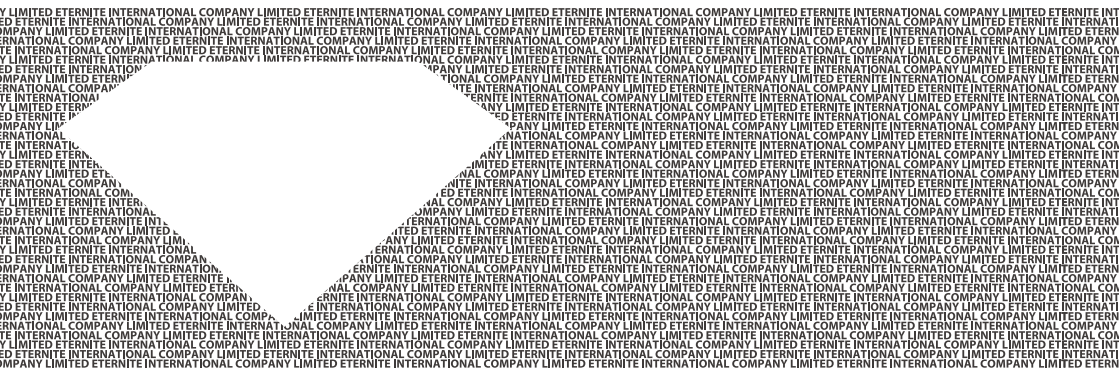


ETERNITE

INTERNATIONAL COMPANY LIMITED
(incorporated in Bermuda with limited liability)

Stock Code: 8351



Interim Report 2009

** For identification purpose only*

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This report, for which the directors of Eternite International Company Limited (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to Eternite International Company Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

The board of directors (the “Board”) of Eternite International Company Limited (the “Company”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and six months ended 30 September 2009 together with the unaudited comparative figures for the corresponding period in 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the three months and six months ended 30 September 2009

	Notes	Three months ended 30 September		Six months ended 30 September	
		2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Revenue	3	12,884	12,201	24,030	23,903
Cost of sales		(8,145)	(8,043)	(15,048)	(15,372)
Gross profit		4,739	4,158	8,982	8,531
Other income	3	38	187	144	19
Distribution costs		(830)	(949)	(1,653)	(1,587)
Administrative expenses		(691)	(444)	(1,164)	(862)
Operating profit		3,256	2,952	6,309	6,101
Finance costs	5	(200)	–	(200)	–
Profit before income tax	6	3,056	2,952	6,109	6,101
Income tax expense	7	(504)	(487)	(1,008)	(1,007)
Profit for the period		2,552	2,465	5,101	5,094
Attributable to:					
Owners of the Company		2,552	2,465	5,101	5,094
Dividends	8	–	6,999	–	6,999
Earnings per share					
– Basic (HK cents)	9	3.04	2.93	6.07	6.06
– Diluted (HK cents)		3.04	2.93	6.07	6.06

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 30 September 2009*

	<i>Notes</i>	As at 30 September 2009 (Unaudited) HK\$'000	As at 31 March 2009 (Audited) HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	58	51
Current assets			
Inventories	11	19,862	17,791
Trade receivables	12	4,722	8,812
Deposits and prepayments		3,782	870
Bank and cash balances		9,833	2,006
		38,199	29,479
Current liabilities			
Trade payables	13	4,655	1,289
Other payables and accruals		787	455
Amounts due to shareholders		–	20,649
Convertible bond	14	20,000	–
Provision for tax		1,177	600
		26,619	22,993
Net current assets		11,580	6,486
Total assets		11,638	6,537
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	840	23
Reserves		10,798	6,514
Total equity		11,638	6,537

