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ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THOUGHT DIAMOND INTERNATIONAL LIMITED AND THE SALE LOAN AND RESUMPTION OF TRADING

THE ACQUISITION

The Directors are pleased to announce that on 1 April 2014, the S&P Agreement was entered into between the Purchaser and the Vendor, pursuant to which the Purchaser would acquire the Sale Capital and the Sale Loan, at the Consideration of HK\$286,102,297.

GENERAL

The Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules. As the Vendor is a connected person (as defined under the Listing Rules) of the Company, the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition is subject to, among other things, the approval of the Independent Shareholders at the SGM. The Vendor and his associates shall abstain from voting at the SGM in respect of the resolutions to approve the Acquisition. An independent financial adviser will be appointed to advise the Independent Board Committee in respect of the Acquisition.

Pursuant to the Listing Rules, the Company is required to despatch the Shareholders a circular containing, among other things, further information in respect of the Acquisition, the letter of advice from the Independent Board Committee to the Independent Shareholders and the recommendation of the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, the accountant's reports on the Target Company, together with a notice convening the SGM within 15 business days (as defined in the Listing Rules) after publication of this announcement, that is, on or before 30 April 2014. The Company may not be able to despatch the circular within such period due to the time required to prepare the relevant financial and other information to be included in the circular under the Listing Rules, in which case the Company shall make a further announcement of any expected delay in despatch of the circular in due course.

WARNING STATEMENT

Shareholders and potential investors should note that the Acquisition is conditional upon fulfilment of the conditions precedent of the S&P Agreement, details of which have been set out under the paragraph headed "Conditions" of this announcement. Accordingly, the Acquisition may or may not proceed.

SUSPENSION AND RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 1:00 p.m. on 1 April 2014 pending the issue and publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 8 April 2014.

On 28 March 2014 (after the trading hours of the Stock Exchange), the Company as purchaser was in negotiations with various investors as vendors through a securities brokerage firm for the sale and purchase of in aggregate 95,900,000 shares in 21 Holdings, representing approximately 29.90% of its entire issued share capital. During the course of negotiations, the securities brokerage firm indicated to the Company that the investors requested the completion of the sale and purchase of 95,900,000 shares in 21 Holdings to take place immediately after the agreement of the selling price per share in 21 Holdings. As the acquisition of 95,900,000 shares in 21 Holdings constitutes a notifiable transaction of the Company under the Listing Rules, a lengthy process will be required to comply with the announcement, reporting and shareholders' approval requirements of the Listing Rules. The Company has, therefore, requested the Vendor to procure the Target Company to enter into bought and sold notes with various investors on 1 April 2014, being the date of the S&P Agreement, for acquiring the 95,900,000 shares in 21 Holdings at a total consideration of HK\$286,016,958 and, in turn, entering into the S&P Agreement with the Purchaser for selling the Sale Capital and the Sale Loan to the Group at the same consideration of HK\$286,016,958 plus the net assets (excluding the amount due to the shareholder) of the Target Company as at 31 March 2014 in order to facilitate the sale and purchase of the 95,900,000 shares in 21 Holdings.

The acquisition of 95,900,000 shares in 21 Holdings by the Target Company was completed on 1 April 2014.

THE PRINCIPAL TERMS OF THE S&P AGREEMENT

Date:

1 April 2014

Parties:

- (i) Purchaser: Riche (BVI) Limited, a wholly-owned subsidiary of the Company
- (ii) Vendor: Mr. Cheung Kwok Fan

The Vendor is Mr. Cheung Kwok Fan, the non-executive Director and a substantial Shareholder by virtue of his 25% indirect shareholding interest in Twin Success. As at the date of the S&P Agreement, Twin Success, which is owned as to 50% by Mr. Lei Hong Wai, the Chairman of the Board and an executive Director, as to 25% by Mr. Cheung Kwok Wai, Elton, an executive Director, and as to 25% by the Vendor, beneficially owns 105,708,000 Shares, representing approximately 19.30% of the issued share capital of the Company. In addition, the Vendor and Mr. Cheung Kwok Wai, Elton, an executive Director, are brothers. As such, the Vendor is a connected person (as defined in the Listing Rules) of the Company.

The Acquisition

Pursuant to the S&P Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to dispose of the Sale Capital and the Sale Loan, subject to the terms and conditions of the S&P Agreement.

The Sale Capital represents the entire issued share capital of the Target Company.

The Sale Loan represents all the interests, benefits and rights of and in the interest-free shareholder's loan owed by the Target Company to the Vendor on Completion, which as at 31 March 2014, amounted to HK\$61,152,928.

