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ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

DISCLOSEABLE TRANSACTION IN RELATION TO PLACING OF UP TO 25,000,000 EXISTING SHARES IN SKYNET GROUP LIMITED HELD BY NEW COVE LIMITED

Placing Agent

LUK FOOK SECURITIES (HK) LIMITED

六福金融
LUKFOOK FINANCIAL

THE PLACING

On 23 November 2016 (after trading hours of the Stock Exchange), the Placing Agent and the Vendor entered into the Placing Agreement, pursuant to which the Vendor has conditionally agreed to place, through the Placing Agent, up to 25,000,000 SkyNet Placing Shares, on a best effort basis, to the Placees who and whose ultimate beneficial owners are Independent Third Parties at the Placing Price of HK\$4.80 per SkyNet Placing Share.

Prior to the Placing, the Vendor held 52,500,000 Ordinary SkyNet Shares representing approximately 12.51% of the entire issued share capital of SkyNet as at the date of this announcement. Immediately after completion of the Placing and assuming all the SkyNet Placing Shares are successfully placed, the Vendor shall hold 27,500,000 Ordinary SkyNet Shares, representing approximately 6.55% of the entire issued share capital of SkyNet as at the date of this announcement, and shall cease to be a substantial shareholder of SkyNet (as defined in the GEM Listing Rules).

LISTING RULES IMPLICATIONS

As one of the relevant applicable percentage ratios (as defined under the Listing Rules) in respect of the Placing is more than 5% but all are less than 25%, the Placing 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.

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THE PLACING AGREEMENT

The principal terms and conditions of the Placing Agreement are summarised as follows:

Date

23 November 2016

Parties

- (i) The vendor: New Cove Limited, an indirect wholly-owned subsidiary of the Company
- (ii) The placing agent: Luk Fook Securities (HK) Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Placing Commission

The Placing Agent shall charge the Vendor a placing commission of 1.00% of the amount equal to the Placing Price multiplied by the number of the SkyNet Placing Shares successfully placed by the Placing Agent. The placing commission was negotiated on an arm's length basis between the Vendor and the Placing Agent under normal commercial terms and with reference to the prevailing commission rate charged by other placing agents.

Placees

The Placing Agent has conditionally agreed to place up to 25,000,000 SkyNet Placing Shares, on a best effort basis, to the Placees who and whose ultimate beneficial owners are Independent Third Parties. None of the Placees will become a substantial shareholder (as defined in the GEM Listing Rules) of SkyNet upon completion of the Placing.

The Vendor has been informed by the Placing Agent and SkyNet that (i) there are two potential Placees who have agreed to take up the SkyNet Placing Shares and one of the potential placees, Hong Kong Bridge, has agreed to take up 6,250,000 SkyNet Placing Shares; and (ii) Hong Kong Bridge will subscribe for 35,416,666 new Ordinary SkyNet Shares to be allotted and issued under the placing of new Ordinary SkyNet Shares under general mandate of SkyNet at a price of HK\$4.80 per new Ordinary SkyNet Share. The details regarding placing of new Ordinary SkyNet Shares under general mandate of SkyNet are disclosed in the announcement published by SkyNet.

The actual allocation of the SkyNet Placing Shares will be disclosed in the completion announcement to be published upon completion of the Placing.

The Placing Agreement and the Placing are separate and independent from the placing agreement of SkyNet dated 23 November 2016 and the placing contemplated thereunder, and are not inter-conditional to each other.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the two potential Placees are Independent Third Parties.

Number of SkyNet Placing Shares

Pursuant to the Placing Agreement, the maximum of the SkyNet Placing Shares to be placed by the Placing Agent is 25,000,000, which represents approximately 5.96% of the entire issued share capital of SkyNet based on 419,803,000 Ordinary SkyNet Shares in issue as at the date of this announcement (according to the public information of SkyNet).

Placing Price

The Placing Price of HK\$4.80 per SkyNet Placing Share represents:

- (i) a discount of approximately 4.00% to the closing price of HK\$5.00 per Ordinary SkyNet Share as quoted on the Stock Exchange on 23 November 2016, being the date of the Placing Agreement; and
- (ii) a discount of approximately 3.23% to the average closing price of approximately HK\$4.96 per Ordinary SkyNet Share in the last five consecutive trading days immediately prior to 23 November 2016, being the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiations between the Vendor and the Placing Agent with reference to, among other things, the prevailing trading price of the Ordinary SkyNet Shares. The Directors consider that the Placing Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions

Completion of the Placing is conditional upon the fulfillment of the following conditions:

- (i) the warranties given by the Vendor in the Placing Agreement remaining true and accurate in all material respects; and
- (ii) the obligations of the Placing Agent under the Placing Agreement becoming unconditional and not being terminated in accordance with the terms thereof, including provisions regarding force majeure events.

The Placing Agent may in its absolute discretion at any time waive in writing any of the conditions (or any part thereof) set out above and such waiver may be made subject to such terms and conditions as are determined by the Placing Agent and agreed by the Vendor.

If the above conditions have not been satisfied (or, as the case may be, waived by the Placing Agent) on or before 7 December 2016 or such other date as the Vendor and the Placing Agent shall agree, the Placing Agreement shall cease and determine.

