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中國 9 號 健康 產業 有限 公司
China Jiuhao Health Industry Corporation Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 419)



ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

JOINT ANNOUNCEMENT

**VERY SUBSTANTIAL DISPOSAL IN
RELATION TO THE DISPOSAL OF THE
ENTIRE SHAREHOLDING INTEREST
OF SMART TITLE LIMITED AND
SHAREHOLDER'S LOAN DUE FROM
SMART TITLE LIMITED**

Financial Adviser to Jiu Hao Health



REORIENT Financial Markets Limited

**VERY SUBSTANTIAL ACQUISITION
IN RELATION TO THE ACQUISITION
OF THE ENTIRE SHAREHOLDING
INTEREST OF SMART TITLE LIMITED
AND SHAREHOLDER'S LOAN DUE FROM
SMART TITLE LIMITED**

**AND
SPECIFIC MANDATE TO ISSUE
NEW ETERNITY SHARES**

Financial Adviser to Eternity

ALTUS CAPITAL LIMITED

THE TRANSACTIONS

The S&P Agreement

On 11 December 2014, after trading hours, Eternity as the purchaser, Vendor as the vendor and Jiu Hao Health as the guarantor to Vendor entered into the S&P Agreement pursuant to which, (i) the Vendor conditionally agreed to sell, and Eternity conditionally agreed to purchase, the entire shareholding interest in the Target Company; and (ii) Jiu Hao Health Group agreed to assign the benefit and interest in the Shareholder's Loan to Eternity upon Completion free from encumbrances. The Consideration payable for the sale and purchase of the entire shareholding interest in the Target Company and the assignment of the Shareholder's Loan is agreed at HK\$1,650 million in aggregate.

The Consideration shall be settled as to (i) HK\$60 million of the Consideration which has been paid in cash by Eternity upon the signing of the S&P Agreement as the refundable deposit by cashier's order drawn in the name of Jiu hao Health, which shall, subject to the terms and conditions set out in the S&P Agreement, be applied as partial payment of the Consideration upon Completion; (ii) on Completion, HK\$540 million of the Consideration which shall be paid in cash by Eternity to Jiu hao Health; (iii) on Completion, Eternity shall in accordance with the instructions of the Vendor issue to Jiu hao Health the Share Entitlement Note, which shall entitle the SEN Holder the right to call for the issue of 1,500,000,000 Eternity Consideration Shares at an issue price of HK\$0.70 per Eternity Consideration Share; and (iv) the Vendor confirms that the receipt of payment of the cash portion of the Consideration by Jiu hao Health pursuant to (i) and (ii) above shall be the evidence for the satisfaction of payment of the cash portion of the Consideration by Eternity pursuant to the S&P Agreement.

The Consideration of HK\$1,650 million was arrived at after arm's length negotiations between the parties to the S&P Agreement with reference to the Adjusted Combined NAV as at 30 September 2014 prepared by the Vendor. The Shareholder's Loan of approximately HK\$1,076 million as at the date of the S&P Agreement will be assigned to Eternity upon Completion.

The Share Entitlement Note

On Completion, HK\$1,050 million of the Consideration shall be settled by the issue of the Share Entitlement Note by Eternity to Jiu hao Health. The Share Entitlement Note shall confer the Allotment Right to call on Eternity to allot and issue up to a maximum of 1,500,000,000 Eternity Consideration Shares to Jiu hao Health's assignee(s) upon Completion.

The Proposed Distribution

Jiuhao Health Board proposed to recommend the Proposed Distribution, subject to the Capital Reduction becoming effective, for approval by Independent Jiuhao Health Shareholders at the VSD EGM. The Proposed Distribution will entitle every Jiuhao Health Shareholder whose name shall appear on Jiuhao Health's shareholders register as at a record date to be determined and announced by Jiuhao Health to receive, proportional to their interests in the Jiuhao Health Shares: (i) HK\$500 million in cash; and (ii) 1,500,000,000 Eternity Consideration Shares which will be allotted and issued to all Jiuhao Health Shareholders pursuant to the Distribution Assignment as set out in the Share Entitlement Note.

The Proposed Distribution will be made from any or all of the share premium account, retained earnings and/or distributable reserve account of Jiuhao Health, that Jiuhao Health Directors, in their sole discretion, consider appropriate and in accordance with the articles of association of Jiuhao Health, the order of the Cayman Islands Court sanctioning the Capital Reduction and all applicable laws and rules. Jiuhao Health proposed the Capital Reduction to reduce its share capital and apply the total credit arising from the Capital Reduction to facilitate the Proposed Distribution. Further information of the Capital Reduction is set out in the separate announcement issued by Jiuhao Health on the same date as this announcement.

The Club Lease Agreement, the Motor Vehicle Licence Agreement and the Trademark Licence Agreement

Given the expertise and resources of Jiuhao Health Group, Eternity and the Vendor also agreed that, after Completion, the assets relevant to the operations of Beijing Bayhood No. 9 Club will be leased to Jiuhao Health Group for an initial term of 20 years, which may be further extended to 31 December 2051 if Jiuhao Health Group requests so within a six-month period before the expiry of the initial 20 year-term, and Jiuhao Health Group will continue to operate the businesses of Beijing Bayhood No. 9 Club during the period. In addition, Jiuhao Health Group shall have a right to continue to use the motor vehicles and the relevant motor vehicle licenses registered under BJ Bayhood No. 9 Co after Completion for an infinite period at nil consideration and shall have a right to continue to use the "Jiuhao" trademark (which is registered under BJ Bayhood No. 9 Co) at nil consideration for one year after Completion. Accordingly, Eternity and the Vendor also agreed that, Jiuhao Health or its subsidiary (where applicable) and BJ Bayhood No. 9 Co shall execute (i) the Club Lease Agreement; (ii) the Motor Vehicle Licence Agreement; and (iii) the Trademark Licence Agreement at Completion to give effect to the above.

