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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in doubt as to any aspect of this Prospectus (as defined herein) or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in Eternity Investment Limited, you should at once hand the Prospectus Documents (as defined herein) to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed "Documents Delivered to the Registrars of Companies" in Appendix III to this Prospectus has been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) and a copy of each of the Prospectus Documents has been or, will as soon as practicable be, filed with the Registrar of Companies in Bermuda in accordance with the Companies Act 1981 of Bermuda (as amended). The Registrar of Companies in Hong Kong, the SFC (as defined herein) and the Registrar of Companies in Bermuda take no responsibility for the contents of any of these documents.

Dealings in the Shares (as defined herein) and the Offer Shares (as defined herein) may be settled through CCASS (as defined herein) and you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange (as defined herein) as well as compliance with the stock admission requirements of HKSCC (as defined herein), the Offer 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 Offer Shares on the Stock Exchange or such other dates 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.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of the Prospectus Documents, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.

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## ETERNITY INVESTMENT LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 764)**

### **OPEN OFFER OF 6,611,960,980 OFFER SHARES AT HK\$0.04 PER OFFER SHARE ON THE BASIS OF FIVE OFFER SHARES FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE**

**Financial advisers of the Company**



**Mansion House Securities (F.E.) Limited**

**Nuada Limited**

*Corporate Finance Advisory*

**Underwriter to the Open Offer**



**KINGSTON SECURITIES LTD.**

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Terms used in this cover page have the same meanings as defined in this Prospectus.

The Shares have been 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 Open Offer 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 advisers.

It should be noted that the Underwriting Agreement in respect of the Open Offer contains provisions entitling Kingston by notice in writing to the Company at any time prior to 4:00 p.m. on Friday, 12 August 2011 to terminate its obligations thereunder on the occurrence of certain events including force majeure. These events are set out under the section headed "Termination of the Underwriting Agreement" on pages iv to v of this Prospectus and the paragraph headed "Termination of the Underwriting Agreement" under the section headed "Letter from the Board" on pages 18 to 19 of this Prospectus. If Kingston terminates the Underwriting Agreement in accordance with the terms thereof, the Open Offer will not proceed. In addition, the Open Offer is conditional upon the fulfillment of the conditions set out under the paragraph headed "Conditions of the Open Offer" under the section headed "Letter from the Board" on pages 16 to 17 of this Prospectus. In the event that such conditions have not been fulfilled on or before Friday, 12 August 2011, all liabilities of the parties to the Underwriting Agreement shall cease and determine and no party shall have any claim against the other party save for antecedent breach of the Underwriting Agreement and the Open Offer will not proceed.

26 July 2011

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## EXPECTED TIMETABLE

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

<b>Event</b>	<b>2011</b>
Record Date . . . . .	Monday, 25 July
Despatch of Prospectus Documents . . . . .	Tuesday, 26 July
Register of members reopens . . . . .	Tuesday, 26 July
Latest time for acceptance of and payment for Offer Shares and application and payment for excess 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 of the Open Offer . . . . .	Friday, 12 August
Refund cheques for wholly and partially unsuccessful excess applications to be posted . . . . .	Monday, 15 August
Despatch of share certificates for Offer Shares . . . . .	Monday, 15 August
First day of dealings in Offer Shares . . . . .	9:00 a.m. on Wednesday, 17 August

*All times and dates in this Prospectus 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.*

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## EXPECTED TIMETABLE

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### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE OFFER SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS OFFER SHARES**

The latest time for acceptance of and payment for the Offer Shares and application and payment for excess Offer Shares will not take place if there is:

1. a tropical cyclone warning signal number 8 or above, or
2. a “black” rainstorm warning
  - (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Acceptance Date. Instead the latest time for acceptance of and payment for the Offer Shares and application and payment for excess Offer Shares will be extended to 5:00 p.m. on the same Business Day; or
  - (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Acceptance Date. Instead the latest time for acceptance of and payment for the Offer Shares and application and payment for excess Offer Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Offer Shares and application and payment for excess Offer Shares does not take place on the Acceptance Date, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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It should be noted that the Underwriting Agreement contains provisions entitling Kingston to terminate its obligations thereunder if at any time prior to 4:00 p.m. on the third Business Day after the Acceptance Date:

- (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 of the Underwriting Agreement) 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

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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- (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 generic 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 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:

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

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

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## SUMMARY OF THE OPEN OFFER

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*The following information is derived from, and should be read in conjunction with and subject to the full text of, this Prospectus.*

Basis of the Open Offer:	Five Offer Shares for every one existing Share held on the Record Date
Subscription Price and Latest Time for Acceptance:	HK\$0.04 per Offer Share payable in full on application at or prior to 4:00 p.m. on Tuesday, 9 August 2011
Number of Offer Shares to be issued:	6,611,960,980 Offer Shares
Gross proceeds from the Open Offer:	Approximately HK\$264.48 million
Status of the Offer Shares:	The Offer Shares, when allotted, issued and fully paid, will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distribution which are declared, made or paid after the date of allotment and issue of the Offer Shares
Right to make excess applications:	Qualifying Shareholders only will have the rights to apply for excess Offer Shares
Subscription by Mr. Lei:	Mr. Lei has irrevocably undertaken to the Company and Kingston 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
Subscription by Thought Diamond:	Thought Diamond has irrevocably undertaken to the Company and Kingston to accept or procure the acceptance for the 530,000,000 Offer Shares to be allotted to it under its entitlement pursuant to the Open Offer
Underwriter:	Kingston
Number of Underwritten Shares:	4,980,560,980 Offer Shares

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## DEFINITIONS

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*In this Prospectus, 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 and application and acceptance for the excess Offer Shares
“Announcement”	the announcement of the Company dated 7 June 2011 relating to, among others, the Open Offer
“Application Form(s)”	the form(s) of application for use by the Qualifying Shareholders to apply for the Offer Shares
“Ashley Property”	the whole block of “Citadines Ashley Hongkong”, No. 18 Ashley Road, Tsimshatsui, Kowloon, Hong Kong erected on Kowloon Inland Lot No. 9613
“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
“Companies Act”	the Companies Act 1981 of Bermuda (as amended from time to time)
“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 the issued Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules



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## DEFINITIONS

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“Director(s)”	the director(s) of the Company
“Excess Application Form(s)”	the form(s) of application for use by the Qualifying Shareholders to apply for excess Offer Shares
“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 Shareholders”	any Shareholders other than controlling Shareholders and their associates or, where there are no controlling Shareholders, any Shareholders other than directors (excluding independent non-executive directors) and the chief executive of the Company and their respective associates
“Independent Third Party(ies)”	any person(s) or company(ies) and his/its/their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are third party(ies) independent of the Company and its connected persons
“Kingston”	Kingston Securities Limited, a licensed corporation to conduct type 1 (dealing in securities) regulated activity under the SFO to act as 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 Practicable Date”	22 July 2011, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information contained herein

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## DEFINITIONS

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“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, the Chairman of the Board, an executive Director and the substantial Shareholder holding 220,280,000 Shares, representing approximately 16.66% of the issued share capital of the Company as at the Latest Practicable Date
“Offer Shares”	not less than 6,611,960,980 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
“One Synergy”	One Synergy Limited, a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of Adelio Holdings Limited
“Open Offer”	the proposed issue of not less than 5,510,560,980 Offer Shares and not more than 6,619,444,395 Offer Shares by way of an open offer to the Qualifying Shareholders on the basis of five Offer Shares for every one existing Share held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Option(s)”	the option(s) issued or to be issued under the Share Option Scheme

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## DEFINITIONS

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“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 whose names appear on the register of members of the Company at the close of business on the Record Date and whose addresses as shown on such register are outside Hong Kong
“Placing”	the placing of 220,280,000 existing Shares beneficially owned by Mr. Lei at a price of HK\$0.135 per Share 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
“Prohibited Shareholders”	those Overseas Shareholders whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider it is necessary or expedient not to offer the Offer Shares to such Overseas 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 Acquisition of Adelio”	the proposed acquisition of the entire issued share capital of Adelio Holdings Limited at a cash consideration of HK\$267.60 million as announced by the Company on 2 and 10 June 2011
“Proposed Acquisition of Citadines”	the proposed acquisition of the entire issue share capital of Citadines Ashley TST (Hong Kong) Limited and Citadines Ashley TST Management (Hong Kong) Limited at a cash consideration of HK\$283.00 million as announced by the Company on 11 April 2011

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## DEFINITIONS

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“Proposed Increase in Authorised Share Capital”	the proposed increase in 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 an additional 8,000,000,000 new Shares as announced by the Company on 7 June 2011
“Prospectus”	the prospectus 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 other date as Kingston may agree in writing with the Company, as the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Overseas Letter together with the Prospectus, for information only, to the Prohibited Shareholders
“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 and transfer office of the Company in Hong Kong, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“SFC”	the Securities and Future Commission of Hong Kong
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company

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## DEFINITIONS

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“Shareholder(s)”	the holder(s) of issued Share(s)
“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 220,280,000 new Shares at a price of HK\$0.135 per Share by Mr. Lei pursuant to the terms of the Placing and Subscription Agreement
“Subscription Price”	HK\$0.04 per Offer Share
“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 8.02% of the issued share capital of the Company as at the Latest Practicable Date
“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

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## DEFINITIONS

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“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 cashier’s 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.

