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ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

MAJOR TRANSACTION IN RELATION TO THE POSSIBLE DISPOSAL OF SHARES IN EDS WELLNESS HOLDINGS LIMITED

Reference is made to the Joint Announcement and the circular of the Company dated 8 October 2015 in relation to, amongst others, the Subscription, the Offer and the deemed disposal of an approximately 58.51% shareholding interest in the issued share capital of EDS.

THE DISPOSAL MANDATE

Upon the completion of the Subscription and at the date of this announcement, the Group held 52,500,000 Ordinary EDS Shares, representing approximately 12.51% of the issued share capital of EDS.

Given that the Group has lost its control over EDS after completion of the Subscription, the 52,500,000 Ordinary EDS Shares held by the Group have been accounted for as available-for-sale financial assets of the Group. The Directors propose to obtain the Disposal Mandate from the Shareholders for the possible disposal of up to 52,500,000 Ordinary EDS Shares held by the Group.

The Disposal Mandate is conditional upon the approval of the Shareholders at the SGM.

For the details of the Disposal Mandate, please refer to the section headed “THE DISPOSAL MANDATE” of this announcement.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined in the Listing Rules) for the Disposal Mandate is more than 25% but all are less than 75%, the Disposal Mandate constitutes a major transaction of the Company and is subject to the announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the grant of the Disposal Mandate. The aforesaid approval shall be obtained by way of 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 Mandate; therefore, no Shareholder is required to abstain from voting for the resolution to approve the Disposal Mandate at the SGM.

A circular containing, among other things, details of the Disposal and the grant of the Disposal Mandate, together with a notice convening the SGM and other information required under the Listing Rules will be despatched to the Shareholders on or before 29 January 2016.

Shareholders and potential investors should note that (i) the grant of the Disposal Mandate is subject to the approval of the Shareholders at the SGM and therefore the Disposal may not be proceeded; and (ii) there is no assurance that the Company will proceed with the Disposal after the grant of the Disposal Mandate as the Disposal is subject to the conditions as set out under the paragraph headed "Manner of the Disposal" of this announcement. As such, Shareholders and potential investors are urged to exercise caution when dealing in the Shares.

Reference is made to the Joint Announcement and the circular of the Company dated 8 October 2015 in relation to, amongst others, the Subscription, the Offer and the deemed disposal of an approximately 58.51% shareholding interest in the issued share capital of EDS.

THE DISPOSAL MANDATE

Upon the completion of the Subscription and at the date of this announcement, the Group held 52,500,000 Ordinary EDS Shares, representing approximately 12.51% of the issued share capital of EDS.

Given that the Group has lost its control over EDS after completion of the Subscription, the 52,500,000 Ordinary EDS Shares held by the Group have been accounted for as available-for-sale financial assets of the Group. The Directors propose to obtain the Disposal Mandate from the Shareholders for the possible disposal of up to 52,500,000 Ordinary EDS Shares held by the Group.

The Disposal Period

The 12-month period commencing from the date on which the Disposal Mandate is approved by the Shareholders at the SGM.

Maximum number of Ordinary EDS Shares to be disposed of under the Disposal Mandate

Up to 52,500,000 Ordinary EDS Shares held by the Group.

Manner of the Disposal

The Disposal under the Disposal Mandate will be conducted on open market transactions on the Stock Exchange.

In deciding to effect the Disposal, the Directors will take into account the current market sentiment and the prevailing market prices of the Ordinary EDS Shares. The Disposal will be effected on the following conditions:

- (a) the Disposal will be conducted on normal commercial terms and will be fair and reasonable and in the interests of the Company and the Shareholders as a whole;
- (b) the price of the Disposal will be settled in cash; and
- (c) the selling price of each Ordinary EDS Share will be not less than the higher of (i) 90% of the average closing price of Ordinary EDS Shares for the 10 consecutive Trading Days (where the trading of the Ordinary EDS Shares is suspended on any Trading Day for the whole day, the closing price on the Trading Day immediately prior to such suspension shall be deemed as the closing price of the Ordinary EDS Shares on such Trading Day) immediately prior to the Trading Day on which the relevant Disposal is effected (the “**Benchmark Price**”); and (ii) the Acquisition Cost of HK\$1.476.

