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ETERNITE INTERNATIONAL COMPANY LIMITED

永恒國際股份有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8351)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that the consolidated results attributable to shareholders of the Company for the six months ended 30 September 2011 may record a loss.

The information contained in this announcement is only based on the information recently available and is not based on any figures or information reviewed by the Company's auditors.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Eternite International Company Limited (the "Company", together with its subsidiaries shall be referred to as the "Group") pursuant to Rule 17.10 of the Listing Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

The board of directors of the Company (the "Board") wishes to inform the shareholders of the Company and potential investors that, based on the information currently available, the consolidated result attributable to shareholders of the Company for the six months ended 30 September 2011 may record a loss primarily attributable to the following reasons:

- i) for the six months ended 30 September 2011, the revenue derived from the wholesale business was significantly lower than that for the same period last year due to uncertainties in the economies in both Europe and Asia. Moreover, the Group had also made additional provision for accounts receivable under the wholesale business as well;

- ii) upon completion of the acquisition of Sharp Wonder Holdings Limited on 19 July 2011, the Group has, in accordance with the relevant accounting standards, revalued the inventories of the target group to reflect the fair market value as at 19 July 2011. As the price of the diamond has increased significantly during the past 18 months, the revaluation exercise has caused the value of the inventories of Sharp Wonder Holdings Limited to increase proportionally. Accordingly, the cost of sales of the Larry Jewelry operation on a consolidated basis increased significantly and the consolidated gross margin and profitability of the Group were negatively affected. This adjustment is an accounting treatment and has no impact on the operating cash flow of the Group;
- iii) operation costs for the six months ended 30 September 2011 were increased due to the professional fees incurred for the acquisitions (i.e. VSA and Share Transaction) and related funds raising exercises, which are one-off item, during the period. In addition, the Group also incurred loss in closing of the retail operations in Macau; and
- iv) the finance costs for the six months ended 30 September 2011 were also increased due to issuing of convertible notes, promissory notes and other debt financing loans raised mainly for funding the said acquisitions during the period.

Despite the above, the performance of the new acquired Larry Jewelry operations in Hong Kong and Singapore are in line with management's expectation.

The Company is still in the process of finalizing the interim results of the Group for the six months ended 30 September 2011, the information contained in this announcement is only based on the information currently available to the management of the Company and is not based on any figures or information confirmed or reviewed by the Company's auditors. Further details of the Group's interim results will be disclosed as and when the interim results of the Group for the six months ended 30 September 2011 are announced.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By the order of the Board
Eternite International Company Limited
Tsang Po Yee Pauline
Executive Director

Hong Kong, 31 October 2011

As at the date of this announcement, the Board comprises Ms. Tsang Po Yee Pauline as executive director, Mr. Chan Man Fai Joe as chairman and non-executive director, Mr. Tam B Ray Billy as non-executive director, and Mr. Seto Man Fai, Mr. Ho Hin Hung Henry and Mr. Lam Kin Kok as independent non-executive directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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 announcement is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcement” page of the GEM website (www.hkgem.com) for at least 7 days from its date of publication and on the Company website at www.etsernity-jewelry.com.

** For identification purpose only*