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If you are in any doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Eternity Investment Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

**ETERNITY INVESTMENT LIMITED**

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

**VERY SUBSTANTIAL DISPOSAL —
DISPOSAL OF PROPERTY
AND
NOTICE OF SPECIAL GENERAL MEETING**

A notice convening a special general meeting of Eternity Investment Limited to be held at Macau Jockey Club, 1/F Function Room, 1st Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Wednesday, 9 January 2013 at 2:00 p.m. is set out on pages 53 to 54 of this circular. A form of proxy for use at the special general meeting is enclosed with this circular. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk.

Whether or not you are able to attend the special general meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's Hong Kong branch share registrar and transfer office, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the special general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

20 December 2012

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DEFINITIONS

In this circular, the following expressions have the meanings respectively set opposite them unless the context otherwise requires:

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of the Directors
“China Media”	China Media and Films Holdings Limited (formerly known as KH Investment Holdings Limited), a company incorporated in the Cayman Islands with limited liability and continued in Bermuda and the issued shares of which are listed on the Growth Enterprises Market of the Stock Exchange (stock code: 8172)
“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 (stock code: 764)
“Completion”	completion of the sale and purchase of the Property in accordance with terms and conditions of the Preliminary SPA or the Formal SPA (as the case may be)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consideration”	HK\$586.00 million, being the consideration for the Disposal payable by the Purchaser to the Vendor pursuant to the terms of the Preliminary SPA or the Formal SPA (as the case may be)
“Culture Landmark”	Culture Landmark Investment 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 (stock code: 674)
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Property to the Purchaser in accordance with terms and conditions of the Preliminary SPA or the Formal SPA (as the case may be)

DEFINITIONS

“Eternity Finance”	Eternity Finance Group Limited (formerly known as Wingo Consultants Limited), a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“Formal SPA”	the formal sale and purchase agreement to be entered into between the Vendor and the Purchaser in relation to the Disposal
“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 independent of the Company and its connected persons
“Land”	all that piece or parcel of ground registered in the Land Registry of Hong Kong as Section A of Kwun Tong Inland Lot No. 195
“Latest Practicable Date”	17 December 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	4 July 2013
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Main Board”	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange
“Preliminary SPA”	the binding preliminary sale and purchase agreement entered into between the Vendor and the Purchaser on 20 November 2012 in relation to the Disposal

DEFINITIONS

“Property”	the units of the Building as set out in the section headed “Information of the Property”
“Purchaser”	Grand Reward Limited, a company incorporated in Hong Kong with limited liability and an Independent Third Party
“Remaining Group”	the Group immediately upon the Completion
“SFO”	The Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
“SGM”	the special general meeting of the Company to be convened and held at Macau Jockey Club, 1/F Function Room, 1st Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Wednesday, 9 January 2013 at 2:00 p.m. to consider and, if thought fit, approve the Preliminary SPA, as may be varied by and/or superseded with the Formal SPA and the transactions contemplated thereunder
“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 Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Rexdale Investment Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

LETTER FROM THE BOARD



ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

Executive Directors:

Mr. Lei Hong Wai (*Chairman*)
Mr. Cheung Kwok Wai, Elton
Mr. Chan Kin Wah, Billy

Non-executive Director:

Mr. Cheung Kwok Fan

Independent non-executive Directors:

Mr. Wan Shing Chi
Mr. Ng Heung Yan
Mr. Wong Tak Chuen

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place of
business in Hong Kong:*

Unit 3811, Shun Tak Centre
West Tower
168-200 Connaught Road Central
Hong Kong

20 December 2012

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL — DISPOSAL OF PROPERTY AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

On 20 November 2012 (after trading hours of the Stock Exchange), the Vendor and the Purchaser entered into the Preliminary SPA pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Property at a cash consideration of HK\$586.00 million. As one of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules is more than 75%, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules. The Disposal is therefore subject to the Shareholders' approval at the SGM.

LETTER FROM THE BOARD

The purposes of this circular is to provide you with further information on the Preliminary SPA and the transactions contemplated thereunder, together with a notice of the SGM.

THE DISPOSAL

The Preliminary SPA

Date: 20 November 2012

Vendor: Rexdale Investment Limited, a wholly owned subsidiary of the Company and the legal and beneficial owner of the Property

Purchaser: Grand Reward Limited, an investment company

Property agent: Centaline Property Agency Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Purchaser is an investment company and the ultimate beneficial owner(s) of the Purchaser are Independent Third Parties and not connected with any directors, chief executive or substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates.

The sale and purchase of the Property is arranged by Centaline Property Agency Limited, an Independent Third Party.

The Formal SPA

Pursuant to the Preliminary SPA, the Formal SPA should be signed on or before 13 December 2012. The Company is advised by its legal advisor that the Vendor's solicitors are still in negotiation with the Purchaser's solicitors on the terms of the Formal SPA and as at the Latest Practicable Date, the terms of the Formal SPA have not been finalised and the Preliminary SPA is still binding on the Vendor and the Purchaser. The Vendor and the Purchaser will sign the Formal SPA as soon as the terms are finalised. According to the legal advisor of the Company, the Vendor and the Purchaser are obligated to fulfill terms and conditions under the Preliminary SPA notwithstanding that the Formal SPA has not been entered on Completion.

LETTER FROM THE BOARD

Assets to be disposed

Pursuant to the Preliminary SPA or the Formal SPA (as the case may be), the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Property. The Property is to be sold to the Purchaser on an “as is” basis. The Property was acquired by the Group through the acquisition of the entire issued share capital of Adelio Holdings Limited, the holding company of the Vendor, on 23 December 2011.

The Consideration and payment terms for the Disposal

The Consideration of the Disposal of HK\$586.00 million has been and shall be settled in cash by the Purchaser to the Vendor in the following manner:

- (a) HK\$29.30 million (the “**Initial Deposit**”) in cash as initial deposit has been paid upon signing of the Preliminary SPA;
- (b) HK\$29.30 million (the “**Further Deposit**”) in cash as further deposit has been paid on 13 December 2012; and
- (c) the balance of the Consideration of HK\$527.40 million shall be paid upon Completion on or before the Long Stop Date.

The Consideration of HK\$586.00 million was agreed and determined between the Purchaser and the Vendor on a “willing buyer – willing seller” basis having regards to the offer prices of comparable properties in nearby locations. In reaching the Consideration of HK\$586.00 million, no property valuation report was obtained in confirming the valuation of the Property. Although no property valuation report was obtained, the Directors consider that the Consideration of HK\$586.00 million is fair and reasonable as the Consideration per square feet exceeds the average price per square feet for industrial property sales transaction in Kwun Tong of HK\$3,718 for October 2012 as disclosed on the website of Centaline Commercial by 13%.

Condition precedent

Completion shall be conditional upon the approval by the Shareholders at the SGM of the Preliminary SPA or the Formal SPA (as the case may be) and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules.

LETTER FROM THE BOARD

Termination

If the above condition precedent has not been fulfilled on or before the Long Stop Date by the Company under the Preliminary SPA or the Formal SPA (as the case may be), which constitutes a breach of the terms of the Preliminary SPA or the Formal SPA (as the case may be) on the part of the Vendor, the parties shall be entitled to terminate the Preliminary SPA or the Formal SPA (as the case may be). In such circumstances, the Vendor shall forthwith return the Initial Deposit and/or the Further Deposit paid by the Purchaser and shall pay a sum equivalent to 10% of the Consideration to the Purchaser as damages and the Purchaser shall have no further claims against the Vendor.

Completion

Subject to the fulfillment of the condition precedent, Completion shall take place on or before the Long Stop Date.

INFORMATION OF THE PROPERTY

The Property is situated in a building, namely Lucky (Kwun Tong) Industrial Building (樂基官塘大廈), located at Nos. 398-402 Kwun Tong Road (formerly known as No.95 How Ming Street), Kowloon, Hong Kong (the “**Building**”), particularly the sole and exclusive right and privilege to hold use occupy and enjoy Factory A on the First Floor (including its Flat Roof) of the Building, Factory B on the First Floor (including its Flat Roof) of the Building, Sixth Floor of the Building, Factory A on the Seventh Floor of the Building, Factory B on the Seventh Floor of the Building, Factory A on the Eighth Floor of the Building, Factory B on the Eighth Floor of the Building, Factory A on the Ninth Floor of the Building, Factory B on the Ninth Floor of the Building, Tenth Floor of the Building, Eleventh Floor of the Building, Twelfth Floor of the Building, Roof of the Building, External Walls of the Building, Lavatory A and Lavatory B on the Ground Floor of the Building and Car Parking Spaces Nos.1, 2, 3, 14, 15, 16, 17, 18, 19, 20 and 21 on the Ground Floor of the Building. The Property takes up 367 equal undivided 622nd parts or shares of the Land on which the Property is situated.

The Building is an industrial building comprises 13-storey, which was built in 1981.

The Property is currently subject to tenancies. Based on the existing arrangements of the tenancy of the Property, the current monthly rental income of the Property is approximately HK\$490,000 (exclusive of government rates, management fee and all other outgoings and utility charges).

LETTER FROM THE BOARD

Detailed description and valuation of the Property has been disclosed in the Appendix IV to this circular.

REASONS FOR THE DISPOSAL AND USE OF PROCEEDS

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, provision of management services to the concierge department of a gaming promoter, property investment and money lending.

With an occupancy rate below 50%, the Property generates a monthly rental income of approximately HK\$490,000 to the Group. The Directors consider that the Disposal presents a good opportunity for the Group to realise its investment in the Property on the following grounds:

- (a) the Consideration exceeds the book value of the Property of HK\$469.00 million as at 30 June 2012 by HK\$117.00 million, which represents a premium of approximately 24.90% over the book value of the Property;
- (b) the Consideration per square feet exceeds the average price per square feet for industrial property sales transaction in Kwun Tong of HK\$3,718 for October 2012 as disclosed on the website of Centaline Commercial by 13%; and
- (c) the number of prospective purchasers in the market is limited as the amount involved in purchasing the entire Property is large.

