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ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

PLACING OF NEW SHARES UNDER SPECIFIC MANDATE SUBJECT TO SHAREHOLDERS' APPROVAL

Placing Agent



KINGSTON SECURITIES LTD.

On 5 April 2012 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a fully underwritten basis, 39,670,000 Placing Shares to not less than six Places at a price of HK\$0.32 per Placing Share.

The Placing Price of HK\$0.32 represents:

- (a) a discount of 20.00% to the adjusted closing price of HK\$0.40 per New Share (adjusted for the effect of the Capital Reorganisation) as quoted on the Stock Exchange on the date of this announcement;
- (b) a discount of approximately 31.91% to the adjusted average closing price of approximately HK\$0.47 per New Share (adjusted for the effect of the Capital Reorganisation) in the last five consecutive trading days prior to the date of this announcement; and
- (c) a discount of approximately 37.25% to the adjusted average closing price of approximately HK\$0.51 per New Share (adjusted for the effect of the Capital Reorganisation) in the last ten consecutive trading days prior to the date of this announcement.

The 39,670,000 Placing Shares represent (a) approximately 20.00% of the issued share capital of the Company of 198,358,829 New Shares after the Capital Reorganisation becoming effective; and (b) approximately 16.67% of the issued share capital of the Company of 238,028,829 New Shares after the Capital Reorganisation becoming effective as enlarged by the Placing.

Completion of the Placing is subject to the conditions as set out in the section headed “Conditions Precedent” below.

The net proceeds from the Placing will be approximately HK\$12.27 million, which is intended to be used for financing possible property investment project of the Group and/or enhancing the Group’s fixed income portfolio by subscribing additional high-yield convertible notes.

Shareholders and potential investors should note that the Placing is subject to fulfillment of the conditions as set out in the section headed “Conditions Precedent”. Accordingly, the Placing may or may not proceed.

Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

On 5 April 2012 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a fully underwritten basis, 39,670,000 Placing Shares to not less than six Places at a price of HK\$0.32 per Placing Share.

Details of the Placing Agreement are as follows:

THE PLACING AGREEMENT

Date: 5 April 2012

Parties: The Company and the Placing Agent

Placing Agent

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquires, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules). As at the date of this announcement, the Placing Agent is interested in one Existing Share.

Placees

The Placing Shares will be placed to not less than six Placees, who and whose ultimate beneficial owners are third parties independent of and not connected with any directors, chief executive or substantial shareholder(s) of the Company or its subsidiaries or any of their respective associates.

None of the individual Placees will become a substantial Shareholder (as defined in the Listing Rules) as a result of the Placing.

Pricing Price

The Placing Price of HK\$0.32 represents:

- (a) a discount of 20.00% to the adjusted closing price of HK\$0.40 per New Share (adjusted for the effect of the Capital Reorganisation) as quoted on the Stock Exchange on the date of this announcement;
- (b) a discount of approximately 31.91% to the adjusted average closing price of approximately HK\$0.47 per New Share (adjusted for the effect of the Capital Reorganisation) in the last five consecutive trading days prior to the date of this announcement; and
- (c) a discount of approximately 37.25% to the adjusted average closing price of approximately HK\$0.51 per New Share (adjusted for the effect of the Capital Reorganisation) in the last ten consecutive trading days prior to the date of this announcement.

The Placing Price was agreed after arm's length negotiations between the Company and the Placing Agent, with reference to, among other things, (a) the recent trading price of the Shares; and (b) the performance of the Shares and the attractiveness to the potential investors. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable as the Company can broaden the Shareholders' base and strengthen the Company's financial position. As such, the Placing is in the interests of the Company and the Shareholders as a whole.

The net price for the Placing Share will be approximately HK\$0.3092.

Placing Shares

The 39,670,000 Placing Shares represent (a) approximately 20.00% of the issued share capital of the Company of 198,358,829 New Shares after the Capital Reorganisation becoming effective; and (b) approximately 16.67% of the issued share capital of the Company of 238,028,829 New Shares after the Capital Reorganisation becoming effective as enlarged by the Placing.

The aggregate nominal value of the Placing Shares will be HK\$396,700.

The Placing Shares will, when fully paid, be allotted and issued in accordance with the memorandum of association and bye-laws of the Company and with the relevant rules and regulations applicable to the Company in Bermuda and Hong Kong and will, upon allotment and issue, be free from all liens, charges, encumbrances or third party rights of whatsoever nature and together with all rights attaching thereto at completion of the Placing and thereafter.

