principal amount of the Convertible Bonds then outstanding by serving 14-day prior notice of redemption to the relevant holder(s) of the Convertible Bonds.

Ranking of Conversion Shares: The Conversion Shares will rank pari passu in all respects among themselves and with other China AU New Shares in issue on the date of allotment and issue.

Conversion: Provided that China AU will maintain the public float in compliance with the GEM Listing Rules upon conversion of the Convertible Bonds, the conversion rights attaching to any Convertible Bonds may be exercised, at the option of the holder thereof, at any time from the date of issue of the Convertible Bonds up to 4:00 p.m. (Hong Kong time) on the Maturity Date in amounts not less than whole multiples of HK\$1,000,000.

Conversion period: The Convertible Bonds may be converted in whole or in part at any time prior to 4:00 p.m. (Hong Kong time) on the Maturity Date at the option of the holder(s) thereof.

Conversion Price: The principal amount of the Convertible Bonds may be converted into China AU New Shares of HK\$0.10 each in the capital of China AU at the Conversion Price of HK\$1.00 per Conversion Share, subject to adjustments for, amongst other things, consolidations or subdivisions of China AU New Shares, capital distributions, bonus issues, rights issues and other usual events which may have a dilution effect on the Conversion Shares to be allotted and issued to the holder(s) of the Convertible Bonds upon the exercise of the conversion right attached to thereunder.

The initial Conversion Price of HK\$1.00 represents:

- (a) a discount of approximately 93.79% to the closing price of HK\$16.10 per China AU New Share (adjusted for and assuming completion of the China AU Capital Reorganisation) as quoted on the Stock Exchange on 29 September 2011, being the last trading day immediately before the entering into of the Subscription Agreement;
- (b) a discount of approximately 93.93% to the average of the closing prices of HK\$16.48 per China AU New Share (adjusted for and assuming completion of the China AU Capital Reorganisation) for the last five (5) trading days up to and including 29 September 2011, being the last trading day immediately before the entering into of the Subscription Agreement; and
- (c) a discount of approximately 48.45% to the audited net assets value per China AU New Share (adjusted for and assuming completion of the China AU Capital Reorganisation) as at 30 June 2012 of approximately HK\$1.94.

Conversion Shares: Assuming the China AU Capital Reorganisation takes effect and there is an immediate exercise in full of the conversion rights attaching to the Convertible Bonds in the principal amount of HK\$40,000,000 at the Conversion Price by the holder of the Convertible Bonds, China AU will allot and issue an aggregate of 40,000,000 China AU New Shares, representing approximately 304.83% of the existing issued share capital of China AU and approximately 75.30% of the issued share capital of China AU as enlarged by the allotment and issue of all the Conversion Shares.

The Conversion Shares will be allotted and issued pursuant to the specific mandate to be sought at the China AU EGM.

Voting: The holder of the Convertible Bonds shall not be entitled to attend or vote at any general meeting of China AU by reason only of it being the holder of the Convertible Bonds.

Transfer: With the prior notification to China AU, the Convertible Bonds may be transferable provided that no transfer or assignment of the Convertible Bonds shall be made to any connected person of China AU without prior written consent of China AU.

Listing: No application will be made for the listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange. An application will be made by China AU to the GEM Listing Committee for the listing of, and permission to deal in the Conversion Shares.

Event of default: Customary events of default including but not limited to:

- (a) non-payment of any amount due under the Convertible Bonds;
- (b) appointment of receivership, declaration of insolvency or a bankruptcy petition against China AU; and
- (c) China AU and its subsidiaries as a whole ceases to carry on its ordinary course of business

EFFECT OF FULL CONVERSION OF THE CONVERTIBLE BONDS ON SHAREHOLDING STRUCTURE OF CHINA AU

The shareholding structure of China AU (i) as at the date of this announcement; (ii) after completion of the China AU Capital Reorganisation but before the full exercise of the conversion rights attaching to the Convertible Bonds; and (iii) after completion of the China AU Capital Reorganisation and the full exercise of the conversion rights attaching to the Convertible Bonds are as follows (assuming there being no other change in the share capital of China AU) (for illustration purposes only):