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## LETTER FROM THE BOARD

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# ETERNITY INVESTMENT LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 764)**

*Executive Directors:*

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

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Independent non-executive Directors:*

Mr. Tang Chak Lam, Gilbert  
Mr. Hung Hing Man  
Mr. Wan Shing Chi

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

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

26 July 2011

*To the Qualifying Shareholders and,  
for information only, the Prohibited Shareholders*

Dear Sir or Madam,

**OPEN OFFER OF 6,611,960,980 OFFER SHARES  
AT HK\$0.04 PER OFFER SHARE ON THE BASIS  
OF FIVE OFFER SHARES FOR EVERY ONE EXISTING SHARE  
HELD ON THE RECORD DATE**

### INTRODUCTION

On 7 June 2011, the Board announced that the Company proposed 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

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## LETTER FROM THE BOARD

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Qualifying Shareholders by way of an open offer at the Subscription Price of HK\$0.04 per Offer Share payable in full on application on the basis of five Offer Shares for every one existing Share held on the Record Date.

The purpose of this Prospectus is to provide you with further information regarding the Open Offer including information on dealings in and applications for the Offer Shares, and financial information and other information of the Company.

### THE OPEN OFFER

#### Issue statistics

Basis of the Open Offer: Five Offer Shares for every one existing Share held on the Record Date

Subscription Price: HK\$0.04 per Offer Share

Number of Shares in issue as at the Latest Practicable Date: 1,322,392,196 Shares

Number of Offer Shares to be issued: 6,611,960,980 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



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## LETTER FROM THE BOARD

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Number of Offer Shares underwritten by Kingston: 4,980,560,980 Offer Shares. Accordingly, the Open Offer is fully underwritten

Number of enlarged Shares in issue upon completion of the Open Offer: 7,934,353,176 Shares

As at the Latest Practicable Date, save for the 1,496,683 outstanding Options, the Company had no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

The 6,611,960,980 Offer Shares propose to be provisionally allotted, representing 500% of the Company's issued share capital of 1,322,392,196 Shares in issue as at the Latest Practicable Date and 83.33% of the Company's issued share capital as enlarged by the issue of 6,611,960,980 Offer Shares.

The aggregate nominal value of the Offer Shares is HK\$66,119,609.80.

### **Basis of provisional allotment**

The basis of the provisional allotment shall be five Offer Shares for every one existing Share held on the Record Date, being 6,611,960,980 Offer Shares at the Subscription Price of HK\$0.04 per Offer Share. Acceptance for all or any part of the Qualifying Shareholder's assured 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 (if any).

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.

### **Rights of the Overseas Shareholders**

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

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## LETTER FROM THE BOARD

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Based on the register of members of the Company, the Company does not have any Overseas Shareholders as at the Record Date. Therefore, all Shareholders are entitled to participate in the Open Offer and there is no Prohibited Shareholder for the purpose of the Open Offer.

### **Subscription Price**

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

The 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;
- (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; and
- (d) the closing price of HK\$0.04 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The 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 (including the independent non-executive Directors) consider the terms of the Open Offer, including the Subscription Price which has been set as a discount to the theoretical ex-entitlement prices of the Shares with an objective of encouraging existing Shareholders to take up their entitlements so as to share 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.

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## LETTER FROM THE BOARD

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### **Fractions of the Offer Shares**

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

### **Basis of allocation for excess Offer Shares**

Qualifying Shareholders may apply, by way of excess application 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 Offers 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. Shareholders and investors should consult their professional advisers if they are in any doubt as to their status.

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## LETTER FROM THE BOARD

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### **Status of the Offer Shares**

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

The first day of dealings in the Offer Shares is expected to be on Wednesday, 17 August 2011.

### **Share certificates and refund cheques for the Open Offer**

Subject to the fulfillment of the conditions of the Open Offer, share certificates for 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 are expected to be posted on or before Monday, 15 August 2011 by ordinary post to the applicants at their own risk.

Each Qualifying Shareholder will receive one share certificate for all the Offer Shares and/or excess Offer Shares (if any) validly applied for and issued to the Qualifying Shareholder.

### **Application for listing**

The Company has applied 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 in Hong Kong Stock Exchange trading fees, SFC transaction levy 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 as well as compliance with the stock admission requirements of HKSCC, the Offer 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 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.

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## LETTER FROM THE BOARD

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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 ARRANGEMENT

#### 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 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 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 one Share as at the Latest Practicable Date, 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 Untaken 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 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.

Kingston has sub-underwritten 4,194,000,000 Offer Shares, representing approximately 63.43% (assuming no outstanding Option is exercised on or before the Record Date) and approximately 63.36% (assuming all the outstanding Options are exercised on or before the Record Date) respectively of the total number of the Offer Shares to sub-underwriters.

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## LETTER FROM THE BOARD

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### **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 Kingston 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 Date;
    - (ii) to accept or procure the acceptance for the 1,101,400,000 Offer Shares to be allotted and issued to him 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.

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## LETTER FROM THE BOARD

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- (b) Thought Diamond has irrevocably undertaken to the Company and to Kingston:
- (i) not to dispose of, or agree to dispose of, any Shares held by it from the date of the Underwriting Agreement to the close of business on the Record Date;
  - (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 and except for Mr. Lei and Thought Diamond, the Board has not received any information from any substantial Shareholders of their intention to take up the Offer Shares provisionally allotted or offered to them as at the Latest Practicable Date.

### **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 the Overseas Letter 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;

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## LETTER FROM THE BOARD

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- (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 a special general meeting of the Company;
- (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.

Save for conditions (e) and (f) above, none of the above conditions has been fulfilled as at the Latest Practicable Date.

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.



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## LETTER FROM THE BOARD

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### 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 of the Underwriting Agreement) 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

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## LETTER FROM THE BOARD

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- (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 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:

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

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

### **PROCEDURES FOR APPLICATION**

#### **Application for the Offer Shares**

The Application Form is enclosed with this Prospectus which entitles the Qualifying Shareholder to subscribe for the number of Offer Shares available to the Qualifying Shareholder on an assured basis subject to payment in full on application by not later than 4:00 p.m. on Tuesday, 9 August 2011. Qualifying Shareholders should note that they may apply for the number of Offer Shares equal to or less than the number set out in the Application Form.

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## LETTER FROM THE BOARD

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If you are a Qualifying Shareholder and you wish to accept all the Offer Shares provisionally allotted to you as specified in the enclosed Application Form or to apply for any number less than your entitlement under the Open Offer, you must complete, sign and lodge the Application Form in accordance with the instructions printed thereon, together with a remittance for the full amount payable on application in respect of such number of Offer Shares you have applied for with the Registrar, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by not later than 4:00 p.m. on Tuesday, 9 August 2011. All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**Eternity Investment Limited — Open Offer Account**" and crossed "**Account Payee Only**".

It should be noted that unless the duly completed and signed Application Form, together with the appropriate remittance, have been lodged with the Registrar, Tricor Standard Limited, by not later than 4:00 p.m. on Tuesday, 9 August 2011, that assured entitlement and all rights thereunder will be deemed to have been declined and will be cancelled.

The Application Form contains full information regarding the procedures to be followed if you wish to apply for a number of Offer Shares different from your assured entitlement.

All cheques or cashier's orders will be presented for payment upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Any application in respect of which the cheque or cashier's order is dishonoured on first presentation, or at the option of the Company, subsequent presentation, is liable to be rejected, and in that event the assured entitlement and all rights thereunder will be deemed to have been declined and will be cancelled.

