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ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

**(I) TOP-UP PLACING;
(II) PROPOSED OPEN OFFER
ON THE BASIS OF FIVE OFFER SHARES
FOR EVERY ONE EXISTING SHARE HELD
ON THE RECORD DATE;
AND
(III) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

Financial advisers of the Company



Mansion House Securities (F.E.) Limited

Nuada Limited
Corporate Finance Advisory

**Placing agent to the Top-up Placing
and
Underwriter to the Open Offer**



KINGSTON SECURITIES LTD.

(I) TOP-UP PLACING

On 7 June 2011 (after trading hours), Mr. Lei, the Company and Kingston entered into the Placing and Subscription Agreement pursuant to which Mr. Lei agreed to place, through Kingston on a fully underwritten basis, the 220,280,000 existing Shares to not fewer than six Placees who and whose ultimate beneficial owners shall be third parties independent of Mr. Lei and the Company and connected persons of Mr. Lei and the Company and shall not be parties to be acting in concert with the Mr. Lei and their concert parties or any of the directors, chief executive or substantial shareholder(s) of the Company or any of its subsidiaries or their respective associates for the purposes of the Takeovers Code at a price of HK\$0.135 per Placing Share.

Pursuant to the Placing and Subscription Agreement, Mr. Lei has conditionally agreed to subscribe for 220,280,000 Subscription Shares, equal to the number of Placing Shares which will be placed under the Placing, at a price of HK\$0.135 per Subscription Share.

The Placing Price (or the Subscription Price) of HK\$0.135 per Placing Share represents (i) a discount of approximately 13.46% to the closing price of HK\$0.156 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 19.55% to the average closing price of approximately HK\$0.1678 per Share for the last five consecutive trading days immediately prior to the Last Trading Day.

The 220,280,000 Placing Shares (or the 220,280,000 Subscription Shares) represent (i) approximately 19.99% of the existing issued share capital of the Company of 1,102,112,196 Shares as at the date of this announcement; and (ii) approximately 16.66% of the issued share capital of the Company of 1,322,392,196 Shares as enlarged by issue of the 220,280,000 Placing Shares (or the 220,280,000 Subscription Shares).

The gross proceeds from the Subscription will be approximately HK\$29.74 million. The net proceeds of approximately HK\$29.40 million from the Subscription is intended to be used for financing the proposed acquisition of the entire issued share capital of Adelio Holdings Limited as announced by the Company on 2 June 2011.

(II) THE OPEN OFFER

The Company proposes to raise approximately HK\$220.42 million to HK\$264.78 million, before expenses, by issuing not less than 5,510,560,980 Offer Shares and not more than 6,619,444,395 Offer Shares to the Qualifying Shareholders by way of the Open Offer at an Open Offer Subscription Price of HK\$0.04 per Offer Share on the basis of five (5) Offer Shares for every one (1) existing Share held on the Record Date and payable in full on acceptance. Qualifying Shareholders are entitled to apply for excess Offer Shares not taken up in excess of their respective entitlements under the Open Offer. The Open Offer will not be extended to the Prohibited Shareholders.

The Open Offer Subscription Price of HK\$0.04 per Offer Share represents (a) a discount of approximately 74.36% to the closing price of HK\$0.156 per Share as quoted on the Stock Exchange on the Last Trading Day; (b) a discount of approximately 32.55% to the theoretical ex-entitlement price of HK\$0.0593 based on the closing price of HK\$0.156 per Share as quoted on the Stock Exchange on the Last Trading Day; and (c) a discount of approximately 76.16% to the average closing price of approximately HK\$0.1678 per Share for the five consecutive trading days prior to the Last Trading Day.

The Open Offer is only available to the Qualifying Shareholders. To qualify for the Open Offer, all transfers of Shares must be lodged for registration with the Registrar by 4:30 p.m. on Tuesday, 19 July 2011. The register of members of the Company will be closed from Wednesday, 20 July 2011 to Monday, 25 July 2011, both dates inclusive, to determine the eligibility of the Open Offer.

Pursuant to the Underwriting Agreement, each of Mr. Lei and Thought Diamond has irrevocably undertaken in favour of the Company and Kingston to subscribe for or procure subscriptions of the Offer Shares under his/its entitlement pursuant to the Open Offer. Details of which are set out in the paragraph headed “Irrevocable undertakings given by Mr. Lei and Thought Diamond” below in this announcement.

The estimated net proceeds of the Open Offer will be approximately HK\$216.33 million to HK\$260.68 million. The Company intends to apply the entire net proceeds for the proposed acquisition of the entire issued share capital of Adelio Holdings Limited. Details of which are set out in the paragraph headed “Reasons for the Open Offer and use of proceeds” below in this announcement.

Warning of the risk of dealings in the Shares

Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and Kingston not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer 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.

Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from Monday, 18 July 2011 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled.

Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on 4:00 p.m. on Friday, 12 August 2011), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

(III) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the Company had an authorised share capital of HK\$20,000,000 comprising 2,000,000,000 Shares of HK\$0.01 each. Based on the existing issued share capital of the Company and assuming that immediately after completion of the Top-up Placing and the Open Offer, the issued share capital of the Company will increase to a maximum of 7,943,333,274 Shares. In order to provide the Company with greater flexibility to accommodate future issues of Shares, as and when necessary, the authorised share capital of the Company is proposed to be increased to HK\$100,000,000, divided into 10,000,000,000 Shares by the creation of 8,000,000,000 new Shares.