	At the date of this announcement		After completion of the China AU Capital Reorganisation but before the full exercise of the conversion rights attaching to the Convertible Bonds		After completion of the China AU Capital Reorganisation and the full exercise of the conversion rights attaching to the Convertible Bonds (Note 3)	
	<i>No. of China AU Shares</i>	<i>Approximate percentage</i>	<i>No. of China AU New Shares</i>	<i>Approximate percentage</i>	<i>No. of China AU New Shares</i>	<i>Approximate percentage</i>
Shareholders of China AU						
The directors of China AU						
Wang Xiaofei (Note 1)	230,400,000	17.56%	2,304,000	17.56%	2,304,000	4.34%
Du Juanhong (Note 2)	106,580,000	8.12%	1,065,800	8.12%	1,065,800	2.01%
The Subscriber and parties acting in concert with it	—	—	—	—	40,000,000	75.30%
Public shareholders of China AU	<u>975,220,000</u>	<u>74.32%</u>	<u>9,752,200</u>	<u>74.32%</u>	<u>9,752,200</u>	<u>18.35%</u>
Total:	<u><u>1,312,200,000</u></u>	<u><u>100.00%</u></u>	<u><u>13,122,000</u></u>	<u><u>100.00%</u></u>	<u><u>53,122,000</u></u>	<u><u>100.00%</u></u>

Notes:

1. Mr. Wang Xiaofei is a substantial shareholder and an executive director of China AU.
2. Mr. Du Juanhong is a non-executive director of China AU.
3. For illustration purposes only. Pursuant to the terms of the Convertible Bonds, the conversion rights attaching to the Convertible Bonds may be exercised provided that China AU will maintain the public float in compliance with the GEM Listing Rules.

(II) PROVISION OF FINANCIAL ASSISTANCE

On 21 March 2013 (after trading hours), the Lender, an indirect wholly-owned subsidiary of the Company, and China AU as borrower entered into the Loan Agreement, pursuant to which, the Lender has conditionally agreed to grant an unsecured loan in the principal amount of HK\$40,000,000 to China AU for a term of three (3) years from the date of drawdown.

The Loan Agreement

The principal terms of the Loan Agreement are summarised as follows:

Date	:	21 March 2013
Lender	:	Hong Kong Builders Finance Limited, a licensed money lender in Hong Kong
Borrower	:	China AU
Principal amount of the loan	:	HK\$40,000,000
Interest rate	:	5% per annum
Security	:	No security will be provided by China AU or any other party under the Loan Agreement
Term	:	Three years commencing from the date of drawdown
Repayment	:	China AU shall repay: (a) the interest on a quarterly basis in arrears; and (b) the principal amount of the loan in full at maturity.
Prepayment	:	China AU may at any time prepay the loan in full together with the accrued interest by giving not less than ten Business Days' prior written notice to the Lender before maturity.
Conditions precedent	:	The Loan Agreement is conditional upon the fulfilment of the following conditions: (a) completion of the Subscription Agreement; (b) the publication of an announcement of the Company in relation to the Subscription Agreement and the Loan Agreement and the transactions contemplated respectively thereunder in compliance with Chapter 14 of the Listing Rules; and (c) the passing of the necessary resolution by the China AU Independent Shareholders who are allowed to vote under the GEM Listing Rules, the Takeovers Code and/or other applicable laws and regulations approving at the China AU EGM the Loan Agreement and the transaction contemplated thereunder.
Long Stop Date	:	31 October 2013 or such other date as the Lender and China AU may agree

Funding of the loan

The loan will be financed by the Group's internal resources or the net proceeds to be raised from the open offer as announced in the announcement of the Company dated 13 March 2013.

INFORMATION ON CHINA AU GROUP

China AU is a company incorporated in the Cayman Islands and the China AU Shares are listed on GEM. The China AU Group is principally engaged in development, distribution and marketing of personal care treatment products.

Trading in the China AU Shares on GEM was suspended from 9:00 a.m. on 30 September 2011 and remains suspended as at the date of this announcement.

Set out below is the financial information of China AU Group in accordance with the annual reports of China AU for the two financial years ended 30 June 2011 and 30 June 2012 respectively.