If the conditions of the Open Offer are not fulfilled, the application monies will be refunded, without interests, by sending a cheque made out to the applicant (or in the case of joint applicants, to the first named applicant) and crossed "Account Payee Only", through ordinary post at the risk of the applicant(s) to the address specified in the register of members of the Company on or before Monday, 15 August 2011.

Save as described under the paragraph headed "Rights of the Overseas Shareholders" above, no action has been taken to permit the offering of the Offer Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving the Prospectus Documents in any territory outside Hong Kong may treat it as an offer or invitation to apply for the Offer Shares or excess Offer Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. It is the responsibility of anyone receiving the Prospectus Documents outside

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## LETTER FROM THE BOARD

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Hong Kong wishing to make an application for the Offer Shares to satisfy itself/himself/herself/themselves before subscribing for the assured allotted Offer Shares or excess Offer Shares, as to the full observance of the laws and regulations of all relevant jurisdictions, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in any such jurisdiction in connection therewith. The Company reserves the right to refuse to accept any application for the Offer Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction. No application for the Offer Shares will be accepted from any person who is the Prohibited Shareholder.

The Application Form is for use only by the person(s) named therein and is not transferable.

No receipt will be issued in respect of any application monies received.

If the conditions of the Open Offer as set out in the paragraph headed “Conditions of the Open Offer” are not fulfilled, the monies received in respect of applications for the Offer Shares will be returned, without interest, to the applications by means of cheques despatched by ordinary post to their respective registered addresses at their own risk on or before Monday, 15 August 2011.

### **Application for excess Offer Shares**

Qualifying Shareholders may apply for excess Offer Shares by completing the Excess Application Form and lodging the same with a separate remittance for the excess Offer Shares being applied for with the Registrar, Tricor Standard Limited, by not later than 4:00 p.m. on Tuesday, 9 August 2011. All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, or cashier’s orders must be issued by, a licensed bank in Hong Kong and made payable to “**Eternity Investment Limited — Excess Application Account**” and crossed “**Account Payee Only**”.

The Qualifying Shareholder(s) will be notified of the allotment results of excess Offer Shares on or about Friday, 12 August 2011 by way of announcement. If no excess Offer Shares are allotted to the Qualifying Shareholder who has applied for excess Offer Shares, it is expected that a cheque for the amount tendered on application in full without interest will be posted to his/her/its registered address by ordinary post at his/her/its own risk on or before Monday, 15 August 2011. If the number of excess Offer Shares allotted to the Qualifying Shareholder is less than that applied for, it is expected that a cheque for the amount of the surplus application monies, without interest, will be posted to his/her/its registered address by ordinary post at his/her/its own risk on or before Monday, 15 August 2011.

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## LETTER FROM THE BOARD

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All cheques and cashier's orders will be presented for payment immediately following receipt and all interests earned on such monies will be retained for the benefit of the Company. Completion and return of the Excess Application Form together with a cheque or cashier's order in payment for the excess Offer Shares applied for will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. If any cheque or cashier's order accompanying a completed Excess Application Form is dishonoured on first presentation, at the option of the Company, subsequent presentation, such Excess Application Form is liable to be rejected.

The Excess Application Form is for use only by the Qualifying Shareholder(s) to whom it is addressed and is not transferable. All documents, including refund cheques, will be despatched by ordinary post at the risk of the persons entitled thereto to their respective registered addresses as appeared on the Company's register of members.

No receipt will be issued in respect of any application monies received.

If the conditions of the Open Offer as set out in the paragraph headed "Conditions of the Open Offer" are not fulfilled, the monies received in respect of applications for excess Offer Shares will be returned, without interest, to the applicants by means of cheques despatched by ordinary post to their respective registered addresses at their own risk on or before Monday, 15 August 2011.

### **WARNING OF THE RISK OF DEALINGS IN THE SHARES**

**Shareholders and potential investors should note that the Open Offer is conditional upon the fulfillment of the conditions precedent 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 and potential investors should note that the Shares have been 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 Open Offer is subject remain unfulfilled.**

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## LETTER FROM THE BOARD

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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 advisers.

### SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Open Offer are set out below:

	As at the Latest Practicable Date	Approximate %	Upon completion of the Open Offer (assuming all Qualifying Shareholders take up his/her/its entitlements under the Open Offer)	Approximate %	Upon completion of the Open Offer (assuming no Qualifying Shareholders take up his/her/its entitlements under the Open Offer) (Note 2)	Approximate %
Mr. Lei	220,280,000	16.66	1,321,680,000	16.66	1,321,680,000	16.66
Thought Diamond	106,000,000	8.02	636,000,000	8.02	636,000,000	8.02
Mr. Chan Kin Wah, Billy (Note 1)	1,320,000	0.10	7,920,000	0.10	1,320,000	0.02
Public:						
Kingston, the sub-underwriters of Kingston and/or subscribers procured by Kingston (Note 3)	1	0.00	6	0.00	4,980,560,981	62.77
Other public Shareholders	994,792,195	75.22	5,968,753,170	75.22	994,792,195	12.53
Total	1,322,392,196	100.00	7,934,353,176	100.00	7,934,353,176	100.00

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## LETTER FROM THE BOARD

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*Notes:*

1. Mr. Chan Kin Wah, Billy is 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 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 Independent Third Party; and (ii) save for Kingston 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.
3. Kingston has confirmed with the Company that it has sub-underwritten 4,194,000,000 Offer Shares to sub-underwriters, who are Independent Third Parties. As such, in the event of Kingston being called upon to subscribe for or procure subscribers to subscribe for any of the Untaken Shares, Kingston will not hold more than 10% of the voting rights of the Company upon completion of the Open Offer and each of the subscribers of the Untaken Shares procured by it shall not 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.

On 11 April 2011, the Company announced the Proposed Acquisition of Citadines. Citadines Ashley TST (Hong Kong) Limited is a property holding company and its principal asset is the Ashley Property and Citadines Ashley TST Management (Hong Kong) Limited is a company providing management service to the Ashley Property. As disclosed in the Company's circular dated 25 May 2011, the consideration for the Proposed Acquisition of Citadines of HK\$283.00 million is financed by the net proceeds from the rights issue as announced by the Company on 28 July 2010. The Company expects to issue the circular relating to the Proposed Acquisition of Citadines in July 2011 and convene a special general meeting for approving the Proposed Acquisition of Citadines in August 2011.

The gross proceeds from the Open Offer is approximately HK\$264.48 million and the net proceeds from the Open Offer after deducting all relevant expenses are estimated to be approximately HK\$260.39 million.

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## LETTER FROM THE BOARD

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The net proceeds from the Open Offer is intended to be used for financing the Proposed Acquisition of Adelio. Adelio Holdings Limited has two subsidiaries, namely One Synergy and Rexdale Investment Limited. One Synergy 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 “**Kwun Tong 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 Kwun Tong 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 Kwun Tong Property as an investment property for resale purpose. For more information on Adelio Holdings Limited, One Synergy, Rexdale Investment Limited and the Kwun Tong Property, please refer to the Company’s announcement dated 2 June 2011.

On 10 June 2011, the Group entered into a supplemental agreement to the conditional sale and purchase agreement dated 25 May 2011 relating to the Proposed Acquisition of Adelio to amend the pre-completion undertaking given by the vendor under the conditional sale and purchase agreement. Pursuant to the supplemental agreement, the vendor undertakes to the Group that it shall procure that no member of Adelio Holdings Limited and its subsidiaries shall, pending the completion of the Proposed Acquisition of Adelio, enter into new lease, tenancy or agreement for the same in respect of the Kwun Tong Property or otherwise dispose of the Kwun Tong Property (save and except that (a) the total consideration for the entirety of the Kwun Tong Property is not less than HK\$400.00 million or in case of disposition of part of the Kwun Tong Property, at a value of not less than HK\$3,000 per square feet; and (b) in any event, the consideration be settled in cash) or creating any encumbrances on the Kwun Tong Property or any part thereof or any interest therein without the prior written consent of the Group. As at the Latest Practicable Date, no part of the Kwun Tong Property was disposed by the vendor.



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## LETTER FROM THE BOARD

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The Board considers that it is prudent to finance the Proposed Acquisition of Adelio 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.

The Company expects to issue the circular relating to the Proposed Acquisition of Adelio on or before 30 September 2011 and convene a special general meeting for approving the Proposed Acquisition of Adelio in October 2011. According to the expected timetable of the Open Offer, the Open Offer is expected to be completed (i.e. on 12 August 2011) before the completion of the Proposed Acquisition of Adelio.

