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## **ETERNITY INVESTMENT LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 764)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARES IN AND THE SALE LOAN DUE BY HONG KONG BUILDERS FINANCE LIMITED**

#### **THE ACQUISITION**

On 3 January 2012 (after trading hours), the Purchaser entered into the Agreement with the Vendor and the Guarantor, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares (representing the entire issued share capital of Target Company) and the Sale Loan at an aggregate consideration of HK\$33,069,172, which shall be paid to the Vendor (or its nominee) by the Purchaser in cash upon Completion.

#### **GENERAL**

As the relevant applicable percentage ratios calculated in accordance with the Listing Rules are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is only subject to the reporting and announcement requirements under the Listing Rules.

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be paid to the Vendor (or its nominee) by the Purchaser in cash upon Completion. Details of the Agreement are set out as follows:

### **The Agreement**

**Date:** 3 January 2012 (after trading hours)

- Parties:**
- (1) Vendor: Koffman Financial Group Limited
  - (2) Purchaser: Wingo Consultants Limited, a wholly owned subsidiary of the Company
  - (3) Guarantor: Mr. Yu Shu Kuen, as the guarantor to the Vendor, has guaranteed in favour of the Purchaser the due and punctual performance by the Vendor of its obligations under the Agreement

The Vendor is principally engaged in investment holdings in Hong Kong. The Guarantor is a private investor and is indirectly interested in 50% equity interest in the Vendor. To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, each of the Vendor, the ultimate beneficial owners of the Vendor and their respective associates are third parties independent of and not connected to the Company and its connected persons.

### **Asset to be acquired**

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire:

- (1) the Sale Shares, being the entire issued share capital in the Target Company. As at the date of the Agreement, the Vendor is the beneficial owner of the Sale Shares; and
- (2) the Sale Loan, being all obligations, liabilities and debts owing or incurred by the Target Company to the Vendor on or at any time prior to the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion, which will be assigned to the Purchaser upon Completion.

### **Consideration**

The aggregate consideration of HK\$33,069,172 for the sale and purchase of the Sale Shares and the Sale Loan shall be paid to the Vendor (or its nominee) by the Purchaser in cash upon Completion.

The consideration for the Sale Shares and the Sale Loan was determined with reference to the net assets value of the Target Company of HK\$774,297 as at 31 December 2011 and the outstanding balance of the Sale Loan of HK\$32,294,875 as at the date of the Agreement. The Directors consider the terms and conditions of the Acquisition have been arrived at after arm's length negotiations between the Purchaser and the Vendor and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Conditions**

The Completion is conditional upon the satisfaction of the following conditions precedent:

- (1) the Purchaser being satisfied with the results of the due diligence review on the Target Company to be conducted by the Purchaser;
- (2) the publication of the announcement of the Company in relation to the Agreement and the transactions contemplated therein in compliance with Chapter 14 of the Listing Rules; and
- (3) if necessary, the regulatory approvals and consents in relation to the transactions contemplated under the Agreement under any applicable laws, regulations and ordinances of Hong Kong having been obtained by the parties thereto.

If the conditions set out above have not been satisfied (or as the case may be, waived by the Purchaser) on or before 4:00 p.m. on 31 January 2012, or such later date as the Vendor and the Purchaser may agree in writing, the Agreement shall cease and determine and thereafter, neither party to the Agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof. The Purchaser may at any time waive in writing the above condition (1). The above conditions (2) and (3) are incapable of being waived by either the Purchaser or the Vendor.

### **Completion**

Completion shall take place at 4:00 p.m. on the third business day after the fulfilment of the conditions or such later date as may be agreed between the Purchaser, the Vendor and the Guarantor.

Upon Completion, the Target Company will become a wholly owned subsidiary of the Company.

### **Undertaking given by the Guarantor**

The Guarantor has irrevocably undertaken to the Purchaser that, in the event that any of the loan and interest receivables as shown in the management accounts of the Target Company at 31 December 2011 is not recoverable on or before 31 March 2013, the Guarantor shall pay the Purchaser the non-recoverable amounts in cash within 10 business days upon the receipt of written notification from the Purchaser. As at 31 December 2011, the loan and interest receivables of the Target Company amounted to HK\$33,514,127.

