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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

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

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**ETERNITY INVESTMENT LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 764)**

- (1) PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME;  
(2) TERMINATION OF THE EXISTING SHARE OPTION SCHEME;  
AND  
(3) NOTICE OF SPECIAL GENERAL MEETING**
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A notice convening a special general meeting of the Company to be held at Macau Jockey Club, 1/F Function Room, 1st Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong at 3:10 p.m. on Monday, 12 December 2011 (or immediately after the conclusion of the special general meeting of the Company which is scheduled to be held on the same day at 3:00 p.m.) is set out on pages 23 to 25 of this circular. A form of proxy for use at the special general meeting is also enclosed with this circular.

Whether or not you are able to attend the special general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Tricor Standard Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for the holding of the special general meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting should you so wish.

18 November 2011

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Adoption Date”	the date on which the New Share Option Scheme becomes unconditional upon fulfillment of the conditions as set out in the paragraph headed “Conditions precedent of the New Share Option Scheme” in the section headed “Letter from the Board” of this circular
“associates”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors or a duly authorised committee thereof
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities listed thereon
“Bye-laws”	the bye-law of the Company
“Company”	Eternity Investment Limited, a company incorporated in Bermuda with limited liability, the issued Shares are listed on the Main Board of the Stock Exchange
“connected person”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company for the time being
“Eligible Participant(s)”	full time or part time employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Company or any subsidiary); any holder of any securities issued by the Group; and any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sub-licensee) or distributors, landlords or tenants (including any sub-tenants) of the Group or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group eligible for Options under the New Share Option Scheme

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## DEFINITIONS

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“Exercise Date”	has the meaning ascribed to it under paragraph (d) of Appendix II set out on page 12 of this circular
“Existing Share Option Scheme”	the share option scheme adopted by the Company by way of Shareholders’ resolution on 21 January 2002 which came into effect after the initial listing of the Shares on the Stock Exchange on 15 February 2000
“Group”	the Company and its Subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Invested Entity”	any entity in which the Group holds an equity interest
“Latest Practicable Date”	16 November 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the new share option scheme which is proposed to be adopted by the Company at the SGM, the principal terms of which are set out in Appendix II to this circular
“Offer”	an offer for the grant of an Option made in accordance with the New Share Option Scheme
“Offer Date”	the date on which an Offer is made to an Eligible Participant
“Option(s)”	any option(s) granted or to be granted to Eligible Participant(s) to subscribe for Share(s) under the Existing Share Option Scheme or, after its expiry, under the New Share Option Scheme
“Optionholder(s)”	the relevant holder(s) of the Option(s)
“Option Period”	has the meaning ascribed to it under paragraph (h) of Appendix II set out on page 15 of this circular

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## DEFINITIONS

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“SGM”	the special general meeting of the Company to be held at 3:10 p.m., on Monday, 12 December 2011 (or immediately after the conclusion of the special general meeting of the Company which is scheduled to be held on the same day at 3:00 p.m.) , at Macau Jockey Club, 1/F Function Room, 1st Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong or any adjournment thereof the notice of which is set out on pages 23 to 25 of this circular
“Scheme Mandate Limit”	has the meaning ascribed to it under paragraph (e) of Appendix II set out on page 13 of this circular
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	means a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Act 1981 of Bermuda) as modified from time to time) of the Company
“HK\$”	Hong Kong dollars, 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

*Non-executive Director:*

Mr. Cheung Kwok Fan

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

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

*Independent non-executive Directors:*

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

*To the Shareholders*

18 November 2011

Dear Sir or Madam,

- (1) PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME;  
(2) TERMINATION OF THE EXISTING SHARE OPTION SCHEME;  
AND  
(3) NOTICE OF SPECIAL GENERAL MEETING**

### INTRODUCTION

The purpose of this circular is to provide you with the details of the New Share Option Scheme and a notice to convene the SGM to consider and, if thought fit, to approve the adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme.