Jiuhao Health and Eternity had indicated to each other that they intend to maintain the lease arrangement on a long-term basis given: (1) Eternity intends to hold Beijing Bayhood No. 9 Club as a long-term investment for rental purposes and has no experience in operating any golf club and wellness facilities; and (2) Jiuhao Health intends to retain Beijing Bayhood No. 9 Club's operations and existing business and continue to develop its offline healthcare and wellness services.

LISTING RULES IMPLICATIONS

Jiuhao Health

As certain applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Transactions for Jiuhao Health exceed 75%, the Transactions constitute a very substantial disposal for Jiuhao Health under Chapter 14 of the Listing Rules and are subject to the approval by the Independent Jiuhao Health Shareholders at the VSD EGM. Resolution(s) will be proposed at the VSD EGM to approve, among others, the S&P Agreement and the transactions contemplated thereunder and the Proposed Distribution. Given that Eternity was interested in 190,000,000 Existing Jiuhao Health Shares (representing approximately 2.90% of the total Existing Jiuhao Health Shares in issue) as at the date of this announcement, Eternity is considered to have an interest which is different from other Jiuhao Health Shareholders in respect of the Transactions. Eternity and its associates will be required to abstain from voting on the relevant resolution(s) to be proposed at the VSD EGM to approve (i) the S&P Agreement and the transactions contemplated thereunder; and (ii) the Proposed Distribution.

The VSD Circular containing information in relation to, among others, the S&P Agreement, the Proposed Distribution and the notice of the VSD EGM will be despatched to Jiuhao Health Shareholders on or before 30 June 2015.

Eternity

As certain applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Transactions for Eternity exceed 100%, the Transactions constitute a very substantial acquisition for Eternity under Chapter 14 of the Listing Rules. Accordingly, the S&P Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

Pursuant to the S&P Agreement, as part of the Consideration, Eternity will issue the Share Entitlement Note, which confers the Allotment Right to call on Eternity to allot and issue up to a maximum of 1,500,000,000 Eternity Consideration Shares, to Jiuhao Health's assignee(s) upon Completion. Eternity will seek the grant of a specific mandate at the VSA SGM for the allotment and issue of the 1,500,000,000 Eternity Consideration Shares. An application will be made by Eternity to the Stock Exchange for the listing of, and permission to deal in, the 1,500,000,000 Eternity Consideration Shares.

To the best of the Eternity Directors' knowledge, information and belief having made all reasonable enquiries, no Eternity Shareholder has a material interest in the Transactions. Therefore, no Eternity Shareholder is required to abstain from voting on the relevant resolutions to be proposed at the VSA SGM to approve (i) the S&P Agreement and the transactions contemplated thereunder; and (ii) the allotment and issue of the Eternity Consideration Shares under a specific mandate.

The VSA Circular containing information required under the Listing Rules in relation to, among others, (i) the S&P Agreement and the transactions contemplated thereunder, including the allotment and issue of the Eternity Consideration Shares under the specific mandate; (ii) the pro forma consolidated financial information of the Eternity Group and the Target Group prepared by the reporting accountants of the Eternity Group; (iii) the final valuation reports on Beijing Bayhood No. 9 Club and the proposed project of hotel villas and high-end hotel apartments to be erected on the Subject Land prepared by American Appraisal China Limited; and (iv) the notice of the VSA SGM will be despatched to Eternity Shareholders on or before 30 June 2015.

GENERAL

At the request of Jiu hao Health, trading in the Jiu hao Health Shares on the Stock Exchange have been suspended with effect from 9:00 a.m. on 12 December 2014 pending the release of this announcement. Application has been made by Jiu hao Health to the Stock Exchange for resumption of trading in Jiu hao Health Shares on the Stock Exchange with effect from 9:00 a.m. on 18 May 2015.

At the request of Eternity, trading in the Eternity Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 12 December 2014 and will continue to be suspended pending the release of a separate announcement in relation to the other proposed acquisition by the Eternity Group which, if materialise, constitutes a notifiable transaction of Eternity under the Listing Rules as mentioned in an announcement of Eternity dated 24 February 2015.

Jiu hao Health Shareholders, Eternity Shareholders and potential investors should note that the Transactions and the Proposed Distribution may or may not proceed as they are subject to a number of conditions, which may or may not be fulfilled. Jiu hao Health Shareholders, Eternity Shareholders and potential investors are reminded to exercise caution when dealing in the securities of Jiu hao Health and Eternity.

In the event that the Proposed Distribution would otherwise result in any disclosure and/or regulatory obligations on the part of any Jiu hao Health Shareholder(s), pursuant to any applicable laws and regulations including, but not limited to, the Takeovers Code, the SFO and the Listing Rules or any successor code, such Jiu hao Health Shareholder(s) should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice.

