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ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

DISCLOSEABLE TRANSACTION — SUBSCRIPTION OF RIGHTS SHARES UNDER THE CHINA STAR RIGHTS ISSUE

On 29 March 2011 (after trading hours of the Stock Exchange), China Star proposed, among others, to (a) issue not less than 1,473,536,625 Rights Shares and not more than 1,684,106,886 Rights Shares at the Subscription Price of HK\$0.25 per Rights Share under the China Star Rights Issue; and (b) make a bonus issue of bonus warrants on the basis of one bonus warrant for every five Rights Shares taken up under the Rights Issue. For details of the China Star Rights Issue and the bonus issue of bonus warrants, please refer to the China Star Announcement.

On 29 March 2011 (after the trading hours of the Stock Exchange),

- (a) Simple View has given the Simple View Undertaking in favour of China Star and the Underwriters (i) to subscribe for or procure subscription for 200,000,000 Rights Shares to which Simple View is entitled under the China Star Rights Issue; and (ii) not to dispose of and not to exercise the subscription rights attached to the warrants in the aggregate principal amount of HK\$26,248,000 held by it on or before the completion of the Rights Issue; and
- (b) the Company has given an irrevocable undertaking in favour of China Star and the Underwriters not to dispose of the Convertible Bonds (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. Please refer to the Company's announcement dated 9 February 2011 for details.

Upon completion of the due performance of the Simple View Undertaking, Simple View will be interested in 268,000,000 Adjusted China Star Shares.

The Subscription constitutes a discloseable transaction for the Company on the basis that the relevant percentage ratios in relation to the Subscription are between 5% and 25% under Chapter 14 of the Listing Rules.

Shareholders and potential investors should note that the China Star Rights Issue is conditional upon (a) the underwriting agreement in relation to the China Star Rights Issue having become unconditional and (b) the underwriting agreement in relation to the China Star Rights Issue has not been terminated in accordance with the terms thereof. Accordingly, the Subscription may or may not proceed.

Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

THE SUBSCRIPTION

On 29 March 2011 (after trading hours of the Stock Exchange), China Star proposed, among others, to (a) issue not less than 1,473,536,625 Rights Shares and not more than 1,684,106,886 Rights Shares at the Subscription Price of HK\$0.25 per Rights Share under the China Star Rights Issue; and (b) make a bonus issue of bonus warrants on the basis of one bonus warrant for every five Rights Shares taken up under the Rights Issue. For details of the China Star Rights Issue and the bonus issue of bonus warrants, please refer to the China Star Announcement.

As at the date of this announcement,

- (a) Simple View is interested in (i) 680,000,000 Existing China Star Shares, representing approximately 13.84% of the existing issue share capital of China Star of 4,911,788,757 Existing China Star Shares; and (ii) an aggregate amount of HK\$26,248,000 warrants issued by China Star entitling it to subscribe for 144,219,780 new Existing China Star Shares at a subscription price of HK\$0.182 per Existing China Star Share; and
- (b) the Company has conditionally agreed to subscribe for or procure subscription for the Convertible Bonds and China Star has conditionally agreed to issue the Convertible Bonds pursuant to the conditional subscription agreement dated 21 January 2011. Please refer to the Company's announcement dated 9 February 2011 for details.

On 29 March 2011 (after the trading hours of the Stock Exchange),

- (a) Simple View has given the Simple View Undertaking in favour of China Star and the Underwriters (i) to subscribe for or procure subscription for 200,000,000 Rights Shares to which Simple View is entitled under the China Star Rights Issue; and (ii) not to dispose of and not to exercise the subscription rights attached to the warrants in the aggregate principal amount of HK\$26,248,000 held by it on or before the completion of the Rights Issue; and

- (b) the Company has given an irrevocable undertaking in favour of China Star and the Underwriters not to dispose of the Convertible Bonds (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.

Upon completion of the due performance of the Simple View Undertaking, Simple View will be interested in 268,000,000 Adjusted China Star Shares, representing a minimum of approximately 11.94% (assuming the maximum number of the Rights Shares are issued) and a maximum of approximately 13.64% (assuming the minimum number of the Rights Shares are issued).

The amount involved in the Subscription of HK\$50,000,000, which is based on the Subscription Price and the number of the Rights Shares to be subscribed by Simple View pursuant to the Simple View Undertaking, is payable on application of the Rights Shares by the latest time for acceptance and payment for the Rights Shares. The Subscription will be financed by the Group's internal resources.