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## LETTER FROM THE BOARD

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### **PROPOSAL FOR ADOPTION OF THE NEW SHARE OPTION SCHEME AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME**

#### **The Existing Share Option Scheme**

Pursuant to an ordinary resolution passed by the Shareholders on 21 January 2002, the Company had adopted the Existing Share Option Scheme, pursuant to which the Board was authorised to grant Options to (i) any employee or proposed employee (whether full time or part time) of the Company, any of its Subsidiaries or any Invested Entity, including any executive director or proposed director of the Company, any of such Subsidiaries or any Invested Entity; (ii) any non-executive directors (including independent non-executive directors) of the Company, any Subsidiary or any Invested Entity; (iii) any holder of any securities issued by the Company, any of such Subsidiaries or any Invested Entity, (iv) any business or joint venture partner, contract, agent or representative of any member of the Group or any Invested Entity; (v) any person or entity that provides research, development or other technological support or any advisory, consultancy, profession, or other services to any member of the Group or any Invested Entity; (vi) any supplier, producer or licensor of films, television programs, video features, goods or services to any member of the Group or any Invested Entity; and (vii) any customer, licensee, sub-licensee or distributor of films, television programs, video features, goods or services of the Group or any Invested Entity.

As at the Latest Practicable Date, the Company has not adopted any share option scheme other than the Existing Share Option Scheme and 111,879,202 Options had been granted by the Company under the Existing Share Option Scheme and remain outstanding. The Directors confirm that no further Options will be granted under the Existing Share Option Scheme prior to the date of the SGM.

#### **Proposed Adoption of the New Share Option Scheme and Termination of the Existing Share Option Scheme**

Under the terms of the Existing Share Option Scheme, the Company may by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Existing Share Option Scheme. It is proposed by the Directors that at the SGM, an ordinary resolution will be proposed for the Company to terminate the operation of the Existing Share Option Scheme (such that no further Options could thereafter be offered under the Existing Share Option Scheme but in all other respects the provisions of the Existing Share Option Scheme shall remain in full force and effect) and to approve and adopt the New Share Option Scheme, which will take effect on the date of its adoption at the SGM subject to the Stock Exchange granting approval for the listing of and dealing in

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## LETTER FROM THE BOARD

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the Shares fall to be allotted and issued upon the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme. No further Options will be granted under the Existing Share Option Scheme upon its termination. The rights of the 111,879,202 outstanding Options granted under the Existing Share Option Scheme will not be affected and the outstanding Options granted under the Existing Share Option Scheme will continue to be valid and effective.

### **The New Share Option Scheme**

The Existing Share Option Scheme will expire on 20 January 2012. Accordingly, the Company proposes to adopt the New Share Option Scheme which complies with Chapter 17 of the Listing Rules and to terminate the operation of the Existing Share Option Scheme.

The purpose of the New Share Option Scheme is to enable the Company to grant Options to selected Eligible Participants as incentives or rewards for their contribution or potential contribution to the Group.

The rules of the New Share Option Scheme provide that the Company may specify the Eligible Participants to whom Options shall be granted, the number of Shares subject to each Option and the date on which the Options shall be granted. The basis for determining the subscription price is also specified precisely in the rules of the New Share Option Scheme. There is no performance target specified in the New Share Option Scheme. The Directors consider that the aforesaid criteria and rules will serve to preserve the value of the Company and encourage Eligible Participants to acquire proprietary interests in the Company.

As at the Latest Practicable Date, the Company has 7,934,353,176 issued Shares. Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the Adoption Date, the number of Shares issuable pursuant to the New Share Option Scheme on the Adoption Date will be 793,435,317 Shares, representing 10% of the existing issued share capital of the Company.

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the New Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the Option value have not been determined. Such variables include but are not limited to the exercise price, exercise period and lock-up period (if any), and predetermined performance target (if any). The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to Shareholders.



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## LETTER FROM THE BOARD

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None of the Directors is trustee of the New Share Option Scheme or has a direct or indirect interest in the trustee. With respect to the operation of the New Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules.

### CONDITIONS PRECEDENT OF THE NEW SHARE OPTION SCHEME

The adoption of the New Share Option Scheme is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in any Shares which may fall to be issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme; and
- (b) the passing of an ordinary resolution (i) to adopt the New Share Option Scheme, and (ii) to terminate the Existing Share Option Scheme by the Shareholders at the SGM.