1. THE TRANSACTIONS

On 11 December 2014, after trading hours, Eternity as the purchaser, Vendor as the vendor and Jiu hao Health as the guarantor to Vendor entered into the S&P Agreement pursuant to which, (i) the Vendor conditionally agreed to sell, and Eternity conditionally agreed to purchase, the entire shareholding interest in the Target Company; and (ii) Jiu hao Health Group agreed to assign the benefit and interest in the Shareholder's Loan to Eternity upon Completion free from encumbrances. The Consideration payable for the sale and purchase of the entire shareholding interest in the Target Company and the assignment of the Shareholder's Loan is agreed at HK\$1,650 million in aggregate.

Given the expertise and resources of Jiu hao Health Group, Eternity and the Vendor also agreed that, after Completion, the assets relevant to the operations of Beijing Bayhood No. 9 Club will be leased to Jiu hao Health Group for an initial term of 20 years, which may be further extended to 31 December 2051 if Jiu hao Health Group requests so within a six-month period before the expiry of the initial 20 year-term (as described in the paragraph headed "1.2 The Club Lease Agreement" below), and Jiu hao Health Group will continue to operate the businesses of Beijing Bayhood No. 9 Club during the period. In addition, Jiu hao Health Group shall have a right to continue to use the motor vehicles and the relevant motor vehicle licenses registered under BJ Bayhood No. 9 Co after Completion for an infinite period at nil consideration and shall have a right to continue to use the "Jiu hao" trademark (which is registered under BJ Bayhood No. 9 Co) at nil consideration for one year after Completion. Accordingly, Eternity and the Vendor also agreed that, Jiu hao Health or its subsidiary (where applicable) and BJ Bayhood No. 9 Co shall execute (i) the Club Lease Agreement; (ii) the Motor Vehicle Licence Agreement; and (iii) the Trademark Licence Agreement at Completion to give effect to the above.

Principal terms of the S&P Agreement, the Club Lease Agreement, the Motor Vehicle Licence Agreement and the Trademark Licence Agreement are set out below.

1.1 The S&P Agreement

Date

11 December 2014

Parties

Vendor: Unique Talent Group Limited, which is incorporated in the BVI with limited liability and is an investment holding company. It is a direct wholly-owned subsidiary of Jiu hao Health.

Purchaser: Eternity

Guarantor: Jiu hao Health

Jiuhao Health is incorporated in the Cayman Islands with limited liability and, through its subsidiaries, is principally engaged in (i) the provision of online healthcare service; (ii) the provision of offline healthcare and wellness services; and (iii) media business. The shares of Jiuhao Health are listed on the Main Board of the Stock Exchange.

Eternity is incorporated in Bermuda with limited liability and, through its subsidiaries, is principally engaged in distribution of films, sub-licensing of film rights, sale of financial assets, property investment, money lending, design and sale of jewelry products, and development, distribution and marketing of personal care treatments, products and services. The shares of Eternity are listed on the Main Board of the Stock Exchange. On 15 April 2015, Eternity issued an announcement relating to, among other things, a major transaction on the deemed disposal of shareholding interest in EDS Wellness Holdings Limited (“EDS”) as a result of the issue of new ordinary shares and new preferred shares by EDS to independent third parties. EDS is a company listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8176) and principally engages in the development, distribution and marketing of personal care treatments, products and services. As at the date of this announcement, the Eternity Group held 52,500,000 ordinary shares, representing approximately 70.18% of the existing issued share capital of EDS. Upon completion of the issue of new ordinary shares and new preferred shares by EDS to independent third parties, EDS will cease to be a subsidiary of the Eternity Group and Eternity will no longer be engaged in the development, distribution and marketing of personal care treatments, products and services.

The Eternity Group held 190,000,000 Existing Jiuhao Health Shares, representing approximately 2.90% of the total Existing Jiuhao Health Shares in issue, as at the date of this announcement. To the best of the Jiuhao Health Directors’ knowledge, information and belief, having made all reasonable enquiries, Eternity and its ultimate beneficial owners are third parties independent of Jiuhao Health and its connected persons.

To the best of the Eternity Directors’ knowledge, information and belief, having made all reasonable enquiries, the Vendor, Jiuhao Health and their respective ultimate beneficial owners are third parties independent of Eternity and its connected persons.

Subject matters

Pursuant to the S&P Agreement, (i) the Vendor conditionally agreed to sell, and Eternity conditionally agreed to purchase, the entire shareholding interest in the Target Company; and (ii) Jiuhao Health Group agreed to assign the benefit and interest in the Shareholder’s Loan to Eternity upon Completion free from encumbrances.

