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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your 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, licensed securities dealer 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)

**PROPOSED CAPITAL REORGANISATION;
PROPOSED CHANGE IN BOARD LOT SIZE;
AND
NOTICE OF SPECIAL GENERAL MEETING**

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 on Tuesday, 8 May 2012 at 3:00 p.m. is set out on pages 12 to 13 of this circular. A form of proxy for use at the special general meeting is enclosed with this circular. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk.

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 deposit the same at the Company's Hong Kong branch share registrar, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the special general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

13 April 2012

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DEFINITIONS

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

“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 Shares of HK\$0.40 each to HK\$0.01 each by cancelling the paid-up capital thereof to the extent of HK\$0.39 on each issued Consolidated Share; and (iii) crediting the amount of credit arising from the Capital Reduction to the contributed surplus account of the Company, immediately following the Share Consolidation
“Capital Reorganisation”	the proposed capital reorganisation of the Company involving the Share Consolidation and the Capital Reduction
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Eternity Investment Limited, a company incorporated in Bermuda with limited liability and the issued Shares are listed on the Main Board of the Stock Exchange
“Consolidated Share(s)”	consolidated ordinary share(s) of HK\$0.40 each in the issued share capital of the Company immediately after the Share Consolidation becoming effective
“Directors”	the directors of the Company
“Existing Share(s)”	ordinary share(s) of HK\$0.01 each in the existing share capital of the Company before the Capital Reorganisation becoming effective
“HKSCC”	Hong Kong Securities Clearing Company Limited

DEFINITIONS

“Latest Practicable Date”	11 April 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company after the Capital Reorganisation becoming effective
“SGM”	the special general meeting of the Company to be convened and held at Macau Jockey Club, 1/F Function Room, 1st Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Tuesday, 8 May 2012 at 3:00 p.m. for the purpose of considering and, if thought fit, approving the Capital Reorganisation
“Share Consolidation”	the proposed consolidation of every forty issued Existing Shares into one Consolidated Share
“Share Options”	the share options granted under the share option scheme adopted by the Company
“Share(s)”	Existing Share(s), Consolidated Share(s), and/or New Share(s), as the case may be
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China

EXPECTED TIMETABLE

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

2012

Latest time for lodging the form of proxy 3:00 p.m. on Sunday, 6 May

SGM 3:00 p.m. on Tuesday, 8 May

Announcement of the results of the SGM Tuesday, 8 May

Effective date and time of the

Capital Reorganisation 9:00 a.m. on Wednesday, 9 May

Dealing in New Shares commences 9:00 a.m. on Wednesday, 9 May

Original counter for trading in Existing Shares

in board lot size of 100,000 Existing Shares

temporarily closes. 9:00 a.m. on Wednesday, 9 May

Temporary counter for trading in New Shares

in board lot size of 2,500 New Shares in the

form of existing share certificates opens. 9:00 a.m. on Wednesday, 9 May

First day for free exchange of share

certificates of Existing Shares for

new share certificates for New Shares Wednesday, 9 May

Original counter for trading in New Shares in

board lot size of 10,000 New Shares in the

form of new share certificates for

New Shares re-opens 9:00 a.m. on Wednesday, 23 May

Parallel trading in New Shares in the form

of new share certificates and existing

share certificates commences Wednesday, 23 May

Designated broker starts to stand in the market

to purchase and sell odd lots of New Shares. Wednesday, 23 May

EXPECTED TIMETABLE

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

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

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

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

All times and dates in this circular refer to Hong Kong local times and dates. Dates specified in the expected timetable above depends on the results of the SGM and are therefore for indicative purpose only. An announcement will be made regarding any changes to the expected timetable as and when appropriate.

LETTER FROM THE BOARD



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:*

Unit 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

13 April 2012

To the Shareholders

Dear Sir or Madam,

**PROPOSED CAPITAL REORGANISATION;
PROPOSED CHANGE IN BOARD LOT SIZE;
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

On 30 March 2012, the Board announced the Capital Reorganisation and proposed change in board lot size.

The purpose of this circular is (i) to provide further information in respect of the Capital Reorganisation and the proposed change in board lot size; and (ii) to give you a notice of the SGM at which resolution will be proposed to consider and, if though fit, approve the Capital Reorganisation.

LETTER FROM THE BOARD

PROPOSED CAPITAL REORGANISATION AND CHANGE IN BOARD LOT SIZE

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

(a) Share Consolidation

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

(b) Capital Reduction

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

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

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

Effects of the Capital Reorganisation

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

LETTER FROM THE BOARD

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

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

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

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

- (a) the passing of the necessary resolution(s) by the Shareholders at the SGM to approve the Capital Reorganisation involving the Share Consolidation and the Capital Reduction;
- (b) compliance with the relevant procedures and requirements under the Listing Rules and Bermuda law to effect the Capital Reorganisation; and

LETTER FROM THE BOARD

- (c) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares to be issued forthwith upon the Capital Reorganisation becoming effective and any New Shares which may fall to be issued upon exercise of the Share Options.

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

Proposed change in board lot size

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

The Existing Shares are currently traded in board lots of 100,000 Existing Shares and the market value per board lot of the Existing Shares is HK\$1,000 (based on the closing price of HK\$0.01 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date). The New Shares will be traded in board lots of 10,000 and the estimated market value per board lot of the New Shares will be HK\$4,000 (based on the adjusted closing price of HK\$0.40 per New Share assuming the Capital Reorganisation becoming effective).

