

**ETERNITE INTERNATIONAL COMPANY LTD:
HAS ANYBODY GOT AN ANSWER TO THIS RIDDLE ?**

The price of the shares of publicly listed Eternite International Company Ltd () (Code: 8351, the **G**rowth **E**nterprise **M**arket [**The GEM**] of The Stock Exchange of Hongkong Ltd) jumped exactly 100 percent, last Monday (October 12, 2009), to 86 cents as 581,950,000 shares changed hands.

The \$HK392,125,800-worth of scrip that changed hands of this designer and vendor of jewellery took many investors on The GEM, completely, by surprise.

This was only the fourth day of trading in the shares of this Company, after all.

Eternite International Company Ltd went public in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) on Wednesday, October 7, 2009, which was the first day of trading in this Company's scrip, following the Placing of 160 million, one-cent Shares at the Offer Price of 25 cents per Share.

According to the database of **TOLFIN** () (The Computerised, Online Financial Intelligence Service and Web-Based, Credit-Checking Provider), the following trading pattern was established, during the first 3 days of trading on The GEM:

<u>Date</u>	<u>Low (\$HK)</u>	<u>High (\$HK)</u>	<u>Closing (\$HK)</u>	<u>Turnover (\$HK)</u>	<u>Share Trades</u>
07/10/2009	0.395	1.280	0.405	126,560,200	198,790,000
08/10/2009	0.395	0.490	0.435	70,994,500	164,530,000
09/10/2009	0.405	0.460	0.430	46,371,600	106,260,000

At the Offer Price of 25 cents per Share, the Net Tangible Assets Per Share was 4.70 cents, while Earnings Per Share, based on an Issued and Fully Paid-Up Share Capital of 480 million Shares, was about 2 cents, calculated on the Net Profit Attributable to Shareholders of about \$HK9,678,000 in respect of the 2009-Year.

Last Monday's share price, therefore, does not make too much sense ... unless:

- (a) Some people know something about which the investing public has been kept in the dark; or,
- (b) There was some monkey business afoot.

The Initial Public Offering

Eternite International Company Ltd issued its Placing Prospectus on September 29, 2009, when it Offered 160 million, one-cent Shares at the Placing Price of 25 cents per Share.

Of the total number of shares on Offer, 80 million Shares were New Shares, and 80 million Shares were those, owned by the 3 Executive Directors.

Management announced, on October 6, 2009, that the 160 million Shares had been '*moderately over-subscribed.*'

Trading commenced the following day – Wednesday, October 7, 2009.

The Prospectus stated that the Company wanted to raise \$HK16 million, net of expenses, for the following purposes:

1. About \$HK3.20 million '*for the Group's product development*';
2. About \$HK3.70 million '*to expand the Group's sales network*';
3. About \$HK3 million '*to deploy more human resources and provide more trainings (sic) to the Group's staff*';
4. About \$HK2 million '*to improve the Group's procurement and contract manufacturing*';
5. About \$HK2.50 million '*for enhancement of the Group's inventory level*'; and,
6. About \$HK1.60 million to be used as General Working Capital, '*including settlement of business expenses or accounts payables.*'

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