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ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

PROPOSED CAPITAL REORGANISATION AND PROPOSED CHANGE IN BOARD LOT SIZE

PROPOSED CAPITAL REORGANISATION

The Directors propose to reorganise the share capital of the Company in the following manner:

- (a) Share Consolidation: that every forty issued Existing Shares of HK\$0.01 each be consolidated into one Consolidated Share of HK\$0.40; and
- (b) Capital Reduction: that immediately following the Share Consolidation, (i) 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 share arising from the Share Consolidation; (ii) the nominal value of each of the issued Consolidated Shares of HK\$0.40 each be reduced to HK\$0.01 by cancelling the paid-up capital to the extent of HK\$0.39 on each issued Consolidated Share; and (iii) the credit arising from the Capital Reduction be credited to the contributed surplus account of the Company.

PROPOSED CHANGE IN BOARD LOT SIZE

The Directors also propose to change the board lot size for trading in the Shares from 100,000 Existing Shares to 10,000 New Shares after the Capital Reorganisation becoming effective.

WARNING

Shareholders should be aware of and take note that the Capital Reorganisation is conditional upon satisfaction of the conditions precedent set out in the paragraph headed “Conditions of the Capital Reorganisation” below, and therefore may or may not proceed.

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

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. A circular containing, amongst other things, further information on the Capital Reorganisation and a notice to convene the SGM will be despatched to the Shareholders on or before 13 April 2012.

PROPOSED CAPITAL REORGANISATION

The Directors propose to reorganise the share capital of the Company in the following manner:

(a) Share Consolidation

That every forty issued Existing Shares of HK\$0.01 each be consolidated into one Consolidated Share of HK\$0.40; and

(b) Capital Reduction

That immediately following the Share Consolidation, (i) 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 share arising from the Share Consolidation; (ii) the nominal value of each of the issued Consolidated Shares of HK\$0.40 each be reduced to HK\$0.01 by cancelling the paid-up capital to the extent of HK\$0.39 on each issued Consolidated Share; and (iii) the credit arising from the Capital Reduction be credited to the contributed surplus account of the Company.

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 Existing Shares of HK\$0.01 each, of which 7,934,353,176 Existing Shares have been in issue and are fully paid or credited as fully paid. Immediately after the Capital Reorganisation becoming effective, the authorised share capital of the Company will remain unchanged. The unissued share capital of the Company before and after the Capital Reorganisation will remain as Shares of HK\$0.01 each.

As at the date of this announcement, save for the Share Options entitling the holders thereof to subscribe for 111,652,636 Existing Shares, the Company has no other outstanding warrants, options or convertible securities.

Effects of the Capital Reorganisation

The following table sets out the effect of the Capital Reorganisation on the authorised and issued share capital of the Company before and immediately after the Capital Reorganisation assuming no further new Existing Shares are issued prior to the Capital Reorganisation becoming effective:

	Before the Capital Reorganisation	Immediately after the Capital Reorganisation
Nominal value per Share	HK\$0.01 per Existing Share	HK\$0.01 per New Share
Authorised share capital of the Company	HK\$100,000,000 divided into 10,000,000,000 Existing Shares	HK\$100,000,000 divided into 10,000,000,000 New Shares
Issued and fully paid up share capital of the Company	HK\$79,343,531.76 divided into 7,934,353,176 Existing Shares	HK\$1,983,588.29 divided into 198,358,829 New Shares

Based on 7,934,353,176 Shares in issue as at the date of this announcement, an entire amount of HK\$77,359,943.47 will arise as a result of the Capital Reduction. It is proposed that the total credit arising in the accounts of the Company from the Capital Reduction will be transferred to the contributed surplus account of the Company. The Board currently has no plan as to the use of such amount. The New Shares will rank pari passu in all respects with each other and the Capital Reorganisation will not result in any change in the relative rights of the Shareholders.