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)**

For the six months ended 30 September 2009

	Attributable to owners of the Company			
	Share capital <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2009	23	(13)	6,527	6,537
Profit for the period	–	–	5,101	5,101
Other Comprehensive income	–	–	–	–
Total comprehensive income for the period	–	–	5,101	5,101
Shares swap pursuant to group reorganisation	817	(817)	–	–
At 30 September 2009	840	(830)	11,628	11,638
At 1 April 2008	10	–	3,848	3,858
Profit for the period	–	–	5,094	5,094
Other Comprehensive income	–	–	–	–
Total comprehensive income for the period	–	–	5,094	5,094
At 30 September 2008	10	–	8,942	8,952

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
(UNAUDITED)**

For the six months ended 30 September 2009

	Six months ended 30 September	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Net cash inflow/(outflow) from operating activities	28,492	(998)
Net cash outflow from investing activities	(16)	(42)
Net cash (outflow)/inflow from financing activities	(20,649)	1,764
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,827	724
Cash and cash equivalents at beginning of period	2,006	833
CASH AND CASH EQUIVALENTS AT END OF PERIOD	9,833	1,557
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	9,833	1,557

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

1. GENERAL INFORMATION

Eternite International Company Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability on 11 June 2009 under the Companies Act 1981 of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is Unit 10, 2nd Floor, Fu Hang Industrial Building, No. 1, Hok Yuen Street East, Hung Hom, Kowloon, Hong Kong. The Company’s shares were listed on The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 7 October 2009.

The principal activity of the Company is investment holding. The subsidiaries (together with the Company referred to as the “Group”) are principally engaged in the design and sale of a broad range of fine jewelry products.

2. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2009 (the “Interim Accounts”) have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”).

The accounting policies and methods of computation used in the preparation of the Interim Accounts are consistent with those used in the accountants’ report included in the prospectus of the Company dated 29 September 2009 (the “Prospectus”), except for adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”). The Interim Accounts do not include all of the information required for annual financial statements and thereby they should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2009.

Pursuant to a group reorganisation (the “Reorganisation”) on 23 September 2009 in preparation for the listing of shares of the Company on the GEM of the Stock Exchange and for the purpose of rationalising the Group’s structure, the Company became the holding company of the subsidiaries now comprising the Group.

The Reorganisation involved business combinations of entities under common control. The Interim Accounts and the related notes thereto have been prepared on a combined basis by applying the principles of merger accounting in accordance with the Accounting Guideline No. 5, “Merger Accounting for Common Control Combination” issued by the HKICPA. On this basis, the Company has been treated as the holding company of its subsidiaries for the financial periods presented rather than from the subsequent date of acquisition of the subsidiaries. The unaudited condensed consolidated results of the Group for each of the three months and six

months ended 30 September 2009 and 2008 include the results of the Group with effect from 1 April 2008 or since their respective dates of incorporation, where this is a shorter period. The condensed consolidated statement of financial position as at 31 March 2009 and 30 September 2009 have been prepared on the basis that the current group structure was in place at those dates.

All significant transactions and balances among the companies comprising the Group have been eliminated on consolidation.

In the opinion of the Board, the presentation of the Interim Accounts prepared on the above basis presents more fairly the results and state of affairs of the Group as a whole.

Adoption of New or Amended HKFRSs

In the current period, the Group has applied for the first time the following new and revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual financial period beginning on 1 April 2009.

- HKAS 1 (Revised 2007) Presentation of financial statements
- HKFRS 8 Operating segments

The adoption of these new and revised HKFRSs has had no material effect on the Interim Accounts.

HKAS 1 (Revised 2007) Presentation of financial statements

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. HKAS 1 only affects the presentation of owner changes in equity and introduces a "Statement of comprehensive income". It has had no impact on the reported results or financial position of the Group. Comparatives have been restated to conform with the revised standard.

HKFRS 8 Operating segments

The adoption of HKFRS 8 has not affected the identified and reportable operating segments for the Group. However, reported segment information are now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns. Comparatives have been provided on a basis consistent with the revised segment information.

3. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents total invoiced value of goods sold in the course of the Group's principal activities, net of returns and trade discounts. Revenue and other income recognised during the periods are as follows:

	Three months ended 30 September		Six months ended 30 September	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Revenue				
Sales	12,884	12,201	24,030	23,903
Other income				
Interest income on financial assets stated at amortised cost	–	–	–	2
Exchange gain, net	20	184	112	–
Sundry income	18	3	32	17
	38	187	144	19

4. SEGMENT INFORMATION

On adoption of HKFRS 8 Operating segments, the Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the Group's executive Directors for their decisions about resources allocation to the Group's business components and review of these components' performance. There is only one business component in the internal reporting to the executive Directors, which is the design and sale of jewelry products.

The Directors consider the adoption of HKFRS 8 has not changed the identified operating segment for the Group compared to the annual financial statements for the year ended 31 March 2009.

Under HKFRS 8, reported segment information is based on internal management reporting information that is regularly reviewed by the executive Directors. The executive Directors assess segment profit or loss using a measure of operating profit. The measurement policies the Group uses for segment reporting under HKFRS 8 are the same as those used in its HKFRS financial statements, except that certain items are not included in arriving at the operating results of the operating segments (expenses relating to share-based payments, income tax expenses and corporate income and expenses).

Segment assets include all assets with the exception of corporate assets which are not directly attributable to the business activities of operating segment as these assets are managed on a group basis.

The revenue and profit generated by the Group's operating segment are summarised as follows:

	Six months ended 30 September	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Reportable segment revenue (<i>note</i>)	24,030	23,903
Reportable segment profit	6,237	6,173

Note: All of the segment revenue reported above is from external customers.

The following table presents segment assets of the Group's operating segment:

	As at 30 September		As at 31 March
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2009 (Audited) HK\$'000
Reportable segment assets	24,766	36,920	26,898

The Group's reportable segment profit can be reconciled to the profit before income tax as presented in the Interim Accounts as follows:

	Six months ended 30 September	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Reportable segment profit	6,237	6,173
Depreciation	(10)	(6)
Unallocated other income	112	2
Unallocated other expenses	(230)	(68)
Profit before income tax	6,109	6,101

7. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Current income tax – Hong Kong	504	487	1,008	1,007

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the three months and six months ended 30 September 2009 and 2008.

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands (the “BVI”), the Company and its subsidiary, Full Join Limited are not subject to any income tax in Bermuda and the BVI respectively.

No deferred tax has been provided as the Group did not have any material temporary differences which gave rise to a deferred tax asset or liability for the periods.

8. DIVIDENDS

	Three months ended 30 September		Six months ended 30 September	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Interim dividend declared	–	6,999	–	6,999

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2009.

The dividend for the three months and six months ended 30 September 2008 represented those declared by Eternity Jewelry Company Limited, a subsidiary of the Company, to its then shareholders prior to the Reorganisation of the Group in October 2008. This declared dividend is not reflected as a dividend payable in this interim financial information, but will be reflected as an appropriation of retained profits for the year ended 31 March 2009.

9. EARNINGS PER SHARE

The calculations of basic earnings per share for the three months and six months ended 30 September 2009 are based on the unaudited consolidated profit of HK\$2,552,000 and HK\$5,101,000 attributable to owners of the Company for the three months and six months ended 30 September 2009 respectively (three months and six months ended 30 September 2008: HK\$2,465,000 and HK\$5,094,000

13. TRADE PAYABLES

Ageing analysis of the Group's trade payables as at the balance sheet dates based on the invoice dates is as follows:

	As at 30 September 2009 (Unaudited) HK\$'000	As at 31 March 2009 (Audited) HK\$'000
Within 30 days	1,147	382
31 – 60 days	1,553	302
61 – 90 days	1,144	40
91 – 180 days	811	404
181 – 270 days	–	161
	4,655	1,289

14. CONVERTIBLE BOND

On 2 July 2009, Full Join Limited and the Company entered into the subscription agreement as supplemented by a supplemental deed dated 3 September 2009 with an independent third party and Full Join Limited issued a redeemable convertible bond in the aggregate principal amount of HK\$20 million (the "Convertible Bond"). The Convertible Bond bore interest at the rate of 4% per annum, payable semi-annually in arrears. Unless previously converted or redeemed, the Convertible Bond would be repaid on the third anniversary of the date of its issue (i.e. 2 July 2012). The entire outstanding amount of the Convertible Bond had been mandatorily converted into shares of the Company at the conversion price, which is initially equivalent to the placing price of HK\$0.25 per Share, on the listing date. The Convertible Bond holder agreed to waive the interest in arrear of approximately HK\$200,000 for the three months and six months ended 30 September 2009 on the same date.