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

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

As at the Latest Practicable Date, the Board does not have any distribution plan. Despite the fact that there is currently no distribution plan, the Board considers the Capital Reduction enables the implementation of any future distribution plan proposed by the Board in a fast and speedy manner as it largely reduces the works on compliance with any applicable laws and requirements in Bermuda in future. As such, the Board considers that it is appropriate to propose the Share Consolidation together with the Capital Reduction at the same time.

LETTER FROM THE BOARD

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

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

Application for listing of the New Shares

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

All Shares are listed on the Main Board of the Stock Exchange. No part of the Company's equity or debt securities is listed or dealt in or which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

CCASS Eligibility

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

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

Subject always to the passing of the resolution approving the Capital Reorganisation, Shareholders may, during business hours for the period from Wednesday, 9 May 2012 to Thursday, 14 June 2012 submit their share certificates for Existing Shares (in yellow colour) held by them to the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in exchange for new share certificates for New Shares (in brown colour) at the expense of the Company. Thereafter, share certificates for Existing Shares

LETTER FROM THE BOARD

will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each new share certificate issued for the New Shares or each share certificate for Existing Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher. Nevertheless, share certificates for Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for New Shares at any time but are not acceptable for delivery, trading and settlement purpose.

The expected timetable for implementation of the Capital Reorganisation and the associated trading arrangements are set out on pages 3 to 4 of this circular.

Arrangement for matching service for odd lots

In order to alleviate the difficulties arising from the existence of odd lots of the New Shares, the Company has procured an agent to arrange for the matching of the sale and purchase of odd lots of the New Shares on behalf of the Shareholders. Holders of odd lots of the New Shares who wish to take advantage of this facility to dispose of or top up odd lots should contact Ms. Rosita Kiu at 2295-0682 of Kingston Securities Limited located at Suite 2801, 28/F., One International Finance Centre, 1 Harbour View Street, Central, Hong Kong, during the period from Wednesday, 23 May 2012 to Tuesday, 12 June 2012.

Holders of the New Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the New Shares will not be guaranteed. Shareholders are advised to consult their professional advisers if they are in doubt about the above procedures.

Adjustments in relation to the exercise price of the Share Options

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

SGM

A notice convening the SGM 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 on Tuesday, 8 May 2012 at 3:00 p.m. is set out on pages 12 to 13 of this circular. Special resolution will be proposed at the SGM to approve the Capital Reorganisation.

LETTER FROM THE BOARD

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's Hong Kong branch share registrar, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

The resolution proposed to be approved at the SGM will be taken by poll and an announcement will be made by the Company after the SGM on the results of the SGM.

RESPONSIBILITY STATEMENT

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.

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the opinion that the Capital Reorganisation is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend that all Shareholders should vote in favour of the resolution proposed at the SGM.

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

NOTICE OF SPECIAL GENERAL MEETING



ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of Eternity Investment Limited (the “**Company**”) 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 on Tuesday, 8 May 2012 at 3:00 p.m. for the purposes of considering and, if thought fit, passing with or without modifications, the following resolution as a special resolution:

SPECIAL RESOLUTION

“**THAT** subject to and conditional upon, (i) the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting or agree to grant the listing of and permission to deal in the New Shares (as defined below); and (ii) compliance by the Company with the relevant procedures and requirements under the Rules Governing the Listing of Securities on the Stock Exchange and Bermuda law to effect the Capital Reorganisation (as defined below), with effect from 9 May 2012:

- (a) every forty (40) issued shares of par value of HK\$0.01 each in the share capital of the Company (the “**Existing Shares**”) be consolidated into one (1) share of par value of HK\$0.40 (the “**Consolidated Shares**”) (the “**Share Consolidation**”);
- (b) the total number of the Consolidated Shares in the issued share capital of the Company be rounded down to a whole number by cancelling the fractional Consolidated Share arising from the Share Consolidation;
- (c) the paid-up capital of each Consolidated Share be reduced from HK\$0.40 to HK\$0.01 by cancelling HK\$0.39 (together with sub-paragraph (b) above are hereinafter referred to as the “**Capital Reduction**”) so as to form a new share of HK\$0.01 (the “**New Share**”);

NOTICE OF SPECIAL GENERAL MEETING

- (d) the amount of credit arising in the accounts of the Company from the Capital Reduction be credited to the contributed surplus account of the Company and the directors of the Company (the “**Directors**”) be and are hereby authorised to apply such amount in any manner permitted by the laws of Bermuda and the bye-laws of the Company (together with the Share Consolidation and the Capital Reduction are herein referred to as the “**Capital Reorganisation**”); and
- (e) the Directors be and are hereby authorised generally to do all such acts, deeds and things and to sign all documents as they may, in their absolute discretion, deem necessary, desirable or appropriate to give effect and implement any of the foregoing.”

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

Hong Kong, 13 April 2012

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

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

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

Notes:

1. A member entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one proxy or, if he/she/it is a holder of more than one share, more than one proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his/her/its behalf. A proxy need not be a member of the Company but must be present in person at the Meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, at the Company’s branch share registrar and transfer office in Hong Kong, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the Meeting or any adjournment thereof, should he/she/it so wish and in such event, the form of proxy shall be deemed to be revoked.
3. In the case of joint holders of the shares, any one of such holders may vote at the Meeting, either personally or by proxy, in respect of such share(s) as if he/she/it was solely entitled thereto, but if more than one of such joint holders are present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share(s) shall alone be entitled to vote in respect thereof.