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ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

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

Reference is made to the announcement of Eternity Investment Limited (the “**Company**”) dated 23 November 2016 in respect of the placing of up to 25,000,000 ordinary shares of SkyNet Group Limited at the placing price of HK\$4.80 per placing share (the “**Announcement**”). Unless defined otherwise, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Board would like to provide further information as set out below to the Shareholders and the potential investors in relation to the Placing.

PLACEES

Hong Kong Bridge, one of the two potential Placees, is a company incorporated in the British Virgin Islands and principally engaged in investment holding.

The other potential Placee is a private company incorporated in the Cayman Islands and principally engaged in investment holding.

The Vendor was informed that Hong Kong Bridge has agreed to take up 6,250,000 SkyNet Placing Shares. The Directors understand from the Placing Agent that the number of the SkyNet Placing Shares to be taken up by each of Hong Kong Bridge and the other potential Placee were determined after commercial negotiations between the Placing Agent and each of the Placees individually.

NUMBER OF SKYNET PLACING SHARES

The maximum number of the SkyNet Placing Shares was determined by the Directors after a thorough discussion among them. Although the Placing enables the Vendor to dispose of a substantial number of its Ordinary SkyNet Shares, the Directors intend to keep certain number of Ordinary SkyNet Shares and, depending on the share price performance of SkyNet, sell them on open market as and when appropriate.

BOOK VALUES AND FAIR VALUES OF THE PLACING SHARES

According to the Company's accounting policies, available-for-sale financial assets are measured at fair value at the end of each reporting period with any change in the carrying amounts recognised in other comprehensive income and accumulated in the heading of "available-for-sale financial assets revaluation reserve" in accordance with Hong Kong Accounting Standard 39 *Financial Instruments: Recognition and Measurement*.

Both the book values and fair values of the 25,000,000 SkyNet Placing Shares as at 30 June 2016 (being the reporting date of the Group's latest published interim report) and 23 November 2016 (being the date of the Placing Agreement) were HK\$97.50 million and HK\$125.00 million respectively.

REASONS FOR AND BENEFITS OF THE PLACING

As at the date of the Announcement, the Group held 52,500,000 Ordinary SkyNet Shares, representing approximately 12.51% of the issued share capital of SkyNet. Since the grant of the Disposal Mandate on 12 May 2016, the Group has been trying to sell the 52,500,000 Ordinary SkyNet Shares on open market. The average daily trading volume of Ordinary SkyNet Shares is merely HK\$66,658 or 16,116 Ordinary SkyNet Shares during the period from 12 May 2016 (being the date on which the Disposal Mandate was granted) to 22 November 2016 (being the date immediately prior to the date of the Placing Agreement) (the "**Relevant Period**"), representing only approximately 0.03% of the 52,500,000 Ordinary SkyNet Shares held by the Group. As such, the Group is having difficulties in selling the 52,500,000 Ordinary SkyNet Shares on open market. Accordingly, none of the 52,500,000 Ordinary SkyNet Shares was disposed of under the Disposal Mandate.

In addition to the thin trading volume during the Relevant Period, the Ordinary SkyNet Shares recorded a closing price (i) less than or equal to HK\$4.50 in 123 trading days out of 133 during the Relevant Period, (ii) between HK\$4.50 and HK\$4.80, being the Placing Price, in four trading days out of 133 during the Relevant Period, and (iii) above HK\$4.80, being the Placing Price, in six trading days out of 133 during the Relevant Period. The average closing price of Ordinary SkyNet Share was approximately HK\$4.00 during the Relevant Period.

As such, the Directors consider that the Placing Agreement presents an opportunity for the Group to realise its investment in the Ordinary SkyNet Shares in an effective manner, rather than selling on open market under the Disposal Mandate, on the following grounds:

- (a) in view of the thin trading volume during the Relevant Period, the Placing Agreement enables the Group to dispose of a substantial number of Ordinary SkyNet Shares in a single transaction; and
- (b) in view of the share price performance of Ordinary SkyNet Shares during the Relevant Period, the Placing Price of HK\$4.80 is commercially justifiable and reasonable as it, even taking into account of the 4.00% discount to the closing price of the Ordinary SkyNet Shares on the date of the Placing Agreement and the 1.00% placing commission, exceeds the Benchmark Price (as defined in the Company's circular dated 22 April 2016) of HK\$4.176 as calculated 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.

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

Hong Kong, 6 December 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.