15. SHARE CAPITAL

	As at 30 September 2009 (Unaudited) HK\$'000
Authorised:	
10,000,000,000 ordinary shares of HK\$0.01 each	100,000
Issued and fully paid:	
84,000,000 ordinary shares of HK\$0.01 each	840

The following changes in the authorised and issued share capital of the Company took place during the period from 11 June 2009 (date of incorporation) to 30 September 2009:

<i>Notes</i>	Number of ordinary share of HK\$0.10 each (Unaudited)	Number of ordinary share of HK\$0.01 each (Unaudited)	Nominal value of ordinary shares (Unaudited) <i>HK\$</i>
Authorised:			
Upon incorporation	(a) 1,000,000	–	100,000
Sub-division of shares	(c)(i) (1,000,000)	10,000,000	–
Increase in an authorised share capital	(c)(ii) –	9,990,000,000	99,900,000
At 30 September 2009		– 10,000,000,000	100,000,000
Issued:			
Allotment and issue as nil-paid ordinary shares of HK\$0.1 each	(b) 3,000	–	–
Sub-division of shares	(c)(i) (3,000)	30,000	–
Allotment and issue of 83,970,000 ordinary shares of HK\$0.01 each in the Company in exchange for the ordinary shares in Full Join Limited	(d) –	83,970,000	839,700
Credited as fully paid the 30,000 nil-paid ordinary shares of HK\$0.01 each	(d) –	–	300
At 30 September 2009		– 84,000,000	840,000

Notes:

- (a) The authorised share capital of the Company as at the date of its incorporation was HK\$100,000 divided into 1,000,000 shares of par value HK\$0.10 each.
- (b) On 18 June 2009, 3,000 shares of HK\$0.10 each were allotted and issued nil-paid to King Honor Limited as to 1,000 shares, Prime New Limited as to 1,000 shares and Grow Dragon Limited as to 1,000 shares.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in the design and sale of a broad range of fine jewelry products. The customers of the Group are mainly jewelry wholesalers and retailers in Europe, Asia, the United States of America (the “US”), the Middle East and Australia. The Group’s jewelry products include rings, earrings, bracelets, bangles, brooches, necklaces and pendants with a wide range of designs, settings and styles, and the products offered by the Group comprise jewelry made of diamonds, gemstones, pearls and precious metals.

The Group’s performance was fairly strong for the six months ended 30 September 2009 compared to the corresponding period in 2008 despite difficult global economic conditions due to financial turmoil in the last quarter of 2008. Turnover for the principal markets which the Group sells to, i.e. Europe, the Middle East, the US and Australia had recorded an increase of approximately HK\$798,000, HK\$523,000, HK\$2,056,000 and HK\$688,000 respectively. The increase was partially offset by a decrease of approximately HK\$3,938,000 in Asia market. Overall turnover increased approximately 0.5% to approximately HK\$24,030,000 for the six months ended 30 September 2009 as compared to the corresponding period last year.

During the period under review, the Group’s marketing team continued to visit the customers on a regular basis to bring them the latest product designs and samples, attending tradeshows and setting up booths in the tradeshows and visiting exhibitions as well as through its internet website to promote its products with a view to fostering business relationships with its customers, capturing business opportunities with potential customers and obtaining the latest market information and trends of fine jewelry products.