Subject to the obtaining of Shareholders' approval with respect to the adoption of the New Share Option Scheme at the SGM, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and another other schemes must not in aggregate exceed 10% of the total issued share capital of the Company as at the date of approval of the New Share Option Scheme unless the Company obtains a fresh approval from Shareholders to renew the 10% limit on the basis that the maximum number of Shares in respect of which Options may be granted under the New Share Option Scheme together with any Options outstanding and yet to be exercised under the New Share Option Scheme and any other schemes shall not exceed 30% of the issued share capital of the Company from time to time.

A summary of the principal terms of the New Share Option Scheme which is proposed to be approved and adopted by the Company at the SGM is set out in the Appendix II to this circular on pages 23 to 25. A copy of the rules of the New Share Option Scheme is available for inspection at the Company's principal place of business in Hong Kong at Units 3811, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong during normal business hours from the date hereof up to and including the date of the SGM.

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## LETTER FROM THE BOARD

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### **SPECIAL GENERAL MEETING**

A notice of the SGM which will be held at Macau Jockey Club, 1/F Function Room, 1st Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong at 3:10 p.m. on Monday, 12 December 2011 (or immediately after the conclusion of the special general meeting of the Company scheduled to be held on the same day at 3:00 p.m.) is set out on pages 23 to 25 of this circular. An ordinary resolution will be proposed at the SGM to seek Shareholders' approval to adopt the New Share Option Scheme and to terminate the Existing Share Option Scheme.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you intend to be present at the SGM, you are requested to complete this form of proxy and return it to the branch share registrar of the Company in Hong Kong, Tricor Standard Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon no later than 48 hours before the time of the SGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM should you so wish.

To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution to be proposed at the SGM. The Directors confirm that to the best of their knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder and there was no obligation or entitlement of any Shareholder whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis.

The resolution proposed to be approved at the SGM will be taken by poll and an announcement on the outcome of the SGM for the adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme will be made by the Company following the SGM.

### **APPLICATION FOR LISTING**

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the Options granted under the New Share Option Scheme.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Directors consider that the proposed adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme are in the best interests of the Company and the Shareholders as a whole as the provisions of the New Share Option Scheme and any Options granted thereunder will be in line with the requirements of Chapter 17 in the Listing Rules. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM.

### GENERAL

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

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

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

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

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## APPENDIX II      SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

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### THE NEW SHARE OPTION SCHEME

The following is a summary of the principal terms of the New Share Option Scheme but does not form part of, nor was it intended to be, part of the New Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the New Share Option Scheme:

**(a) Purpose of the New Share Option Scheme**

The purpose of the New Share Option Scheme is to enable the Company to grant Options to selected Eligible Participants as incentives or rewards for their contribution or potential contribution to the Group.

**(b) Administration of the New Share Option Scheme**

The New Share Option Scheme shall be subject to the administration by the Board which may include a duly authorised committee thereof and the decision of the Board shall be final, conclusive and binding on all parties.

**(c) Grant and acceptance of Options**

Subject to the terms of the New Share Option Scheme, the Board may, in its absolute discretion, invite any Eligible Participant to take up Options to subscribe for Shares at a price calculated in accordance with paragraph (d) below. The Eligible Participants will be any employee of the Company or any of its Subsidiaries including any executive and non-executive directors of the Company or any of its Subsidiaries, and any business or joint venture partners, contractors, agents, representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sub-licensee) or distributors, landlords or tenants (including any sub-tenants) of the Group or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group.

An Offer shall be made to Eligible Participants in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of 30 days from the date upon which it is made provided that no such Offer shall be open for acceptance after the earlier of the 10th anniversary of the Adoption Date or the termination of the New Share Option Scheme or the Eligible Participant to whom such Offer is made has ceased to be an Eligible Participant.

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## APPENDIX II      SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

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A non-refundable nominal consideration of HK\$1.00 is payable by the grantee upon acceptance of an Option. An Option shall be deemed to have been accepted when the duplicate letter comprising acceptance of the Option duly signed by the Eligible Participant together with the said consideration of HK\$1.00 is received by the Company.