As the Disposal is only effected on open market, the identity of the counterparty to the Disposal cannot be ascertained and, except for the bid prices of the Ordinary EDS Shares quoted on the Stock Exchange, there is no criteria for selecting buyers in disposing of the Ordinary EDS Shares on the Stock Exchange.

Monthly reporting of the Disposal

To keep the Shareholders and the investing public informed on the progress of the Disposal, the Company will publish an announcement within five Trading Days after the end of each month, starting from the month on which the Disposal Period commences until all of the 52,500,000 Ordinary EDS Shares held by the Group have been disposed of or the last day of the Disposal Period, whichever is earlier.

Condition precedent

The Disposal Mandate is conditional upon the approval of the Shareholders at the SGM.

In the event that the Disposal Mandate is not approved by the Shareholders at the SGM, the Group is only able to dispose of such number of Ordinary EDS Shares, which constitutes a discloseable transaction of the Company under the Listing Rules.

Capital restructuring of EDS

If and when there shall be any alteration to the nominal value of Ordinary EDS Shares as a result of consolidation, subdivision or reclassification, or issue of new Ordinary EDS Shares to the Group by way of capitalisation of profits or reserves during the Disposal Period, the number of Ordinary EDS Shares to be disposed of under the Disposal Mandate shall be adjusted accordingly.

Financial effects of the Disposal

On 22 May 2014, the Group subscribed for the Previous Convertible Bonds in the principal amount of HK\$40.00 million at their face value for the purpose of participating in the development of the EDS Group and enabling the Group to diversify its business. The Previous Convertible Bonds did not bear any interest. The Company confirms that save for the consideration of HK\$40.00 million, the Group has not paid any other amount to the EDS Group for the subscription of the Previous Convertible Bonds. Subject to the compliance with the public float requirement by EDS, the Previous Convertible Bonds carried rights entitling the holders thereof to convert their principal amount into Ordinary EDS Shares at an initial conversion price of HK\$1.00 per Ordinary EDS Share. On 2 July 2014, the Group converted the principal amount of HK\$25.00 million of the Previous Convertible Bonds into 25,000,000 new Ordinary EDS Shares at the initial conversion price of HK\$1.00 per Ordinary EDS Share. As a result of the conversion, EDS became a non-wholly owned subsidiary of the Company. On 22 July 2014, the Group subscribed for 12,500,000 new Ordinary EDS Shares under the Open Offer at a subscription price of HK\$3.00 per Ordinary EDS Share for maintaining its controlling level of shareholding interest in EDS and facilitating the Open Offer for raising additional capital for repayment of outstanding debts of EDS. On 30 September 2014, the Group converted the remaining principal amount of HK\$15.00 million of the Previous Convertible Bonds into 15,000,000 new Ordinary EDS Shares at the initial conversion price of HK\$1.00 per Ordinary EDS Share. The Company confirms that save for the consideration of HK\$40.00 million paid to the EDS Group for the subscription of the Previous Convertible Bonds, no additional payment was made by the Group to the EDS Group upon the above conversion or any other conversion of the Previous Convertible Bonds. Based on the above, the acquisition cost is HK\$1.476 per Ordinary EDS Share (the “**Acquisition Cost**”).