Financial Review

Results

For the six months ended 30 September 2009, the turnover of the Group increased to approximately HK\$24,030,000 compared to approximately HK\$23,903,000 for the corresponding period last year, an increase of approximately 0.5%. The increase in turnover was mainly attributed to an increase in the orders placed by overseas customers as a result of the hard work of the Group's marketing team. In terms of geographical segments, sales to the Group major markets, i.e. Europe, the Middle East, the US and Australia increased by approximately 7.4%, 32.9%, 113.0% and 118.2% respectively. Sales to Asia market decreased by approximately 43.0% comparing to the corresponding period last year.

The gross profit of the Group for the six months ended 30 September 2009 increased to approximately HK\$8,982,000 compared to approximately HK\$8,531,000 for the corresponding period last year due to an improvement in gross profit margin to 37.4% for the six months ended 30 September 2009 from 35.7% for the corresponding period last year. The improvement in gross profit and gross profit margin was mainly due to an improvement in gross profit margin for rings and pendent as a result of allocation of more management resources to the promotion of ornamented jewelry products comprising a lower percentage of diamonds as the selling prices of these jewelry products are less dependent on such factors such as grade, cut and size of the diamonds used in such jewelry products.

The Group's other income for the six months ended 30 September 2009 increased by approximately 657.9% to approximately HK\$144,000 compared to approximately HK\$19,000 for the corresponding period last year. The increase was mainly attributed to the gain in exchange difference.

Distribution expenses of the Group for the six months ended 30 September 2009 increased to approximately HK\$1,653,000 compared to approximately HK\$1,587,000 for the corresponding period last year, an increase of approximately 4.2%. The increase was mainly attributed to an increase in the exhibition expenses for promoting the Group's products.

The Group's administration expenses for the six months ended 30 September 2009 increased by approximately 35.0% to approximately HK\$1,164,000 compared to approximately HK\$862,000 for the corresponding period last year. The increase was mainly attributed to an increase in salaries due to increase in head count.

The Group's profit attributable to owners for the six months ended 30 September 2009 increased by approximately 0.1% to approximately HK\$5,101,000 compared to approximately HK\$5,094,000 for the corresponding period last year. The increase was the result of an increase in the level of turnover and gross profit.

Liquidity, financial resources and capital structure

During the six months ended 30 September 2009, the Group mainly financed its operations with its own working capital.

As at 30 September 2009, the Group had net current assets of approximately HK\$11,580,000 (31 March 2009: approximately HK\$6,486,000), including cash and bank balances of approximately HK\$9,833,000 (31 March 2009: approximately HK\$2,006,000).

As at 30 September 2009, the Group had no secured loans (31 March 2009: Nil). During the period under review, the Group had issued a convertible bond of HK\$20,000,000. The proceeds from the convertible bond had been used to repay the amounts due to Shareholders. As at 30 September 2009, the Group's gearing ratio represented by the total liabilities as a percentage of the Group's total assets amount to approximately 69.6% (31 March 2009: 77.9%).

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for those disclosed in this interim report, there were no significant investment held, material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 September 2009 and there is no plan for material investments or capital assets as at the date of this interim report.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2009.

LEASE AND CONTRACTED COMMITMENTS

At 30 September 2009, the total future minimum lease payments of the Group under non-cancellable operating leases in respect of rented premises payable to independent third parties are as follows:

	As at 30 September 2009 (Unaudited) HK\$'000	As at 31 March 2009 (Audited) HK\$'000
Within one year	50	200

Operating lease payments represent rentals payable by the Group for office premises. The leases run for initial periods of 1 to 1.6 years, with an option to renew the lease terms at the expiry date or at dates as mutually agreed between the Group and respective landlords. None of the leases include contingent rentals.

Save for the above commitment, as at 30 September 2009, neither the Group nor the Company had any other significant commitments.

SUBSEQUENT EVENT

The Company was successfully listed its shares on the GEM of the Stock Exchange on 7 October 2009.

FOREIGN EXCHANGE EXPOSURE

The Group carries out its business in Hong Kong and worldwide and most of the transactions are denominated in Hong Kong Dollars (“HK\$”), United States Dollars (“US\$”), Japanese Yen (“JPY”), Taiwan Dollars (“TWD”), Australian Dollars (“AUD”), Euro (“EUR”) and British Pound Sterling (“GBP”). Exposures to currency exchange rates arise from the Group’s overseas sales and purchases. Accordingly, the Board is of the view that, to certain extent, the Group is exposed to foreign currency exchange risk.