Any Offer may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in such number of Shares as represents a board lot for the time being for the purpose of trading on the Stock Exchange or an integral multiple thereof.

### (d) **Exercise of Options and Price of Shares**

An Option may be exercised in whole or in part by the grantee giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the subscription price for the Shares in respect of which the notice is given. Within 30 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate of the Company's auditors or independent financial advisers, the Company shall allot and issue the relevant Shares to the grantee (or his legal personal representative(s)) credited as fully paid.

Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Bye-laws for the time being in force and will rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an Option shall not carry voting rights until the name of the grantee has been duly entered onto the register of members of the Company as the holder thereof.

The exercise price for Shares under the New Share Option Scheme may be determined by the Board at its absolute discretion but in any event will not be less than the highest of: (i) the closing price of the Shares as stated in the daily

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## APPENDIX II      SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

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quotations sheet of the Stock Exchange on the Offer Date, which must be a Business Day; (ii) the average closing price of the Shares as stated in the daily quotations sheets of the Stock Exchange for the five Business Days immediately preceding the Offer Date; and (iii) the nominal value of the Share on the Offer Date.

**(e) Maximum number of Shares available for issue**

- (i) Subject to the Listing Rules, the overall limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the relevant class of Shares in issue from time to time. No Options may be granted under the New Share Option Scheme or any other share option schemes of the Company if this will result in this limit being exceeded.
- (ii) Subject to the limit mentioned in (e)(i) above, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company adopted by the Company must not, in aggregate, exceed 10% of the Shares in issue as at the date of the approval of the New Share Option Scheme (the “**Scheme Mandate Limit**”), unless Shareholders’ approval has been obtained pursuant to sub-paragraphs (iii) and (iv) below. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.
- (iii) Subject to the limit mentioned in (e)(i) above, the Company may refresh the Scheme Mandate Limit at any time subject to approval of the Shareholders in general meeting, provided that the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the New Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised Options) will not be counted for the purpose of calculating the Scheme Mandate Limit as “refresh”. The Company must send a circular to the Shareholders containing such information as required under the Listing Rules.

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## APPENDIX II      SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

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(iv) Subject to the limit mentioned in (e)(i) above, the Company may also seek separate approval of the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders containing a generic description of the specified Eligible Participants, the number and terms of Options to be granted, the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose and such other information as required under the Listing Rules.

**(f) Grant of Options to connected persons or any of their associates**

Any grant of Options to a connected person (including but not limited to a Director or substantial Shareholder) or its associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options). Where Options are proposed to be granted to a connected person who is also a substantial Shareholder or an independent non-executive Director or their respective associates and if such grant would result in the total number of Shares issued and to be issued upon exercise of the Options granted and to be granted (including Options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant to such person representing in aggregate over 0.1 % of the total issued Shares and having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, then the proposed grant must be subject to the approval of Shareholders taken on a poll in a general meeting. All connected persons of the Company must abstain from voting at such general meeting (except where any connected person intends to vote against the proposed grant provided that his intention to do so has been stated in the Shareholders' circular to be issued as stated below).

A circular must be prepared by the Company explaining the proposed grant, disclosing (i) the number and terms of the Options to be granted, (ii) containing a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee) on whether or not to vote in favour of the proposed grant, (iii) containing information relating to any Directors who are trustees of the New Share Option Scheme or have a direct or indirect interest in the trustees.

Any change in the terms of Options granted to a connected person or its associates must be approved by Shareholders in a general meeting.



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## APPENDIX II      SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

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### (g) Maximum entitlement of each Participant

The total number of Shares issued and to be issued upon exercise of the Options granted to each Eligible Participant or grantee (including exercised and outstanding Options) in any twelve (12)-month period up to the date of grant shall not exceed 1% of the Shares in issue. Where it is proposed that any Offer is to be made to an Eligible Participant (or where appropriate, an existing grantee) which would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such person (including exercised, cancelled and outstanding Options) in the twelve (12)-month period up to and including the relevant date of grant to exceed such limit, such offer and any acceptance thereof must be conditional upon Shareholders' approval in general meeting with such Eligible Participant (or where appropriate, an existing grantee) and his, her or its associates abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Eligible Participant or grantee, the number and terms of Options to be granted (and Options previously granted) to such Eligible Participant, and the information required under the Listing Rules. The number and terms (including the subscription price) of Options to be granted to such Eligible Participant must be fixed before the date on which Shareholders' approval is sought and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

### (h) Time of Exercise of Options

Subject to the terms of the New Share Option Scheme, an Option may be exercised in whole or in part at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an Option, but in any event no later than 10 years from the date of grant but subject to the early termination of the New Share Option Scheme (the "**Option Period**").