In the event that the Proposed Acquisition of Adelio does not proceed, the Company shall apply the net proceeds from the Open Offer to expand/develop the Group's property investment/development business.

The current cash requirement of the Group, the expected payment dates and the sources of funds in relation to the notifiable transactions announced by the Company subsequent to 31 December 2010, which have not yet been completed, are as follows:

<b>Notifiable transactions</b>	<b>Expected payment date</b>	<b>HK\$ in million</b>	<b>Sources of funds</b>
Proposed Acquisition of Citadines	September 2011	283.00	The net proceeds from the rights issue as announced on 28 July 2010
Proposed Acquisition of Adelio	November 2011	267.60	The net proceeds from the Open Offer and the Top-up Placing as completed on 17 June 2011
Subscription for the second tranche of the convertible bonds to be issued by China Star Entertainment Limited (“ <b>China Star</b> ”) as announced on 9 February 2011	December 2011	300.00	The internal resources of the Group

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## LETTER FROM THE BOARD

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<b>Notifiable transactions</b>	<b>Expected payment date</b>	<b>HK\$ in million</b>	<b>Sources of funds</b>
Repayment of the promissory note owed by One Synergy to Lafa Corporation Limited	December 2011	118.00	The internal resources of the Group
		<hr/>	
		<u>968.60</u>	

Based on the cash and bank balance of HK\$989.63 million of the Group as at 31 December 2010 adjusted for the net proceeds of HK\$29.40 million from the Top-up Placing as completed on 17 June 2011 and the subscription for the first tranche of the convertible bonds in the principal amount of HK\$350.00 million issued by China Star on 7 July 2011, the adjusted cash and bank balance of the Group as at 31 December 2010 was HK\$669.03 million. Assuming the Open Offer does not proceed, there is a shortfall of HK\$299.57 million for the current cash requirement for the notifiable transactions announced by the Company.

Given (a) an open offer requires two to three months to complete and fund raising exercises are affected by market sentiment and fluctuation in equity market; and (b) the Group and the vendors/issuer in respect of the notifiable transactions have intentions and commercial reasons for completing the transactions, in particular Mr. Lei has given an undertaking to the vendor that he will vote for the resolutions in respect of the Proposed Acquisition of Citadines at the special general meeting, the Directors consider that the proceeding of the Open Offer shortly after the announcement of the Proposed Acquisition of Adelio is in an appropriate timing and a reasonable and proper way of doing business. As land is a scarce resource in Hong Kong and the supply of land is limited, the Directors also consider that the application of net proceeds from the Open Offer in expanding and developing the Group's property investment/development business is in the interests of the Company and the Shareholders as a whole.

In considering methods of financing in the form of equity of the Group, the Board has considered the possibility of a rights issue which allows the Shareholders to trade their entitlements in the market in nil-paid form. The trading of nil-paid entitlements in the market in nil-paid form pursuant to the rights issue was not proposed by the Board based on the following grounds:

- (i) it will delay the process of fund raising on a timely manner;
- (ii) it will increase administrative costs and expenses of the Company in arranging trading arrangement of the nil-paid rights and additional time for trading of nil-paid rights shares; and

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## LETTER FROM THE BOARD

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(iii) there is no certainty of a market to exist, and the trading cost involved may not be economical.

Other than rights issue or open offer, the Board also considers other fund raising activities, such as private placement of Shares and bank borrowing. With the size of fund to be raised, private placement of Shares will inevitably caused a massive dilution to the interest of the existing Shareholders as they will not be able to participate on an equitable basis. The Board is of the view that bank borrowing will increase financing costs of the Company and the Company have to dispense reasonable amount of time and resources to obtain credit facilities from financial institutions at favourable terms, which may or may not available.

Based on the above, the Board considers that the Open Offer is more time and cost effective and a better option as the Open Offer with the Subscription Price which is substantially lower than the market price of the Share will attract the Qualifying Shareholders and give them 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 also 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.

Save for the acceptance of the 1,101,400,000 Offer Shares pursuant to the Underwriting Agreement, Mr. Lei, the Chairman of the Board, an executive Director and the substantial Shareholder, has indicated that he has no intention to buy or sell the Shares during the Open Offer period and afterward.

As at the Latest Practicable Date, the Company did not have any intention for future fund raising activities.

**Shareholders and potential investors should note that the annual report of the Company for the year ended 31 December 2010 and the unaudited pro forma financial information of the Group as set out in Appendix II to this Prospectus do not reflect the financial effects of the notifiable transactions of the Group entered into subsequent to 31 December 2011, including the proposed subscription of the convertible bonds in the maximum principal amount of HK\$650,000,000 in two tranches at their face values, the Proposed Acquisition of Citadines and the Proposed Acquisition of Adelio.**

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## LETTER FROM THE BOARD

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### FINANCIAL AND TRADING PROSPECT

For the year ended 31 December 2010, the Group reported a loss of HK\$356.46 million as compared to a profit of HK\$416.56 million in last year. The deterioration of the Group's performance is attributable to the recognition of a loss of deemed disposal of associates of HK\$537.62 million. The Group recorded a core profit before share of results of associates and major non-cash items of HK\$77.14 million for 2010, a 12.58% increase from HK\$68.52 million for 2009. Given the loss of deemed disposal of associates is a non-recurring and non-cash item and the equity attributable to owners of the Company as at 31 December 2010 stood at HK\$1,344.66 million, the Company believes that such loss has no material adverse impact on the business operations of the Group and the financial position of the Group remains sound.

Although the provision of management services business generates a stable cash income to the Company, the Board continuously review the Group's business operation to ensure a lean overhead and cost effective operating structure to cope with the changing business environment and to better compete for success in the years to come.

With a view to diversify our revenue sources, the Board has spent considerable effort in expanding new businesses which enable the Group to diversify its revenue sources and improve the Group's profitability in the long run.

During the year of 2011, the Company has entered into two agreements with Independent Third Parties to acquire the Ashley Property and the Kwun Tong Property. The acquisitions enable the Group to enjoy the benefit from the capital appreciation of the property investment business and the positive impact on the profitability of the Group. The acquisitions are subject to the Shareholder's approval and expected to be completed in this year. Upon completion of the acquisitions, the Company will carry out the property investment business and will continue to carry out its existing business. Details of the Ashley Property and the Kwun Tong Property have been disclosed in the Company's announcements dated 11 April 2011 and 2 and 10 June 2011 respectively.

To broaden its business portfolio and revenue sources, the Group entered into the master franchise agreement with a Japanese corporation (the "**Franchisor**"), an Independent Third Party, on 6 July 2011. Pursuant to the master franchise agreement, the Franchisor agreed to grant the sole and exclusive right and master license to the Group:

- (a) to establish, operate and manage the franchise business of selling noodles, drinks and related Japanese food products under the franchise system;
- (b) to use the trade names and proprietary marks owned by the Franchisor;

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## LETTER FROM THE BOARD

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- (c) to sell noodles, drinks and related Japanese food products and/or provide services relating to the franchise system as described in the operational manual developed by the Franchisor; and
- (d) to solicit and enter into sub-franchise agreements with potential investors to operate and manage the franchise business of selling noodles, drinks and related Japanese food products by using the trade names owned by the Franchisor under the franchise system

in the Greater China Region, including but not limited to the People's Republic of China, Hong Kong, the Macau Special Administrative Region and Taiwan.

As at the Latest Practicable Date, the Board is formulating a business plan for the franchise business pursuant to the master franchise agreement. Further announcement will be made by the Group in relation to the franchise business as and when required pursuant to the Listing Rules.

### **FUND RAISING EXERCISES IN THE 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THE ANNOUNCEMENT**

Set out below is the fund raising exercises conducted by the Company in the past 12 months immediately preceding the date of the Announcement.

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds (approximately)</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
7 June 2011	Top-up Placing	HK\$29.40 million	For financing the Proposed Acquisition of Adelio	The net proceeds have not been utilised.
28 July 2010	Issue of 826,584,147 new Shares by way of a rights issue on the basis of three new Shares for every one existing Share held on 3 September 2010 at a price of HK\$0.40 per Share	HK\$325.11 million	HK\$283.00 million for financing the Proposed Acquisition of Citadines and the remaining balance of HK\$42.11 million for general working capital of the Group	HK\$283.00 million of the net proceeds have not been utilised and the remaining balance of HK\$42.11 million has been utilised as intended.