The Proposed Increase in Authorised Share Capital shall be subject to Shareholders' approval at a special general meeting of the Company.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to the requirements of the Listing Rules, the Open Offer is conditional upon the approval by the Shareholders by way of a poll at the SGM, where the controlling Shareholder, or in the case where the Company has no controlling Shareholder, the directors (excluding independent non-executive directors), the chief executive of the Company and their respective associates are required to abstain from voting in favour of the Open Offer. As at the date of this announcement, the Company has no controlling Shareholder and Mr. Lei and Mr. Chan Kin Wah, Billy, all are executive Directors, held 220,280,000 Shares and 1,320,000 Shares, respectively. Accordingly, all such Directors and their respective associates are required to abstain from voting in favour of the Open Offer at the SGM.

An independent board committee of the Company comprising the independent non-executive Directors will be formed to make recommendations to the Independent Shareholders in respect of the Open Offer. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in this regard.

A circular containing details of the Proposed Increase in Authorised Share Capital and a notice convening a special general meeting will be dispatched to Shareholders on or before 13 June 2011. A circular containing, among others, details of the Open Offer, the advice and recommendations of the independent board committee and the letter from the independent financial adviser (appointed by the Company and approved by the independent board committee) to the independent board committee and the Independent Shareholders in relation to the Open Offer, together with a notice convening the SGM will be dispatched to the Shareholders on Tuesday, 28 June 2011 in accordance with the requirements of the Listing Rules.

Upon the approval of the Open Offer by the Independent Shareholders at the SGM, the Prospectus Documents setting out details of the Open Offer will be despatched to the Qualifying Shareholders and the Prospectus will be despatched to the Prohibited Shareholders for information only on the Prospectus Posting Date.

(I) TOP-UP PLACING

The Placing and Subscription Agreement

Date:

7 June 2011

Parties:

Mr. Lei, the Company and Kingston

As at the date of this announcement, Mr. Lei held 220,280,000 Shares, representing approximately 19.99% of the existing issued share capital of the Company which comprises 1,102,112,196 Shares.

As at the date of this announcement, Kingston held 1 Share.

The Placing

Number of Placing Shares

The 220,280,000 Placing Shares represent (i) approximately 19.99% of the existing issued share capital of the Company of 1,102,112,196 Shares and (ii) approximately 16.66% of the issued share capital of the Company of 1,322,392,196 Shares as enlarged by the issue of the 220,280,000 Subscription Shares.

Placing agent

Save for Kingston holding 1 Share as at the date of this announcement, Kingston and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

Kingston will be entitled to receive a placing agent commission of 1.0% of the amount equal to the Placing Price multiplied by the number of the Placing Shares, which was arrived at after arm's length negotiation between the Company and Kingston.

Placees

Kingston has agreed to place the Placing Shares, on a fully underwritten basis, to not fewer than six Placees. The Placees and their ultimate beneficial owners shall be third parties independent of Mr. Lei and the Company and the connected persons of Mr. Lei and the Company and shall not be parties to be acting in concert with Mr. Lei and their concert parties

or any of the directors, chief executive or substantial shareholder(s) of the Company or any of its subsidiaries or their respective associates for the purposes of the Takeovers Code.

In the event that the number of the Placees falls below six, information of the Placees will be disclosed in further announcement of the Company in accordance with the Listing Rules. It is a term of the Placing and Subscription Agreement that none of the Placees shall become a substantial Shareholder upon completion of the Placing.

Placing Price

The Placing Price (or the Subscription Price) of HK\$0.135 per Placing Share represents (i) a discount of approximately 13.46% to the closing price of HK\$0.156 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 19.55% to the average closing price of approximately HK\$0.1678 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day.

The Placing Price was determined after arm's length negotiations between the Company and Kingston on the date of the Placing and Subscription Agreement with reference to the prevailing market price of the Shares. The Directors are of the view that the Placing Price is fair and reasonable.

Ranking of Placing Shares

The Placing Shares rank pari passu in all respects with all Shares in issue as at the date of this announcement.

Condition of the Placing

The Placing is unconditional.

Termination

Kingston reserves its right to terminate the arrangements set out in the Placing and Subscription Agreement by notice in writing prior to 10:00 a.m. on the fourth Business Day following the date of this announcement (or such other date as Mr. Lei and Kingston shall agree), if in the absolute opinion of Kingston, the success of the Placing would be materially and adversely affected by any force majeure events (as defined below).

For this purpose, a "force majeure event" refers to

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of Kingston, materially and adversely affect the business or the financial or trading position or prospects of the Group; or

- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of Kingston, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the placing of the Placing Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for Mr. Lei or the Company or Kingston to proceed with the Placing; or
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which affect the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the absolute opinion of Kingston makes it inexpedient or inadvisable or inappropriate for the Company or Kingston to proceed with the Placing.

The Subscription

Number of Subscription Shares

The number of Subscription Shares is equivalent to the number of Placing Shares, being the 220,280,000 new Shares (nominal value being HK\$2,202,800).

The Subscription Shares will be allotted and issued under the General Mandate. Pursuant to the General Mandate, the total number of new Shares that the Directors are authorised to allot and issue is 220,422,439 new Shares (up to 20% of the issued share capital of the Company as at the date of the annual general meeting held on 3 June 2011 (the “AGM”). The number of issued Shares as at the date of the AGM was 1,102,112,196. The General Mandate has not been utilised as at the date of this announcement and the total number of new Shares that can be allotted and issued under the General Mandate as at the date of this announcement is 220,422,439 new Shares.