Consideration

Pursuant to the S&P Agreement, the Consideration payable for the sale and purchase of the entire shareholding interest in the Target Company and the assignment of the Shareholder's Loan is agreed at HK\$1,650 million in aggregate. The Consideration shall be settled in the following manner:

1. HK\$60 million of the Consideration has been paid in cash by Eternity upon the signing of the S&P Agreement as the refundable deposit by cashier's order drawn in the name of Jiu hao Health, which shall, subject to the terms and conditions set out in the S&P Agreement, be applied as partial payment of the Consideration upon Completion;
2. on Completion, HK\$540 million of the Consideration shall be paid in cash by Eternity to Jiu hao Health by (i) telegraphic transfer for same day value to the bank account as specified by Jiu hao Health not less than three Business Days prior to the Completion Date; or (ii) cashier's order drawn in the name of Jiu hao Health;
3. on Completion, Eternity shall in accordance with the instructions of the Vendor issue to Jiu hao Health the Share Entitlement Note, which shall entitle the SEN Holder the right to call for the issue of 1,500,000,000 Eternity Consideration Shares at an issue price of HK\$0.70 per Eternity Consideration Share; and
4. the Vendor confirms that the receipt of payment of the cash portion of the Consideration by Jiu hao Health pursuant to 1 and 2 above shall be the evidence for the satisfaction of payment of the cash portion of the Consideration by Eternity pursuant to the S&P Agreement.

The Consideration of HK\$1,650 million was arrived at after arm's length negotiations between the parties to the S&P Agreement with reference to the Adjusted Combined NAV as at 30 September 2014 prepared by the Vendor. Information of the Adjusted Combined NAV as at 30 September 2014 is disclosed in the section headed "2. Information of the Target Group" below. The Shareholder's Loan of approximately HK\$1,076 million as at the date of the S&P Agreement will be assigned to Eternity upon Completion.

The Eternity Directors for information purpose have engaged American Appraisal China Limited, an independent valuer, to evaluate the values of Beijing Bayhood No. 9 Club and the proposed project of hotel villas and high-end hotel apartments to be erected on the Subject Land as at 30 September 2014. American Appraisal China Limited has provided Eternity with indicative values of Beijing Bayhood No. 9 Club and the proposed project of hotel villas and high-end hotel apartments to be erected on the Subject Land as at 30 September 2014 based on the business plan and financial forecast provided by Eternity as approximately RMB342 million (equivalent to approximately HK\$434 million) and RMB888 million (equivalent to approximately HK\$1,128 million) respectively. The Preliminary Valuations may be subject to change and may or may not therefore be the same as the final valuation reports. The final valuation reports, including details of the assumptions, basis and methodology of the valuations, will be included in the VSA Circular for information purpose. As the final valuation reports are expected to be prepared using discounted cashflow method, based on the business plan and financial forecast provided by Eternity, they will constitute profit forecast under Rule 14.61 of the Listing Rules. A letter from Eternity's reporting accountants and the confirmation from Eternity's financial adviser with respect to the final valuation reports as required under Rule 14.62 of the Listing Rules will be provided to the board of Eternity Directors and the information of which will be disclosed in the VSA Circular.

Jiuhao Health has not engaged any valuer to prepare any indicative valuations of Beijing Bayhood No. 9 Club and the proposed project of hotel villas and high-end hotel apartments to be erected on the Subject Land. Jiuhao Health Directors have not made reference to the Preliminary Valuations or any other indicative valuations in negotiating the Consideration.

Taking into account the matters disclosed above and the reasons and benefits as stated in the paragraph headed "Reasons for and benefits of the Transactions for Jiuhao Health" below, the Jiuhao Health Board considered that the Transactions were on normal commercial terms and the terms of the S&P Agreement were fair and reasonable and in the interests of Jiuhao Health and the Jiuhao Health Shareholders as a whole.

Given that Beijing Bayhood No. 9 Club has been operating for over seven years and the construction of the first phase of the hotel villas is substantially completed (as further described in the paragraph headed "Reasons for and benefits of the Transactions for Eternity" below), the Eternity Directors believe that it is justifiable to negotiate the Consideration primarily with reference to the Adjusted Combined NAV as at 30 September 2014 as opposed to the results of the Preliminary Valuations which were in the first place prepared for information purpose only and is subject to the continuously changing market conditions and policy changes in the PRC golf industry and property market.

As mentioned above, the Consideration was agreed at with reference to the Adjusted Combined NAV as at 30 September 2014. The Consideration of HK\$1,650 million represents a premium of approximately 4.4% over the Adjusted Combined NAV as at 30 September 2014.

Taking into account, among others, (i) the basis underlying the negotiation of the Consideration; (ii) the settlement method of the Consideration, being a combination of cash and consideration shares; (iii) the issue price of HK\$0.70 per Eternity Consideration Share which represents a discount of approximately 1.41% to the average closing price of HK\$0.71 per Eternity Share for the last five consecutive trading days immediately prior to the Last Trading Day; and (iv) the reasons for and benefits of the Transactions for Eternity, the Eternity Directors (including the independent non-executive directors) are of the view that the Consideration representing a premium of approximately 4.4% over the Adjusted Combined NAV as at 30 September 2014 is fair and reasonable and in the interests of Eternity and the Eternity Shareholders as a whole. Details of the Adjusted Combined NAV as at 30 September 2014 are disclosed in the section headed “2. Information of the Target Group” below.

The Eternity Directors noted that the indicative values from the Preliminary Valuations were close to but may still be lower than (i) the Consideration; and (ii) the valuations previously disclosed in the transactions announced by Jiu hao Health in its circulars dated 17 June 2011 and 8 August 2012 respectively. The Eternity Directors also noted the key reasons for such difference in value are due to the continuously changing market conditions and policy changes in the PRC golf industry and property market; notwithstanding that there has been no material change to the business plan of the Target Group.