There is no specified minimum period under the New Share Option Scheme for which an Option must be held or the performance target which must be achieved before an Option can be exercised under the terms of the New Share Option Scheme.

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## APPENDIX II      SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

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### **(i) Restrictions on the time of grant of Options**

Grant of Options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until an announcement of such price sensitive information has been published in accordance with Rule 2.07C of the Listing Rules. In particular, no Option may be granted:

- (i) after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced by the Company;
- (ii) during the period commencing 60 days immediately preceding the earlier of:
  - (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company results for any year (whether or not required under the Listing Rules);
  - (b) the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the financial results of the Company (whether or not required under the Listing Rules);
  - and (c) the deadline for the Company to publish an announcement of its results for any year under the Listing Rules (whether or not required under the Listing Rules) and ending on the date of the results announcement; and
- (iii) during the period commencing 30 days immediately preceding the earlier of:
  - (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company results for any half-year, quarterly or any other interim period (whether or not required under the Listing Rules);
  - and (b) the deadline for the Company to publish an announcement of its results for any half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement.

### **(j) Rights are personal to grantees**

An Option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. Any breach of the foregoing by a grantee shall entitle the Company to cancel any Option or part thereof granted to such grantee to the extent not already exercised.

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## APPENDIX II      SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

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**(k) Rights on cessation of employment by dismissal**

If the grantee of an Option is an employee and ceases to be an employee on one or more of the grounds that he or she has been guilty of persistent or serious misconduct, bankruptcy, insolvency, composition with his or her creditors generally or conviction of any criminal offence or other grounds on which an employer would be entitled to terminate his or her employment pursuant to any applicable law, his or her Option (to the extent not already exercised) will lapse on the date of cessation of his or her employment.

**(l) Rights on death**

If the grantee of an Option ceases to be an Eligible Participant by reason of his or her death before exercising the Options in full and none of the events referred to in paragraph (k) above as ground for termination of his or her Options arises, his or her personal representative(s) may exercise the Option (to the extent not already exercised) within a period of six months following the date of death (or such longer period as the Board may determine), failing which it will lapse.

**(m) Rights on cessation of employment for other reasons**

If the grantee of an Option who is an employee and ceases to be an Eligible Participant for any other reason, he or she may exercise the Options (to the extent not already exercised) in whole or in part within a period of six months following the date of such cessation, which date shall be the last actual working with the Group, whether salary is paid in lieu of notice or not. If any of the events referred to in paragraph (p) to (r) below occurs during such period, he or she may exercise the Option pursuant to paragraphs (p) to (r) respectively.

**(n) Rights on cessation of holding securities issued by the Group**

If the grantee of an Option who is a holder of the securities issued by the Group ceasing to be an Eligible Participant by reason that such Optionholder ceases to be a holder of any securities issued by the Group, the Option shall lapse on the date of cessation. If the grantor of such securities ceases to be a member of the Group, the grantee of an Option may exercise the Option within six months following the date of cessation.

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## APPENDIX II      SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

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**(o) Rights on breach of contract**

If the grantee of an Option who is a business or joint venture partner, contractor, agent or representative, consultant, adviser, supplier, producer or licensor, customer, licensee (including any sub-licensee) or distributor, landlord or tenant (including sub-tenant) of the Group ceasing to be an Eligible Participant by reason of breach of contract entered into between such Eligible Participant and the relevant member of the Group, in the absolute determination of the Board, the Option shall lapse on the date of the Board's determination and not be exercisable.