Accordingly, the Directors consider that the terms of the Preliminary SPA, as may be varied by and/or superseded with the Formal SPA, including the Consideration, and the Disposal are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company intends to apply the net proceeds from the Disposal to finance any possible property investment project and/or other business investment, including but not limited to the subscription (the “**Second Tranche Subscription**”) of the second tranche of convertible notes of HK\$300.00 million to be issued by China Star Entertainment Limited (“**China Star**”) pursuant to the conditional subscription agreement dated 21 January 2011 entered into between the Company and China Star. The Group has recently identified a property investment project in Hong Kong. After a preliminary negotiation through a property agent, the Directors found that the offer price of the property investment project exceeded the Group’s estimated value. Therefore, negotiation for that property investment project

LETTER FROM THE BOARD

has been ceased. Save and except for disclosed above, no such property investment project or other business has been identified by the Group as at the Latest Practicable Date. In the event that the Company proceeds to a possible property investment project and/or other business investment, announcements will be made in compliance with the Listing Rules.

Given that the Second Tranche Subscription is subject to the fulfillment of the conditions precedents set out in the conditional subscription agreement dated 21 January 2011, including the availability of sufficient fund by the Company, the Directors shall give priority to the possible property investment project and/or other business investment over the Second Tranche Subscription in applying the net proceeds from the Disposal.

As at the Latest Practicable Date, the Group has a cash and bank balance of approximately HK\$292.99 million.

FINANCIAL EFFECTS OF THE DISPOSAL

Net Assets

As at 30 June 2012, the unaudited consolidated net assets of the Group amounted to HK\$1,376.47 million.

As set out in Appendix III to this circular, assuming the Disposal had been completed on 30 June 2012, the unaudited pro forma consolidated net assets of the Remaining Group would have been increased to HK\$1,488.33 million.

Earnings

The Group recorded an unaudited consolidated profit of HK\$91.11 million for the six months ended 30 June 2012.

As set out in Appendix III to this circular, assuming the Disposal had been taken place on 1 January 2012, the unaudited pro forma consolidated profit of the Remaining Group for the six months ended 30 June 2012 would have been increased to HK\$201.26 million.

Gain on the Disposal

As set out in Appendix III to this circular, assuming the Disposal had been taken place on 1 January 2012, the Remaining Group would have recorded a gain on the Disposal of HK\$143.64 million which arisen from the sale proceeds of HK\$586.00 million less the carrying amount of the Property as at 31 December 2011 of HK\$435.00 million and the estimated direct transaction costs of HK\$7.36 million associated with the Disposal.

LETTER FROM THE BOARD

FUTURE BUSINESS PLAN ON THE REMAINING GROUP'S EXISTING BUSINESSES

Upon Completion, the Remaining Group will continue to carry out its existing businesses in distribution of films, sub-licensing of film rights, sales of financial assets, provision of management services to the concierge department of a gaming promoter, property investment and money lending.

In order to revitalise its film distribution business, the Group acquired a 29.00% of the entire issued share capital of China Media in August 2012. Given that the Group is not able to secure quality films at reasonable prices for distribution, the Directors consider that the acquisition enables the Group to (i) form a strategic alliance with China Media and Culture Landmark the controlling shareholder of China Media, leveraging on each respective strengths; and (ii) secure a stable supply of films from China Media for distribution in Mainland China.

The Directors believe the unresolved European debt situation continues to pose challenging market conditions for Hong Kong equities. As such, the Group will continue to adopt a more conservative investment approach towards its sales of financial assets business.

As one of its management services agreements was terminated on 12 September 2012, the performance of the Group's provision of management services business is significantly deteriorated in the second half of 2012. In light of the keen competition in Macau VIP gaming sector and the contraction in the Mainland China economy, the Directors have ceased to explore opportunities in providing management services to the concierge departments of other gaming promoters in Macau. The Group concentrates its existing resources in providing management services under the remaining management services agreement.

For the property investment business, the Group acquired two properties located at Ma Yau Tong, Sai Kung, New Territories, Hong Kong at a total consideration of HK\$21.44 million in August 2012. These two properties are held by the Group as long-term investments for rental purposes. As at the Latest Practicable Date, all units of these properties have been rented out. The Group will continue to seek opportunity for investing other properties in order to enrich the Group's property investment portfolio and increase rental income to the Group.

Given that the European debt crisis remains unresolved and there is a contraction in the Mainland China economy, the Hong Kong economy has inevitably been affected. The Group is adopting a more cautious approach during its assessment and approval of loans in order to reduce its credit risk.

LETTER FROM THE BOARD

Other than focusing on the existing businesses, the Directors are active in identifying suitable investment opportunities for the Group to diversify its businesses and broaden its revenue base.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules is more than 75%, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules. The Disposal is therefore subject to the Shareholders' approval at the SGM.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Disposal and therefore no Shareholder is required to abstain from voting for the resolutions to approve the Preliminary SPA, as may be varied by and/or superseded with the Formal SPA, and the transactions contemplated thereunder at the SGM.

THE SGM

A notice convening the SGM to be held at Macau Jockey Club, 1/F Function Room, 1st Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Wednesday, 9 January 2013 at 2:00 p.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the resolution to approve the Preliminary SPA, as may be varied by and/or superseded with the Formal SPA, and the transactions contemplated thereunder set out on pages 53 to 54 of this circular.

A form of proxy for use by the Shareholders at the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's Hong Kong branch share registrar and transfer office, Tricor Standard Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the opinion that the terms of the Preliminary SPA, as may be varied by and/or superseded with the Formal SPA, and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend that all Shareholders should vote in favour of the resolution to be proposed at the SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

The English text of this circular, the notice of the SGM and the form of proxy for use at the SGM shall prevail over the Chinese text in case of inconsistency.

Yours faithfully,
For and on behalf of
Eternity Investment Limited
Lei Hong Wai
Chairman

FINANCIAL INFORMATION INCORPORATED BY REFERENCE

The audited consolidated financial statements of the Group for the years ended 31 December 2009, 31 December 2010 and 31 December 2011, including the notes thereto, have been published in the annual reports of the Company for the years ended 31 December 2009 (pages 52 to 195), 31 December 2010 (pages 50 to 187) and 31 December 2011 (pages 52 to 206) respectively, which are incorporated by reference into this circular. The management discussion and analysis of the Group for the years ended 31 December 2009, 31 December 2010 and 31 December 2011 have been published in the annual reports of the Company for the years ended 31 December 2009 (pages 5 to 18), 31 December 2010 (pages 6 to 18) and 31 December 2011 (pages 6 to 20) respectively, which are incorporated by reference into this circular.

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2012, including the notes thereto, have been published in the interim report of the Company for the six months ended 30 June 2012 (pages 3 to 31), which are incorporated by reference into this circular.

The said annual reports and interim report of the Company are available on the Company's website at www.etsnityinv.com.hk and the website of the Stock Exchange at www.hkexnews.hk.

MANAGEMENT DISCUSSION AND ANALYSIS

Set out below is the management discussion and analysis extracted from the interim report of the Company for the six months ended 30 June 2012.

Financial Review***Results of operations***

During the six months ended 30 June 2012, the Group recorded a revenue of HK\$45,472,000, a 0.88% increase from HK\$45,074,000 for the same period of the previous year. Of the total turnover, HK\$38,131,000 or 83.86% was generated from provision of management services, HK\$3,916,000 or 8.61% was generated from money lending, HK\$2,776,000 or 6.10% was generated from property investment and HK\$649,000 or 1.43% was generated from sales of financial assets. Profit for the six months ended 30 June 2012 amounted to HK\$91,105,000, a 43.22% increase from HK\$63,612,000 for the

correspondence period in 2011. This increase was mainly attributable to the recognition of a gain arising on change in fair value of investment properties of HK\$34,080,000 and a gain arising on change in fair value of conversion options embedded in convertible notes receivables of HK\$17,369,000, which were partly offset by an impairment loss on intangible assets of HK\$27,111,000.

Investment and other income decreased by 64.75% from HK\$3,328,000 in the six months ended 30 June 2011 to HK\$1,173,000 in the six months ended 30 June 2012. This decrease was attributable to the lower interest income on bank deposits in the six months ended 30 June 2012 as the Group's cash and bank balances decreased by 72.08% from HK\$848,299,000 at 30 June 2011 to HK\$236,816,000 at 30 June 2012. Such decrease was partly offset by a gain on disposal of an investment property of HK\$640,000.

Other gains and losses represent items of income and expenses, which are material and/or extraordinary in nature. Major items of other gains and losses recorded by the Group during the six months ended 30 June 2012 are as follows:

- (a) in the second half of 2011, the Group subscribed for the first tranche of convertible notes of HK\$350,000,000 issued by China Star Entertainment Limited (“**China Star**”, stock code: 326) and the convertible notes of HK\$75,000,000 issued by Culture Landmark Investment Limited (“**Culture Landmark**”, stock code: 674). In March 2012, the Group subscribed for a convertible note of HK\$27,000,000 issued by Koffman Corporate Service Limited (“**Koffman Corporate**”), a Hong Kong private company, at its face value. Accordingly, the Group recognised an imputed interest income on convertible notes receivables of HK\$28,401,000;
- (b) the fair value of the conversion options embedded in convertible notes receivables was reassessed at the end of the reporting period with reference to the valuations performed by an independent professional valuer. As the closing price per share in China Star surged from HK\$0.22 on 30 December 2011 to HK\$0.345 on 29 June 2012, the fair value of the conversion options embedded in the convertible notes receivable from China Star increased from HK\$65,070,000 at 31 December 2011 to HK\$93,595,000 at 30 June 2012. Accordingly, a gain arising on change in fair value of the conversion options embedded in the convertible notes receivable from China Star of HK\$28,525,000 was recognised. Such gain was partly offset by the losses arising on change in fair value of conversion options embedded in the convertible notes receivable from Culture Landmark and Koffman Corporate of HK\$7,453,000 and HK\$3,703,000 respectively;

- (c) at the end of the reporting period, the directors reassessed the fair value of investment properties held by the Group with reference to the property valuations performed by the independent professional valuers and, in light of the recent increase in property prices in Hong Kong, a gain arising on change in fair value of investment properties of HK\$34,080,000 was recognised;
- (d) at the end of the reporting period, the directors reassessed the recoverable amounts of management services agreements held by the Group with reference to the valuations performed by the independent professional valuer and, in light of the management services agreement with Dore Entretenimento Sociedade Unipessoal Limitada (“**Dore**”), a licensed gaming promoter for Wynn Macau, being terminated on 12 September 2012, an impairment loss on intangible assets of HK\$27,111,000 was recognised; and
- (e) in May 2012, Culture Landmark early redeemed HK\$23,000,000 of the convertible notes of HK\$75,000,000 held by the Group at par. As a result, a gain arising on early redemption of convertible notes receivables of HK\$1,836,000 was recognised.