Given that (i) the Consideration was determined with reference to the Adjusted Combined NAV as at 30 September 2014; and (ii) the Preliminary Valuations already indicated values close to the Consideration; the Eternity Directors believe that it is fair and reasonable to determine the Consideration based primarily on the actual financial figures of the Target Group as opposed to the results of the Preliminary Valuations which is subject to the continuously changing market conditions and policy changes in the PRC golf industry and property market. Furthermore, the Preliminary Valuations provide the management of Eternity with reference values of Beijing Bayhood No. 9 Club and the proposed project of hotel villas and high-end hotel apartments to be erected on the Subject Land, which contribute substantially to the net asset value of the Target Group. Accordingly, the Eternity Directors believe that it is justifiable to only take into account the Adjusted Combined NAV as at 30 September 2014 as the basis for the Consideration.

Source of funds of Eternity to finance the Transactions

As at 30 November 2014, the latest practicable date for the purpose of ascertaining the financial resources of the Eternity Group prior to entering into the S&P Agreement, the Eternity Group had HK\$504.55 million cash and cash equivalent on hand. In addition, the Eternity Group holds a portfolio of financial assets for trading purposes which could be readily realized into cash. As at 30 November 2014, the market value of those financial assets amounted to approximately HK\$617.16 million.

On 4 May 2015, Eternity issued announcements relating to the completion on disposals of all shares in China Star Entertainment Limited and China Star Cultural Media Group Limited. As a result of the aforesaid disposals which took place between December 2014 to April 2015, the Eternity Group had received total net proceeds amounted to approximately HK\$328.4 million for general working capital purpose.

Hence, for the HK\$60 million refundable deposit, Eternity has paid by its cash resources. As to the balance of HK\$540 million, of which no less than approximately HK\$383.37 million and no more than approximately HK\$415.75 million will be financed by the Eternity Rights Issue as described in the separate announcement issued by Eternity on the same date of this announcement; and the remaining amount of no less than approximately HK\$124.25 million to no more than approximately HK\$156.63 million will also be financed by the Eternity Group's internal cash resources.

Lastly, as mentioned below in the paragraph headed "Conditions precedent", completion of the Eternity Rights Issue is a condition precedent to the Completion.

Conditions precedent

Completion shall be subject to the satisfaction or waiver of the following conditions:

1. the passing of resolutions by Jiu hao Health Shareholders in general meeting (in terms reasonably satisfactory to Eternity) approving (i) the entering into of the S&P Agreement and the transactions contemplated thereunder in accordance with the Listing Rules; (ii) the Capital Reduction and the reduction of share premium for enabling the Proposed Distribution in accordance with the applicable laws; and (iii) the distribution in specie of the Share Entitlement Note;
2. Jiu hao Health and the Vendor having obtained all necessary approvals and consents required in relation to the S&P Agreement;
3. the filing with the Registrar of Companies in the Cayman Islands of the order of the Cayman Islands Court approving the Capital Reduction;

4. the passing of resolutions by Eternity Shareholders in general meeting (in terms reasonably satisfactory to the Vendor) approving (i) the entering into of the S&P Agreement and the transactions contemplated thereunder; and (ii) the creation and issue of the Share Entitlement Note and the specific mandate in respect of the issue of the Eternity Consideration Shares in accordance with the requirements of the Listing Rules;
5. Eternity having obtained all necessary approvals and consents required in relation to the S&P Agreement;
6. the Listing Committee of the Stock Exchange having granted approval for the listing of, and the permission to deal in, the Eternity Consideration Shares under the S&P Agreement and such approval remains valid and effective;
7. the representations and warranties given by the Vendor under the S&P Agreement remaining true, accurate and not misleading at Completion as if repeated at Completion and at all times between the date of the S&P Agreement and Completion;
8. there having been delivered to Eternity (i) a legal opinion in respect of the PRC subsidiaries of the Target Company and the cooperation agreements as specified under the S&P Agreement and such other matters as Eternity may reasonably require, in form and substance reasonably satisfactory to Eternity; and (ii) audited financial statements with an unqualified opinion in respect of the Target Group;
9. the Vendor having complied in all material respect with the obligations specified under the S&P Agreement and otherwise having performed all of the covenants and agreements required to be performed by it under the S&P Agreement and Jiuhaio Health having complied in all material respect with the obligations specified in the S&P Agreement and otherwise having performed all of the covenants and agreements required to be performed by it under the S&P Agreement;
10. there having been no Vendor's Material Adverse Change or Eternity's Material Adverse Change since the date of the S&P Agreement;
11. no statute, regulation or decision which would reasonably be expected to prohibit, restrict or materially delay the execution, delivery or performance of the Transaction Documents, the consummation of the Transactions or the operation of the members of the Target Group after Completion having been proposed, enacted or taken by any governmental or official authority whether in Hong Kong, the PRC or elsewhere; and

12. the Eternity Rights Issue having been completed in accordance with its terms.

Eternity may in its absolute discretion waive either in whole or in part at any time by notice in writing to the solicitors of the Vendor any of the above conditions (save for conditions 1, 3, 4, 5, 6 and 10 set out above).

As at the date of this announcement, Eternity did not have any intention to waive any of the conditions.

Eternity currently cannot envisage any circumstances which may lead to its exercise of such discretion to waive the relevant waivable conditions. In the event it does exercise such discretion, it will be performed in the best interests of Eternity and the Eternity Shareholders as a whole and the relevant information will be disclosed as appropriate.