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## LETTER FROM THE BOARD

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<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds (approximately)</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
12 July 2010	Placing of 45,920,000 new Shares at a price of HK\$0.55 per Share under general mandate	HK\$24.9 million	For general working capital of the Group	The net proceeds have been utilised as intended.

### **ADJUSTMENTS TO OPTIONS**

As at the Latest Practicable Date, 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 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.

### **ADDITIONAL INFORMATION**

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

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

**THREE YEARS FINANCIAL INFORMATION**

The audited consolidated financial statements of the Group for the year ended 31 December 2008, 31 December 2009 and 31 December 2010, including the notes thereto, have been published in the annual reports of the Company for the year ended 31 December 2008 (pages 52 to 171), 31 December 2009 (pages 52 to 195) and 31 December 2010 (pages 50 to 187) respectively, which are incorporated by reference into this Prospectus. The said annual reports of the Company are available on the Company's website at [www.ernityinv.com.hk](http://www.ernityinv.com.hk) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

**STATEMENT OF INDEBTEDNESS****Borrowings**

As at the close of business on 30 June 2011, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the Group had no outstanding borrowings or material contingent liabilities.

Save as disclosed above and apart from intra-group liabilities and normal trade payables, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities as at the close of business on 30 June 2011.

**WORKING CAPITAL**

The Directors, after due and careful enquiry, are of the opinion that, in the absence of unforeseeable and after taking into account of the Proposed Acquisition of Citadines at a cash consideration of HK\$283.00 million, the Proposed Acquisition of Adelio at a cash consideration of HK\$267.60 million, the net proceeds from the Open Offer and the internal resources of the Group, the Group has sufficient working capital for its normal business for at least the next 12 months from the date of publication of this Prospectus.

**MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2010, being the date to which the latest published audited consolidated accounts of the Group were made up.

**1. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED  
NET TANGIBLE ASSETS OF THE GROUP**

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules is set out below to illustrate the effect of the Open Offer on the consolidated net tangible assets of the Group as if the Open Offer had been completed on 31 December 2010.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Open Offer been completed as at 31 December 2010 or any future date.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is based on the audited consolidated net tangible assets of the Group as at 31 December 2010, as extracted from the published annual report of the Company as of 31 December 2010, and adjusted to reflect the effect of the Open Offer. Unless otherwise defined, capitalised terms used in the following text shall have the same meaning of those used in the Prospectus.



	Audited consolidated net assets of the Group attributable to owners of the Company as at 31 December 2010 <i>(Note 1)</i> HK\$ '000	Adjustment for intangible assets <i>(Note 2)</i> HK\$ '000	Net proceeds from the Subscription <i>(Note 3)</i> HK\$ '000	Adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2010 immediately after the completion of the Subscription HK\$ '000	Estimated net proceeds from the Open Offer <i>(Note 4)</i> HK\$ '000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2010 immediately after the completion of the Open Offer HK\$ '000
Based on						
6,611,960,980						
Offer Shares to be issued	<u>1,344,663</u>	<u>(334,681)</u>	<u>29,400</u>	<u>1,039,382</u>	<u>260,388</u>	<u>1,299,770</u>
						HK\$
Adjusted consolidated net tangible assets of the Group per Share attributable to owners of the Company as at 31 December 2010 after the completion of the Subscription <i>(Note 5)</i>						<u>0.79</u>
Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to owners of the Company as at 31 December 2010 immediately after the completion of the Open Offer based on 6,611,960,980 Offer Shares to be issued <i>(Note 6)</i>						<u>0.16</u>

*Notes:*

1. The audited consolidated net assets of the Group attributable to owners of the Company as at 31 December 2010 is extracted from the published annual report of the Company as of 31 December 2010.
2. The intangible assets of the Group as at 31 December 2010 are approximately HK\$334,681,000, which are extracted from the published annual report of the Company as of 31 December 2010.
3. On 7 June 2011, Mr. Lei, the Company and Kingston entered into the Placing and Subscription Agreement pursuant to which Mr Lei had agreed to place, through Kingston on a fully underwritten basis, 220,280,000 existing Shares at a price of HK\$0.135 per Share and had conditionally agreed to subscribe for 220,280,000 new Shares at a price of HK\$0.135 per Share. The net proceeds from the Subscription amounted to HK\$29,400,000. The Subscription was completed on 17 June 2011.
4. The estimated net proceeds from the Open Offer of approximately HK\$260,388,000 are based on 6,611,960,980 Offer Shares to be issued at the Subscription Price of HK\$0.04 per Offer Share and after deduction of estimated related expenses of approximately HK\$4,090,000.
5. The adjusted consolidated net tangible assets of the Group per Share attributable to owners of the Company immediately after the completion of the Subscription of approximately HK\$0.79 is calculated based on adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Subscription of approximately HK\$1,039,382,000 divided by 1,322,392,196 Shares in issue after the completion of the Subscription. The 1,322,392,196 Shares in issue comprised 1,102,112,196 Shares in issue as at 31 December 2010 and 220,280,000 new Shares issued on 17 June 2011 pursuant to the Subscription.
6. The unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to owners of the Company immediately after completion of the Open Offer of approximately HK\$0.16 is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Open Offer of approximately HK\$1,299,770,000 divided by 7,934,353,176 Shares in issue immediately after completion of the Open Offer. The 7,934,353,176 Shares in issue comprised 1,102,112,196 Shares in issue as at 31 December 2010, 220,280,000 new Shares issued on 17 June 2011 pursuant to the Subscription and 6,611,960,980 Offer Shares to be issued pursuant to the Open Offer.
7. On 21 January 2011, the Company entered into the conditional subscription agreement with China Star and supplemented by a supplemental agreement dated 28 March 2011 in relation to the subscription of the convertible bonds in the maximum principal amount of HK\$650,000,000 in two tranches at their face values. According to the conditional subscription agreement, the amounts involved for the first tranche subscription and the second tranche subscription are HK\$350,000,000 and HK\$300,000,000 respectively. The first tranche subscription has been completed on 7 July 2011 and the second tranche subscription has not been completed yet as at the Latest Practicable Date.
8. On 4 April 2011, Golden Stone Management Limited, a wholly owned subsidiary of the Company entered into the conditional sale and purchase agreement to acquire the entire issued share capital of Citadines Ashley TST (Hong Kong) Limited (“Citadines TST”) and Citadines Ashley TST Management Limited (“Citadines TST Management”) from Citadines Asheley TST (Singapore) Pte Ltd. at a cash consideration of HK\$283,000,000. The acquisition has not been completed yet as at the Latest Practicable Date.

9. On 25 May 2011, Riche (BVI) Limited (“Riche”), a wholly owned subsidiary of the Company entered into the conditional sale and purchase agreement to acquire the entire issued share capital of Adelio Holdings Limited (“Adelio”) from Vartan Holdings Limited at a cash consideration of HK\$267,600,000. The acquisition has not been completed yet as at the Latest Practicable Date.
  
10. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2010. The effects of the subscription of the convertible bonds in the maximum principal amount of HK\$650,000,000, the proposed acquisition of the entire issued share capital of Citadines TST and Citadines TST Management and the proposed acquisition of the entire issued share capital of Adelio, as stated in notes 7, 8 and 9 respectively, are not included in this unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as they are not directly attributable to the Open Offer.

**2. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

*The following is the text of the report, prepared for the sole purpose of inclusion in this Prospectus, received from the reporting accountants, HLB Hodgson Impey Cheng, Chartered Accountants, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group set out in this appendix.*



國 衛 會 計 師 事 務 所  
**Hodgson Impey Cheng**

Chartered Accountants  
Certified Public Accountants

31/F Gloucester Tower  
The Landmark  
11 Pedder Street  
Central  
Hong Kong

26 July 2011

The Director  
Eternity Investment Limited  
Unit 3811, 38/F., Shun Tak Centre, West Tower  
168-200 Connaught Road Central  
Hong Kong

Dear Sirs,

We report on the unaudited pro forma statement of adjusted consolidated net tangible assets of Eternity Investment Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), as set out on pages 33 to 36 under the heading of “Unaudited Pro Forma Financial Information of the Group” (the “Unaudited Pro Forma Financial Information”) in Appendix II to the prospectus issued by the Company on 26 July 2011 (“Prospectus”). The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company for illustrative purpose only, to provide information about how the open offer of 6,611,960,980 offer shares to the qualifying shareholders at a subscription price of HK\$0.04 per offer share on the basis of five offer shares for every one existing share held on the Record Date (as defined in the Prospectus) for inclusion in Appendix II of the Prospectus. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages 33 to 36 to the Prospectus.