Subscription Price

The Subscription Price is HK\$0.135 per Subscription Share. The Subscription Price is the same as the Placing Price and was determined after arm’s length negotiation between the Company and Mr. Lei with reference to the Placing Price.

The Company will pay the costs and expenses of the Placing and the Subscription. The net price to the Company of each Subscription Share is approximately HK\$0.133. The Directors are of the view that the Subscription Price is fair and reasonable.

Ranking of the Subscription Shares

The Subscription Shares, when allotted, issued and fully paid, will rank pari passu in all respects with all Shares in issue on the date of allotment and issue of the Subscription Shares.

Conditions of the Subscription

The Subscription is conditional upon (i) the Stock Exchange granting listing of and permission to deal in the Subscription Shares; (ii) the completion of the Placing; and (iii) the Bermuda Monetary Authority approving or agreeing to the allotment and issue of the Subscription Shares (if necessary).

The Company will apply to the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

Completion

Under Rule 14A.31(3)(d) of the Listing Rules, the Subscription must be completed within 14 days after the date of the Placing and Subscription Agreement, that is, on or before 21 June 2011.

If completion of the Subscription does not take place on or before 21 June 2011, it will constitute a connected transaction for the Company and the Company is required to comply with all the requirements in relation to connected transaction under the Listing Rules.

Reason for the Placing and the Subscription

The gross proceeds from the Subscription will be approximately HK\$29.74 million. The net proceeds of approximately HK\$29.40 million from the Subscription is intended to be used for financing the proposed acquisition of the entire issued share capital of Adelio Holdings Limited as announced by the Company on 2 June 2011.

The Directors consider that the terms of the Placing and Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(II) THE OPEN OFFER

Issue statistics

Basis of the Open Offer:	Five (5) Offer Shares for every one (1) existing Share held on the Record Date
Open Offer Subscription Price:	HK\$0.04 per Offer Share
Number of Shares in issue as at the date of this announcement:	1,102,112,196 Shares
Number of Shares in issue upon completion of the Top-up Placing:	1,322,392,196 Shares
Number of outstanding Options:	1,496,683 Options entitling the holders thereof to subscribe for 1,496,683 Shares under the Share Option Scheme
Number of enlarged Shares in issue assuming (i) completion of the Top-up Placing; and (ii) all the Options are exercised in full from the date of this announcement to the Record Date:	1,323,888,879 Shares
Number of Offer Shares:	Not less than 5,510,560,980 Offer Shares and not more than 6,619,444,395 Offer Shares
Number of Offer Shares to be taken up or procure to be taken up by Mr. Lei and Thought Diamond pursuant to the Underwriting Agreement:	Mr. Lei has irrevocably undertaken in favour of the Company and Kingston that (a) in the event that the Placing is not completed, to accept or procure the acceptance for the 1,101,400,000 Offer Shares to be allotted to him under his entitlement pursuant to the Open Offer, or (b) conditional upon the completion of the Subscription under the Placing and Subscription Agreement, to accept or procure the acceptance for the 1,101,400,000 Offer Shares to be allotted to him under his entitlement pursuant to the Open Offer

Thought Diamond has irrevocably undertaken in favour of the Company and Kingston to accept or procure the acceptance for the 530,000,000 Offer Shares to be allotted to Thought Diamond under its entitlement pursuant to the Open Offer

Number of Offer Shares underwritten by Kingston: Not less than 3,879,160,980 Offer Shares and not more than 4,988,044,395 Offer Shares. Accordingly, the Open Offer is fully underwritten

Number of enlarged Shares in issue upon completion of the Open Offer: Not less than 6,612,673,176 Shares and not more than 7,943,333,274 Shares

As at the date of this announcement, save for the Options, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Assuming no further issue of new Shares or repurchase of Shares on or before the Record Date, the 5,510,560,980 Offer Shares propose to be provisionally allotted, representing 500% of the Company's issued share capital as at the date of this announcement and 83.33% of the Company's issued share capital as enlarged by the issue of the 5,510,560,980 Offer Shares.

Assuming the Placing and the Subscription are completed on or before the Record Date, the 6,619,444,395 Offer Shares propose to be provisionally allotted, representing 600.61% of the Company's issued share capital as at the date of this announcement and 85.73% of the Company's issued share capital as enlarged by the issue of the 6,619,444,395 Offer Shares.

The aggregate nominal value of the Offer Shares will be not less than HK\$55,105,609.80 and not more than HK\$66,194,443.95.

Basis of provisional allotment

The basis of the provisional allotment shall be five (5) Offer Shares for every one (1) existing Share and held on the Record Date, being not less than 5,510,560,980 Offer Shares and not more than 6,619,444,395 Offer Shares at the Open Offer Subscription Price of HK\$0.04 per Offer Share. Acceptance for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the Application Form and lodging the same with a remittance for the Offer Shares being accepted for.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders. The Company will send (a) the Prospectus Documents to the Qualifying Shareholders; and (b) the Overseas Letter together with the Prospectus, for information only, to the Prohibited Shareholders.