As the 90% of the average closing price of Ordinary EDS Shares for the 10 consecutive Trading Days immediately prior to the date of this announcement is HK\$3.9987, which is higher than the Acquisition Cost of HK\$1.476, the Benchmark Price of HK\$3.9987 is used for illustrating the financial effects of the Disposal. On the basis that (i) the 52,500,000 Ordinary EDS Shares are

accounted for as available-for-sale financial assets in the consolidated financial position of the Group in amount of HK\$336.00 million, which is based on the closing price of Ordinary EDS Share of HK\$6.40 per Ordinary EDS Share on 6 November 2015 (the completion date of the Subscription); and (ii) all of the 52,500,000 Ordinary EDS Shares are disposed of at the Benchmark Price of HK\$3.9987, the Group will record a loss on the Disposal of approximately HK\$126.07 million (before expenses) which is the difference between the Benchmark Price of HK\$3.9987 and the closing price of HK\$6.40 per Ordinary EDS Share as quoted on the Stock Exchange on 6 November 2015. Despite the above, the Benchmark Price of HK\$3.9987 represents a premium of approximately 170.91% to the Acquisition Cost of HK\$1.476. The Directors consider that the Disposal Mandate provides an instrument to the Group to realise its investment in EDS in cash profit of approximately HK\$132.44 million (before expenses), which is the difference between the Benchmark Price of HK\$3.9987 and the Acquisition Cost of HK\$1.476 in an effective and efficient manner.

The gross proceeds from the Disposal will be approximately HK\$209.93 million, which will be used for the general working capital of 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, and design and sale of jewelry products.

INFORMATION ON THE EDS GROUP

The EDS Group is principally engaged in the development, distribution and marketing of personal care treatments, products and services, and the provision of in-flight WLAN and WIFI engineering and services business.

The table below sets out the audited consolidated net loss of the EDS Group for the two years ended 30 June 2013 and 2014 and the six months ended 31 December 2014, and the unaudited consolidated net loss of the EDS Group for the nine months ended 30 September 2015 (being the latest financial information of EDS published in compliance with the GEM Listing Rules):

	For the nine months ended 30 September 2015	For the six months ended 31 December 2014	For the year ended 30 June	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)	(Audited)	(Audited)
Loss before tax	(16,928)	(46,216)	(10,131)	(23,568)
Loss for the period/year	(17,562)	(47,043)	(10,618)	(23,568)

Note: The financial year end date of EDS has been changed from 30 June to 31 December commencing from the financial year ended 31 December 2014 (further information is described in EDS's announcement dated 15 October 2014).

REASONS FOR THE DISPOSAL MANDATE AND USE OF PROCEEDS FROM THE DISPOSAL

After completion of the Subscription, the Group's shareholding interest in the issued share capital of EDS has been diluted from approximately 70.18% to approximately 12.51%. The Group has lost its control over EDS and EDS has ceased to be a subsidiary of the Company. The Group's investment in the 52,500,000 Ordinary EDS Shares have been accounted for as available-for-sale financial assets in the Group's consolidated statement of financial position in accordance with Hong Kong Accounting Standard 39 *Financial Instruments: Recognition and Measurement*. As such, the Company, subject to the price performance of Ordinary EDS Shares, intends to realise its investment in EDS as and when appropriate in order to take profit. However, a disposal (or series of disposals) of the entire 52,500,000 Ordinary EDS Shares constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and requires Shareholders' approval in a general meeting of the Company.

Given the volatility of the stock market, disposing of Ordinary EDS Shares at the best possible price requires prompt actions at the right timing and it is not practicable to seek Shareholders' approval for each disposal of such number of Ordinary EDS Shares. Therefore, the Company intends to obtain the Disposal Mandate from the Shareholders in order to enable the Group to dispose of the 52,500,000 Ordinary EDS Shares in an effective and efficient manner. The Directors are of the view that the Disposal Mandate provides flexibility with the Group during the Disposal Period to act promptly, effectively and efficiently to dispose of the 52,500,000 Ordinary EDS Shares at the appropriate time and at the appropriate prices in order to maximise the return to the Group. As such, the Directors consider that the Disposal Mandate is fair and reasonable and in the interests 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 (as defined in the Listing Rules) for the Disposal Mandate is more than 25% but all are less than 75%, the Disposal Mandate constitutes a major transaction of the Company and is subject to the announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the grant of the Disposal Mandate. The aforesaid approval 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 Mandate; therefore, no Shareholder is required to abstain from voting for the resolution to approve the Disposal Mandate at the SGM.