INFORMATION ON CHINA STAR

China Star is an investment holding company and its subsidiaries are principally engaged in film production, distribution of film and television drama series, investing in operations which receive the profit streams from gaming promotion business and property and hotel investment.

As stated in the annual results announcement of China Star for the year ended 31 December 2010, China Star had the audited consolidated net assets of approximately HK\$2,579.96 million as at 31 December 2010. For the year ended 31 December 2010, the audited consolidated turnover of China Star was approximately HK\$864.26 million and the profit before and after taxation were approximately HK\$26.22 million and approximately HK\$24.83 million respectively. For the year ended 31 December 2009, the audited consolidated turnover of China Star was approximately HK\$543.43 million and the profit before and after taxation were approximately HK\$167.24 million and approximately HK\$164.40 million respectively.

REASONS FOR THE SUBSCRIPTION

Simple View has entered into the Simple View Undertaking in order to maintain a substantial level of shareholding interest in China Star and facilitate the China Star Rights Issue for raising additional capital to strengthen China Star's capital base. The Directors consider that the terms of the Simple View Undertaking are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

The Group is principally engaged in distribution of films, sub-licensing of film rights, sales of financial assets and provision services of management services to the concierge department of gaming promoters.

The Subscription constitutes a discloseable transaction for the Company on the basis that the relevant percentage ratios in relation to the Subscription are between 5% and 25% under Chapter 14 of the Listing Rules.

WARNING OF THE RISK OF DEALING IN THE SHARES

Shareholders and potential investors should note that the China Star Rights Issue is conditional upon (a) the underwriting agreement in relation to the China Star Rights Issue having become unconditional and (b) the underwriting agreement in relation to the China Star Rights Issue has not been terminated in accordance with the terms thereof. Accordingly, the Subscription may or may not proceed.

Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, unless the context otherwise required, the following terms and expressions shall have the following meanings when used herein.

“Adjusted China Star Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of China Star after the implementation of the Capital Reorganisation
“Board”	the board of Directors
“Capital Reorganisation”	the proposed capital reorganisation, involving share consolidation, capital reduction and capital increase, announced by China Star on 9 February 2011
“China Star”	China Star Entertainment Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“China Star Announcement”	an announcement to be issued by China Star relating to the China Star Rights Issue and the bonus issue of bonus warrants
“China Star Rights Issue”	the proposed issue of the Rights Shares by way of rights to the qualifying shareholders of China Star on the basis of three Rights Shares for every one Adjusted China Star Share held on the Record Date

“Company”	Eternity Investment Limited, a company incorporated in Bermuda with limited liability, the Shares are listed on the Main Board of the Stock Exchange
“Convertible Bonds”	the five-year 8% coupon convertible bonds in an aggregate principal amount of HK\$650 million to be issued by China Star in favour of the Company conferring rights to convert 8,125,000,000 Existing China Star Shares at an initial conversion price of HK\$0.08 per Existing China Star Share (subject to adjustment)
“Directors”	the directors of the Company
“Existing China Star Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of China Star before the implementation of the Capital Reorganisation
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Record Date”	the date by reference to which entitlements to the China Star Rights Issue will be determined
“Rights Shares”	not less than 1,473,536,625 new Adjusted China Star Shares and not more than 1,684,106,886 new Adjusted China Star Shares pursuant to the China Star Rights Issue
“Share(s)”	ordinary shares of HK\$0.01 each in issued share capital of the Company
“Shareholder(s)”	the holders of the Shares
“Simple View”	Simple View Investment Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company

“Simple View Undertaking”	the irrevocable undertaking dated 29 March 2011 given by Simple View in favour of China Star and the Underwriters relating to (i) the Subscription and (ii) the undertaking not to dispose of and not to exercise the subscription rights attached to the warrants in the aggregate principal amount of HK\$26,248,000 held by it on or before the completion of the Rights Issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of 200,000,000 Rights Shares by Simple View pursuant to the Simple View Undertaking
“Subscription Price”	HK\$0.25 per Rights Share
“Underwriters”	Heung Wah Keung Family Endowment Limited and Mansion House Securities (F.E.) Limited, being the underwriters of the China Star Rights Issue
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 29 March 2011

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