To qualify for the Open Offer, the Shareholders must at the close of business on the Record Date (a) be registered on the register of members of the Company; and (b) not be the Prohibited Shareholders.

In order to be registered as members of the Company at the close of business on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) for registration with the Registrar at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 19 July 2011.

Closure of register of members

The register of members of the Company will be closed from Wednesday, 20 July 2011 to Monday, 25 July 2011, both days inclusive. No transfer of Shares will be registered during this period.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

In compliance with the necessary requirements of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholders (if any). If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Offer Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Open Offer will not be available to such Overseas Shareholders. Further information in this connection will be set out in the Prospectus Documents containing, among other things, details of the Open Offer, to be despatched to the Qualifying Shareholders on Tuesday, 26 July 2011. The Company will send copies of the Prospectus to the Overseas Shareholders for their information only, but will not send any Application Form and Excess Application Form to them.

Open Offer Subscription Price

The Open Offer Subscription Price is HK\$0.04 per Offer Share, payable in full on acceptance for the relevant provisional allotment of Offer Shares and, where applicable, application for excess Offer Shares under the Open Offer.

The Open Offer Subscription Price represents:

- (a) a discount of approximately 74.36% to the closing price of HK\$0.156 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 32.55% to the theoretical ex-entitlement price of HK\$0.0593 based on the closing price of HK\$0.156 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (c) a discount of approximately 76.16% to the average closing price of approximately HK\$0.1678 per Share for the last five consecutive trading days immediately prior to the Last Trading Day.

The Open Offer Subscription Price was determined after arm's length negotiations between the Company and Kingston with reference to the market price of the Shares prior to the Last Trading Day. The Directors (excluding the independent non-executive Directors who will give their view on the Open Offer after taking into account the advice of the independent financial adviser) consider the terms of the Open Offer, including the Open Offer Subscription Price which has been set as a discount to the recent closing prices of the Shares with an objective of encouraging existing Shareholders to take up their entitlements so as to share in the potential growth of the Company, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. The net price per Offer Share will be approximately HK\$0.039.

Fractions of the Offer Shares

On the basis of provisional allotment of five (5) Offer Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Offer Shares will arise under the Open Offer.

Application for the Offer Shares and excess Offer Shares and basis for allocation of excess application

The Application Form in respect of the assured allotment of the Offer Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Offer Shares as shown therein by completing the such form and lodging the same with a remittance for the Offer Shares being taken up with the Registrar by the Latest Time for Acceptance.

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Prohibited Shareholders and for any Offer Shares provisionally allotted but not accepted by completing the Excess Application Forms for application for excess Offer Shares and lodging the same with a separate remittance for the excess Offer Shares being applied for. The Directors will allocate the excess Offer Shares at their discretion on a fair and equitable basis on the following principles:

- (a) preference will be given to applications for less than a board lot of Offer Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with intention to abuse this mechanism; and
- (b) subject to availability of excess Offer Shares after allocation under principle (a) above, the excess Offer Shares will be allocated to the Qualifying Shareholders, who have applied for excess Offer Shares, on a pro-rata basis based on the number of the excess Offer Shares applied by them, with allocations to be made in full board lots where practicable.

Shareholders or investors of the Company should note that the number of excess Offer Shares which may be allocated to them may be different where they make applications for excess Offer Shares by different means, such as making applications in their own names as against through nominees who also hold Shares for other Shareholders/investors. Investors with their Shares held by a nominee company should note that the Board will regard the nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Offer Shares will not be extended to beneficial owners individually. Investors with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in any doubt as to their status.

Investors whose Shares are held by their nominee(s) and who would like to have their names registered on the register of members of the Company, must lodge all necessary documents with the Registrar for completion of the relevant registration by 4:30 p.m. on Tuesday, 19 July 2011.

Status of the Offer Shares

The Offer Shares, when allotted and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Offer Shares in their fully-paid form.

Share certificates and refund cheques for the Open Offer

Subject to the fulfillment of the conditions of the Open Offer, certificates for all fully-paid Offer Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Monday, 15 August 2011. Refund cheques in respect of wholly or partially unsuccessful applications for excess Offer Shares (if any) are expected to be posted on or before Monday, 15 August 2011 by ordinary post to the applicants at their own risk.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in, the Offer Shares. The Offer Shares will have the same board lots size of 2,000 Shares per board lot. Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty (if any) in Hong Kong and any other applicable fees and charges in Hong Kong.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Underwriting Agreement

Date: 7 June 2011

Underwriter: Kingston

Number of Offer Shares to be underwritten: Not less than 3,879,160,980 Offer Shares and not more than 4,988,044,395 Offer Shares. Accordingly, the Open Offer is fully underwritten.

Commission: 1.25% of the aggregate Open Offer Subscription Price in respect of the maximum number of the Underwritten Shares

The Board considers the terms of the Underwriting Agreement including the commission rate accord with the market practice and are fair and reasonable so far as the Company and the Shareholders are concerned.

To the best of the Directors' knowledge, information and belief, save for Kingston holding 1 Share as at the date of this announcement, Kingston and its ultimate beneficial owners are Independent Third Parties.