**(p) Rights on a general offer**

In the event of a general offer being made to all Shareholders (or all such holders other than the offeror and/or person controlled by the offeror and/or any person acting in concert (as defined in The Hong Kong Codes on Takeovers and Mergers) with the offeror) and such offer becomes or is declared unconditional during the Option Period of the relevant Option, the grantee (or his personal representative(s)) shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within thereafter and up to the close of such offer.

**(q) Rights on winding up**

In the event a notice is given by the Company to its members to convene a special general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as it despatches such notice to each member of the Company give notice thereof to all grantees and any grantee (or his or her personal representative(s) may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate subscription price in respect of the relevant Option (such notice to be received by the Company no later than two Business Days prior to the propose general meeting)) exercise the Option (to the extent not already exercised) either to its full extent or to the extent that he or she may specify in his or her notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue such number of Shares to the grantee credited as fully paid.

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## APPENDIX II      SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

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### **(r) Rights on reconstruction, compromise or arrangement**

If a compromise or arrangement between the Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of the Company, under section 99 of the Companies Act 1981 of Bermuda, the Company shall give notice thereof to all grantees on the same date as it gives notice of the meeting to its members or creditors to summon a meeting to consider such a scheme or arrangement and any grantee or his personal representative(s) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling two calendar months thereafter, by notice in writing to the Company accompanied by a remittance of the full amount of the subscription price in respect of which the notice is given exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice on condition upon such compromise or arrangement being sanctioned by the Supreme Court of Bermuda and becoming effective. Upon such compromise or arrangement becoming effective, all outstanding Options shall lapse. The Company may thereafter require each Optionholder to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Optionholder in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

### **(s) Cancellation of Options**

The Board may at any time cancel any Option granted but not exercised if the grantee so agrees. Any cancellation of Options granted but not exercised and the issuance of new Options to the same grantee may only be made under the New Share Option Scheme with available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit referred to in paragraph (e)(ii) above. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

### **(t) Effect of alterations to share capital**

In the event of any alteration in the capital structure of the Company by way of capitalisation of profits or reserves, rights issue, consolidation, sub-division or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction while any Option remains exercisable), such corresponding alterations (if any) will be made in (i) the numbers or nominal amount of Shares subject to any Option so far as such Option remains unexercised and/or (ii)

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## APPENDIX II      SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

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the subscription price per Share as the auditors or independent financial advisers for the time being of the Company shall at the request of the Company or any grantee certify in writing to be in their opinion fair and reasonable, provided that any such alterations shall be made on the basis that the grantee shall have the same proportion of the issued share capital of the Company to which he was entitled before such alteration and the aggregate subscription price payable by the grantee on the full exercise of any Option shall remain as nearly as possible the same as (but not greater than) it was before such event, but so that no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. Save in the case of a capitalisation issue, the auditors or independent financial advisers for the time being of the Company must confirm to the Directors in writing that such adjustment(s) satisfy the aforesaid requirements.

### **(u) Ranking of Shares**

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Bye-laws for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date on which the Option is exercised and accordingly will entitle the holders of Shares to participate in all dividends or other distributions paid or made on or after the date on which the Option is exercised other than any dividends or other distributions previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment.

### **(v) Duration of the New Share Option Scheme**

The New Share Option Scheme shall continue in force for the period commencing from the Adoption Date, which is expected to be the date of the SGM, and expiring at the close of business on the tenth anniversary thereof, after such period no further Options will be granted but the provisions of the New Share Option Scheme shall remain in full force and effect in respect of any Options granted before its expiry or termination but not yet exercised. The life of the New Share Option Scheme shall be for ten years commencing from the Adoption Date.

### **(w) Alterations to the terms of the New Share Option Scheme**

- (i) The provisions relating to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Eligible Participants without the prior approval of Shareholders in a general meeting.

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## APPENDIX II      SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

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- (ii) Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by Shareholders, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.
- (iii) The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (iv) Any change to the authority of the Directors or the administrator of the New Share Option Scheme in relation to any alteration to the terms of the New Share Option Scheme must be approved by Shareholders in a general meeting.

### **(x) Conditions of the New Share Option Scheme**

The New Share Option Scheme is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in any Shares which may fall to be issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme; and
- (ii) the passing of ordinary resolution (i) to adopt the New Share Option Scheme, and (ii) to terminate the Existing Share Option Scheme.

