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## **ETERNITY INVESTMENT LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 764)**

### **VOLUNTARY ANNOUNCEMENT IN RELATION TO ENTERING INTO A MASTER FRANCHISE AGREEMENT**

This announcement is made by the Company under Rules 13.09(1) of the Listing Rules.

The Board is pleased to announced that on 6 July 2011, the Franchisor and the Franchisee entered into the Master Franchise Agreement pursuant to which the Franchisor agreed to grant the sole and exclusive right and master license to the Franchisee:

- (a) to establish, operate and manage the Business under the Franchise System;
- (b) to use the Trade Names and the Proprietary Marks;
- (c) to sell the Products and/or provide the Services; and
- (d) to solicit and enter into sub-franchise agreements with potential investors to operate and manage the Business by using the Trade Names under the Franchise System

in the Territory as master franchisee for the principal terms of the Master Franchise Agreement as disclosed below.

#### **PRINCIPAL TERMS OF THE MASTER FRANCHISE AGREEMENT**

The Master Franchise Agreement shall commence from 15 July 2011 for a period of ten years until 14 July 2021 and can be extended for a further term subject to negotiations between the Franchisor and the Franchisee where each renewal period of franchise shall not be less than ten years.

The Franchisee shall pay to the Franchisor a non-refundable franchise fee for using the Trade Names upon signing the Master Franchise Agreement, the entry fee and the royalty fee for every franchise restaurant opened and operated under the Franchise System in the Territory whether by the Franchisee or the sub-franchisees. The franchise fee, the entry fee and the royalty fee are calculated as follows:

**Franchise fee**

The Franchisee shall pay the Franchisor a non-refundable franchise fee of not more than HK\$100,000 for using the Trade Names upon signing of the Master Franchise Agreement.

**Entry fee**

The Franchisee shall pay the Franchisor the entry fee of not more than HK\$100,000 for every franchise restaurant opened and operated under the Franchise System in the Territory whether by the Franchisee or the sub-franchisees.

**Royalty fee**

The Franchisee shall pay to the Franchisor a royalty fee ranged from HK\$5,000 to HK\$17,000 during the term of the Master Franchise Agreement calculated on the monthly basis depending on number of seats installed in the franchise restaurants.

**INFORMATION ON THE FRANCHISOR**

The Franchisor is engaged in the business of Japanese food outlets chain specialised in (a) producing and selling the Products; (b) operating a network of high quality comprehensive and distinctively designed retail outlets which are characterised by the use of the Trade Names; and the Proprietary Marks according to the Operations Manual; and (c) has devised the Franchise System to market and sell the Products and provide the Services from franchised retail outlets.

To the best of the Directors' knowledge and information and belief and having made all reasonable enquiries, the Franchisor and its ultimate beneficial owner(s) are the Independent Third Parties.

## **REASON FOR THE ENTERING INTO THE MASTER FRANCHISE AGREEMENT**

The Company is an investment holding company and its subsidiaries are principally engaged in distribution of films, sub-licensing of film rights, sales of financial assets and provision of management services to concierge departments of gaming promoters. The Company has been actively seeking various investment opportunities to diversify the business of the Group in order to maximize value of the Shares. The Directors consider that the entering into of the Master Franchise Agreement allows the Group to broaden its business portfolio and revenue sources.

As at the date of this announcement, the Board is formulating a business plan for the Business pursuant to the Master Franchise Agreement. Further announcement will be made by the Company in relation to the development of the Business as and when required pursuant to the Listing Rules.

Save as disclosed above, the Board confirms that there are no negotiations or agreements relating to Master Franchise Agreement which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

Made by the order of the Board, the Directors individually and jointly accept responsibility for the accuracy of this announcement.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors
“Business”	the franchise business of selling the Products and providing the Services in the Territory which is operated and conducted under the Trade Names using the Franchise System
“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
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Franchisee”	Advance Top Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company

“Franchise System”	the distinctive business format and method developed and implemented by the Franchisor in connection with the operation and management of the Business utilising and comprising the Proprietary Marks, and certain standard operational procedures, plans, directions, specifications, methods, accounting, management and advertising techniques and identification schemes, part of which are contained in the Operations Manuals
“Franchisor”	an Independent Third Party which is a limited liability corporation incorporated in Japan and owns the Trade Names, the Franchise System and the Operations Manual
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Franchise Agreement”	a master franchise agreement dated 6 July 2011 entered into between the Franchisor and the Franchisee relating to the grant of the sole and exclusive right to establish and operate the Business as a master independent proprietor in the Territory
“Operations Manual”	all the written instructions provided by the Franchisor from time to time that provide instructions to the Franchisee as to the preparation and sale of the Products and/or provision of the Services and/or conduct of the Franchise System and any amendment modification or variation thereof at any time hereafter notified in writing by the Franchisor to the Franchisee during the term of the Master Franchise Agreement
“Products”	noodles, drinks and related Japanese food products
“Proprietary Marks”	the Trade Names, the Franchise System and the Operations Manual specified in the Master Franchise Agreement and all other patents, trade marks, trade names, logos, designs, symbols owned by the Franchisor adopted or designated now or at any time hereafter by the Franchisor for use in connection with the Products, the Services, the Business and/or the Franchise System

“Services”	the services forming part of the Business and described in the Operations Manual
“Shares”	the ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholders”	the holders of issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Territory”	the Greater China Region, including but not limited to the People’s Republic of China, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Trade Names”	the trade names owned by the Franchisor
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

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

Hong Kong, 6 July 2011

*As at the date of this announcement, Mr. Lei Hong Wai, Mr. Cheung Kwok Wai, Elton and Mr. Chan Kin Wah, Billy are the executive Directors and Mr. Tang Chak Lam, Gilbert, Mr. Hung Hing Man and Mr. Wan Shing Chi are the independent non-executive Directors.*