In the event that any of the conditions shall not have been fulfilled (or waived if applicable, pursuant to the S&P Agreement) prior to 31 August 2015 (or such other date as may be agreed in writing by the parties to the S&P Agreement), then Eternity or the Vendor shall not be bound to proceed with the Transactions and the Vendor shall within five Business Days after Eternity notifies the Vendor in writing the non-fulfilment of any of the above conditions refund in cash the deposit of HK\$60 million (without any interest) to Eternity by (i) telegraphic transfer to the bank account of Eternity as specified under the S&P Agreement for value on the same day; or (ii) cashier's order drawn in the name of Eternity, upon which the S&P Agreement shall cease to be of any effect save for the clauses in relation to the rights of Eternity and the Vendor to terminate and save in respect of claims arising out of any antecedent breach of the S&P Agreement.

As described in the section headed "2. Information of the Target Group", the Target Group does not hold the land use rights certificates of the Club Land and the Subject Land and instead uses the Club Land and the Subject Land through contractual arrangements. Hence, the existence of the relevant land use rights certificates, permits and approvals of the Club Land and the Subject Land is not set as a condition precedent.

Notwithstanding that the Target Group does not hold the land use rights certificates of the Club Land and the Subject Land and instead uses the Club Land and the Subject Land through contractual arrangements mentioned in the paragraph headed "2. Information of the Target Group" of this announcement, as a condition precedent to the Completion (see condition 8 above), a satisfactory PRC legal opinion to be issued by Eternity's PRC legal adviser in respect of, amongst other things, the cooperation agreements relating to the rights over the Club Land and the Subject Land and such other matters which Eternity may reasonably require shall be provided.

In connection with the issue of the above PRC legal opinion, (a) Eternity has engaged a PRC legal adviser to perform legal due diligence in respect of the Target Group and so far no material adverse matters were discovered; and (b) Eternity has been preliminarily advised by such PRC legal adviser that (i) the contractual arrangements have been properly executed and are legally binding and enforceable; (ii) the change of the ultimate ownership of the Target Group under the subject transaction will not affect the legality and enforceability of the contractual arrangements; and (iii) as long as Jiu hao Health Group and Eternity Group can complete the necessary procedures and/or seek appropriate approvals from the relevant authorities, it is not expected to result in any legal impediments to Eternity Group's use of the Club Land and the Subject Land through contractual arrangements following the Completion and Eternity Group's acquisition of the Target Group pursuant to the S&P Agreement.

Taking into account the above, the Eternity Directors believe that by having condition 8 above, Eternity will have adequate opportunity to evaluate the legal aspects of the Club Land and the Subject Land prior to the Completion.

Guarantee and indemnity

Jiu hao Health as the guarantor to the S&P Agreement irrevocably and unconditionally:

1. guarantees to Eternity punctual performance by the Vendor and Jiu hao Health (including its subsidiaries) of all the Vendor's and Jiu hao Health's (including Jiu hao Health's subsidiaries) obligations under the Transaction Documents;
2. undertakes with Eternity that whenever the Vendor does not pay any amount when due under or in connection with the Transaction Documents, Jiu hao Health shall immediately on demand and without deduction or withholding pay that amount as if it was the principal obligor; and
3. undertakes with Eternity that if, for any reason, any amount claimed by Eternity under the S&P Agreement is not recoverable on the basis of a guarantee, Jiu hao Health will be liable as principal obligor to indemnify Eternity immediately on demand against any losses suffered by Eternity:
 - (i) in consequence of the Vendor's failure to perform any of its obligations under the Transaction Documents; or
 - (ii) if any obligation guaranteed by Jiu hao Health is or becomes unenforceable, invalid or illegal.

The amount of the losses payable by Jiu hao Health under this indemnity will not exceed the amount which Eternity would otherwise have been entitled to recover on the basis of a guarantee.

Completion

Subject to the conditions precedent having been satisfied (or waived if applicable), Completion shall take place within 20 Business Days following the day on which the conditions precedent are fulfilled (or waived if applicable, pursuant to the S&P Agreement) or such later date as agreed by parties to the S&P Agreement in writing.

Upon Completion, the Target Company will cease to be a subsidiary of Jiu hao Health and will become a wholly-owned subsidiary of Eternity and therefore the financial results of the Target Group will be consolidated into the accounts of the Eternity Group.

The Share Entitlement Note

On Completion, HK\$1,050 million of the Consideration shall be settled by the issue of the Share Entitlement Note by Eternity to Jiu hao Health. The Share Entitlement Note shall confer the Allotment Right to call on Eternity to allot and issue up to a maximum of 1,500,000,000 Eternity Consideration Shares to Jiu hao Health's assignee(s) upon Completion.

Eternity will seek the grant of a specific mandate at the VSA SGM for the allotment and issue of the 1,500,000,000 Eternity Consideration Shares. An application will be made by Eternity to the Stock Exchange for the listing of, and permission to deal in, the 1,500,000,000 Eternity Consideration Shares.