Administrative expenses (before depreciation) amounted to HK\$10,743,000 for the six months ended 30 June 2012, a 4.00% decrease from HK\$11,191,000 for the same period of the previous year. This decrease was mainly attributable to the decrease in legal and professional fees, which was partly offset by the share-based payment expenses of HK\$1,892,000 and the increase in salaries and other allowances of HK\$1,759,000.

During the six months ended 30 June 2012, Spark Concept Group Limited and its subsidiaries (the “**Spark Concept Group**”), the associates of the Group engaged in catering and wine trading business in Hong Kong, reported a loss of HK\$1,841,000. As the Group’s share of post-acquisition losses equals to its interests in Spark Concept Group Limited, the Group did not further recognise its share of losses.

For the six months ended 30 June 2012, the Group recorded an income tax credit of HK\$3,253,000 which represents the reversal of deferred tax liabilities arising from the recognition of impairment loss on intangible assets. This income tax credit was partly offset by the income tax expense of HK\$659,000.

Liquidity and financial resources

During the six months ended 30 June 2012, the Group funded its operations through a combination of cash generated from operations, equity attributable to owners of the Company and issue of new shares. Equity attributable to owners of the Company increased from HK\$1,237,636,000 at 31 December 2011 to HK\$1,376,472,000 at 30 June 2012.

At 30 June 2012, the cash and cash equivalents of the Group amounted to HK\$236,816,000 (31 December 2011: HK\$217,632,000).

At 30 June 2012, the Group had no borrowings (31 December 2011: Nil).

Net current assets and current ratio

At 30 June 2012, the Group's net current assets and current ratio were HK\$483,626,000 (31 December 2011: HK\$408,063,000) and 28.95 (31 December 2011: 22.60), respectively.

Capital structure

During the six months ended 30 June 2012, the capital structure of the Company had the following changes:

- (a) on 9 May 2012, the capital of the Company was reorganised involving (i) every 40 existing shares of HK\$0.01 each in the issued share capital of the Company be consolidated into one share of HK\$0.40 (the “**Consolidated Share**”) (the “**Share Consolidation**”); (ii) the total number of the Consolidated Shares in the issued share capital of the Company be rounded down to a whole number by cancelling the fractional Consolidated Share arising from the Share Consolidation; (iii) the paid-up capital of each Consolidated Share be reduced from HK\$0.40 to HK\$0.01 by cancelling HK\$0.39 (together with (ii) above are hereinafter referred to as the “**Capital Reduction**”) so as to form a new share of HK\$0.01; and (iv) the amount of credit arising in the accounts of the Company from the Capital Reduction be credited to the contributed surplus account of the Company; and
- (b) on 18 May 2012, the Company issued 39,670,000 new shares at a price of HK\$0.32 per new share by way of placing under specific mandate raising HK\$12,338,000 (net of expenses) for financing possible property investment project of the Group and/or enhancing the Group's fixed income portfolio by subscribing high-yield convertible notes.

Material acquisitions

During the six months ended 30 June 2012, the Group had the following material acquisitions:

- (a) on 5 January 2012, the Group acquired the entire issued shares in and the sale loan due by Hong Kong Builders Finance Limited (“**Hong Kong Builders**”) from Koffman Financial Group Limited, an Independent Third Party, at a cash consideration of HK\$33,069,172. Hong Kong Builders is carrying on money lending business in Hong Kong; and
- (b) on 22 March 2012, the Group subscribed for the convertible note in the principal amount of HK\$27,000,000 issued by Koffman Corporate. The convertible note is unsecured, non-interest bearing and maturing on 21 March 2015. Provided that the convertible note has not been redeemed, the whole convertible note shall automatically be converted into shares in Koffman Corporate upon the success of initial public offering of Koffman Corporate’s shares at the price of initial public offering. Any amount of the convertible note which remains outstanding on the maturity date shall be redeemed by Koffman Corporate at its then outstanding principal amount plus a premium calculated at 20% of the then outstanding principal amount.

Material disposals

During the six months ended 30 June 2012, the Group had the following material disposals:

- (a) on 27 April 2012, the Group disposed of the residential property located at Tseung Kwan O, New Territories, Hong Kong at a cash consideration of HK\$7,950,000; and
- (b) on 28 May 2012, Culture Landmark early redeemed HK\$23,000,000 of the convertible notes of HK\$75,000,000 held by the Group at par.

Pledge of assets

At 30 June 2012, no assets of the Group were pledged.

Commitments

At 30 June 2012, the Group had a total commitments of HK\$360,324,000 relating to:

- (a) the subscription of the second tranche of convertible notes to be issued by China Star in the principal amount of HK\$300,000,000 pursuant to the conditional subscription agreement dated 21 January 2011. The subscription of the second tranche of convertible notes is conditional upon the fulfillment of the conditions precedent set out in the conditional subscription agreement, including the availability of sufficient fund by the Company. On 29 June 2012, the completion date of subscription was extended from 30 June 2012 to 31 December 2013;
- (b) six building mortgages in the aggregate principal amount of HK\$9,000,000 to be made to six individuals pursuant to six building mortgages entered into between Hong Kong Builders and the six individuals in February 2012; and
- (c) the payment of consideration of HK\$51,324,000 for acquiring 146,640,000 shares in China Media and Films Holdings Limited (“**China Media**” formerly known as KH Investment Holdings Limited and stock code: 8172) pursuant to the conditional sale and purchase agreement entered into between the Company as purchaser and Culture Landmark as vendor on 28 May 2012.

Exchange risk and hedging

During the six months ended 30 June 2012, the majority of the Group’s transactions, assets and liabilities are denominated in Hong Kong dollars. Accordingly, no financial instruments for hedging purposes have been used by the Group.

Contingent liabilities

At 30 June 2012, the Group had a material contingent liability relating to a claim brought by China Finance & Assets Management Limited (“**China Finance**”) in the High Court Action No. 526 of 2010 against Rexdale Investment Limited, a wholly owned subsidiary of the Company, for failing to pay a service fee in the sum of HK\$25,000,000 to China Finance.

No provision for the claim was made in the condensed consolidated financial statements of the Group for the six months ended 30 June 2012 as Lafe Corporation Limited has undertaken to indemnify and keep indemnified the Group against any and all losses, claims, damages, penalties, actions, demands, proceeding, judgment and costs arising from or in connection with the claim.

Employees and remuneration policy

At 30 June 2012, the headcount of the Group was 12 (2011: 10). Staff costs (including directors' remuneration) amounted to HK\$4,107,000 (2011: HK\$1,733,000). In addition to basic salaries, provident fund and discretionary bonus, staff benefits include medical scheme and share options.

Operations Review

During the six months ended 30 June 2012, no revenue was generated from the Group's film distribution business as the Group was not able to secure quality films at reasonable prices for distribution. For the purpose of revitalising the Group's film distribution business, the Company as purchaser entered into the conditional sale and purchase agreement with Culture Landmark as vendor on 28 May 2012 relating to the acquisition of 146,640,000 shares in China Media at a consideration of HK\$51,324,000. The directors consider that the acquisition enables the Group to (i) form a strategic alliance with Culture Landmark and China Media leveraging on each respective strengths; and (ii) secure a stable supply of films from China Media for distribution in Mainland China. The acquisition was approved by the shareholders on 27 July 2012 and completed on 3 August 2012.

The first quarter of 2012 has proved strongly positive for Hong Kong equities, with the Hang Seng Index rising by some 11%. However, Hong Kong equities gave up much of their first quarter gains in the second quarter, owing to deterioration in both the European debt crisis as well as the growth momentum of the Mainland China economy. In view of the continuation of volatility, the Group did not make any investment in equities, but sought opportunities to realise its equities. In March 2012, the Group disposed of certain equities and recorded a gain of HK\$649,000. During the six months ended 30 June 2012, the Group recorded a loss arising on change in fair value of HK\$1,885,000 for its financial assets at fair value through profit or loss. As the closing price per share in China Star surged from HK\$0.22 on 30 December 2011 to HK\$0.345 on 29 June 2012, a gain arising on revaluation of available-for-sale financial assets of HK\$33,500,000 was recognised in the condensed consolidated statement of comprehensive income.

During the six months ended 30 June 2012, the Group's provision of management services business generated services fee income amounted to HK\$38,131,000, a 15.40% decrease as compared to the same period of the previous year. This decrease reflects a keen competition in Macau VIP gaming sector following the opening of the first phase of Sands Cotai Central and Galaxy Macau in mid 2011, despite a 15.09% increase in Macau VIP gaming revenue in the first half of 2012 as compared to the correspondence period of 2011.

On 12 September 2011, the Group was informed by Dore that the management services agreement dated 30 June 2008 entered into between the Group and Dore would be terminated on 12 September 2012. Given that the services fee income generated from the management services agreement represents a substantial portion of the revenue of the Group's provision of management services business, it is expected that there will be a substantial decrease in the revenue of the Group's provision of management services business from 12 September 2012. In view of the management services agreement being terminated on 12 September 2012, the Group further recognised an impairment loss on intangible assets of HK\$27,111,000 in the six months ended 30 June 2012. Upon the termination of the management services agreement with Dore on 12 September 2012, the Group shall continue to carry out the business of provision of management services to the concierge department of gaming promoter pursuant to the remaining management services agreement held by it.