	For the financial year ended 30 June 2011 (audited) HK\$	For the financial year ended 30 June 2012 (audited) HK\$
Net consolidated loss before taxation	185,674,000	100,389,000
Net consolidated loss after taxation	185,680,000	100,389,000
	As at 30 June 2011 (audited) HK\$	As at 30 June 2012 (audited) HK\$
Net consolidated assets value	109,770,000	25,473,000

INFORMATION ON THE LENDER

The Lender is a money lender licensed in Hong Kong under the provisions of the Money Lenders Ordinance. The Lender conducts money lending business in Hong Kong through the provision of secured and unsecured loans to customers.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The China AU Group is principally engaged in development, distribution and marketing of personal care treatment products. The Directors consider that the Subscription will enable the Group to participate in the development of China AU Group and provide the Group with an opportunity to be benefited from the business of China AU Group through conversion of part or whole of the Convertible Bonds into the China AU New Shares as and when the Group considers appropriate. As such, the Directors consider that the Subscription and the conversion of the Convertible Bonds enable the Group to diversify its businesses and are in interest of the Company and the Shareholders as a whole.

In view of the above and given that the terms of the Subscription Agreement were reached after arm's length negotiations between the Subscriber and China AU, the Directors consider that the terms and conditions of the Subscription Agreement and the Conversion Price are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE LOAN AGREEMENT

The terms of the Loan Agreement were negotiated on an arm's length basis between the Lender and China AU. The Directors are of the view that the terms and conditions of the Loan Agreement are on normal commercial terms. Given that a stable interest income is generated from the loan during the term of the Loan Agreement, the Directors consider that the grant of loan under the Loan Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(III) APPLICATION FOR WHITEWASH WAIVER

Assuming the China AU Capital Reorganisation takes effect and no further China AU Shares or China AU New Shares are issued or repurchased by China AU, the Subscriber will be interested in 40,000,000 China AU New Shares, representing approximately 75.30% of the issued share capital of China AU as enlarged by the allotment and issue of all the Conversion Shares, immediately upon the full exercise of the conversion rights attaching to the Convertible Bonds. Under Rule 26.1 of the Takeovers Code, the Subscriber is required to make a mandatory general offer to the China AU Shareholders for all the issued China AU New Shares (other than those China AU New Shares already owned or agreed to be acquired by the Subscriber and parties acting in concert with it) unless the Whitewash Waiver is obtained. In this regard, the Subscriber will make an application to the Executive for the Whitewash Waiver in respect of the Subscription and the exercise of the conversion rights attaching to the Convertible Bonds subject to, among other things, approval by the China AU Independent Shareholders in respect of the Subscription and the Whitewash Waiver at the China AU EGM by way of a poll.

In the event that the Executive does not grant the Whitewash Waiver and/or the China AU Independent Shareholders who are allowed to vote under the GEM Listing Rules and the Takeovers Code do not approve the grant of the Whitewash Waiver, the Subscription will not proceed.

DEALING AND INTEREST OF THE SUBSCRIBER IN THE SECURITIES OF CHINA AU

As at the date of this announcement, save for the Subscription, (a) the Subscriber, the Company and parties acting in concert with any of them do not hold any outstanding derivatives in respect of securities in China AU, or hold, control or has direction over any relevant securities (as defined in Note 4 to Rule 22) or any other interests in the share capital or voting rights in China AU; (b) the Subscriber, the Company and parties acting in concert with any of them do not borrow or lend any relevant securities (as defined in Note 4 to Rule 22) in China AU; (c) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of China AU or shares of the Subscriber which might be material to the Subscription and/or the Whitewash Waiver; (d) there is no agreement or arrangement to which any of the Subscriber, the Company and parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Subscription and/or the Whitewash Waiver; and (e) none of the Subscriber, the Company or parties acting in concert with any of them has received any irrevocable commitment to vote for and/or against the Subscription or the Whitewash Waiver.

IMPLICATIONS UNDER LISTING RULES

As the grant of loan under the Loan Agreement is conditional upon completion of the Subscription, the grant of loan under the Loan Agreement shall be aggregated with the Subscription under Rule 14.22 of the Listing Rules.