**Respective responsibilities of the directors of the Company and reporting accountants**

It is the sole responsibility of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

**Basis of opinion**

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

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group as at 31 December 2010 or any future date.

**Opinion**

In our opinion:

- the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- such basis is consistent with the accounting policies of the Group; and
- the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully

**HLB Hodgson Impey Cheng**

Chartered Accountants

Certified Public Accountants

Hong Kong

## 1. RESPONSIBILITY STATEMENT

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

## 2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately upon completion of the Open Offer are as follows:

<i>Authorised:</i>	<i>HK\$</i>
10,000,000,000 Shares as at the Latest Practicable Date and immediately upon completion of the Open Offer	100,000,000.00

Assuming no outstanding Option is exercised on or before the Record Date:

<i>Issued and to be issued:</i>	<i>HK\$</i>
1,322,392,196 Shares in issue and fully paid as at the Latest Practicable Date	13,223,921.96
<u>6,611,960,980</u> Offer Shares to be issued	<u>66,119,609.80</u>
 <u>7,934,353,176</u> Shares in issue and fully paid immediately upon completion of the Open Offer	 <u>79,343,531.76</u>

All of the Offer Shares to be issued will rank pari passu in all respect with each other, including, in particular, as to dividends, voting rights and capital, and with all the Shares in issue as at the date of allotment and issue of the Offer Shares. The Offer Shares to be issued will be listed on the Stock Exchange.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Offer Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, save for the 1,496,683 outstanding Options, the Company had no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

As at the Latest Practicable Date, there were no arrangement under which future dividends are waived or agreed to be waived.

As at the Latest Practicable Date, no share or loan capital of the Company or any members of the Group had been put under option or agreed conditionally or unconditionally to be put under option and no warrant or conversion right affecting the Shares has been issued or granted or agreed conditionally, or unconditionally to be issued or granted, except for the 6,611,960,980 Offer Shares and the 1,496,683 outstanding Options exercisable into 1,496,683 Shares.



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

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

#### Long positions

##### a. the Shares

Name of Director	Note	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
Mr. Lei		Beneficial owner	220,280,000	16.66%
Mr. Cheung Kwok Wai, Elton	1	Other	106,000,000	8.02%
Mr. Chan Kin Wah, Billy		Beneficial owner	1,320,000	0.10%

*Note:*

- Mr. Cheung Kwok Wai, Elton is the eldest brother of Mr. Cheung Kwok Fan. Mr. Cheung Kwok Wai, Elton is deemed to be interested in the Shares held by Thought Diamond, which is wholly owned by Mr. Cheung Kwok Fan.

*b. the Options*

Name of Director	Capacity	Number of Options held	Number of underlying Shares
Mr. Lei	Beneficial owner	83,752	83,752
Mr. Chan Kin Wah, Billy	Beneficial owner	83,752	83,752

*c. derivative to the Shares*

Name of Director	Notes	Capacity	Number of derivatives (physically settled)	Number of underlying Shares
Mr. Lei	1	Beneficial owner	1,101,400,000	1,101,400,000
Mr. Cheung Kwok Wai, Elton	2	Other	530,000,000	530,000,000

*Notes:*

1. The derivatives (physically settled) represent the irrevocable undertaking given by Mr. Lei in favour of the Company and Kingston to accept or procure the acceptance for 1,101,400,000 Offer Shares to be allotted to him under his entitlement pursuant to the Open Offer.
2. The derivatives (physically settled) represent the irrevocable undertaking given by Thought Diamond in favour of the Company and Kingston to accept or procure the acceptance for 530,000,000 Offer Shares to be allotted to it under its entitlement pursuant to the Open Offer.

## 4. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

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

**Long positions***a. the Shares*

Name of Shareholder	<i>Notes</i>	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
Mr. Lei		Beneficial owner	220,280,000	16.66%
Thought Diamond	<i>1</i>	Beneficial owner	106,000,000	8.02%
Mr. Cheung Kwok Fan	<i>1</i>	Held by controlled corporation	106,000,000	8.02%
Mr. Cheung Kwok Wai, Elton	<i>2</i>	Other	106,000,000	8.02%
Asia Vest Partners VII Limited	<i>3</i>	Held by controlled corporations	1,294,921	9.95%

<b>Name of Shareholder</b>	<i>Notes</i>	<b>Capacity</b>	<b>Number of issued Shares held</b>	<b>Approximate percentage of the issued share capital of the Company</b>
Asia Vest Partners X Limited	3	Held by controlled corporations	1,294,921	9.95%
Asia Vest Partners Limited	3	Held by controlled corporations	1,294,921	9.95%
Mr. Andrew Nam Sherrill	3	Held by controlled corporations	1,294,921	9.95%
Kingston	4	Beneficial owner	1	0.00%
Galaxy Sky Investments Limited	4	Held by controlled corporations	1	0.00%
Kingston Capital Asia Limited	4	Held by controlled corporations	1	0.00%
Kingston Financial Group Limited	4	Held by controlled corporations	1	0.00%
Active Dynamic Limited	4	Held by controlled corporations	1	0.00%
Ms. Chu Yuet Wah	4	Held by controlled corporations	1	0.00%

*Notes:*

1. Thought Diamond is wholly owned by Mr. Cheung Kwok Fan.
2. Mr. Cheung Kwok Wai, Elton is the eldest brother of Mr. Cheung Kwok Fan. Mr. Cheung Kwok Wai, Elton is deemed to be interested in the Shares held by Thought Diamond.
3. The number of issued Shares held was adjusted for the share consolidations that became effective on 30 April 2008 and 23 April 2009.
4. Kingston is wholly owned by Galaxy Sky Investments Limited which is in turn wholly owned by Kingston Capital Asia Limited. Kingston Financial Group Limited holds 43.68% interests in Kingston Capital Asia Limited. Kingston Financial Group Limited is wholly owned by Active Dynamic Limited in which Ms. Chu Yuet Wah holds the entire interests.

**b. *The Options***

<b>Name of Shareholder</b>	<b>Capacity</b>	<b>Number of Options held</b>	<b>Number of underlying Shares</b>
Mr. Lei	Beneficial owner	83,752	83,752

**c. *derivative to the Shares***

<b>Name of Shareholder</b>	<i>Notes</i>	<b>Capacity</b>	<b>Number of derivatives (physically settled)</b>	<b>Number of underlying Shares</b>
Kingston	<i>1</i>	Beneficial owner	4,988,044,395	4,988,044,395
Galaxy Sky Investments Limited	<i>1</i>	Held by controlled corporations	4,988,044,395	4,988,044,395
Kingston Capital Asia Limited	<i>1</i>	Held by controlled corporations	4,988,044,395	4,988,044,395
Kingston Financial Group Limited	<i>1</i>	Held by controlled corporations	4,988,044,395	4,988,044,395

Name of Shareholder	Notes	Capacity	Number of derivatives (physically settled)	Number of underlying Shares
Active Dynamic Limited	1	Held by controlled corporations	4,988,044,395	4,988,044,395
Ms. Chu Yuet Wah	1	Held by controlled corporations	4,988,044,395	4,988,044,395
Mr. Lei	2	Beneficial owner	1,101,400,000	1,101,400,000
Thought Diamond	3	Beneficial owner	530,000,000	530,000,000
Mr. Cheung Kwok Fan	3	Held by controlled corporation	530,000,000	530,000,000
Mr. Cheung Kwok Wai, Elton	3	Other	530,000,000	530,000,000

*Notes:*

1. The derivatives (physically settled) represent the maximum number of the Underwritten Shares underwritten by Kingston pursuant to the Underwriting Agreement.
2. The derivatives (physically settled) represent the irrevocable undertaking given by Mr. Lei in favour of the Company and Kingston to accept or procure the acceptance for 1,101,400,000 Offer Shares to be allotted to him under his entitlement pursuant to the Open Offer.
3. The derivatives (physically settled) represent the irrevocable undertaking given by Thought Diamond in favour of the Company and Kingston to accept or procure the acceptance for 530,000,000 Offer Shares to be allotted to it under its entitlement pursuant to the Open Offer.

**5. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS**

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

None of the Directors has or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2010, being the date to which the latest published audited consolidated accounts of the Group were made up.