For the US\$ foreign exchange exposure, the Board believes the exposure is small as the exchange rate of US\$ to HK\$ is comparatively stable. However, the Group is exposed to JPY, TWD, AUD, EUR and GBP exchange exposure and fluctuation of exchange rates of these currencies against HK\$ could affect the Group’s results of operations. During the period under review, no hedging transaction or arrangement was made.

Expansion of sales network

- the Group will strengthen the communication channels with existing customers through regularly sending new product information of the Group and making constant contact with customers to understand their needs and preferences;
- expand the customer base by further exploring business opportunities with potential customers in existing markets;
- develop business opportunities in the Mediterranean by (i) producing more product designs which suit the market demand of the Mediterranean based on information gathered during overseas customers' visit(s) and contacts with potential customers; and (ii) arranging two business trips to promote these products;
- explore business opportunities in North Africa, based on information gathered from Hong Kong Trade Development Council ("HKTDCC"), the Internet and the Group's business trips to North Africa during March to April 2009, arrange a further visit to North Africa to establish preliminary contacts with potential customers and invite these potential customers to attend the Hong Kong March Jewelry Show;
- update the Group's website; and
- prepare feasibility studies report in relation to the establishment of retail outlets in Macau or elsewhere in the People's Republic of China (the "PRC") including analysis of the market demand of the selected locations, costs, sales and cashflow forecasts.

Human resources deployment and staff training

- the Group will train the Group's in-house design team in relation to the new products manufactured by micro-setting and/or invisible setting techniques;
- strengthen the Group's procurement and quality control team through provision of training on the latest raw material knowledge and market trends; and
- provide and organise training to the sales team on product knowledge, quality control processes, customer services and communication skills.

Procurement and contract manufacturing

- the Group will enhance the networking and communication with the Group's suppliers and jewelry subcontractors; and
- conduct site visits to the Group's suppliers and jewelry subcontractors.

Enhancement of inventory level

- the Group will enhance inventory level to offer more varieties of the Group's products and prepare for the opening of retail outlets.

	Business objectives	Actual operation progress up to 30 September 2009
Expansion of sales network	Evaluate the effectiveness of the current communication channels with existing customers and existing markets	The effectiveness of the current communication channels with existing customers and existing markets was reviewed.
	Study the market trends in the region and establish preliminary contacts with potential customers based on the information gathered from HKTDC, the Internet and the Group's business trips to the Mediterranean during March to April 2009. Invite potential customers to attend the Hong Kong September Jewelry Show	Studies on the market trends and appetites were carried out in the Relevant Period. Preliminary contacts with potential clients were made and a sales trip in November 2009 was planned. Invitations to the Hong Kong September Jewelry Show were sent to potential customers.
	Conduct feasibility studies on the market conditions in Macau and in the PRC and identify target locations to establish retail outlets including arranging trips to Macau and Guangdong Province, and making preliminary enquiries on market condition and regulatory framework regarding setting up jewelry retail business in Xi'an and Shanghai	Three trips to Macau and two trips to Guangdong Province were arranged during the Relevant Period to identify target retail outlets locations. Feasibility studies on the market conditions in Macau and in the PRC were being carried out.
Human resources deployment and staff training	Commence the recruitment process	New staff for the Accounting Department and Design Department were recruited.
Procurement and contract manufacturing	Evaluate the performance of existing suppliers and jewelry subcontractors	The performance of existing suppliers and jewelry subcontractors were reviewed. More suppliers and jewelry subcontractors were being identified.

of dealings by directors as referred to in Rules 5.46 of the GEM Listing Rules, were as follows:

Long positions in shares of the Company

Name of Director	Capacity of interests	Number of issued ordinary shares held	Approximate percentage of shareholding in the Company
Mr. So Chun Kai ("Mr. So") (Note 1)	Interest of controlled corporation	80,000,000	16.66%
Mr. Cheng Kwong Sai, Paul ("Mr. Cheng") (Note 2)	Interest of controlled corporation	80,000,000	16.66%
Mr. Cheung Kwok Fan ("Mr. Cheung") (Note 3)	Interest of controlled corporation	80,000,000	16.66%

Notes:

1. Mr. So is the beneficial owner of 100% of the issued share capital of King Honor Limited. Mr. So is deemed to be interested in the 80,000,000 shares held by King Honor Limited under the SFO.
2. Mr. Cheng is the beneficial owner of 100% of the issued share capital of Prime New Limited. Mr. Cheng is deemed to be interested in the 80,000,000 shares held by Prime New Limited under the SFO.
3. Mr. Cheung is the beneficial owner of 100% of the issued share capital of Grow Dragon Limited. Mr. Cheung is deemed to be interested in the 80,000,000 shares held by Grow Dragon Limited under the SFO.

Save as disclosed above, as at 30 September 2009, none of the directors and chief executives of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 September 2009, other than the interests of certain directors and chief executive of the Company as disclosed under the section headed "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the company or any associated corporation" above, the interests or short positions of person in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in shares of the Company

Name of shareholder	Capacity of interests	Number of issued ordinary shares held	Approximate percentage of shareholding in the Company
King Honor Limited	Beneficial owner	80,000,000	16.66%
Prime New Limited	Beneficial owner	80,000,000	16.66%
Grow Dragon Limited	Beneficial owner	80,000,000	16.66%
Billion Right Limited (Note 1)	Beneficial owner	80,000,000	16.66%
Ms. Wang Chao, Julia (Note 2)	Interest of controlled corporation	80,000,000	16.66%

Notes:

1. Billion Right Limited, a company incorporated in the British Virgin Islands on 20 May 2009 and an investment holding company, is wholly and beneficially owned by Ms. Wang Chao, Julia. Each of Billion Right Limited and Ms. Wang Chao, Julia is regarded as a substantial shareholder of the Company.
2. Ms. Wang Chao, Julia is deemed to be interested in the 80,000,000 shares held by Billion Right Limited under the SFO.

Save as disclosed above, as at 30 September 2009, the directors of the Company were not aware of any other person (other than the directors and chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTOR'S RIGHTS TO ACQUIRE SHARE OR DEBENTURES

Apart from as disclosed under the heading "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the company or any associated corporation" above, at no time during the reporting period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed shares during the six months ended 30 September 2009.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Cinda International Capital Limited (the "Compliance Adviser"), as at 30 September 2009, except for the agreement entered into between the Company and the Compliance Adviser dated 28 September 2009, neither the Compliance Adviser or its directors, employees or associates had any interests in relation to the Group.

DIRECTOR'S INTERESTS IN COMPETING INTERESTS

As at the date of this interim report, none of the Directors, the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interest in a business which causes or may cause a significant competition with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, the Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions by directors during the six months ended 30 September 2009.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the period under review.

AUDIT COMMITTEE

The Company set up an audit committee (the “Committee”) on 21 September 2009, with written terms of reference in compliance with the GEM Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. The Committee comprises three independent non-executive directors of the Company, namely Mr. Chan Kin Wah, Billy, Mr. Ng Heung Yan and Mr. Lei Hong Kuong. The unaudited consolidated results of the Group for the six months ended 30 September 2009 have not been audited by the Company’s auditors, but have been reviewed by the Committee, who is of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

By Order of the Board
Eternite International Company Limited
So Chun Kai
Executive Director

Hong Kong, 10 November 2009

As at the date of this report, the Company’s executive directors are Mr. So Chun Kai, Mr. Cheng Kwong Sai, Paul and Mr. Cheung Kwok Fan, and the Company’s independent non-executive directors are Mr. Chan Kin Wah, Billy, Mr. Ng Heung Yan and Mr. Lei Hong Kuong.