During the six months ended 30 June 2012, the investment properties (the "**Kwun Tong Property**") located at Kwun Tong, Kowloon, Hong Kong generated a rental income of HK\$2,776,000 and its occupancy rate calculated in gross floor area was 41.26% at 30 June 2012. Activities have been carried out for selling the Kwun Tong Property entirely or partly. Enquiries have been received, but no terms or agreements have been reached up to the date of this report. In April 2012, the Group disposed of its residential property located at Tseung Kwan O, New Territories, Hong Kong at a cash consideration of HK\$7,950,000 and recorded a gain on disposal of an investment property of HK\$640,000.

With a view to diversify its revenue sources, the Group expanded into money lending business by acquiring the entire issued shares in and the sale loan due by Hong Kong Builders, a Hong Kong company engaged in money lending business, at a consideration of HK\$33,069,172. As the fair value of the net identifiable assets of Hong Kong Builders exceeds the fair value of the consideration paid by HK\$32,000, the Group recognised a gain on a bargain purchase of HK\$32,000. During the six months ended 30 June 2012, Hong Kong Builders generated interest income of HK\$3,916,000 and granted a loan in the principal amount of HK\$15,000,000 to a customer. In February 2012, Hong Kong Builders entered into six building mortgages in the aggregate principal amount of HK\$9,000,000 with six individuals. The drawdown of the building mortgages are expected to be taken place in the third quarter of 2012. At 30 June 2012, Hong Kong Builders loans receivables together with accrued interest receivables amounted to HK\$53,257,000.

For the purpose of creating a fixed income portfolio, the Group subscribed for the convertible notes of HK\$350,000,000 and HK\$75,000,000 issued by China Star and Culture Landmark respectively in 2011. In March 2012, the Group subscribed for the convertible note issued by Koffman Corporate in the principal amount of HK\$27,000,000 at its face value. The convertible note issued by Koffman Corporate is unsecured, non-interest

bearing and maturing on 21 March 2015. According to the terms of the convertible note issued by Koffman Corporate, the whole convertible note shall automatically be converted into shares in Koffman Corporate upon the success of initial public offering of Koffman Corporate's shares at the price of initial public offering, provided that the convertible note has not been redeemed. Any amount of the convertible note which remains outstanding on the maturity date shall be redeemed by Koffman Corporate at its then outstanding principal amount plus a premium calculated at 20% of the then outstanding principal amount. In May 2012, Culture Landmark early redeemed HK\$23,000,000 of the convertible notes of HK\$75,000,000 held by the Group at par. Accordingly, a gain arising on early redemption of convertible notes receivables of HK\$1,836,000 was recorded. During the six months ended 30 June 2012, the Group's fixed income portfolio generated imputed interest income of HK\$28,401,000.

In the six months ended 30 June 2012, the Spark Concept Group expanded its operations by opening a Japanese noodle shop in Central District and a European cuisine restaurant in Sheung Wan. The Spark Concept Group now has four operating arms, which are two restaurants, the Japanese noodle shop and a wine trading company. To finance the capital expenditures for opening of the Japanese noodle shop and the European cuisine restaurant, each of the shareholders of Spark Concept Group Limited made an interest-free advance to the Spark Concept Group according to its shareholding interest. In January 2012, the Group made a cash advance of HK\$5,390,000 to the Spark Concept Group. At 30 June 2012, the Spark Concept Group owed the Group an amount of HK\$7,393,000, which is unsecured, interest-free and repayable on demand. Due to the rising in food and labour costs and the pre-operating expenses incurred, the Spark Concept Group reported a loss of HK\$1,841,000 for the period. As the Group's share of post-acquisition losses equals to its interests in Spark Concept Group Limited, no further share of losses was recognised.

Future Prospects

The directors believe the unresolved European debt situation continues to pose challenging market conditions for Hong Kong equities. Moreover, the pace and magnitude of policy easing in Mainland China continues to underwhelm. As such, the Group will continue to adopt a more conservative investment approach toward its sales of financial assets business for the remaining financial year of 2012.

As one of its management services agreements will be terminated on 12 September 2012, it is expected that the performance of the Group's provision of management services business will be significantly deteriorated in the second half of 2012. In light of the keen competition in Macau VIP gaming sector and the further contraction in the Mainland China economy, the directors have ceased to explore opportunities in providing management services to the concierge departments of other gaming promoters in Macau.

For the property investment business, the Group intends to sell the Kwun Tong Property entirely or partly and the car parking space located at Tseung Kwan O, New Territories, Hong Kong for capital gain. Following the Energizing Kowloon East Project announced by the Chief Executive of Hong Kong Special Administrative Region in 2011, the price level of industrial buildings in Kwun Tong is challenging higher and higher level. With the recent expansion of The Link's investment strategy to include non-residential properties, speculation activities are active since May 2012. The directors believe that the Kwun Tong Property is able to generate a considerable capital gain to the Group.

Given that the European debt crisis remains unresolved and there is a further contraction in the Mainland China economy, the Hong Kong economy has inevitably been affected. The Group will adopt a more cautious approach during its assessment and approval of loans in order to reduce its credit risk. Accordingly, the directors expect a steady growth in the newly expanded money lending business.

The directors believe that the key risks for the second half of 2012 are (i) weaker than forecast United States growth, (ii) the risk of a hard economic landing in Mainland China, (iii) a failure to agree a long term sustainable structure for the Eurozone, and (iv) recession in Europe proves deeper and longer than expected. As such, the Group will continue to cautiously monitor the business environment, focus on its existing business and implement prudent cost control strategies.

STATEMENT OF INDEBTEDNESS

Borrowings

At the close of business on 30 November 2012, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had no outstanding borrowings.

Contingent Liabilities

On 15 April 2010, a claim was brought by China Finance & Assets Management Limited ("CFAM") in the High Court Action No. 526 of 2010 against the Vendor that, despite repeated demands, the Vendor has failed and still refuses to pay to CFAM a service fee in the sum of HK\$25.00 million.

No provision for the claim brought by CFAM was made in the consolidated accounts of the Group as Lafe Corporation Limited has undertaken to indemnify and keep indemnified One Synergy Limited (“**One Synergy**”), the immediate holding company of the Vendor, against any and all losses, claims, damages, penalties, actions, demands, proceedings, judgement and costs (including legal costs on a full indemnify basis and any amount paid for settlement of claims) arising from or in connection with the claim pursuant to the sale and purchase agreement dated 31 December 2010 entered into between Lafe Corporation Limited as vendor and One Synergy as purchaser relating to the sale and purchase of the entire issued share capital of Lafe Properties (Hong Kong) Limited (the former name of the Vendor).

Disclaimer

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables, the Group did not have any outstanding mortgages, charges, debentures or other loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, liabilities under acceptance or acceptances credits, finance leases or hire purchase commitments, guarantees or other material contingent liabilities at the close of business on 30 November 2012.

WORKING CAPITAL

The Directors after due and careful enquiry, are of the opinion that, in the absence of unforeseeable and after taking into account of the Disposal and the internal resources of the Group, the Group has sufficient working capital for its normal business for at least the next 12 months from the date of publication of this circular.

BUSINESS AND AN INTEREST IN THE SHARE CAPITAL OF A COMPANY ACQUIRED AFTER 31 DECEMBER 2011, BEING THE DATE TO WHICH THE LATEST PUBLISHED AUDITED CONSOLIDATED ACCOUNTS OF THE GROUP WERE MADE UP

After 31 December 2011, being the date to which the latest published audited consolidated accounts of the Group were made up, the Group acquired a business and an interest in the share capital of a company as follows:

- (a) On 5 January 2012, Eternity Finance acquired the entire issued shares in and the sale loan due by Hong Kong Builders Finance Limited (“**Hong Kong Builders**”) from Koffman Financial Group Limited, an Independent Third Party, at a cash consideration of HK\$33.07 million. Hong Kong Builders is carrying on money lending business in Hong Kong.

The consideration for acquisition was financed by the internal resources of the Group. After completion of the acquisition, Hong Kong Builders became a wholly owned subsidiary of the Company and its financial results are consolidated into the consolidated financial statements of the Group.

- (b) On 3 August 2012, Riche Advertising Limited, a wholly owned subsidiary of the Company, acquired 146,640,000 shares in China Media, representing approximately 29.00% of the entire issued share capital of China Media, from Culture Landmark at a cash consideration of HK\$51.32 million. China Media is a company listed on the Growth Enterprise Market of the Stock Exchange. China Media and its subsidiaries are principally engaged in (i) artist management; and (ii) film distribution and production.

The consideration for acquisition was financed by the internal resources of the Group. After completion of the acquisition, China Media is accounted for as an associate (as defined under Hong Kong Accounting Standard 28 “Investments in Associates”) by the Company and the financial results of China Media are accounted for by using the equity method of accounting.

MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2011, being the date to which the latest published audited consolidated accounts of the Group were made up, as at the Latest Practicable Date.

PROFIT AND LOSS STATEMENT AND VALUATION OF THE PROPERTY

In accordance with paragraph 14.68(2)(b)(i) of the Listing Rules, the profit and loss statement of the Property for the three years ended 31 December 2009, 2010, 2011 and for the six months ended 30 June 2012, and the valuations of the Property as at 31 December 2009, 2010, 2011 and 30 June 2012 are set out below. In the opinion of the Directors, such information has been properly compiled and derived from the underlying books and records of the Group and valuation reports of the Property. The Company has engaged HLB Hodgson Impey Cheng Limited (“**HLB**”) to conduct to a review of such information in accordance with the Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the Hong Kong Institute of Certified Public Accountants. HLB has compared and found such information has been properly compiled and derived from the underlying books and records of the Group or the valuation reports as at 31 December 2009, 31 December 2010, 31 December 2011 and 30 June 2012 prepared by BMI Appraisals Limited, Vigers Appraisal and Consulting Limited and Peak Vision Appraisals Limited respectively, the independent professional valuers.