Specific Mandate to Issue Placing Shares

The Placing Shares will be issued pursuant to a specific mandate to be obtained at the SGM.

Ranking of the Placing Shares

The Placing Shares will rank pari passu in all respects with all New Shares in issue as at the date of allotment and issue of the Placing Shares.

Placing Commission

The Placing Agent will receive a placing commission of 1.00% of the aggregate amount equal to the Placing Price multiplied by the number of Placing Shares.

Conditions Precedent

Completion of the Placing is conditional upon:

- (a) the Capital Reorganisation becoming effective;
- (b) the passing of resolution(s) by the Shareholders (other than those who are required to abstain from voting, if any) to approve the Placing Agreement and the transactions contemplated thereunder, including the allotment and issue of the Placing Shares at the SGM;
- (c) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in all of the Placing Shares; and
- (d) the obligations of the Placing Agent under the Placing Agreement becoming unconditional and not being terminated in accordance with the terms of the Placing Agreement, including provisions regarding force majeure event.

Completion of the Placing

Completion of the Placing will take place within four business days after the fulfillment of the conditions as set out above or such other date to be agreed between the Company and the Placing Agent.

If the above conditions are not fulfilled on or before the ninetieth day from the date of the SGM or such later date to be agreed between the Company and the Placing Agent, the Placing Agreement will be terminated and the Placing will not proceed and all obligations and liabilities of the parties thereunder will forthwith cease and determine and no party will have any claim against the others, save for any antecedent breaches under the Placing Agreement.

Application for Listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, all of the Placing Shares.

Termination of the Placing Agreement

Unless otherwise agreed between the Company and the Placing Agent, the Placing Agent's appointment shall terminate upon the earlier of (a) the completion of the Placing and (b) termination of the Placing Agreement by the Placing Agent in accordance with the terms and conditions of the Placing Agreement, whereby the Company will be formally notified by the Placing Agent in writing in accordance with the terms of the Placing Agreement.

The Placing Agent reserves its right to terminate the arrangements set out in the Placing Agreement by notice in writing prior to 9:00 a.m. on the date of completion of the Placing, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any of the following force majeure events:

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances (inclusive of any pandemics or epidemics) which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group or adversely prejudices the success of the placing of the Placing Shares to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or

- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which affect the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

If, at or prior to 9:00 a.m. on the date of completion of the Placing;

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (b) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of the announcement relating to the Placing Agreement or circulars relating to the Placing; or
- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing.

The Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

Upon giving of notice pursuant to the paragraph above, all obligations of the Placing Agent under the Placing Agreement shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

The Directors are of the view that the Placing represents an opportunity to broaden the Shareholders' base and strengthen the Company's financial position. Accordingly, the Directors consider the Placing and the terms of the Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The gross proceeds from the Placing will be approximately HK\$12.69 million. The net proceeds from the Placing will be approximately HK\$12.27 million, which is intended to be used for financing possible property investment project of the Group and/or enhancing the Group's fixed income portfolio by subscribing additional high-yield convertible notes. As at the date of this announcement, no such property investment project or high-yield convertible note (other than the second tranche of

convertible notes of HK\$300.00 million to be issued by China Star Entertainment Limited pursuant to the conditional subscription agreement dated 21 January 2011 entered into between the Company and China Star Entertainment Limited) has been identified by the Group.

EFFECT ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effects on the shareholding structure of the Company after the Capital Reorganisation becoming effective but immediately before completion of the Placing and after the Capital Reorganisation becoming effective and upon completion of the Placing are set out as below:

Shareholders	As at the date of this announcement		After the Capital Reorganisation becoming effective but immediately before completion of the Placing		After the Capital Reorganisation becoming effective and upon completion of the Placing	
	Existing Shares	Approx. %	New Shares	Approx %	New Shares	Approx %
Mr. Lei Hong Wai (<i>Note a</i>)	1,321,680,000	16.66	33,042,000	16.66	33,042,000	13.88
Thought Diamond International Limited (<i>Note b</i>)	636,000,000	8.02	15,900,000	8.02	15,900,000	6.68
Mr. Chan Kin Wah, Billy (<i>Note a</i>)	1,320,000	0.02	33,000	0.02	33,000	0.01
Public:						
The Placing Agent	1	0.00	0	0.00	0	0.00
Others public Shareholders (<i>Note c</i>)	5,975,353,175	75.30	149,383,829	75.30	149,383,829	62.76
The Placees (<i>Note d</i>)	0	0.00	0	0.00	39,670,000	16.67
Total	7,934,353,176	100.00	198,358,829	100.00	238,028,829	100.00