**6. COMPETING INTEREST**

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

**7. LITIGATION**

As at the Latest Practicable Date, the Group was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

**8. SERVICES CONTRACTS**

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

**9. EXPERT AND CONSENT**

The following are the qualifications of the expert who has given opinion, which is contained in this Prospectus:

<b>Name</b>	<b>Qualifications</b>
HLB Hodgson Impey Cheng	Chartered Accountants Certified Public Accountants

HLB Hodgson Impey Cheng has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its letter and references to its name in the form and context in which they respectively appear.

**10. EXPERT'S INTERESTS IN ASSETS**

As at the Latest Practicable Date, HLB Hodgson Impey Cheng:

- (a) was not interested, either directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2010, being the date to which the latest published audited consolidated accounts of the Group were made up; and
- (b) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

**11. MISCELLANEOUS**

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the head office and principal place of business of the Company is situated at Unit 3811, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong.
- (b) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Standard Limited, having its office situated at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.



- (c) Mr. Chan Kin Wah, Billy, the company secretary of the Company, is a member of the Hong Kong Institute of Certified Public Accountants, a CPA member of CPA Australia and a non-practicing member of the Chinese Institute of Certified Public Accountants. He holds a Bachelor of Administration Degree from University of Ottawa in Canada and a Master of Commerce Degree in Professional Accounting from University of New South Wales in Australia.

## 12. MATERIAL CONTRACTS

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

- (i) the subscription agreement dated 23 July 2009 entered into between China Star and the Company in respect of subscription of convertible bonds of HK\$200 million issued by China Star;
- (ii) the placing and subscription agreement dated 28 August 2009 entered into among the Company, Kingston and Classical Statue Limited, a then substantial Shareholder. Pursuant to the placing and subscription agreement, Classical Statue Limited has agreed to place, through Kingston, 22,000,000 Shares beneficially owned by it, on a fully underwritten basis, to not less than six independent investors at a price of HK\$0.42 per Share. Pursuant to the placing and subscription agreement, Classical Statue Limited has conditionally agreed to subscribe for 22,000,000 new Shares at a price of HK\$0.42 per Share;
- (iii) the conditional placing agreement dated 12 October 2009 entered into between Simple View Investment Limited (“**Simple View**”), a wholly-owned subsidiary of the Company, and Kingston, pursuant to which Simple View has conditionally agreed to place, through Kingston, 320,000,000 shares of HK\$0.01 each of China Star to not fewer than six independent investors at a price of HK\$0.20 per share;
- (iv) the subscription agreement dated 20 November 2009 entered into between the Company and Thought Diamond. Pursuant to the subscription agreement, the Company has conditionally agreed to allot and issue and Thought Diamond has conditionally agreed to subscribe for 56,000,000 Shares at the subscription price of HK\$0.50 per Share;

- (v) the sale and purchase agreement dated 31 March 2010 entered into between Riche (BVI) Limited (“**Riche**”), a wholly-owned subsidiary of the Company, and Mr. Man Kong Yui in relation to (i) the sale and purchase of 6,750,000 shares with a par value of HK\$1.00 each in the capital of Hantec Holdings Investment Limited for a consideration of HK\$18.00 million, which shall be settled by Riche procuring the Company to allot and issue 26,420,000 new Shares credited as fully paid to Mr. Man Kong Yui upon completion; and (ii) the granting of a call option by Riche to Mr. Man Kong Yui to acquire the 6,750,000 shares in Hantec Holdings Investment Limited from Riche for a consideration of HK\$21.60 million within one year from the date of completion;
- (vi) the joint venture agreement dated 24 June 2010 entered into between Max Winner Investments Limited, a wholly-owned subsidiary of the Company, and Yiu Hing International Limited relating to the formation of a joint venture company engaging in organic agricultural business in the People’s Republic of China with a total capital contribution of HK\$60 million;
- (vii) the placing agreement dated 12 July 2010 entered into between the Company and Kingston, pursuant to which the Company has conditionally agreed to place, through Kingston on a best effort basis, a maximum of 45,920,000 new Shares to not fewer than six independent investors at a price of HK\$0.55 per Share;
- (viii) the joint venture agreement dated 21 July 2010 entered into between Riche, Campbell Shillinglaw & Partners (Vietnam) Limited and Victory Peace Holdings Limited relating to the setting up of a joint venture company, namely Victory Peace Holdings Limited, engaging in the business of conducting, development and investing into real estate and related projects in Vietnam;
- (ix) the facility agreement dated 21 July 2010 entered into between the Company and Victory Peace Holdings Limited relating to the grant of a revolving credit of HK\$700 million by the Company to Victory Peace Holdings Limited;
- (x) the underwriting agreement dated 28 July 2010 entered into between the Company and Kingston in relation to the proposed issue of not less than 826,584,147 and not more than 879,960,951 new Shares by way of a rights issue to the qualifying Shareholders at a price of HK\$0.40 per new Share on the basis of three new Shares for every one existing Share held on 3 September 2010;

- (xi) the conditional subscription agreement dated 21 January 2011 entered into between China Star and the Company in relation to the subscription of the convertible bonds of China Star by the Company in the principal amount of HK\$650 million in two tranches at their face value;
- (xii) the supplemental agreement dated 28 March 2011 entered into between the Company and China Star relating to the amendments to the conditional subscription agreement dated 21 January 2011 relating to the proposed subscription of the convertible bonds of China Star by the Company;
- (xiii) the irrevocable undertaking dated 29 March 2011 given by Simple View to China Star, Mansion House Securities (F.E.) Limited and Heung Wah Keung Family Endowment Limited (a) to subscribe for or procure subscription for 200,000,000 new shares of China Star to which Simple View is entitled under the rights issue announced by China Star on 18 April 2011 and (b) not to dispose of and not to exercise the subscription rights attached to the warrants of China Star held by it in an aggregate principal amount of HK\$26.25 million on or before the completion of the rights issue;
- (xiv) the irrevocable undertaking dated 29 March 2011 given by the Company to China Star, Mansion House Securities (F.E.) Limited and Heung Wah Keung Family Endowment Limited not to dispose of the convertible bonds to be issued pursuant to the subscription agreement dated 21 January 2011 (if issued) and not to exercise the conversion rights attached to the convertible bonds (if issued) on or before the completion of the rights issue announced by China Star on 18 April 2011;
- (xv) the conditional sale and purchase agreement dated 4 April 2011 entered into between Golden Stone Management Limited, a wholly-owned subsidiary of the Company, and Citadines Ashley TST (Singapore) Pte. Limited, pursuant to which Golden Stone Management Limited has conditionally agreed to acquire and Citadines Ashley TST (Singapore) Pte. Limited has conditionally agreed to sell the entire issued share capital of Citadines Ashley TST (Hong Kong) Limited and Citadines Ashley TST Management (Hong Kong) Limited at a consideration of HK\$283.00 million;
- (xvi) the conditional sale and purchase agreement dated 25 May 2011 entered into between Riche and Vartan Holdings Limited pursuant to which Riche has conditionally agreed to acquire and Vartan Holdings Limited has conditionally agreed to sell the entire issue share capital of Adelio Holdings Limited at a consideration of HK\$267.60 million;

- (xvii) the Placing and Subscription Agreement;
- (xviii) the Underwriting Agreement;
- (xix) the supplemental agreement dated 10 June 2011 entered into between Riche and Vartan Holdings Limited relating to the amendments to the conditional sale and purchase agreement dated 25 May 2011 relating to sale and purchase of the entire issued share capital share of Adelio Holdings Limited; and
- (xx) the master franchise agreement dated 6 July 2011 entered into between Advance Top Limited, a wholly-owned subsidiary of the Company, and アース株式会社 relating to the grant of the sole and exclusive rights and master license of franchise business of selling noodles, drinks and related Japanese food products by アース株式会社 to Advance Top Limited in the Greater China Region for a period of ten years commencing from 15 July 2011.