APPENDIX II

**UNAUDITED PROFIT AND LOSS STATEMENT
ON THE IDENTIFIABLE NET INCOME STREAM IN
RELATION TO AND VALUATIONS OF THE PROPERTY**

(A) Profit and loss statement of the Property

	Year ended 31 December			Six months ended 30 June
	2009	2010	2011	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	6,597	7,352	13,084	2,776
Gain arising on change in fair value of the Property	10,760	45,000	135,000	34,000
Operating and administrative expenses	<u>(2,421)</u>	<u>(3,962)</u>	<u>(990)</u>	<u>(1,094)</u>
Profit from operation	14,936	48,390	147,094	35,682
Finance costs	<u>—</u>	<u>—</u>	<u>(1,631)</u>	<u>—</u>
Profit before tax	14,936	48,390	145,463	35,682
Income tax expenses	<u>(187)</u>	<u>(186)</u>	<u>(186)</u>	<u>—</u>
Profit for the year/period	<u><u>14,749</u></u>	<u><u>48,204</u></u>	<u><u>145,277</u></u>	<u><u>35,682</u></u>

(B) Valuation of the Property

	As at	As at	As at	As at
	31 December	31 December	31 December	30 June
	2009	2010	2011	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Valuation of the Property	<u><u>255,000</u></u>	<u><u>300,000</u></u>	<u><u>435,000</u></u>	<u><u>469,000</u></u>

Note: The valuations of the Property were based on the valuation report as at 31 December 2009 prepared by BMI Appraisals Limited, valuation report as at 31 December 2010 prepared by Vigers Appraisal and Consulting Limited, valuation reports as at 31 December 2011 and 30 June 2012 prepared by Peak Vision Appraisals Limited, the independent professional valuers, on an open market existing use basis by reference to market prices for similar properties.

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP

**INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**

The accompanying unaudited pro forma consolidated net assets statement and unaudited pro forma consolidated income statement of Eternity Investment Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) (the “**Unaudited Pro Forma Financial Information**”) have been prepared in accordance with paragraph 4.29 of the Listing Rules for the purpose of illustrating the effect of the disposal of Lucky (Kwun Tong) Industrial Building (the “**Disposal**”), which is located at Nos. 398-402 Kwun Tong Road (formerly known as No. 95 How Ming Street), Kwun Tong, Kowloon (the “**Property**”) on the net assets of the Group immediately after the completion of the Disposal (the “**Remaining Group**”) as of the Disposal might have affected the financial information of the Group.

The Unaudited Pro Forma Financial Information is based on the unaudited consolidated net assets of the Group as at 30 June 2012 and the unaudited consolidated income statement of the Group for the six months ended 30 June 2012, extracted from the published unaudited interim report of the Group for the six months ended 30 June 2012, after giving the effect to the pro forma adjustments relating to the Disposal that are (i) directly attributable to the Disposal and not relating to future events or decisions; and (ii) factually supportable.

The Unaudited Pro Forma Financial Information is based on certain assumptions, estimates, uncertainties and other currently available financial information, and is provided for illustrative purposes only because of its hypothetical nature, it may not give a true picture of the actual financial position and financial results of the Remaining Group that would have been attained had the Disposal been completed on 30 June 2012 and on 1 January 2012 respectively. Further, the Unaudited Pro Forma Financial Information does not purport to predict the Remaining Group’s future financial position or results of operations.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the published unaudited interim report of the Company for the six months ended 30 June 2012 and other financial information included elsewhere in this circular.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

(A) Unaudited Pro Forma Consolidated Net Assets Statement of the Remaining Group

The following is the unaudited pro forma consolidated net assets statement of the Remaining Group, assuming that the Disposal had been completed on 30 June 2012. The unaudited pro forma consolidated net assets statement of the Remaining Group is prepared based on the unaudited consolidated financial statements of the Group for the six months ended 30 June 2012, which has been extracted from the published unaudited interim report of the Group for the six months ended 30 June 2012. Such information is adjusted to reflect the effect of the Disposal.

I. Unaudited pro forma consolidated net assets statement

	The Group as at 30 June 2012 HK\$'000	HK\$'000 (note 1)	Pro forma adjustments		HK\$'000 (note 4)	The Remaining Group as at 30 June 2012 HK\$'000
			HK\$'000 (note 2)	HK\$'000 (note 3)		
ASSETS AND LIABILITIES						
Non-current assets						
Property, plant and equipment	517					517
Investment properties	469,690	(469,000)				690
Intangible assets	16,829					16,829
Interests in associates	—					—
Convertible notes receivables	316,830					316,830
Available-for-sale financial assets	92,632					92,632
	896,498					427,498
Current assets						
Trade receivables	4,698					4,698
Loan receivables	53,257					53,257
Deposits, prepayments and other receivables	17,631			(369)		17,262
Amount due from an associate	7,393					7,393
Financial assets at fair value through profit or loss	34,443					34,443
Convertible notes receivables	48,489					48,489
Conversion options embedded in convertible notes receivables	98,200					98,200
Cash and cash equivalents	236,816	578,640	(2,192)	369		813,633
	500,927					1,077,375

	The Group as at 30 June 2012	Pro forma adjustments			The Remaining Group as at 30 June 2012
	HK\$'000	HK\$'000 (note 1)	HK\$'000 (note 2)	HK\$'000 (note 3)	HK\$'000 (note 4)
Current liabilities					
Accruals and other payables	10,251				(15) 10,236
Trade deposits received	477				477
Rental deposits received	2,192		(2,192)		—
Tax payable	4,381				4,381
	<u>17,301</u>				<u>15,094</u>
Net current assets	<u>483,626</u>				<u>1,062,281</u>
Total assets less current liabilities	<u>1,380,124</u>				<u>1,489,779</u>
Non-current liability					
Deferred taxation	3,654	(2,200)			1,454
Net assets	<u>1,376,470</u>				<u>1,488,325</u>

Notes to the unaudited pro forma net assets statement

- The pro forma adjustment represents the elimination of the carrying amount of HK\$469,000,000 of the Property upon completion of the Disposal and the net cash of HK\$578,640,000 received from the Disposal. The net cash received is the difference of sale proceeds of HK\$586,000,000 and the estimated transaction costs (including property agent's commission) of HK\$7,360,000 incurred upon completion of the Disposal.

The pro forma adjustment also represents the reversal of deferred tax liability of HK\$2,200,000 in relation to the accelerated tax depreciation recognised in prior years.

According to the preliminary sale and purchase agreement (the "Preliminary SPA") entered into between Rexdale Investment Limited (the "Vendor") and Grand Reward Limited (the "Purchaser"), the Purchaser has agreed to acquire the Property at the consideration of HK\$586,000,000 from the Vendor. The consideration is settled by cash through three instalments.

- The pro forma adjustment represents the refund of rental deposits with the amount of approximately HK\$2,192,000 to the existing tenants. In accordance with the Preliminary SPA, the Disposal will be completed after all of the existing tenants move out from the Property. The Vendor shall refund the rental deposits in full to the tenants under the existing tenancy agreements.
- The pro forma adjustment represents the refund of electricity and water deposit with the amount of approximately HK\$369,000 paid in previous years.
- The pro forma adjustment represents the elimination of accrued electricity expenses and repair and maintenance with the amount of approximately HK\$15,000 as if the Disposal had been completed on 30 June 2012.
- Upon completion of the Disposal, it is assumed that the gain from the Disposal is of a capital nature and not subjected to Hong Kong Profits Tax.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

(B) Unaudited Pro Forma Consolidated Income Statement of the Remaining Group

The following is the unaudited pro forma consolidated income statement of the Remaining Group, assuming that the Disposal had been completed on 1 January 2012. The unaudited pro forma consolidated income statement of the Remaining Group is prepared based on the unaudited consolidated financial statements of the Group for the six months ended 30 June 2012, which has been extracted from the published unaudited interim report of the Group for the six months ended 30 June 2012. Such information is adjusted to reflect the effect of the Disposal.

II. Unaudited pro forma consolidated income statement

	The Group for the six months ended 30 June 2012	Pro forma adjustments		The Remaining Group for the six months ended 30 June 2012
	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(note 6)</i>	<i>HK\$'000</i> <i>(note 7)</i>	<i>HK\$'000</i>
Turnover	45,472	(2,776)		42,696
Cost of sales	—			—
	<hr/>			<hr/>
Gross profit	45,472			42,696
Investment and other income	1,173			1,173
Other gains and losses	52,722	(34,000)		18,722
Gain on disposal of the Property	—		143,640	143,640
Administrative expenses	(10,856)	1,094		(9,762)
	<hr/>			<hr/>
Profit from operations	88,511			196,469
Finance costs	—			—
	<hr/>			<hr/>
Profit before taxation	88,511			196,469
Income tax credit	2,594		2,200	4,794
	<hr/>			<hr/>
Profit for the period	91,105			201,263
	<hr/> <hr/>			<hr/> <hr/>
Profit attributable to:				
Owners of the Company	91,106	(35,682)	145,840	201,264
Non-controlling interests	(1)			(1)
	<hr/>			<hr/>
	91,105			201,263
	<hr/> <hr/>			<hr/> <hr/>

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

Notes to the unaudited pro forma consolidated income statement

6. The pro forma adjustment represents the exclusion of income and expenses attributable to the Property for the six months ended 30 June 2012 as if the Disposal had been completed on 1 January 2012. The pro forma adjustment also represents the effect of profit attributable to owners of the Company during the year.
7. The pro forma adjustment represents the gain arising on the Disposal as if the Disposal had been completed on 1 January 2012 as follow:

	<i>HK\$'000</i>
Cash consideration received	586,000
Less: Carrying amount of the Property	(435,000)
Less: Estimated transaction costs	(7,360)
	<hr/>
Gain on disposal of the Property	143,640
	<hr/> <hr/>

The pro forma adjustment also represents the reversal of deferred tax liability of HK\$2,200,000 in relation to the accelerated tax depreciation recognised in previous years as if the Disposal had been completed on 1 January 2012.