## **INFORMATION ON THE TARGET COMPANY**

### **Information on the Target Company**

The Target Company is incorporated in Hong Kong on 18 March 2005 with limited liability and is wholly and beneficially owned by the Vendor.

The Target Company is currently carrying on a business as a money lender and is the holder of a money lenders licence to carry on business as a money lender for a twelve months period from 9 August 2011.

According to the audited accounts of the Target Company for the year ended 31 December 2010, the audited turnover of the Target Company for the year ended 31 December 2010 was HK\$7,790,006. The audited loss before and after taxation of the Target Company for the year ended 31 December 2010 were both HK\$208,610. The audited net liabilities value of the Target Company as at 31 December 2010 was HK\$431,807.

According to the management accounts of the Target Company for the year ended 31 December 2011, the unaudited turnover of the Target Company for the year ended 31 December 2011 was HK\$5,550,018. The unaudited profit before and after taxation of the Target Company for the year ended 31 December 2011 were HK\$1,369,897 and HK\$1,206,104 respectively. The unaudited net assets value of the Target Company as at 31 December 2011 was HK\$774,297.

As at the date of the Agreement, the Sale Loan amounted to HK\$32,294,875.

## **REASONS FOR THE ACQUISITION**

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.

As disclosed in the Company's interim report for year 2011, the Group continues to strengthen its business foundations by focusing on its existing business, implementing prudent cost control strategies and identifying potential investment opportunities to maximize the returns of the Shareholders. According to the statistics of loans and advances granted by authorised institutions in Hong Kong as reported by Hong Kong Monetary Authority, the compound annual growth rate of loans and advances was approximately 12.8% from 31 December 2005 to 30 June 2011. Coupled with the growth of inbound tourism and financial services, the increase in domestic demand remains a driver of economic growth in Hong Kong in coming years. In view of the prevailing low interest rate situation, the Directors are positive for the outlook of money lending business in Hong Kong.

Given that the recoverability of the outstanding loan and interest receivables of the Target Company as at 31 December 2011 is fully guaranteed by the Guarantor and the consideration is based on the net assets value of the Target Company and the outstanding balance of the Sale Loan as at the date of the Agreement, the Directors consider the Acquisition presents an opportunity for the Group to diversify its business into money lending business in Hong Kong in a cost effective manner. Accordingly, the Directors consider that the terms of the Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATION**

As the relevant applicable percentage ratios calculated in accordance with the Listing Rules are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is only subject to the reporting and announcement requirements under the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“Acquisition”	the proposed acquisition by the Purchaser of the Sale Shares and the Sale Loan from the Vendor subject to and upon the terms and conditions of the Agreement
“Agreement”	the conditional sale and purchase agreement dated 3 January 2012 and made among the Vendor, the Purchaser and the Guarantor for the sale and purchase of the Sale Shares and the Sale Loan
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“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
“Completion”	completion of the sale and purchase of the Sale Shares and the Sale Loan in accordance with the terms and conditions of Agreement
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company together with its subsidiaries

“Guarantor”	Mr. Yu Shu Kuen, an existing shareholder of the Vendor indirectly interested in 50% of the equity interest in the Vendor as at the date of the Agreement
“Hong Kong”	the 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
“Purchaser”	Wingo Consultants Limited, a company incorporated in the British Virgin Islands with limited liability, being a wholly-owned subsidiary of the Company and the purchaser in the Agreement
“Sale Loan”	all obligations, liabilities and debts owing or incurred by the Target Company to the Vendor on or at any time prior to the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion, which will be assigned to the Purchaser upon Completion. As at the date of the Agreement, the amount of the Sale Loan was HK\$32,294,875
“Sale Shares”	two (2) ordinary shares of HK\$1.00 each in the issued share capital of the Target Company, being the entire issued share capital therein
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Hong Kong Builders Finance Limited, a company incorporated in Hong Kong with limited liabilities and a wholly-owned subsidiary of the Vendor
“Vendor”	Koffman Financial Group Limited, a company incorporated in Hong Kong with limited liability, being the vendor in the Agreement
“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, 3 January 2012

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