The issue price of HK\$0.70 per Eternity Consideration Share represents:

1. a discount of approximately 4.11% to the closing price of HK\$0.73 per Eternity Share as quoted on the Stock Exchange on the Last Trading Day;
2. a discount of approximately 2.10% to the theoretical ex-entitlement price of HK\$0.715 based on the closing price of HK\$0.73 per Eternity Share as quoted on the Stock Exchange on the Last Trading Day; and
3. a discount of approximately 1.41% to the average closing price of HK\$0.71 per Eternity Share for the last five consecutive trading days immediately prior to the Last Trading Day.

The issue price was determined after arm's length negotiations between Eternity and the Vendor with reference to, among others, the prevailing market price of the Eternity Shares under the then market conditions, and the 4.4% premium of the Consideration over the Adjusted Combined NAV as at 30 September 2014 (as described in the section headed "2. Information of the Target Group" below).

In addition, the issue price per Eternity Consideration Share is the same as the subscription price per Eternity Rights Share under the Eternity Rights Issue. As described in the separate announcement of Eternity relating to the Eternity Rights Issue, the subscription price per Eternity Rights Share was determined after arm's length negotiations between Eternity and the underwriter of the Eternity Rights Issue (the "**Underwriter**") with reference to, among others, the prevailing market price of the Eternity Shares under the then market conditions.

Taking into account (i) the discount relative to the issue price per Eternity Consideration Share mentioned above, (ii) the prevailing market price of the Eternity Shares under the then market conditions (i.e. prior to the suspension of trading of the Eternity Shares with effect from 12 December 2014); (iii) the premium of the Consideration over the Adjusted Combined NAV as at 30 September 2014 (see description in the section headed "2. Information of the Target Group" below); (iv) the basis underlying the negotiation of the Consideration; (v) the settlement method of the Consideration, being a combination of cash and consideration shares; (vi) the reasons for and benefits of the Transactions for Eternity; and (vii) the issue price per Eternity Consideration Share is the same as the subscription price per Eternity Rights Share under the Eternity Rights Issue, which was determined between Eternity and the Underwriter (being an independent third party), the Eternity Directors are of the view that the issue price of HK\$0.70 per Eternity Consideration Share is fair and reasonable.

The principal terms of the Share Entitlement Note pursuant to the S&P Agreement are as follows:

Entitlement: Jiuhaio Health (being the SEN Holder) is entitled to, subject as provided in the Share Entitlement Note and to any applicable laws and regulations and in the manner described under the Share Entitlement Note, on one occasion only, assign the right to receive up to a maximum of 1,500,000,000 credited as fully paid Eternity Shares based on the conditions of the Share Entitlement Note without having to make any payment.

Assignment: No assignment or transfer (whether in whole or in part) of the Share Entitlement Note may be made unless the Share Entitlement Note shall be assigned by Jiuhaio Health once only whereby the rights and benefits of Jiuhaio Health under the Share Entitlement Note shall be assigned to the Jiuhaio Health Shareholders as at the record date to be determined by Jiuhaio Health on a pro rata basis or an agent of Jiuhaio Health to dispose of any fractional entitlement or entitlement of Overseas Shareholders as detailed below.

The Distribution Assignment shall be effective upon delivery of a notice of assignment duly executed by or on behalf of Jiu hao Health setting out (i) the names and addresses of the assignees and the respective parts of the Allotment Right (in terms of the numbers of Eternity Consideration Shares entitled, which shall be whole numbers) to be assigned to the Jiu hao Health Shareholders; and (ii) any parts of the Allotment Right in respect of any fractional entitlement or entitlement of Overseas Shareholders which shall be disposed of by an agent of Jiu hao Health as detailed below together with relevant form of certificate to Eternity.

Jiu hao Health shall appoint an agent to dispose of (i) any entitlement under the Allotment Right which has not been assigned to Jiu hao Health Shareholders under the Proposed Distribution due to retention of fractional entitlements for the benefit of Jiu hao Health or rounding down of the entitlements of the Jiu hao Health Shareholders or their respective nominees (as the case may be), for the benefit of Jiu hao Health; and (ii) any entitlement of Overseas Shareholders, for the benefit of the Overseas Shareholders.

Exercise:

The Allotment Right shall not be exercisable by Jiu hao Health and Jiu hao Health shall also not be entitled to receive any Eternity Consideration Shares under the Share Entitlement Note, except that the agent appointed by Jiu hao Health may exercise the relevant part of the Allotment Right and dispose of any Eternity Consideration Shares derived under (i) any entitlement under the Allotment Right which has not been assigned to Jiu hao Health Shareholders under the Proposed Distribution due to retention of fractional entitlements for the benefit of Jiu hao Health or rounding down of the entitlements of the Jiu hao Health Shareholders or their respective nominees (as the case may be), for the benefit of Jiu hao Health; and (ii) any entitlement of Overseas Shareholders, for the benefit of the Overseas Shareholders.

The Allotment Right shall be deemed to be automatically exercised in full by the relevant assignee(s) upon an assignment under the SEN Distribution to the intent that the relevant Eternity Consideration Shares (but not the Share Entitlement Note) shall be allotted and issued to the assignee(s) as soon as practicable. Jiu hao Health shall not be entitled to receive any Eternity Consideration Shares to be issued under the Share Entitlement Note.

Accordingly, Jiu hao Health Shareholders will not receive the Share Entitlement Note but will receive Eternity Consideration Shares directly under the Proposed Distribution.