8. Upon completion of the Disposal, it is assumed that the gain on the Disposal is of a capital nature and not subjected to Hong Kong Profits Tax.

All of the adjustments are not expected to have a continuing effect on the Remaining Group.

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP

The following is the text of the report, prepared for the sole purpose of inclusion in this circular, received from the reporting accountants, HLB Hodgson Impey Cheng Limited, Chartered Accountants, Certified Public Accountants, Hong Kong, in respect of the Unaudited Pro Forma Financial Information of the Remaining Group as set out in this appendix.



Chartered Accountants
Certified Public Accountants

31st Floor
Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

20 December 2012

The Directors
Eternity Investment Limited
Unit 3811, Shun Tak Centre,
West Tower,
168-200 Connaught Road Central
Hong Kong

Dear Sirs,

We report on the unaudited pro forma financial information of Eternity Investment Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”), which has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the proposed disposal of Lucky (Kwun Tong) Industrial Building, which is located at Nos. 398-402 Kwun Tong Road (formerly known as No.95 How Ming Street), Kwun Tong, Kowloon might have affected the financial information of the Group presented, for inclusion in Appendix III on pages 27 to 31 of the circular dated 20 December 2012 (the “**Circular**”). The basis of preparation of the unaudited pro forma financial information of the Group is set out in the section under the headings of “Unaudited Pro Forma Financial Information of the Remaining Group” (the “**Unaudited Pro Forma Financial Information**”).

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

**RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS OF THE COMPANY
AND REPORTING ACCOUNTANTS**

It is the sole responsibility of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion solely to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information on the Remaining Group with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or review performed in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgements and assumptions made by the directors of the Company, and, because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Remaining Group as at 30 June 2012 or any future date;
or
- the results of the Remaining Group for the six months ended 30 June 2012 or any future periods.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

HLB Hodgson Impey Cheng Limited

Chartered Accountants

Certified Public Accountants

Hong Kong

Yu Chi Fat

Practising Certificate Number: P05467

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular received from Peak Vision Appraisals Limited, an independent valuer, in connection with its valuation as at 31 October 2012 of the Property.



Peak Vision
Appraisals Limited

12/F, Effectual Building
14-16 Hennessy Road
Wanchai, Hong Kong
www.peakval.com

Tel (852) 2187 2238
Fax (852) 2187 2239

20 December 2012

The Board of Directors
Eternity Investment Limited
Unit 3811, Shun Tak Centre, West Tower
168-200 Connaught Road Central
Hong Kong

Dear Sirs,

Re: Valuation of Factories A and B on the 1st Floor and the Flat Roof, The whole of 6th-12th Floors, Roof, External Walls, Lavatories A and B and Carpark Nos. 1-3 and 14-21 on Ground Floor, Lucky (Kwun Tong) Industrial Building, Nos. 398-402 Kwun Tong Road (formerly No. 95 How Ming Street), Kwun Tong, Kowloon

In accordance with the instructions from Eternity Investment Limited (hereinafter referred to as the “**Company**”) for us to value the above captioned property interest in the Hong Kong Special Administrative Region (hereinafter referred to as “**Hong Kong**”), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for providing you with our opinion of value of the property interest as at 31 October 2012 (hereinafter referred to as the “**Date of Valuation**”). This letter, forming part of our valuation report, identifies the property interest being valued, explains the basis and methodology of our valuation and lists out the assumptions and title investigation, which we have made in the course of our valuation, as well as the limiting conditions.

Our valuation represents our opinion of market value which we would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

In valuing the property interest which is held for investment by the Company in Hong Kong, we have adopted the Investment Approach by taking into account the current rents passing and the reversionary income potential of the tenancies. For the portion of the property which is currently vacant, we have adopted the Direct Comparison Approach assuming sale of the property interest in its existing state with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market.

Our valuation has been made on the assumption that the owner sells the property on the open market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which could serve to affect the value of the property. No forced sale situation in any manner is assumed in our valuation. In addition, we have been advised by the Company that the property has no option or right of pre-emption which would concern or affect the sale of the property.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interest or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interest is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We have caused sampling title searches to be made at the relevant Land Registry in respect of the property interest. However, we have not searched the original documents to verify the ownership or to ascertain the existence of any amendments.

In valuing the property interest located in Hong Kong, of which the Government Lease has expired before 30 June 1997, we have taken into account the provisions contained in the Basic Law of the Hong Kong Special Administrative Region and the New Territories (Extension) Ordinance 1988 that such lease has been extended without any additional payment of premium until 30 June 2047 and that an annual rent equivalent to three per cent of the rateable value of the property will be charged from the date of extension.

The property was inspected by Mr. Tony M. W. Cheng during November 2012. We have inspected the exterior and, where possible, the interior of the property. In the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the property is free from rot, infestation or any other defects. No tests were carried out on any of the services.

We have not carried out on-site measurements to verify the correctness of the site and floor area of the property but have assumed that the site and floor area shown on the documents and floor plans available to us are correct. Dimensions, measurements and areas included in the attached valuation certificate are based on information contained in the documents provided to us and are, therefore, only approximations.

We have relied to a considerable extent on the information provided by the Company and have accepted advice on such matters as planning approvals, statutory notices, easements, tenures, floor area and all other relevant materials regarding the property.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We were also advised by the Company that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

In valuing the property interest, we have complied with all the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors effective from 1 January 2005.

Unless otherwise stated, all monetary amounts stated in this report are in Hong Kong Dollars (HK\$).

We hereby confirm that we have neither present nor prospective interests in the Company, the property or the value reported herein.

Our Valuation Certificate is enclosed herewith.

Yours faithfully,

For and on behalf of

Peak Vision Appraisals Limited

Nick C. L. Kung *MRICS, MHKIS, RPS (G.P.), RICS Registered Valuer*

Director

Note: Mr. Nick C. L. Kung is a RICS Registered Valuer and a Registered Professional Surveyor who has more than 22 years of experience in the valuation of properties in Hong Kong and the PRC.

Valuation Certificate

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 October 2012
Factories A and B on the 1st Floor and the Flat Roof, The whole of 6th-12th Floors, Roof, External Walls, Lavatories A and B and Carpark Nos. 1-3 and 14-21 on Ground Floor, Lucky (Kwun Tong) Industrial Building, Nos. 398-402 Kwun Tong Road (formerly No. 95 How Ming Street), Kwun Tong, Kowloon	Lucky (Kwun Tong) Industrial Building (the “ Development ”) is a 13-storey industrial building with car parking and loading and unloading facilities available on the Ground Floor completed in 1981. The property comprises the whole of 1st Floor and the Flat Roof, the whole of 6th-12th Floors, Roof, External Walls, 2 lavatories, 3 lorry parking spaces and 8 private car parking spaces on Ground Floor of the Development with a total saleable area of approximately 113,862 sq.ft. exclusive of car parking spaces, flat roof and roof. Details of the saleable area breakdown as measured from the registered floor plans are as follows:	Except for a total saleable area of 67,405 sq.ft. and 3 lorry parking spaces which are vacant, the property is currently subject to various tenancies with most tenancies expiring on 31 December 2013 and the latest tenancy expiring on 6 March 2015 yielding a total monthly rental of HK\$480,071 exclusive of rates and government rent of HK\$29,194 and management fees of HK\$92,279.	HK\$550,000,000
367/622 equal and undivided shares of and in Section A of Kwun Tong Inland Lot No. 195		Approximate Saleable Area (sq.ft.)	
	Floor		
	Factories A and B on 1/F	17,678	
	6/F	13,707	
	7/F	13,707	
	8/F	13,707	
	9/F	13,707	
	10/F	13,707	
	11/F	13,707	
	12/F	13,707	
	Lavatories A and B on G/F	235	
	TOTAL:	113,862	
	Flat Roof	741	
	Roof	14,019	

The property is held under a Government Lease for a term of 21 years renewed for a further term of 16 years commencing from 1 July 1960 which has been statutorily extended to 30 June 2047.

The government rent payable for the property is HK\$367,476 per annum.

Notes:

- (i) The registered owner of the property is Rexdale Investment Limited vide Memorial No. 11110900740018 Certified Copy of Certificate of Change of Name dated 16 February 2011.
- (ii) We noted, during our inspection, Lavatories A and B on Ground Floor of the property have been converted into 2 parking spaces. In the course of our valuation, we have disregarded the value, if any, of such alteration that appeared to be unauthorized and valued them in their original layout and permitted use (i.e. lavatories). In addition, we have not taken into account the cost of reinstatement, if any. The cost of refurbishment is insignificant with respect to the market value of the property, being in the range of HK\$550,000 to HK\$850,000. As of the date of conducting the land search (28 November 2012), there is no charging order received.
- (iii) The property is zoned as “Other Specified Uses (Business)” under Draft Kwun Tong (South) Outline Zoning Plan No. S/K14S/17 dated 23 March 2012.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respect and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Save as disclosed below, as at the Latest Practicable Date, no Directors or chief executive of the Company had or was deemed to have interests or short positions in Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange:

Long positions

a. *the Shares*

Name of Director	Note	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
Mr. Lei Hong Wai	<i>1</i>	Held by controlled corporations	70,472,000	29.61%
Mr. Cheung Kwok Wai, Elton	<i>1</i>	Held by controlled corporations	70,472,000	29.61%

Name of Director	<i>Note</i>	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
Mr. Cheung Kwok Fan	<i>1</i>	Held by controlled corporations	70,472,000	29.61%
Mr. Chan Kin Wah, Billy		Beneficial owner	33,000	0.01%

Note:

1. Twin Success International Limited is owned as to 50% by Silver Pacific International Limited and as to 50% by Silver Pacific Development Limited. Silver Pacific International Limited is wholly owned by Mr. Lei Hong Wai. Silver Pacific Development Limited is owned as to 50% by Mr. Cheung Kwok Wai, Elton and as to 50% by Mr. Cheung Kwok Fan.

b. the share options

Name of Director	Capacity	Number of share options held	Number of underlying Shares
Mr. Lei Hong Wai	Beneficial owner	933	933
Mr. Chan Kin Wah, Billy	Beneficial owner	1,602,349	1,602,349

3. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at the Latest Practicable Date, according to the register of interest kept by the Company under Section 336 of the SFO and so far as was known to the Directors, no other person or companies had an interest or short positions in Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

Long positions*a. the Shares*

Name of Shareholder	Notes	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
Twin Success International Limited	1	Beneficial owner	70,472,000	29.61%
Silver Pacific International Limited	1 and 2	Held by controlled corporation	70,472,000	29.61%
Silver Pacific Development Limited	1 and 3	Held by controlled corporation	70,472,000	29.61%
Mr. Lei Hong Wai	1 and 2	Held by controlled corporations	70,472,000	29.61%
Mr. Cheung Kwok Wai, Elton	1 and 3	Held by controlled corporations	70,472,000	29.61%
Mr. Cheung Kwok Fan	1 and 3	Held by controlled corporations	70,472,000	29.61%
Ms. Au Tsui Yee Maggie		Beneficial owner	18,525,000	7.78%

Name of Shareholder	Notes	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
Asia Vest Partners VII Limited	4	Held by controlled corporations	32,373	9.95%
Asia Vest Partners X Limited	4	Held by controlled corporations	32,373	9.95%
Asia Vest Partners Limited	4	Held by controlled corporations	32,373	9.95%
Mr. Andrew Nam Sherrill	4	Held by controlled corporations	32,373	9.95%

Notes:

1. Twin Success International Limited is owned as to 50% by Silver Pacific International Limited and as to 50% by Silver Pacific Development Limited.
2. Silver Pacific International Limited is wholly owned by Mr. Lei Hong Wai.
3. Silver Pacific Development Limited is owned as to 50% by Mr. Cheung Kwok Wai, Elton and as to 50% by Mr. Cheung Kwok Fan.
4. The number of issued Shares held was adjusted for the capital reorganisations of the Company that became effective on 2 May 2008, 23 April 2009 and 9 May 2012.

b. the share options

Name of Shareholder	Capacity	Number of share options held	Number of underlying Shares
Mr. Lei Hong Wai	Beneficial owner	933	933

4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

None of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which was subsisting as at the date of this circular and which was significant in relation to the business of the Group.

None of the Directors has or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2011, being the date to which the latest published audited consolidated accounts of the Group were made up.

5. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors nor their respective associates had any business or interest that competes or may compete with the business of the Group or any other conflicts of interest with the Group.

6. LITIGATION

As at the Latest Practicable Date, save as disclosed below, neither the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

On 15 April 2010, a claim was brought by CFAM in the High Court Action No. 526 of 2010 against the Vendor that, despite repeated demands, the Vendor has failed and still refuses to pay to CFAM a service fee in the sum of HK\$25.00 million.

No provision for the claim brought by CFAM was made in the consolidated accounts of the Group as Lafe Corporation Limited has undertaken to indemnify and keep indemnified One Synergy against any and all losses, claims, damages, penalties, actions, demands, proceedings, judgement and costs (including legal costs on a full indemnify basis and any amount paid for settlement of claims) arising from or in connection with the claim pursuant to the sale and purchase agreement dated 31 December 2010 entered into between Lafe Corporation Limited as vendor and One Synergy as purchaser relating to the sale and purchase of the entire issued share capital of Lafe Properties (Hong Kong) Limited (the former name of the Vendor).

7. SERVICES CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any services contracts with any member of the Group which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.

8. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinions and advices, which are contained in this circular:

Name	Qualifications
HLB Hodgson Impey Cheng Limited	Chartered Accountants Certified Public Accountants
Peak Vision Appraisals Limited	Property Valuer

Each of HLB Hodgson Impey Cheng Limited and Peak Vision Appraisals Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letters, references to its name and/or its advice in the form and context in which it appears.

9. EXPERTS' INTERESTS IN ASSETS

As at the Latest Practicable Date, each of HLB Hodgson Impey Cheng Limited and Peak Vision Appraisals Limited:

- (a) was not interested, either directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2011, being the date to which the latest published audited consolidated accounts of the Group were made up; and
- (b) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

10. MISCELLANEOUS

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the head office and principal place of business of the Company is situated at Unit 3811, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong.

- (b) The Hong Kong branch share registrar and transfer office of the Company is Tricor Standard Limited, having its office situated at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (c) Mr. Chan Kin Wah, Billy, the company secretary of the Company, is a member of the Hong Kong Institute of Certified Public Accountants, a CPA member of CPA Australia and a non-practicing member of the Chinese Institute of Certified Public Accountants. He holds a Bachelor of Administration Degree from University of Ottawa in Canada and a Master of Commerce Degree in Professional Accounting from University of New South Wales in Australia.

11. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the Latest Practicable Date:

- (a) the sale and purchase agreement dated 31 December 2010 entered into between Lafe Corporation Limited as vendor and One Synergy as purchaser relating to the acquisition of the entire issued share capital of Lafe Properties (Hong Kong) Limited (the former name of the Vendor) by One Synergy from Lafe Corporation Limited at a consideration of HK\$157.96 million;
- (b) the conditional subscription agreement dated 21 January 2011 entered into between China Star and the Company in relation to the proposed subscription of the convertible bonds of China Star by the Company in the principal amount of HK\$650 million in two tranches at their face value;
- (c) the supplemental agreement dated 28 March 2011 entered into between the Company and China Star relating to the amendments to the conditional subscription agreement dated 21 January 2011 in respect of the proposed subscription of the convertible bonds of China Star by the Company;
- (d) the irrevocable undertaking dated 29 March 2011 given by Simple View Investment Limited, a wholly owned subsidiary of the Company, to China Star, Mansion House Securities (F.E.) Limited and Heung Wah Keung Family Endowment Limited (i) to subscribe for or procure subscription for 200,000,000 new shares in China Star to which Simple View Investment Limited is entitled under the rights issue announced by China Star on 18 April

- 2011 and (ii) not to dispose of and not to exercise the subscription rights attached to the warrants of China Star held by it in an aggregate principal amount of HK\$26.25 million on or before the completion of the rights issue;
- (e) the irrevocable undertaking dated 29 March 2011 given by the Company to China Star, Mansion House Securities (F.E.) Limited and Heung Wah Keung Family Endowment Limited not to dispose of the convertible bonds to be issued pursuant to the conditional subscription agreement dated 21 January 2011 (if issued) and not to exercise the conversion rights attached to the convertible bonds (if issued) on or before the completion of the rights issue as announced by China Star on 18 April 2011;
 - (f) the conditional sale and purchase agreement dated 4 April 2011 entered into between Citadines Ashley TST (Singapore) Pte. Ltd. as vendor and Golden Stone Management Limited, a wholly owned subsidiary of the Company, as purchaser in relation to the sale and purchase of the entire issued share capital of Citadines Ashley TST (Hong Kong) Limited and Citadines Ashley TST Management (Hong Kong) Limited at a total consideration of HK\$283 million;
 - (g) the conditional sale and purchase agreement dated 25 May 2011 (as supplemented by the supplemental agreement dated 10 June 2011) entered into between Vartan Holdings Limited as vendor and Riche (BVI) Limited as purchaser in relation to the sale and purchase of the entire share capital of Adelio Holdings Limited at a consideration of HK\$267.6 million;
 - (h) the placing and subscription agreement dated 7 June 2011 entered into between Mr. Lei Hong Wai, the Company and Kingston Securities Limited in relation to the placing of 220,280,000 existing shares of HK\$0.01 each beneficially owned by Mr. Lei Hong Wai at a price of HK\$0.135 per share and the subscription of 220,280,000 new shares of HK\$0.01 each at a price of HK\$0.135 per share by Mr. Lei Hong Wai;
 - (i) the underwriting agreement dated 7 June 2011 entered into between the Company, Kingston Securities Limited, Mr. Lei Hong Wai and Thought Diamond International Limited in relation to the underwriting arrangement in respect of proposed issue of not less than 5,510,560,980 new shares of HK\$0.01 each and not more than 6,619,444,395 new shares by way of open offer to the qualifying Shareholders on the basis of five new shares for every one existing share held on 25 July 2011 at a price of HK\$0.04 per new share;

- (j) the supplemental agreement dated 10 June 2011 entered into between Vartan Holdings Limited and Riche (BVI) Limited to amend the pre-completion undertaking given by Vartan Holdings Limited to Riche (BVI) Limited to the corresponding conditional sale and purchase agreement dated 25 May 2011;
- (k) the master franchise agreement dated 6 July 2011 entered into between Advance Top Limited, a then wholly owned subsidiary of the Company, and アース株式会社 (an unofficial English translation: Az-earth Company Limited and an unofficial Chinese translation: 麵鮮醬油房 周月) relating to the grant of the sole and exclusive rights and master license of franchise business of selling noodles, drinks and related Japanese food products by アース株式会社 (an unofficial English translation: Az-earth Company Limited and an unofficial Chinese translation: 麵鮮醬油房 周月) to Advance Top Limited in the Greater China Region for a period of ten years commencing from 15 July 2011;
- (l) the supplemental agreement dated 30 September 2011 entered into between Citadines Ashley TST (Singapore) Pte. Ltd. and Golden Stone Management Limited relating to the extension of long stop date of the conditional sale and purchase agreement dated 4 April 2011 from 30 September 2011 to 30 November 2011;
- (m) the sale and purchase agreement dated 26 October 2011 entered into between Riche (BVI) Limited as purchaser and Ms. Tan Ting Ting as vendor relating to the sale and purchase of the entire issued share capital of Dynamic Eagle Investments Limited, a property investment company, at a consideration of HK\$6.50 million;
- (n) the conditional subscription agreement dated 22 December 2011 entered into between Culture Landmark as issuer and the Company as subscriber in relation to the subscription of the convertible bonds to be issued by Culture Landmark in the principal amount of HK\$75.00 million;
- (o) the conditional sale and purchase agreement dated 3 January 2012 entered into amongst Koffman Financial Group Limited as vendor, Eternity Finance as purchaser and Mr. Yu Shu Kuen as guarantor in relation to the sale and purchase of the entire share capital of Hong Kong Builders and the respective shareholder's loan at an aggregate consideration of HK\$33.07 million;

