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ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF SHARES IN CHINA STAR CULTURAL MEDIA GROUP LIMITED

On 19 December 2014, the Group disposed of 75,800,000 China Star Cultural Shares in a series of transactions on open market for an aggregate gross sale proceeds of approximately HK\$94,510,000 (excluding transaction costs), representing the Average Selling Price of approximately HK\$1.2468 per China Star Cultural Share.

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is only subject to the announcement requirement of the Listing Rules.

THE DISPOSAL

On 19 December 2014, the Group disposed of 75,800,000 China Star Cultural Shares in a series of transactions on open market for an aggregate gross sale proceeds of approximately HK\$94,510,000 (excluding transaction costs), representing an average selling price of approximately HK\$1.2468 per China Star Cultural Share (the “**Average Selling Price**”).

As the Disposal was made on open market, the identity of the counterparty to the Disposal cannot be ascertained.

Prior to the Disposal, the Group held 146,640,000 China Star Cultural Shares. Immediately after completion of the Disposal, the Group holds 70,840,000 China Star Cultural Shares, representing approximately 7.70% of the issued share capital of China Star Cultural as at the date of this announcement.

Assets disposed

The Group disposed of 75,800,000 China Star Cultural Shares, representing approximately 8.24% of the issued share capital of China Star Cultural as at the date of the announcement.

Consideration

The aggregate gross sale proceeds of the Disposal are approximately HK\$94,510,000 (excluding transaction costs), which is receivable in cash on settlement. The consideration for the Disposal represented the market price of the China Star Cultural Shares at the time of the Disposal.

Financial effects of the Disposal

On 15 April 2014, China Star Cultural allotted and issued 100,000,000 new China Star Cultural Shares by way of placing of new shares under general mandate to not less than six places and the Group's interest in China Star Cultural was diluted from 29.00% to 24.21%. On 17 June 2014, China Star Cultural allotted and issued another 300,000,000 new China Star Cultural Shares by way of placing of new shares under specific mandate to not less than six places and the Group's interest in China Star Cultural was further diluted from 24.21% to 16.19%. As a result, China Star Cultural ceased to be an associated company of the Group on 17 June 2014 and the Group was deemed to dispose of a 12.81% shareholding interest in China Star Cultural. Accordingly, a gain on deemed disposal of an associate of HK\$7,669,000 was recognised by the Group in the six months ended 30 June 2014 and the 146,640,000 China Star Cultural Shares held by the Group were reclassified from interests in associates to available-for-sale financial assets on 17 June 2014.

Upon completion of the Disposal, a gain on the Disposal (before transaction costs) of approximately HK\$67,222,000, which is the difference between the Average Selling Price of approximately HK\$1.2468 per China Star Cultural Share and HK\$0.36 per China Star Cultural Share, being the fair value of each China Star Cultural Share on 17 June 2014 (the date on which China Star Cultural ceased to be an associated company of the Group), is expected to be recognised by the Group.

INFORMATION ON THE COMPANY

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, property investment, money lending, design and sale of jewelry products, and development, distribution and marketing of personal care treatments, products and services.

INFORMATION ON CHINA STAR CULTURAL

China Star Cultural is a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued China Star Cultural Shares are listed on GEM under stock code: 8172. China Star Cultural is an investment holding company and its subsidiaries and joint ventures are principally engaged in the provision of artist management services and film production and distribution and sale of financial assets.

Set out below is the audited consolidated financial information of the China Star Cultural Group for the two years ended 31 December 2012 and 2013 as extracted from the annual reports of China Star Cultural:

	For the year ended 31 December	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	15,698	26,547
Loss before and after taxation from continuing operations	12,829	12,008
Loss from discontinued operation	—	3,092
Loss for the year	12,829	15,100

The audited consolidated net assets value of the China Star Cultural Group as at 31 December 2013 is HK\$74,202,000.

REASONS FOR THE DISPOSAL AND USE OF PROCEEDS FROM THE DISPOSAL

On 3 August 2012, the Group acquired the 146,640,000 China Star Cultural Shares, representing approximately 29.00% of the then issued share capital of China Star Cultural, from Culture Landmark Investment 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: 674, at a consideration of HK\$51,324,000 (equivalent to HK\$0.35 per China Star Cultural Share).

The investment in the 146,640,000 China Star Cultural Shares was for the purpose of forming a strategic alliance with Culture Landmark Investment Limited and China Star Cultural in order to secure a stable supply of films from China Star Cultural for revitalising the Group's film distribution business. However, such investment does not produce the intended result and Culture Landmark Investment Limited is no longer a shareholder of China Star Cultural. Accordingly, the Company intends to dispose of the 146,640,000 China Star Cultural Shares on open market from time to time in order to realise the Group's investment in China Star Cultural. As such, the Directors consider that the Disposal is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The net proceeds from the Disposal are intended to be used for general working capital of the Group.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is only subject to the announcement requirement of the Listing Rules.

EFFECTS ON THE DISPOSAL MANDATE

On 5 December 2014, the Directors proposed to obtain the Disposal Mandate from the Shareholders for the possible disposal of up to 146,640,000 China Star Cultural Shares held by the Group.

Given that the Disposal Mandate was announced by the Company before the Disposal and, other than the maximum number of China Star Cultural Shares to be disposed of under the Disposal Mandate, the Disposal has no effects on the Disposal Mandate to be obtained from the Shareholders at a special general meeting of the Company, the Directors consider that it is not necessary to amend the terms and conditions of the Disposal Mandate as announced by the Company on 5 December 2014.

A circular containing, among other things, further details of the grant of the Disposal Mandate, together with a notice convening the special general meeting of the Company will be dispatched to the Shareholders on or before 30 December 2014.

DEFINITIONS

In this announcement, unless the context otherwise required, the following terms and expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“China Star Cultural”	China Star Cultural Media Group Limited (formerly known as China Media and Films Holdings Limited), a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the China Star Cultural Shares are listed on GEM under stock code: 8172
“China Star Cultural Group”	China Star Cultural and its subsidiaries
“China Star Cultural Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of China Star Cultural

“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 under stock code: 764
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of 75,800,000 China Star Cultural Shares owned by the Group
“Disposal Mandate”	The 12-month mandate to be granted by the Shareholders to the Directors for the possible disposal of up to 146,640,000 China Star Cultural Shares owned by the Group
“GEM”	Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“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 December 2014

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