Pursuant to the Underwriting Agreement, in the event of Kingston being called upon to subscribe for or procure subscribers for the Untaken Shares, (a) Kingston shall not subscribe, for its own account, for such number of Underwritten Shares which will result in the

shareholding of it and parties acting in concert (having the meaning of the Takeovers Code) with it in the Company to exceed 10% of the voting rights of the Company upon the completion of the Open Offer; and (b) Kingston shall use its best endeavours to ensure that each of the subscribers of the Untaken Shares procured by it (i) shall be the Independent Third Party; and (ii), save for Kingston itself and its associates, shall not, together with any party acting in concert (having the meaning of the Takeovers Code) with it, hold 10% or more of the voting rights of the Company upon completion of the Open Offer.

Irrevocable undertakings given by Mr. Lei and Thought Diamond

- (a) Mr. Lei has irrevocably undertaken to the Company and to Kingston that:
- (aa) in the event that the Placing under the Placing and Subscription Agreement is not completed,
 - (i) not to dispose of, or agree to dispose of, any Shares held by him from the date of termination of the Placing and Subscription Agreement by the Underwriter to the close of business on the Record Date;
 - (ii) to accept or procure the acceptance for the 1,101,400,000 Offer Shares to be allotted and issued to Mr. Lei under his entitlement pursuant to the Open Offer; and
 - (iii) to lodge the Application Form(s) in respect of the 1,101,400,000 Offer Shares referred to in paragraph (aa)(ii) above accompanied by the appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance, or
 - (bb) conditional upon the completion of the Subscription under the Placing and Subscription Agreement,
 - (i) not to dispose of, or agree to dispose of, any Shares held by him from the date of completion of the Subscription to the close of business on the Record;
 - (ii) to accept or procure the acceptance for the 1,101,400,000 Offer Shares to be allotted and issued to Mr. Lei under his entitlement pursuant to the Open Offer; and
 - (iii) to lodge the Application Form(s) in respect of the 1,101,400,000 Offer Shares referred to in paragraph (bb)(ii) above accompanied by the appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.

- (b) Thought Diamond has undertaken to the Company and to Kingston:
- (i) not to dispose of, or agree to dispose of, any Shares held by it from the hereof to the close of business on the Record;
 - (ii) to accept or procure the acceptance for the 530,000,000 Offer Shares to be allotted and issued to Thought Diamond under its entitlement pursuant to the Open Offer; and
 - (iii) to lodge the Application Form(s) in respect of the 530,000,000 Offer Shares referred to in paragraph (ii) above accompanied by the appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.

Save for Mr. Lei and Thought Diamond, the Board has not received any information from any Shareholders of their intention to take up the Offer Shares offered to them as at the date of this announcement.

Conditions of the Open Offer

The Open Offer is conditional upon:

- (a) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance not later than the Prospectus Posting Date;
- (b) the filing with the Registrar of Companies in Bermuda one copy of the Prospectus Documents duly signed by either all Directors or one of the Directors (for and on behalf of all the Directors) and otherwise in compliance with the Companies Act not later than the Prospectus Posting Date;
- (c) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Prohibited Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date;
- (d) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares by no later than the first day of their dealings;

- (e) the passing of a resolution by the Independent Shareholders to approve the Underwriting Agreement, the Open Offer and the transactions contemplated thereunder at the SGM;
- (f) the passing of a resolution by the Shareholders to approve the Proposed Increase in Authorised Share Capital at a special general meeting of the Company and the same having become effective;
- (g) the obligations of Kingston becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms;
- (h) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement;
- (i) compliance with and performance of all undertakings and obligations of Mr. Lei under the Underwriting Agreement;
- (j) compliance with and performance of all undertakings and obligations of Thought Diamond under the Underwriting Agreement;
- (k) compliance with and performance of all undertakings and obligations of Kingston under the Underwriting Agreement; and
- (l) if necessary, the Bermuda Monetary Authority granting consent to the issue of the Offer Shares by the Latest Time for Termination or such other time as Kingston may agree with the Company in writing.

The conditions precedent are incapable of being waived. If the conditions precedent are not satisfied in whole or in part by the Company by the Latest Time for Termination or such other date as the Company and Kingston may agree, the Underwriting Agreement shall terminate (save and except clauses as disclosed in the Underwriting Agreement which shall remain in full force and effect under the Underwriting Agreement) and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

Termination of the Underwriting Agreement

Kingston shall have the right to terminate the arrangements set out in the Underwriting Agreement by notice in writing given to the Company at any time prior to 4:00 p.m. on the third Business Day after the Acceptance Date, if:

- (a) in the absolute opinion of Kingston, the success of the Open Offer would be materially and adversely affected by:

- (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of Kingston materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of Kingston materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (b) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of Kingston is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
 - (c) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of Kingston will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
 - (d) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
 - (e) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
 - (f) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of Kingston, a material omission in the context of the Open Offer; or

- (g) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement, the Circular Documents or the Prospectus Documents or other announcements or circulars in connection with the Open Offer,

Kingston shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

Kingston shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (i) any material breach of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of Kingston; or
- (ii) any Specified Event comes to the knowledge of Kingston.

Any such notice shall be served by Kingston prior to the Latest Time for Termination.

Warning of the risk of dealings in the Shares

Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and Kingston not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer 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.

Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from Monday, 18 July 2011 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled.

Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on 4:00 p.m. on Friday, 12 August 2011), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

Expected timetable

The expected timetable for the Open Offer is set out below:

Event	2011
Publication of the Open Offer announcement on HKEx website	Tuesday, 7 June
Despatch of circular with notice of SGM	Tuesday, 28 June
Latest time for lodging proxies	2:15 p.m. on Tuesday, 12 July
SGM to approve the Open Offer	2:15 p.m. on Thursday, 14 July
Announcement of the result of the general meeting	Thursday, 14 July
Last day of dealings in the Shares on cum-rights basis	Friday, 15 July
First day of dealings in the Shares on ex-rights basis	9:00 a.m. on Monday, 18 July
Latest time for lodging transfers of shares to qualify for the Open Offer	4:30 p.m. on Tuesday, 19 July
Register of members closes (both days inclusive)	Wednesday, 20 July to Monday, 25 July
Record date	Monday, 25 July
Despatch of Prospectus Documents	Tuesday, 26 July
Register of members reopen	Tuesday, 26 July
Latest time for acceptance of and payment for Offer Shares	4:00 p.m. on Tuesday, 9 August
Latest time for the termination of the underwriting agreement	4:00 p.m. on Friday, 12 August
Announcement of the allotment results	Friday, 12 August

Event**2011**

Refund cheques for wholly and partially unsuccessful excess applications to be posted	Monday, 15 August
Despatch of certificates for fully-paid Offer Shares	Monday, 15 August
Expected first day of dealings in fully-paid Offer Shares	9:00 a.m. on Wednesday, 17 August

All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to Shareholders as and when appropriate.

Shareholding structure of the Company

Set out below is the shareholding structure of the Company from the date of this announcement and immediately after completion of the Open Offer, assuming (a) the Top-up Placing is not completed and no Options are exercised on or before the Record Date; and (b) the Top-up Placing is completed and all the Options are exercised on or before the Record Date:

(a) *the Top-up Placing is not completed and no Option is exercised on or before the Record Date:*

	As at the Last Trading Day	Approximate %	Upon completion of the Open Offer (assuming all Shareholders take up the Offer Shares)	Approximate %	Upon completion of the Open Offer (assuming no Shareholders take up the Offer Shares)	Approximate %
Mr. Lei	220,280,000	19.99	1,321,680,000	19.99	1,321,680,000	19.99
Thought Diamond	106,000,000	9.62	636,000,000	9.62	636,000,000	9.62
Mr. Chan Kin Wah, Billy (Note 1)	1,320,000	0.12	7,920,000	0.12	1,320,000	0.02
Public: Kingston and/or subscribers procure by it (Note 2)	1	0.00	1	0.00	3,879,160,981	58.66
Other public Shareholders	<u>774,512,195</u>	<u>70.27</u>	<u>4,647,073,175</u>	<u>70.27</u>	<u>774,512,195</u>	<u>11.71</u>
Total	<u><u>1,102,112,196</u></u>	<u><u>100.00</u></u>	<u><u>6,612,673,176</u></u>	<u><u>100.00</u></u>	<u><u>6,612,673,176</u></u>	<u><u>100.00</u></u>

(b) the Top-up Placing is completed and all the Options are exercised on or before the Record Date:

	As at the Last Trading Day	Approximate %	Upon completion of the Top-up Placing and all the Options are exercised in full on or before the Record Date	Approximate %	Upon completion of the Open Offer (assuming all Shareholders take up the Offer Shares)	Approximate %	Upon completion of the Open Offer (assuming no Shareholders take up the Offer Shares)	Approximate %
Mr. Lei	220,280,000	19.99	220,363,752	16.64	1,322,182,512	16.64	1,321,763,752	16.64
Thought Diamond	106,000,000	9.62	106,000,000	8.01	636,000,000	8.01	636,000,000	8.01
Mr. Chan Kin Wah, Billy (Note 1)	1,320,000	0.12	1,403,752	0.11	8,422,512	0.11	1,403,752	0.02
Public:								
Kingston and/or subscribers procure by it (Note 2)	1	0.00	1	0.00	1	0.00	4,988,044,396	62.80
Other public Shareholders	774,512,195	70.27	996,121,374	75.24	5,976,728,249	75.24	996,121,374	12.53
Total	<u>1,102,112,196</u>	<u>100.00</u>	<u>1,323,888,879</u>	<u>100.00</u>	<u>7,943,333,274</u>	<u>100.00</u>	<u>7,943,333,274</u>	<u>100.00</u>

Notes:

1. Mr. Chan Kin Wah, Billy, an executive Director.
2. This scenario is for illustration purpose only and will never occur. Pursuant to the Underwriting Agreement, in the event of Kingston being called upon to subscribe for or procure subscribers to subscribe for any of the Untaken Shares: (a) Kingston shall not subscribe, for its own account, for such number of Untaken Shares which will result in the shareholding of it and parties acting in concert (having the meaning under the Takeovers Code) with it in the Company to exceed 10% of the voting rights of the Company upon the completion of the Open Offer; and (b) Kingston shall use its best endeavours to ensure that each of the subscribers of the Untaken Shares procured by it (i) shall be Independent Third Party; and (ii) save for Kingston and its associates, shall not, together with any party acting in concert (having the meaning under the Takeovers Code) with it, hold 10% or more of the voting rights of the Company upon completion of the Open Offer.

Reasons for the Open Offer 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 and provision of management services to concierge departments of gaming promoters.

The gross proceeds from the Open Offer will not be less than approximately HK\$220.42 million and not more than approximately HK\$264.78 million. The net proceeds from the Open Offer after deducting all relevant expenses are estimated to be not less than approximately HK\$216.33 million but not more than approximately HK\$260.68 million.