Completion

Completion of the Placing shall take place on or before 7 December 2016 or such other date as the Vendor and the Placing Agent shall agree in writing.

Termination

The Placing Agreement may be terminated by the Placing Agent prior to 10:00 a.m. on 7 December 2016, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any of the following force majeure events:

- (i) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the SkyNet Group; or
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent,

materially and adversely affect the business or the financial or trading position or prospects of the SkyNet Group as a whole or adversely prejudices the success of the placing of the SkyNet Placing Shares to the Placees or otherwise makes it inexpedient or inadvisable for the Vendor or the Placing Agent to proceed with the Placing; or

- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the placing of the SkyNet Placing Shares to the Placee(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Vendor or the Placing Agent to proceed with the Placing.

INFORMATION ON THE SKYNET GROUP

The SkyNet Group is principally engaged in the sales of beauty products and provision of therapy services and provision of in-flight WLAN and WIFI engineering and services.

The table below sets out the audited consolidated financial information of the SkyNet Group for the year ended 30 June 2014, the six months ended 31 December 2014 and the year ended 31 December 2015:

	For the year ended 31 December 2015	For the six months ended 31 December 2014	For the year ended 30 June 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)	(Audited)
Revenue	46,989	22,084	27,582
Loss before taxation	(38,692)	(46,216)	(10,131)
Loss for the year/period	(39,677)	(47,043)	(10,618)

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

The unaudited consolidated net asset value of the SkyNet Group as at 30 June 2016 was HK\$99,629,000.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS FROM THE PLACING

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 sale of precious stones.

References are made to the announcements of the Company dated 8 January 2016, 11 January 2016 and 12 May 2016 and the circular of the Company dated 22 April 2016 in relation to, among others, the possible disposal of up to 52,500,000 Ordinary SkyNet Shares owned by the Group. On 12 May 2016, the Disposal Mandate was granted to the Directors by the Shareholders. It is the intention of the Company to dispose of the 52,500,000 Ordinary SkyNet Shares held by the Group under the Disposal Mandate. As at the date of this announcement, none of the 52,500,000 Ordinary SkyNet Shares held by the Group was disposed of under the Disposal Mandate. Given that the thin trading volume of the Ordinary SkyNet Shares, the Directors consider the Placing Agreement can facilitate the disposal of the Ordinary SkyNet Shares held by the Group to certain willing buyers rather than in open market. The Placing also presents an opportunity for the Group to dispose of a substantial quantity of the Ordinary SkyNet Shares held by the Group in order to realise the investment of the Group into cash. The Placing shall not constitute a disposal under the Disposal Mandate.

Based on the above, the Directors are of the view that the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The gross proceeds from the Placing is HK\$120.00 million and the net proceeds from the Placing (after deducting transaction costs) is approximately HK\$118.60 million. The Company intends to allocate the net proceeds from the Placing for general working capital for the Group.

FINANCIAL EFFECTS OF THE PLACING

As a result of the Placing, the Group is expected to recognise a gain of approximately HK\$21.10 million on Placing, which is calculated on the basis of the difference between the fair value of the Ordinary SkyNet Shares of approximately HK\$97.50 million as at 30 June 2016 and the net proceeds of approximately HK\$118.60 million from the Placing.

LISTING RULES IMPLICATIONS

As one of the relevant applicable percentage ratios (as defined under the Listing Rules) in respect of the Placing is more than 5% but all are less than 25%, the Placing 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.

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
“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
“connected persons”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal Mandate”	the 12-month mandate granted to the Directors by the Shareholders for the possible disposal of up to 52,500,000 Ordinary SkyNet Shares held by the Group commencing from 12 May 2016 at the Company’s special general meeting held on 12 May 2016
“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”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Bridge”	Hong Kong Bridge Investments Limited, a subsidiary of Topsearch
“Independent Third Party(ies)”	person(s) independent of the Company, SkyNet and their respective connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ordinary SkyNet Share(s)”	the ordinary share(s) of par value of HK\$0.10 each in the share capital of SkyNet
“Placee(s)”	any investors procured by the Placing Agent to purchase any of the SkyNet Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement

“Placing”	the offer by way of a private placing of up to 25,000,000 SkyNet Placing Shares to selected Placees procured by the Placing Agent pursuant to the terms and conditions of the Placing Agreement
“Placing Agent”	Luk Fook Securities (HK) Limited, a licensed corporation to carry out business in type 1 regulated activity (dealing in securities), type 4 regulated activity (advising on securities) and type 9 regulated activity (asset management) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement entered into between the Placing Agent and the Vendor on 23 November 2016 relating to the Placing
“Placing Price”	HK\$4.80 per SkyNet Placing Share
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Share(s)
“SkyNet”	SkyNet Group 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
“SkyNet Group”	SkyNet and its subsidiaries
“SkyNet Placing Share(s)”	up to 25,000,000 existing issued Ordinary SkyNet Shares beneficially owned by the Vendor and to be placed by the Placing Agent pursuant to the Placing Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Topsearch”	Topsearch International (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: 2323

“Vendor”	New Cove Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“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, 23 November 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.