- (p) the binding provisional sale and purchase agreement dated 7 March 2012 and the sale and purchase agreement dated 20 March 2012 entered into between Dynamic Eagle Investments Limited, a wholly owned subsidiary of the Company, as vendor and an Independent Third Party as purchaser in relation to the sale and purchase of an investment property located at Tseung Kwan O, Sai Kung, New Territories at a consideration of HK\$7.95 million;
- (q) the conditional subscription agreement dated 19 March 2012 entered into between Koffman Corporate Service Limited as issuer and Eternity Finance as subscriber in relation to the subscription of convertible note to be issued by Koffman Corporate Service Limited in the principal amount of HK\$27.00 million;
- (r) the conditional placing agreement dated 5 April 2012 entered into between the Company and Kingston Securities Limited in relation to the placing of 39,670,000 new Shares at a price of HK\$0.32 per new Share;
- (s) the loan agreement dated 22 May 2012 entered into between Hong Kong Builders as lender and an Independent Third Party as borrower in respect of an unsecured loan in the principal amount of HK\$15 million;
- (t) the deed of variation dated 28 May 2012 entered into between Eternity Finance and Culture Landmark in relation to the early redemption of the convertible bonds in the principal amount of HK\$75.00 million issued by Culture Landmark;
- (u) the sale and purchase agreement dated 28 May 2012 entered into between the Company as purchaser and Culture Landmark as vendor in relation to the sale and purchase of 146,640,000 shares in China Media at a consideration of HK\$51.32 million;
- (v) the irrevocable undertaking dated 4 June 2012 given by Simple View Investment Limited to China Star not to (i) accept the offer proposed by China Star; (ii) acquire any shares in China Star; (iii) dispose of and/or transfer any of the 200,000,000 shares in China Star held by it; and (iv) dispose of and/or transfer and/or exercise any of the subscription rights attached to the warrants issued by China Star on 15 June 2010 in an aggregate principal amount of HK\$10.00 million held by it, before the closing or lapse or termination of the proposed conditional cash offer as announced by China Star on 4 June 2012;

- (w) the irrevocable undertaking dated 4 June 2012 given by Victory Peace Holdings Limited, a wholly owned subsidiary of the Company, to China Star not to (i) accept the offer proposed by China Star; (ii) acquire any shares in China Star; (iii) dispose of and/or transfer any of the 68,000,000 shares in China Star held by it; and (iv) dispose of and/or transfer and/or exercise any of the subscription rights attached to the warrants issued by China Star on 29 June 2011 in an aggregate principal amount of HK\$26.25 million held by it, before the closing or lapse or termination of the proposed conditional cash offer as announced by China Star on 4 June 2012;
- (x) the irrevocable undertaking dated 4 June 2012 given by Eternity Finance to China Star not to (i) acquire any shares in China Star; (ii) dispose of and/or transfer and/or exercise any of the conversion rights attached to the convertible bonds in the aggregate principal of HK\$350.00 million issued by China Star held by it, before the closing or lapse or termination of the proposed conditional cash offer as announced by China Star on 4 June 2012; and (iii) require China Star to extend any offer notwithstanding the terms of the convertible bonds;
- (y) the irrevocable undertaking dated 4 June 2012 given by the Company to China Star not to (i) acquire any shares in China Star; (ii) dispose of and/or transfer and/or exercise any of the conversion rights attached to the convertible bonds in the aggregate principal of HK\$300.00 million to be issued by China Star, if issued, before the closing or lapse or termination of the proposed conditional cash offer as announced by China Star on 4 June 2012; and (iii) require China Star to extend any offer notwithstanding the terms of the convertible bonds, if issued;
- (z) the supplemental agreement dated 29 June 2012 entered into between the Company and China Star relating to the extension of completion date of the second tranche subscription of the convertible bonds of HK\$300.00 million in the conditional subscription agreement dated 21 January 2011 from 30 June 2012 to 31 December 2013;
- (aa) the loan agreement dated 21 August 2012 entered into between Hong Kong Builders as lender and an Independent Third Party as borrower in respect of an unsecured loan in the principal amount of HK\$22.50 million;

- (bb) the conditional sale and purchase agreement dated 21 August 2012 entered into between East Legend Properties Limited, a wholly owned subsidiary of the Company, as purchaser and an Independent Third Party as vendor relating to the sale and purchase of all that piece or parcel of land situate lying and being at Sai Kung District, New Territories and registered in the Land Registry as LOT No. 646 IN DEMARACTION DISTRICT NO. 401 and of and in the three storeyed building known as No. 267 Ma Yau Tong, Sai Kung, New Territories which has been constructed on that land at a consideration of HK\$10.72 million;
- (cc) the conditional sale and purchase agreement dated 21 August 2012 entered into between Goway Properties Limited, a wholly owned subsidiary of the Company, as purchaser and an Independent Third Party as vendor relating to the sale and purchase of all that piece or parcel of land situate lying and being at Sai Kung District, New Territories and registered in the Land Registry as LOT No. 647 IN DEMARACTION DISTRICT NO. 401 and of and in the three storeyed building known as No. 267A Ma Yau Tong, Sai Kung, New Territories which has been constructed on that land at a consideration of HK\$10.72 million;
- (dd) the loan agreement dated 31 August 2012 entered into between Hong Kong Builders as lender and an Independent Third Party as borrower in respect of an unsecured loan in the principal amount of HK\$25.00 million.
- (ee) the conditional sale and purchase agreement dated 16 October 2012 entered into between Riche (BVI) Limited as vendor and Ms. Tan Ting Ting as purchaser relating to the sale and purchase of the entire issued share capital of Dynamic Eagle Investments Limited at a consideration of HK\$0.69 million;
- (ff) the Preliminary SPA;
- (gg) a confirmation dated 20 November 2012 and signed by Simple View Investment Limited for electing to receive the bonus convertible bonds in lieu of all of its entitlement to the bonus shares under the bonus issue of shares and bonus convertible bonds to fulfill the minimum public float as announced by China Star on 20 November 2012;

- (hh) a confirmation dated 20 November 2012 and signed by Victory Peace Holdings Limited for electing to receive the bonus convertible bonds in lieu of all of its entitlement to the bonus shares under the bonus issue of shares and bonus convertible bonds to fulfill the minimum public float as announced by China Star on 20 November 2012; and
- (ii) the Formal SPA, if signed.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the head office and principal place of business of the Company at Unit 3811, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong during normal business hours on any weekday other than public holidays, up to and including the date of the SGM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for the financial years ended 31 December 2010 and 2011 and the interim report of the Company for the six months ended 30 June 2012;
- (c) the unaudited profit and loss statement on the identifiable net income stream, the text of which is set out in Appendix II to this circular;
- (d) the letter from HLB Hodgson Impey Cheng Limited on the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix III to this circular;
- (e) the valuation report from Peak Vision Appraisals Limited on the Property, the text of which is set out in Appendix IV to this circular;
- (f) the written consents referred to in the paragraph headed “Experts and Consents” to this Appendix;
- (g) the material contracts referred to in the paragraph headed “Material Contracts” to this Appendix; and
- (h) this circular.

NOTICE OF SPECIAL GENERAL MEETING



ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of Eternity Investment Limited (the “**Company**”) will be held at Macau Jockey Club, 1/F Function Room, 1st Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Wednesday, 9 January 2013 at 2:00 p.m. for the purposes of considering and, if thought fit, passing with or without modifications, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (a) the conditional preliminary sale and purchase agreement dated 20 November 2012, as may be varied by and/or superseded with the conditional formal sale and purchase agreement to be entered (the “**Agreement**”) into between Grand Reward Limited as purchaser and Rexdale Investment Limited, a wholly owned subsidiary of the Company, as vendor in relation to the sale and purchase of a building, namely Lucky (Kwun Tong) Industrial Building (樂基官塘大廈), located at Nos. 398-402 Kwun Tong Road (formerly known as No.95 How Ming Street), Kowloon, Hong Kong (the “**Building**”), particularly the sole and exclusive right and privilege to hold use occupy and enjoy Factory A on the First Floor (including its Flat Roof) of the Building, Factory B on the First Floor (including its Flat Roof) of the Building, Sixth Floor of the Building, Factory A on the Seventh Floor of the Building, Factory B on the Seventh Floor of the Building, Factory A on the Eighth Floor of the Building, Factory B on the Eighth Floor of the Building, Factory A on the Ninth Floor of the Building, Factory B on the Ninth Floor of the Building, Tenth Floor of the Building, Eleventh Floor of the Building, Twelfth Floor of the Building, Roof of the Building, External Walls of the Building, Lavatory A and Lavatory B on the Ground Floor of the Building and Car Parking Spaces Nos.1, 2, 3, 14, 15, 16, 17,

NOTICE OF SPECIAL GENERAL MEETING

18, 19, 20 and 21 on the Ground Floor of the Building, copy of the Agreement is tabled at the Meeting, marked “A” and initialed by the chairman of the Meeting for identification, and the transactions contemplated thereunder (the “Disposal”) be and is hereby approved, confirmed and ratified; and

- (b) any one director of the Company be and is hereby authorised for and on behalf of the Company to sign and execute under seal all such documents and to do all such acts or things incidental to, ancillary to or in connection with the Disposal.”

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

Hong Kong, 20 December 2012

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business

in Hong Kong:
Unit 3811
Shun Tak Centre, West Tower
168-200 Connaught Road Central
Hong Kong

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his/her/its behalf. A proxy need not be a member of the Company but must be present in person at the Meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, at the Company’s Hong Kong branch share registrar and transfer office, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the Meeting or any adjournment thereof, should he/she/it so wish and in such event, the form of proxy shall be deemed to be revoked.
3. In the case of joint holders of shares, any one of such holders may vote at the Meeting, either personally or by proxy, in respect of such share(s) as if he/she/it was solely entitled thereto, but if more than one of such joint holders are present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share(s) shall alone be entitled to vote in respect thereof.