The net proceeds from the Open Offer is intended to be used for financing the proposed acquisition of the entire issued share capital of Adelio Holdings Limited as announced by the Company on 2 June 2011. Adelio Holdings Limited has two subsidiaries, namely One Synergy Limited and Rexdale Investment Limited. One Synergy Limited is an investment holding company and its major asset is its 100% equity interest in Rexdale Investment Limited. Rexdale Investment Limited is a property holding company and its major asset is the property (the “**Property**”) situated at a building, namely The Grande Building (嘉域大廈), 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 Building is an industrial building comprises 13-storey, which was built in 1981. The Property has a total gross floor area of approximately 139,412 square feet. It is currently intended by the Group that it will hold the Property as an investment property for resale purpose. For more information on Adelio Holdings Limited, One Synergy Limited, Rexdale Investment Limited and the Property, please refer to the Company’s announcement dated 2 June 2011 for details.

The Board considers that it is prudent to finance the proposed acquisition of the entire issued share capital of Adelio Holdings Limited by long-term financing, preferably in the form of equity which will not increase the Group’s finance costs. The Board considers that the Open Offer will enable the Group to strengthen its capital base and to enhance its financial position for strategic investments. As the Open Offer will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group, the Board considers that fund raising through the Open Offer is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

Fund raising exercises of the Company

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
28 July 2010	Rights issue at a price of HK\$0.40 per rights share on the basis of three rights shares for every one existing share held on the record date	HK\$325.33 million	For the fund required under the revolving facility of up to HK\$700 million to be granted to the joint venture company engaged in property development in Vietnam or, if the formation of the joint venture company cannot be completed, expanding into property investment/development business on its own	The net proceeds have not been utilised. It will be used for expanding into property investment/development business
12 July 2010	Placing of a maximum of 45,920,000 new Shares	HK\$24.9 million	For general working capital of the Group	The proceeds have been used as intended.

Save as abovementioned, the Company had not conducted any other fund raising exercise in the past 12 months immediately preceding the date of this announcement.

Adjustments to Options

As at the date of this announcement, the Company had 1,496,683 outstanding Options entitling the holders thereof to subscribe for 1,496,683 Shares. Adjustments to the exercise prices and numbers of the outstanding Options may be required under the relevant terms of the instrument in relation to the Options or the Share Option Scheme. The auditors of the Company will be appointed to certify the necessary adjustments, if any, to the exercise prices and numbers of the outstanding Options. Further announcement will be made by the Company in this regard.

(III) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the Company had an authorised share capital of HK\$20,000,000 comprising 2,000,000,000 Shares of HK\$0.01 each. Based on the existing issued share capital of the Company and assuming that the immediately after completion of the Top-up Placing and the Open Offer, the issued share capital of the Company will increase to a maximum of 7,943,333,274 Shares. In order to provide the Company with greater flexibility to accommodate future issues of Shares, as and when necessary, the authorised share capital of the Company is proposed to be increased to HK\$100,000,000, divided into 10,000,000,000 Shares by the creation of 8,000,000,000 new Shares.

The Proposed Increase in Authorised Share Capital shall be subject to Shareholders' approval at an special general meeting of the Company.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to the requirements of the Listing Rules, the Open Offer is conditional upon the approval by the Shareholders by way of a poll at the SGM, where the controlling Shareholder, or in the case where the Company has no controlling Shareholder, the directors (excluding independent non-executive directors), the chief executive of the Company and their respective associates are required to abstain from voting in favour of the Open Offer. As at the date of this announcement, the Company has no controlling Shareholder and Mr. Lei and Mr. Chan Kin Wah, Billy, all are executive Directors, held 220,280,000 Shares and 1,320,000 Shares, respectively. Accordingly, all such Directors and their respective associates are required to abstain from voting in favour of the Open Offer at the SGM.

An independent board committee of the Company comprising the independent non-executive Directors will be formed to make recommendations to the Independent Shareholders in respect of the Open Offer. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in this regard.

GENERAL

A circular containing details of the Proposed Increase in Authorised Share Capital and a notice convening a special general meeting of the Company will be dispatched to Shareholders on or before 13 June 2011. A circular containing, among others, details of the Open Offer, the advice and recommendations of the independent board committee and the letter from the independent financial adviser (appointed by the Company and approved by the independent board committee) to the independent board committee and the Independent Shareholders in relation to the Open Offer, together with a notice convening the SGM will be despatched to the Shareholders on Tuesday, 28 June 2011 in accordance with the requirements of the Listing Rules.

Upon the approval of the Open Offer by the Independent Shareholders at the SGM, the Prospectus Documents setting out details of the Open Offer will be despatched to the Qualifying Shareholders and the Prospectus will be despatched to the Prohibited Shareholders for information only on the Prospectus Posting Date.