As according to the proposed manner of the Capital Reduction, the total number of the Consolidated Shares in the issued share capital of the Company following the Share Consolidation will be rounded down to a whole number by cancelling the fractional share arising from the Share Consolidation, the fractional Consolidated Shares will be disregarded and not issued to the Shareholders. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder. Fractional Consolidated Shares to which each Shareholder is entitled will be disregarded and not issued to the Shareholders but they will be aggregated and sold and the proceeds therefrom will be retained for the benefit of the Company.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

- (a) the passing of the necessary resolution(s) by the Shareholders at the SGM to approve the Capital Reorganisation involving the Share Consolidation and the Capital Reduction;
- (b) compliance with the relevant procedures and requirements under the Listing Rules and Bermuda law to effect the Capital Reorganisation; and
- (c) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares to be issued forthwith upon the Capital Reorganisation becoming effective and any New Shares which may fall to be issued upon exercise of the Share Options.

The Capital Reorganisation will become effective on the business day immediately following fulfilment of the above conditions.

PROPOSED CHANGE IN BOARD LOT SIZE

The Directors also propose to change the board lot size for trading in the Shares from 100,000 Existing Shares to 10,000 New Shares after the Capital Reorganisation becoming effective.

The Existing Shares are currently traded in board lots of 100,000 Existing Shares and the market value per board lot of the Existing Shares is HK\$1,300 (based on the closing price of HK\$0.013 per Existing Share as quoted on the Stock Exchange on the date of this announcement). The New Shares will be traded in board lots of 10,000 and the estimated market value per board lot of the New Shares will be HK\$5,200 (based on the adjusted closing price of HK\$0.520 per New Share assuming the Capital Reorganisation becoming effective).

Reasons for and the effect of the Capital Reorganisation and impact on the Company and the Shareholders

Taking into account the Capital Reorganisation will reduce the total number of the Shares currently in issue, and hence reduce the overall transaction and handling costs for dealing in the New Shares and the credit arising from the Capital Reduction may be applied in the future for distribution to the Shareholders or in any manner permitted by the laws of Bermuda and the bye-laws of the Company as and when the Board considers appropriate, the Directors are of the view that the Capital Reorganisation is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The New Shares will rank pari passu in all respects with the Existing Shares in issue prior to the Capital Reorganisation becoming effective and each other and there will be no change in the respective rights of the Shareholders. There will not be any fractional entitlements to the New Shares.

Other than the expenses to be incurred in relation to the Capital Reorganisation, the implementation thereof will not alter the underlying assets, liabilities, business operations, management or financial position of the Company or the interests or rights of the Shareholders.

Application for listing of the New Shares

Application will be made by the Company to the Stock Exchange for granting the listing of, and permission to deal in, the New Shares to be issued forthwith upon the Capital Reorganisation becoming effective and any New Shares which may fall to be issued upon exercise of the Share Options.

CCASS Eligibility

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New 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 subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Free exchange of new share certificates for the New Shares and trading arrangements

Subject always to the passing of the resolution approving the Capital Reorganisation, Shareholders may, during business hours for a period as stated in the expected timetable hereunder submit their share certificates for Existing Shares (in yellow colour) held by them to the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in exchange for new share certificates for New Shares at the expense of the Company. Thereafter, share certificates for Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each new share certificate issued for the New Shares or each share certificate for Existing Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher. Nevertheless, share certificates for Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for New Shares at any time but are not acceptable for trading, settlement and registration purpose upon completion of the Capital Reorganisation. Details of the colour of the new share certificates will be published in the circular to be despatched to the Shareholders.

The expected timetable for implementation of the Capital Reorganisation and the associated trading arrangement are set out below:

2012

Despatch of the circular and proxy form of the SGM.....	on or before Friday, 13 April
Latest time for lodging the form of proxy	3:00 p.m. on Sunday, 6 May
SGM.....	3:00 p.m. on Tuesday, 8 May
Announcement of the results of the Capital Reorganisation	Tuesday, 8 May
Effective date and time of the Capital Reorganisation	9:00 a.m. on Wednesday, 9 May
Dealing in New Shares commences	9:00 a.m. on Wednesday, 9 May
Original counter for trading in Existing Shares in board lot size of 100,000 Existing Shares temporarily closes	9:00 a.m. on Wednesday, 9 May
Temporary counter for trading in New Shares in board lot size of 2,500 New Shares in the form of existing share certificates opens	9:00 a.m. on Wednesday, 9 May
First day for free exchange of share certificates of Existing Shares for new share certificates for New Shares.....	Wednesday, 9 May
Original counter for trading in New Shares in board lot size of 10,000 New Shares in the form of new share certificates for New Shares re-opens.....	9:00 a.m. on Wednesday, 23 May
Parallel trading in New Shares in the form of new share certificates and existing share certificates commences	Wednesday, 23 May
Designated broker starts to stand in the market to purchase and sell odd lots of New Shares	Wednesday, 23 May

Parallel trading in New Shares in the form
of new share certificates and existing
share certificates ends..... 4:00 p.m. on Tuesday, 12 June

Temporary counter for trading in New Shares
in board lot size of 2,500 New Shares in the
form of existing share certificates closes..... 4:00 p.m. on Tuesday, 12 June

Designated broker ceases to stand in the market
to purchase and sell odd lots of New Shares Tuesday, 12 June

Last day for free exchange of share
certificates of Existing Shares for
new share certificates for New Shares..... Thursday, 14 June

Arrangement for matching service for odd lots

In order to alleviate the difficulties arising from the existence of odd lots of the New Shares, the Company has agreed to procure a designated broker to arrange for the matching of the sales and purchases of odd lots of the New Shares. Details of the odd lot arrangements will be provided in the circular to be despatched to the Shareholders.

Adjustments in relation to the exercise price of the Share Options

As at the date of this announcement, there are outstanding Share Options entitling the holders thereof to subscribe for 111,652,636 Existing Shares. The Capital Reorganisation will cause adjustments to the exercise prices and/or the number of the Share Options. The Company will instruct its auditors or an approved financial adviser to review and certify the basis of such adjustments to the Share Options in compliance with Chapter 17 of the Listing Rules and the supplementary guidance issued by the Stock Exchange on 5 September 2005 and in accordance with the rules of the share option scheme of the Company. The Company will make a further announcement about the adjustments in due course to inform the holders of the Share Options of the adjustments accordingly.

WARNING

Shareholders should be aware of and take note that the Capital Reorganisation is conditional upon satisfaction of the conditions precedent set out in the paragraph headed “Conditions of the Capital Reorganisation” above, and therefore may or may not proceed.

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

GENERAL

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 concierge departments of gaming promoters, money lender and property investment.

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. A circular containing, amongst other things, further information on the Capital Reorganisation and a notice to convene the SGM will be despatched to the Shareholders on or before 13 April 2012.

DEFINITIONS

In this announcement, the following words and expressions shall, unless the context otherwise requires, have the same meanings when used herein:

“Board”	the board of Directors
“Capital Reduction”	the proposed (i) cancellation of the fractional share arising from the Share Consolidation; (ii) capital reduction of the issued Consolidated Shares of HK\$0.40 each to HK\$0.01 each by cancelling the paid-up capital thereof to the extent of HK\$0.39 on each issued Consolidated Share; and (iii) crediting the amount of credit arising from the Capital Reduction to the contributed surplus account of the Company, immediately following the Share Consolidation
“Capital Reorganisation”	the proposed capital reorganisation of the Company involving the Share Consolidation and the Capital Reduction
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“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
“Consolidated Share(s)”	consolidated ordinary share(s) of HK\$0.40 each in the issued share capital of the Company immediately after the Share Consolidation becoming effective
“Directors”	the directors of the Company

“Existing Share(s)”	ordinary share(s) of HK\$0.01 each in the existing share capital of the Company before the Capital Reorganisation becoming effective
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company after the Capital Reorganisation becoming effective
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve the Capital Reorganisation
“Share Consolidation”	the proposed consolidation of every forty issued Existing Shares into one Consolidated Share
“Share Options”	the share options granted under the share option scheme adopted by the Company
“Share(s)”	Existing Share(s), Consolidated Share(s), and/or New Share(s), as the case may be
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China

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

Hong Kong, 30 March 2012

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