Notes:

- Mr. Lei Hong Wai and Mr. Chan Kin Wah, Billy are executive Directors.
- Thought Diamond International Limited is wholly owned by Mr. Cheung Kwok Fan, the non-executive Director.
- Certain Placees may be the existing Shareholders (holding less than 5% of the existing issued share capital of the Company as at the date of this announcement). The existing shareholdings of such Placees, if any, are included under "Other public Shareholders".
- Pursuant to the Placing Agreement, none of the Placees will be become a substantial Shareholder (as defined in the Listing Rules) as a result of the Placing.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS PRIOR TO THE DATE OF THIS ANNOUNCEMENT

Set out below is the fund raising activities conducted by the Company in the past 12 months prior to the date of this announcement.

Date of announcement	Description	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
7 June 2011	Issue of 6,611,960,980 new Existing Shares at a subscription price of HK\$0.04 per new Existing Shares by way of open offer to the qualifying Shareholders on the basis of five new Existing Shares for every one Existing Share held on 25 July 2011	HK\$260.69 million	For financing the acquisition of the entire issued share capital of Adelio Holdings Limited	The net proceeds has been utilised as intended
7 June 2011	Top-up placing of 220,280,000 Existing Shares under general mandate at a price of HK\$0.135 per new Existing Share	HK\$29.38 million	For financing the acquisition of the entire issued share capital of Adelio Holdings Limited	The net proceeds has been utilised as intended

SGM

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Placing Agreement and transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, save for the Placing Agent who is considered to have material interest (having the meaning of the Listing Rules) in the Placing, no Shareholder is required to abstain from voting at the SGM.

GENERAL

The Company is an investment holding company and its subsidiaries are principally engaged in distribution of films, sub-licensing of film rights, sales of financial assets, provision of management services to concierge departments of gaming promoters, property investment and money lender.

A circular containing, among other things, details of the Placing and a notice convening the SGM will be despatched by the Company to the Shareholders as soon as practicable.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that the Placing is subject to fulfillment of the conditions as set out in the section headed “Conditions Precedent”. Accordingly, the Placing may or may not proceed.

Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

TERMS USED IN THIS ANNOUNCEMENT

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

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Capital Reduction”	the proposed (i) cancellation of the fractional share in the issued share capital of the Company arising from the Share Consolidation; (ii) capital reduction of the issued consolidated Existing Shares of HK\$0.40 each to HK\$0.01 each by cancelling the paid-up capital thereof to the extent of HK\$0.39 on each issued consolidated Existing Share; and (iii) crediting the amount of credit arising from the Capital Reduction to the contributed surplus account of the Company, immediately following the Share Consolidation
“Capital Reorganisation”	the proposed capital reorganisation of the Company involving the Share Consolidation and the Capital Reduction. Details have been set out in the Company’s announcement dated 30 March 2012

“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(s)”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“Existing Share(s)”	ordinary share(s) of HK\$0.01 each in the existing share capital of the Company before the Capital Reorganisation becoming effective
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company after the Capital Reorganisation becoming effective
“Placee(s)”	any professional, institutional or other investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the terms and conditions of the Placing Agreement
“Placing”	the placing, on a fully underwritten basis, of 39,670,000 Placing Shares pursuant to the terms and conditions of the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry out business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	a conditional placing agreement entered into between the Company and the Placing Agent dated 5 April 2012 in relation to the Placing
“Placing Price”	HK\$0.32 per New Share
“Placing Share(s)”	39,670,000 new New Share(s) to be placed pursuant to the terms and conditions of the Placing Agreement

“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Placing Agreement and transactions contemplated thereunder
“Share(s)”	Existing Share(s) and/or New Share(s), as the case may be
“Shareholder(s)”	holder(s) of the Shares
“Share Consolidation”	the proposed consolidation of every 40 issued Existing Shares of HK\$0.01 each into one consolidated Existing Share of HK\$0.40
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 5 April 2012

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