DEFINITIONS

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

“Acceptance Date”	Tuesday, 9 August 2011 or such later date as may be agreed between the Company and Kingston, being the latest time for acceptance of, and payment for, the Offer Shares
“Application Form(s)”	the form(s) of application for use by the Qualifying Shareholders to apply for the Offer Shares
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular Documents”	the circular to be despatched to the Shareholders in relation to the Open Offer together with the notice of the SGM to approve the relevant resolution
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)
“Company”	Eternity Investment Limited, a company incorporated in Bermuda with limited liability and issued Shares are listed on the Main Board of the Stock Exchange
“Companies Act”	the Companies Act 1981 of Bermuda (as amended from time to time)

“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Excess Application Form(s)”	the form(s) of application for excess Offer Shares
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting held on 3 June 2011, among other things, to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the annual general meeting
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Part(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Independent Shareholder(s)”	any Shareholder other than controlling Shareholders and their associates or, where there are no controlling Shareholders, any Shareholder other than directors (excluding independent non-executive directors) and the chief executive of the Company and their respective associates
“Kingston”	Kingston Securities Limited, a licensed corporation to carry on type 1 (dealing in securities) regulated activity for the purposes of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to act as the placing agent pursuant to the Placing and Subscription Agreement and the underwriter pursuant to the Underwriting Agreement
“Last Trading Day”	7 June 2011, being the date of the Underwriting Agreement, which is a Stock Exchange trading day

“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 9 August 2011 or such later time or date as may be agreed between the Company and Kingston, being the latest time for acceptance of, and payment for, the Offer Shares
“Latest Time for Termination”	4:00 p.m. on the third Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and Kingston, being the latest time to terminate the Underwriting Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lei”	Mr. Lei Hong Wai, an executive Director and a substantial Shareholder holding 220,280,000 Shares, representing approximately 19.99% of the existing issued share capital of the Company as at the date of the Underwriting Agreement
“Offer Shares”	not less than 5,510,560,980 new Shares and not more than 6,619,444,395 new Shares proposed to be offered to the Qualifying Shareholders for subscription on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Open Offer”	the proposed issue by way of open offer to the Qualifying Shareholders on the basis of five (5) Offer Shares for every one (1) existing Share held on the Record Date at the Open Offer Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Open Offer Subscription Price”	HK\$0.04 per Offer Share
“Option(s)”	the option(s) issued or to be issued under the Share Option Scheme
“Overseas Letter”	a letter from the Company to the Prohibited Shareholders explaining the circumstances in which the Prohibited Shareholders are not permitted to participate in the Open Offer
“Overseas Shareholders”	Shareholders with registered addresses (as shown in the register of members of the Company on the Record Date) which are outside Hong Kong

“Placee(s)”	any professional, institutional or other investor(s) procured by Kingston to purchase for any of the Placing Shares pursuant to Kingston’s obligations under the Placing and Subscription Agreement
“Placing”	the placing of the 220,280,000 Placing Shares by Kingston pursuant to the terms of the Placing and Subscription Agreement
“Placing and Subscription Agreement”	the placing and subscription agreement dated 7 June 2011 entered into between Mr. Lei, the Company and Kingston in relation to the Top-up Placing
“Placing Price”	HK\$0.135 per Placing Share
“Placing Share(s)”	the 220,280,000 existing Shares beneficially owned by Mr. Lei and to be placed by Kingston pursuant to terms of the Placing and Subscription Agreement
“Prohibited Shareholders”	those Overseas Shareholders whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Open Offer to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Proposed Increase in Authorised Share Capital”	the proposed increase the authorised share capital of the Company from HK\$20,000,000, divided into 2,000,000,000 Shares to HK\$100,000,000, divided into 10,000,000,000 Shares by the creation of 8,000,000,000 new Shares
“Prospectus”	the prospectus to be despatched to the Qualifying Shareholders containing details of the Open Offer
“Prospectus Documents”	the Prospectus, Application Form and Excess Application Form
“Prospectus Posting Date”	Tuesday, 26 July 2011 or such later date as may be agreed between Kingston and the Company for the dispatch of the Prospectus Documents
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Prohibited Shareholders

“Record Date”	Monday, 25 July 2011 or such other date as may be agreed between Kingston and the Company for the determination of the entitlements under the Open Offer
“Registrar”	the branch share registrar of the Company in Hong Kong, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong
“SGM”	the special general meeting of the Company to be convened to approve the Open Offer
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of issued Shares
“Share Option Scheme”	the share option scheme of the Company adopted on 21 January 2002
“Specified Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the 220,280,000 Subscription Shares by Mr. Lei pursuant to the terms of the Placing and Subscription Agreement
“Subscription Price”	HK\$0.135 per Subscription Share
“Subscription Share(s)”	the 220,280,000 new Shares to be subscribed for by Mr. Lei pursuant to the terms of the Placing and Subscription Agreement
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

“Thought Diamond”	Thought Diamond International Limited, a Shareholder holding 106,000,000 Shares, representing approximately 9.62% of the existing issued share capital of the Company as at the date of the Underwriting Agreement
“Top-up Placing”	the Placing and the Subscription
“Underwriting Agreement”	the underwriting agreement dated 7 June 2011 entered into between the Company, Kingston, Mr. Lei and Thought Diamond in relation to the underwriting arrangement in respect of the Open Offer
“Underwritten Shares”	not less than 3,879,160,980 Offer Shares and not more than 4,988,044,395 Offer Shares underwritten by Kingston pursuant to the terms of the Underwriting Agreement
“Untaken Shares”	those (if any) of the Offer Shares for which duly completed Application Form(s) or Excess Application Form(s) (accompanied by cheques or banker’s cashier order for the full amount payable on application which are honoured on first or, at the option of the Company, subsequent presentation) have not been lodged for acceptance, or received, as the case may be, on or before Latest Time for Acceptance
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 7 June 2011

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