As at the date of this announcement, the major asset of the Target Company is its holding of 95,900,000 shares in 21 Holdings, representing approximately 29.90% of its entire issued share capital and the Sale Loan amounted to HK\$347,169,886.

Consideration

Subject to the terms and conditions of the S&P Agreement, the Consideration of HK\$286,102,297 shall be payable as follows:

- (a) a refundable amount of HK\$286,016,958 (the “**Deposit**”) by the Purchaser to the Vendor (or his nominees) upon the signing of the S&P Agreement; and
- (b) the balance of HK\$85,339 by the Purchaser to the Vendor at Completion.

The Deposit was paid to the Vendor by delivering banker’s cashier orders to the securities brokerage firm representing the vendors of the 95,900,000 shares in 21 Holdings, at the instructions of the Vendor.

The Consideration of HK\$286,102,297 was determined based upon the consideration of the 95,900,000 shares in 21 Holdings of HK\$286,016,958 plus the net assets (excluding the amount due to shareholder) of HK\$85,339 of the Target Company as at 31 March 2014.

The consideration of HK\$286,016,958 for the sale and purchase of the 95,900,000 shares in 21 Holdings was arrived after arm’s length negotiations between the Company and the investors on a “willing buyer – willing seller” basis.

The Deposit shall be immediately returned to the Purchaser in the event of non-Completion for whatever reason.

Conditions

Completion is conditional upon, the following conditions being fulfilled and/or waived by the Purchaser as at the date of Completion:

- (a) consent of the Stock Exchange in connection with the transactions contemplated by the S&P Agreement having been obtained;
- (b) the Independent Shareholders having approved at the SGM of the transactions contemplated by the S&P Agreement;
- (c) the warranties given by the Vendor under the S&P Agreement remaining true and accurate in all material respects; and
- (d) the acquisition of the 95,900,000 shares in 21 Holdings by the Target Company having been completed in all respects.

If any of the above conditions have not been satisfied (or, as the case may be, waived by the Purchaser) on or before 5:00 p.m. on the Long Stop Date, the S&P Agreement shall cease and terminate and none of the parties shall have any obligations and liabilities thereunder save for any antecedent breaches of the terms thereof.

The Purchaser shall be entitled in its absolute discretion to waive condition (c) above.

Completion

Completion shall take place on the date falling three Business Days after the satisfaction and/or waiver of the last conditions precedent in the S&P Agreement or such other date as the Vendor and the Purchaser may agree in writing.

INFORMATION ON THE TARGET COMPANY

The Target Company was incorporated in the British Virgin Islands with limited liability on 23 October 2009. The principal activity of the Target Company is an investment holding.

According to the unaudited management accounts of the Target Company for the period from 1 January 2014 to 31 March 2014, the net liabilities of the Target Company as at 31 March 2014 was HK\$61,067,589. The profit before and after taxation for the period were both HK\$1.20.

INFORMATION ON 21 HOLDINGS

21 Holdings is a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange under stock code: 1003. 21 Holdings is an investment holding company and its subsidiaries are principally engaged in the provision of property agency and related services, and securities trading and investments.

The audited consolidated financial results and positions of 21 Holdings and its subsidiaries for the years ended 31 December 2013 and 2012 are summarised as follows:

| | For the year ended 31 December 2013 <i>HK\$'000</i> | For the year ended 31 December 2012 <i>HK\$'000</i> |
|---|--|---|
| Continuing operations | | |
| Turnover | <u>98,763</u> | <u>112,711</u> |
| Profit/(loss) before tax from continuing operations | 27,762 | (64,462) |
| Income tax credit | <u>8,552</u> | <u>8,801</u> |
| Profit/(loss) for the year from continuing operations | 36,314 | (55,661) |
| Discontinued operation | | |
| Loss for the year from discontinued operation | <u>(1,120)</u> | <u>(1,398)</u> |
| Profit/(loss) for the year | <u><u>35,194</u></u> | <u><u>(57,059)</u></u> |
| | As at 31 December 2013 <i>HK\$'000</i> | As at 31 December 2012 <i>HK\$'000</i> |
| Non-current assets | 18,731 | 74,286 |
| Current assets | 246,798 | 227,235 |
| Current liabilities | (57,846) | (138,524) |
| Non-current liabilities | <u>—</u> | <u>(8,514)</u> |
| Net assets | <u><u>207,683</u></u> | <u><u>154,483</u></u> |

REASONS AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company and its subsidiaries are principally engaged in distribution of films, sub-licensing of film rights, sale of financial assets, provision of management services to the concierge department of a gaming promoter in Macau, property investment and money lending.