### 13. CORPORATE INFORMATION

#### Board of Directors

#### *Executive Directors*

Mr. Lei Hong Wai (*Chairman*)

Mr. Cheung Kwok Wai, Elton

Mr. Chan Kin Wah, Billy, *CPA, CPA*  
(*Aust.*), *CICPA (non-practicing)*

#### *Independent Non-executive Directors*

Mr. Tang Chak Lam, Gilbert

Mr. Hung Hing Man

Mr. Wan Shing Chi

#### *Audit Committee*

Mr. Tang Chak Lam, Gilbert

Mr. Hung Hing Man

Mr. Wan Shing Chi

#### *Remuneration Committee*

Mr. Lei Hong Wai

Mr. Tang Chak Lam, Gilbert

Mr. Wan Shing Chi

	<i>Nomination Committee</i>
	Mr. Lei Hong Wai
	Mr. Tang Chak Lam, Gilbert
	Mr. Wan Shing Chi
	<i>Finance Committee</i>
	Mr. Chan Kin Wah, Billy, CPA, CPA (Aust.), CICPA (non-practicing)
	Mr. Hung Hing Man
<b>Authorised representatives</b>	Mr. Lei Hong Wai
	Mr. Chan Kin Wah, Billy, CPA, CPA (Aust.), CICPA (non-practicing)
<b>Company secretary</b>	Mr. Chan Kin Wah, Billy, CPA, CPA (Aust.), CICPA (non-practicing)
<b>Registered office</b>	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
<b>Head office and principal place of business in Hong Kong</b>	Unit 3811, Shun Tak Centre West Tower 168-200 Connaught Road Central Hong Kong
<b>Principal share registrar and transfer office in Bermuda</b>	HSBC Securities Services (Bermuda) Limited 6 Front Street Hamilton HM 11 Bermuda
<b>Branch share registrar and transfer office in Hong Kong</b>	Tricor Standard Limited 26th Floor, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong

<b>Auditors</b>	HLB Hodgson Impey Cheng Chartered Accountants Certified Public Accountants
<b>Principal bankers</b>	Hang Seng Bank Limited Standard Chartered Bank (Hong Kong) Limited
<b>Stock code</b>	764
<b>Website</b>	www.eternityinv.com.hk

#### 14. PARTIES INVOLVED IN THE OPEN OFFER

<b>Underwriter</b>	Kingston Securities Limited Suite 2801, 28th Floor One International Finance Centre 1 Harbour View Street Hong Kong
<b>Legal advisers to the Company and in relation to the Open Offer</b>	<i>As to Hong Kong law:</i> King & Wood 9th Floor, Hutchison House 10 Harcourt Road Central Hong Kong  <i>As to Bermuda law:</i> Conyers Dill & Pearman 2901, One Exchange Square 8 Connaught Place Central Hong Kong
<b>Reporting accountants</b>	HLB Hodgson Impey Cheng Chartered Accountants Certified Public Accountants 31/F., Gloucester Tower The Landmark 11 Pedder Street Central Hong Kong

<b>Financial advisors to the Company</b>	Mansion House Securities (F.E.) Limited Unit 1102-03, 11/F. Far East Finance Centre 16 Harcourt Road Admiralty Hong Kong
	Nuada Limited 17th Floor, BLINK 111 Bonham Strand Sheung Wan Hong Kong
<b>Branch share registrar and transfer office in Hong Kong</b>	Tricor Standard Limited 26 Floor, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong

## 15. EXPENSES

The expenses in connection with the Open Offer, including financial advisory fees, underwriting commission, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$4.09 million, which are payable by the Company.

## 16. PROFILES OF DIRECTORS

### Executive Directors

Mr. Lei Hong Wai, aged 43, was appointed as an executive Director and the Chairman of the Board on 18 January 2010 and 1 February 2010, respectively. He is also the Chief Executive Officer of the Company. Mr. Lei is responsible for the development of the overall strategic planning and management of the Group. He has over eight years of extensive experience in corporate management, investment and business development. He was an executive Director during the period from 28 September 2001 to 13 October 2005. He was a director of The Chamber of Hong Kong Listed Companies Limited, which promotes interaction amongst its members which are listed companies in Hong Kong and the People's Republic of China, in 2002. He was the chairman and an executive director of Brilliant Arts Multi-Media

Holding Limited (stock code: 8130, now known as Zhi Cheng Holdings Limited), a company listed on the Growth Enterprise Market (“GEM”) operated by the Stock Exchange, during the period from 10 July 2007 to 24 June 2009.

Mr. Cheung Kwok Wai, Elton, aged 45, was appointed as an executive Director on 1 February 2011. Mr. Cheung is responsible for the daily operations of the Group. He has over 20 years of experience in the area of corporate finance and securities industries. He holds a Master Degree in Accounting and Finance from the University of Lancaster in the United Kingdom. Mr. Cheung was an executive director of Brilliant Arts Multi-Media Holding Limited (stock code: 8130, now known as Zhi Cheng Holdings Limited), a company listed on GEM, during the period from 27 August 2008 to 24 June 2009.

Mr. Chan Kin Wah, Billy, aged 48, was appointed as an executive Director on 18 January 2010. Mr. Chan is responsible for the financial management of the Group. He has over 15 years of experience in accounting and financial control. He is a member of the Hong Kong Institute of Certified Public Accountants, a CPA member of CPA Australia and a non-practicing member of the Chinese Institute of Certified Public Accountants. He holds a Bachelor of Administration Degree from the University of Ottawa in Canada and a Master of Commerce Degree in Professional Accounting from the University of New South Wales in Australia. He was an independent non-executive director of Ching Hing (Holdings) Limited (stock code: 692, now known as Bao Yuan Holdings Limited), a company listed on the Main Board of the Stock Exchange, during the period from 25 July 2007 to 2 July 2010. He was also an independent non-executive director of Eternite International Company Limited (stock code: 8351), a company listed on GEM, during the period from 21 September 2009 to 22 February 2011.

#### **Independent non-executive Directors**

Mr. Tang Chak Lam, Gilbert, aged 60, is a practicing solicitor in Hong Kong since 1987 and is a senior partner of Messrs. Gilbert Tang & Co. He joined the Company in February 2002. He was a director of Pok Oi Hospital in 1993 and a member of the Kowloon West Advisory Committee of Hong Kong Bank Foundation District Community Programme between July 1991 and November 1995. Mr. Tang holds a Bachelor of Law Degree from the University of Buckingham in the United Kingdom, and a Diploma in Chinese Law from the University of East Asia in Macau. He is currently an independent non-executive director of China Star Entertainment Limited, a company listed on the Main Board of the Stock Exchange.



Mr. Hung Hing Man, aged 40, is a proprietor of a certified public accountant firm and has over 14 years of working experience in the sectors of corporate finance, accounting, auditing and taxation. He holds a Master Degree in Business Administration from the University of Western Sydney, Australia. He is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants, an associate member of the Taxation Institute of Hong Kong and a member of the Society of Chinese Accountants and Auditors. He was an independent non-executive director of SMI Corporation Limited (stock code: 198), a company listed on the Main Board of the Stock Exchange, during the period from 14 July 2009 to 8 December 2009. He is currently an independent non-executive director of China Gamma Group Limited (stock code: 164) and Madex International (Holdings) Limited (stock code: 231), both companies are listed on the Main Board of the Stock Exchange. Mr. Hung joined the Company in May 2010.

Mr. Wan Shing Chi, aged 40, has over 16 years of experience in the field of construction engineering and is currently a site coordinator of a reputable construction company in Hong Kong. He holds a Bachelor Degree of Engineering with honours from University of Melbourne, Australia and is a member of the Asia Institute of Building. Mr. Wan joined the Company in May 2010.

#### **17. DOCUMENTS DELIVERED TO THE REGISTRARS OF COMPANIES**

A copy of each of the Prospectus Documents and the consent letter referred to in the paragraph headed “Expert and consent” in this appendix, has been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance. A copy of each of the Prospectus Documents has been or, will as soon as practicable be, filed with the Registrar of Companies in Bermuda in accordance with the Companies Act.

#### **18. LEGAL EFFECT**

The Prospectus Documents and all acceptance of any offer or application contained in such documents are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all person concerned bound by the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies Ordinance.

**19. MISCELLANEOUS**

The English texts of the Prospectus, the Application Form and the Excess Application Form shall prevail over their respective Chinese texts.

**20. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the principal place of business of the Company at Unit 3811, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong during normal business hours on any weekday other than public holidays, up to and including the Latest Time for Acceptance at 4:00 p.m. on Tuesday, 9 August 2011:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for the financial years ended 31 December 2008, 2009 and 2010;
- (c) the letter from HLB Hodgson Impey Cheng on the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group, the text of which is set out in Appendix II to this Prospectus;
- (d) the written consent referred to in the paragraph headed “Expert and Consent” to this Appendix;
- (e) the material contracts referred to in the paragraph headed “Material Contracts” to this Appendix;
- (f) a copy of each of the circulars issued by the Company pursuant to the requirements set out in Chapter 14 and/or 14A of the Listing Rules since 31 December 2010, being the date of the latest published audited accounts of the Company; and
- (g) this Prospectus.