As the relevant applicable percentage ratios (as defined in the Listing Rules) in respect of the Subscription and the grant of loan under the Loan Agreement when aggregated together are more than 5% but less than 25%, the Subscription and the grant of loan under the Loan Agreements constitute discloseable transactions for the Company and are only subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As two of the relevant applicable percentage ratios (as defined in the Listing Rules) in respect of the conversion of the Convertible Bonds are more than 5% but less than 25%, the conversion of the Convertible Bonds constitutes a discloseable transaction for the Company and is only subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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, property investment and money lending.

Shareholders and potential investors are advised that the Subscription and the Loan Agreement are subject to fulfillment of conditions precedent and therefore may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 5:00 p.m. and is not lowered at or before 5:00 p.m. or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 5:00 p.m. and is not discontinued at or before 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“China AU”	China AU Group Holdings Limited (to be renamed as EDS Wellness Holdings Limited) (stock code: 8176), a company incorporated in the Cayman Islands with limited liability and the China AU Shares are listed on GEM
“China AU Capital Consolidation”	the proposed consolidation of every one hundred issued shares of HK\$0.001 each in the share capital of China AU upon the China AU Capital Reduction taking effect into one issued China AU New Share
“China AU Capital Reduction”	the proposed reduction of capital of China AU by way of cancellation of the paid-up share capital to the extent of HK\$0.099 on each China AU Share, such that the par value of all of the China AU Shares shall be reduced from HK\$0.10 each to HK\$0.001
“China AU Capital Reorganisation”	the capital reorganisation of China AU involving the China AU Capital Reduction and the China AU Capital Consolidation as disclosed in the circular of China AU dated 24 January 2013
“China AU EGM”	the extraordinary general meeting of China AU to be held to approve, amongst others, the Subscription Agreement and the Loan Agreement and the transactions contemplated respectively thereunder and the Whitewash Waiver
“China AU Group”	China AU and its subsidiaries

“China AU Independent Shareholders”	China AU Shareholders other than the Subscriber, the Company and the parties acting in concert with any of them and other China AU Shareholders who are interested or involved in the Subscription, the Whitewash Waiver and/or the Loan Agreement
“China AU New Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of China AU upon the China AU Capital Reorganisation taking effect
“China AU Shares”	existing ordinary share(s) of HK\$0.10 each in the issued share capital of China AU
“China AU Shareholder(s)”	holder(s) of the China AU Share(s) or the China AU New Share(s) (as the case may be)
“Company”	Eternity Investment Limited (stock code: 764), a company incorporated in Bermuda with limited liability and the Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules or the GEM Listing Rules (as the case may be)
“Conversion Price”	the initial conversion price of HK\$1.00 (subject to adjustments) per Conversion Share upon conversion of the Convertible Bonds
“Conversion Shares”	the China AU New Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the zero coupon convertible bonds in principal amount of HK\$40,000,000 to be issued by China AU to the Subscriber pursuant to the Subscription Agreement
“Directors”	the directors of the Company
“Executive”	the executive director of the Corporate Finance Division of the SFC from time to time and any delegate of such executive director
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	the GEM listing committee of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Lender”	Hong Kong Builders Finance Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement dated 21 March 2013 entered into between the Lender and China AU as borrower in respect of an unsecured loan in the principal amount of HK\$40,000,000
“Money Lenders Ordinance”	the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“SFC”	the Securities and Futures Commission of Hong Kong
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	New Cove Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Subscription”	the subscription for the Convertible Bonds by the Subscriber subject to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 21 March 2013 and entered into between China AU and the Subscriber in relation to the Subscription
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

“Whitewash Waiver”	waiver as may be granted by the Executive in favour of the Subscriber in respect of the obligations of the Subscriber to extend a general offer to acquire the issued China AU New Shares (excluding the issued China AU New Shares which are owned or agreed to be acquired by the Subscriber and parties acting in concert with it) in accordance with the Takeovers Code
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	percent.

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

Hong Kong, 21 March 2013

As at the date of this announcement, the board of directors of the Subscriber comprises two directors, namely, Mr. Lei Hong Wai and Mr. Cheung Kwok Wai, Elton.

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

The directors of the Subscriber and the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.