As the Group disposed of all its investment properties in the financial year ended 31 December 2013, the Directors have cautiously identified suitable investment opportunities for the Group to diversify its businesses and broaden its revenue. Given land is a scarce resource in Hong Kong and housing is a basic necessity, the Directors consider that the Acquisition presents an opportunity for the Group to invest in the business of property agency and related services, which is a predictable, simple and understandable business model. In addition, following Completion, the Group will become the single largest shareholder of 21 Holdings.

FINANCIAL EFFECTS OF THE ACQUISITION

The underlying assets of the Target Company are the 95,900,000 shares in 21 Holdings, representing approximately 29.90% of its entire issued share capital. After Completion, the Company will be interested in the 95,900,000 shares in 21 Holdings through the Target Company. 21 Holdings will become an associate (as defined under HKAS 28 *Investments in Associates*) and the financial results of 21 Holdings will be accounted for by the Company using equity method of accounting in accordance with HKAS 28 *Investments in Associates*.

GENERAL

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Pursuant to Listing Rules, the Company is required to despatch the Shareholders a circular containing, among other things, further information in respect of the Acquisition, the letter of advice from the Independent Board Committee to the Independent Shareholders and the recommendation of the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, the accountant's reports on the Target Company, together with a notice convening the SGM within 15 business days (as defined in the Listing Rules) after publication of this announcement, that is, on or before 30 April 2014. The Company may not be able to despatch the circular within such period due to the time required to prepare the relevant financial and other information to be included in the circular under the Listing Rules, in which case the Company shall make a further announcement of any expected delay in despatch of the circular in due course.

APPROVAL BY THE BOARD

Given the Vendor is the non-executive Director and a substantial Shareholder and has a material interest in the Acquisition, the Vendor and his associates, Mr. Lei Hong Wai, the Chairman of the Board and an executive Director, and Mr. Cheung Kwok Wai, Elton, an executive Director and a brother of the Vendor, abstained from voting on the relevant resolutions to approve the S&P Agreement and the transactions contemplated thereunder at the meeting of the Board held on 1 April 2014.

WARNING STATEMENT

Shareholders and potential investors should note that the Acquisition is conditional upon fulfilment of the conditions precedent of the S&P Agreement, details of which have been set out under the paragraph headed “Conditions” of this announcement. Accordingly, the Acquisition may or may not proceed.

SUSPENSION AND RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 1:00 p.m. on 1 April 2014 pending the issue and publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 8 April 2014.

DEFINITIONS

| | |
|----------------|--|
| “21 Holdings” | 21 Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange under stock code: 1003 |
| “Acquisition” | the proposed acquisition of the entire issued share capital of the Target Company and the Sale Loan |
| “associate” | has the meaning as ascribed to it under the Listing Rules |
| “Board” | the board of Directors |
| “Business Day” | a day (other than a Saturday or days on which a typhoon signal 8 or above or black rainstorm signal is hoisted in Hong Kong at 10:00 a.m.) on which banks in Hong Kong are generally open for business |

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| “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” | the completion of the Acquisition |
| “Consideration” | the total consideration payable by the Purchaser for the Acquisition pursuant to the S&P Agreement, being HK\$286,102,297 |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Board Committee” | the independent board committee comprising Mr. Wan Shing Chi, Mr. Ng Heung Yan and Mr. Wong Tak Chuen, all of which are independent non-executive Directors to advise the Independent Shareholders on the Acquisition |
| “Independent Shareholders” | Shareholders other than the Vendor and his associates |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Long Stop Date” | 30 September 2014 or such other date as the Purchaser and the Vendor may agree |
| “Sale Capital” | the entire issued share capital of the Target Company which is legally and beneficially owned by the Vendor |
| “Sale Loan” | all the interests, benefits and rights of and in the interest-free shareholder’s loan owed by the Target Company to the Vendor on Completion, which as at 31 March 2014, amounted to HK\$61,152,928 |
| “Share(s)” | 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) |

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|---------------------------|--|
| “SGM” | a special general meeting of the Company to be convened and held to consider, and if thought fit, to approve, among other things, the Acquisition |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “S&P Agreement” | a conditional sale and purchase agreement entered into between the Purchaser and the Vendor dated 1 April 2014 in respect of the Acquisition |
| “substantial shareholder” | has the meaning as ascribed to it under the Listing Rules |
| “Target Company” | Thought Diamond International Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by the Vendor |
| “Twin Success” | Twin Success International Limited, a company incorporated in the British Virgin Islands with limited liability and a substantial Shareholder holding 105,708,000 Shares as at the date of the S&P Agreement |
| “Vendor” | Mr. Cheung Kwok Fan, the non-executive Director, a substantial Shareholder and a brother of Mr. Cheung Kwok Wai, Elton, an executive Director |
| “%” | per cent. |

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

Hong Kong, 7 April 2014

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.