A circular containing, among other things, details of the Disposal and the grant of the Disposal Mandate, together with a notice convening the SGM and other information required under the Listing Rules will be despatched to the Shareholders on or before 29 January 2016.

Shareholders and potential investors should note that (i) the grant of the Disposal Mandate is subject to the approval of the Shareholders at the SGM and therefore the Disposal may not be proceeded; and (ii) there is no assurance that the Company will proceed with the Disposal after the grant of the Disposal Mandate as the Disposal is subject to the conditions as set out under the paragraph headed “Manner of the Disposal” of this announcement. As such, Shareholders and potential investors are urged to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition Cost”	has the meaning as set out in the paragraph headed “Financial effects of the Disposal” in this announcement
“Benchmark Price”	has the meaning as set out in the paragraph headed “Manner of the Disposal” in this announcement
“Board”	the board of 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 under stock code: 764
“Director(s)”	the director(s) of the Company
“Disposal”	the possible disposal of up to 52,500,000 Ordinary EDS Shares owned by the Group under the Disposal Mandate
“Disposal Mandate”	the mandate to be granted by the Shareholders to the Directors for the Disposal during the Disposal Period
“Disposal Period”	the 12-month period commencing from the date on which the Disposal Mandate is approved by the Shareholders at the SGM
“EDS”	EDS Wellness Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued shares of which are listed on GEM under stock code: 8176
“EDS Group”	EDS and its subsidiaries
“GEM”	the Growth Enterprise Market of the Stock Exchange

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Joint Announcement”	the announcement jointly published by Xing Hang Limited, EDS and the Company dated 15 April 2015 in relation to, amongst others, the Subscription, the Offer and the deemed disposal of approximately 58.51% shareholding interest in EDS by the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	the unconditional mandatory cash offer made by Kingston Securities Limited on behalf of Xing Hang Limited to acquire all the issued Ordinary EDS Shares (other than the Ordinary EDS Shares owned or agreed to be acquired by Xing Hang Limited and parties acting in concert with it) at the offer price of HK\$4.07 per Ordinary EDS Share as detailed in the Joint Announcement and the composite offer and response document jointly published by Xing Hang Limited and EDS dated 20 November 2015
“Open Offer”	the open offer of EDS issuing 19,061,000 new Ordinary EDS Shares at a subscription price of HK\$3.00 per Ordinary EDS Shares as detailed in the prospectus of EDS dated 17 July 2014
“Ordinary EDS Share(s)”	ordinary share(s) of par value of HK\$0.10 each in the share capital of EDS
“Preferred Share(s)”	new preferred share(s) of par value of HK\$0.10 each in the share capital of EDS created pursuant to the reclassification and redesignation of the authorised share capital of EDS as detailed in the Joint Announcement
“Previous Convertible Bonds”	the non-interest bearing convertible bonds with a total principal amount of HK\$40.00 million and convertible into 40,000,000 new Ordinary EDS Shares issued by EDS on 22 May 2014 and held by New Cove Limited, a wholly owned subsidiary of the Company, (further details of the issue of the Previous Convertible Bonds are disclosed in EDS’s announcements dated 21 March 2013, 30 October 2013 and 22 May 2014 and EDS’s circular dated 23 May 2013)
“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)
“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 Disposal Mandate
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of 345,000,000 new Ordinary EDS Shares and 30,000,000 new Preferred Shares under the Subscription Agreement
“Subscription Agreement”	the subscription agreement in respect of the Subscription entered into between Xing Hang Limited, Goldenland Mining & Investment Limited, Silver Empire Holding Limited, Truly Elite Limited, High Aim Global Limited and First Bonus International Limited as subscribers and EDS as issuer dated 17 February 2015
“Trading Day(s)”	a day on which the Stock Exchange is open for trading of securities (and whether or not Ordinary EDS Shares are suspended from trading for whole or part of such day)
“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, 8 January 2016

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.