### **(y) Lapse of Options**

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of any of the periods referred to in paragraphs (k) to (r);
- (iii) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of a breach of paragraph (j) by the grantee of the Option in respect of that or any other Option; and
- (iv) the date of the commencement of the winding-up of the Company.

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## APPENDIX II      SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

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### **(z) Termination**

The Company by ordinary resolution in general meeting may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted prior to such termination.

Details of the Options granted, including Options exercised or outstanding, under the New Share Option Scheme shall be disclosed in the circular to Shareholders seeking approval of any subsequent share option scheme to be established after such termination.

### **(aa) Miscellaneous**

The terms of the New Share Option Scheme (and any other schemes adopted by the Company from time to time) shall be in accordance with the requirements set out in Chapter 17 of the Listing Rules.

The Company will comply with the relevant statutory requirements and the Listing Rules from time to time in force on a continuing basis in respect of the New Share Option Scheme and any other schemes of the Company.

Any dispute arising in connection with the number of Shares of an Option and any of the matters referred to in paragraph (t) above shall be referred to the decision of the auditors or the independent financial advisers of the Company who shall act as experts and not as arbitrators and whose decision, in the absence of manifest error, shall be final and binding.



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## NOTICE OF SPECIAL GENERAL MEETING

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# ETERNITY INVESTMENT LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 764)**

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**Meeting**”) of Eternity Investment Limited (the “**Company**”) will be held at 3:10 p.m. on Monday, 12 December 2011 (or immediately after the conclusion of the special general meeting of the Company scheduled to be held on the same day at 3:00 p.m.) at Macau Jockey Club, 1/F Function Room, 1st Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company by way of poll:

### **ORDINARY RESOLUTION**

“**THAT:**

- (a) the existing share option scheme (the “**Existing Share Option Scheme**”) of the Company adopted on 21 January 2002 be and is hereby terminated and conditional upon The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of and permission to deal in the shares (the “**Shares**”) of HK\$0.01 each in the capital of the Company falling to be allotted and issued pursuant to the new share option scheme (the “**New Share Option Scheme**”), the terms of which are set out in the document marked “A” which has been produced to this Meeting and signed by the chairman of this Meeting for the purpose of identification, the rules of the New Share Option Scheme be and are hereby approved and adopted and the directors (the “**Directors**”) of the Company be and are hereby authorised to grant options and to allot, issue and deal in the Shares fall to be allotted and issued upon the exercise of any option granted thereunder and to take all such steps as they may consider necessary or expedient to implement the New Share Option Scheme; and
- (b) the aggregate nominal amount of share capital to be allotted and issued pursuant to resolution (a) above, together with any issue of Shares upon the exercise of any options granted under any other share option schemes of the Company as may from

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## NOTICE OF SPECIAL GENERAL MEETING

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time to time adopted by the Company, shall not exceed 10 per cent. of the Shares in issue as at the date of passing of this resolution (the “**Scheme Mandate Limit**”).

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

Hong Kong, 18 November 2011

*As at the date of this notice, the Directors are as follows:*

*Executive Directors:*

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

*Non-executive Director:*

Mr. Cheung Kwok Fun

*Independent non-executive Directors:*

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

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

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

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

*Notes:*

1. A shareholder (“Shareholder”) of the Company entitled to attend and vote at the Meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A Shareholder who is holder of two or more Shares may appoint more than one proxy to attend and vote instead of him. A proxy need not be a Shareholder.
2. In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Standard Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong no later than 48 hours before the time appointed for the Meeting (or any adjournment thereof).

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## NOTICE OF SPECIAL GENERAL MEETING

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3. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the Meeting or any adjournment thereof should they so desire.
4. Bye-law 66 of the Company's bye-laws sets out the procedures by which Shareholders may demand a poll at general meetings. According to Rule 13.39(4) of the Listing Rules, any voting of the Shareholders at the Meeting will be taken by way of poll and an announcement will be made after the Meeting on the results of the Meeting.
5. Any voting at the Meeting shall be taken by poll.
6. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.