Eternity shall ensure that the Eternity Consideration Shares (to be allotted and issued pursuant to the Share Entitlement Note) shall be duly and validly issued credited as fully paid and registered and rank *pari passu* in all respects among themselves and with all other Eternity Shares outstanding on the Allotment Date and be entitled to all dividends and other distributions on the record date of which falls on a date on or after the Allotment Date.

As the Share Entitlement Note is to be issued to Jiu hao Health (which is not a connected person of Eternity) in satisfaction of part of the Consideration payable by Eternity under the S&P Agreement, any issue and allotment of Eternity Consideration Shares pursuant thereto upon distribution of the Share Entitlement Note by Jiu hao Health to any Jiu hao Health Shareholder who happens to be a connected person of Eternity will not constitute a connected transaction under the Listing Rules for Eternity as the Proposed Distribution is to be made by Jiu hao Health and there is no transaction between Eternity and such Jiu hao Health Shareholder(s).

- Voting: Jiu hao Health will not be entitled to attend or vote at any meetings of Eternity by reason only of it being the SEN Holder.
- Interest, entitlement to dividend payment or redemption right: The Share Entitlement Note shall not bear any interest and Jiu hao Health, as the SEN Holder, shall not be entitled to any dividends and other distributions or income made or declared by Eternity by reason of being the SEN Holder. No part of the Share Entitlement Note can be redeemed for cash or other entitlements not provided for under the terms and conditions of the Share Entitlement Note.
- Listing: No application will be made for the listing of the Share Entitlement Note.

Reasons for the issue of the Share Entitlement Note

Jiuhao Health considers that the Share Entitlement Note shall facilitate the efficient processing of the Proposed Distribution and as the Share Entitlement Note is to be issued to Jiuhao Health (which is not a connected person of Eternity) in satisfaction of part of the Consideration payable by Eternity pursuant to the S&P Agreement, any allotment and issue of Eternity Consideration Shares pursuant thereto upon distribution of the Share Entitlement Note by Jiuhao Health to any Jiuhao Health Shareholder who happens to be a connected person of Eternity will not constitute a connected transaction under the Listing Rules for Eternity as the Proposed Distribution is to be made by Jiuhao Health to the Jiuhao Health Shareholders and there is no transaction between Eternity and such Jiuhao Health Shareholder(s).

From Eternity's perspective, the Consideration is the same whether it first issues the Share Entitlement Note and subsequently issues the Eternity Consideration Shares thereunder or issue the Eternity Consideration Shares directly given that the number of Eternity Consideration Shares issuable have been fixed. The issue of the Share Entitlement Note by Eternity is purely to facilitate the Proposed Distribution at Jiuhao Health's request which, in turn, will also help to expand Eternity's shareholder base and may even enhance the liquidity of the Eternity Shares in the market.

Furthermore, it is not the intention of Eternity to give any party (in particular, Jiuhao Health) the right to control 30% or more of the voting rights of Eternity as a result of the issuance of the Eternity Consideration Shares on Completion. At the same time, the Eternity Directors understand that it is the intention of Jiuhao Health to undertake the Proposed Distribution. The parties therefore consider that the Share Entitlement Note is most suitable to meet their respective objectives. The Share Entitlement Note confers no voting right on the SEN Holder save that the SEN Holder may appoint an agent to dispose of the Eternity Consideration Shares resulting from non-allocation due to fractional entitlements and/or in respect of any entitlements of the Overseas Shareholders.

Taking into account the above, the Eternity Directors believe that the issuance of the Share Entitlement Note is reasonable and justified.

The Jiuhao Health Directors do not envisage that there could be any circumstance where the Distribution Assignment could not be made pursuant to the Share Entitlement Note.

The legal advisers to Jiu hao Health confirmed to Jiu hao Health that based on the agreed form of the Share Entitlement Note and subject to the due execution and delivery of the Share Entitlement Note by Eternity to Jiu hao Health, Jiu hao Health shall have the legal right to enforce the terms and conditions of the Share Entitlement Note. The Share Entitlement Note will be issued to Jiu hao Health which will distribute it pro rata to the Jiu hao Health Shareholders by way of assignment to them. Save for fractional entitlements and any entitlement of Overseas Shareholders, the Allotment Right shall not be exercisable by Jiu hao Health but rather shall automatically be exercised upon distribution to Jiu hao Health Shareholders such that, Jiu hao Health shall not be entitled to receive any Eternity Consideration Shares under the Share Entitlement Note. With regard to fractional entitlements to Eternity Consideration Shares and any entitlement of the Overseas Shareholders under the Share Entitlement Note, Jiu hao Health will assign the relevant part of the Share Entitlement Note to an agent to sell the fractional entitlements in the market for the benefit of Jiu hao Health or the entitlements of Overseas Shareholders for the benefit of the Overseas Shareholders.

The Proposed Distribution

The Jiu hao Health Board proposed to recommend the Proposed Distribution, subject to the Capital Reduction (which information is set out in Jiu hao Health's separate announcement issued on the same date as this announcement) becoming effective, for approval by the Independent Jiu hao Health Shareholders at the VSD EGM. The Proposed Distribution will entitle every Jiu hao Health Shareholder whose name shall appear on Jiu hao Health's shareholders register as at a record date to be determined and announced by Jiu hao Health to receive, proportional to their interests in the Jiu hao Health Shares: (i) HK\$500 million in cash; and (ii) 1,500,000,000 Eternity Consideration Shares which will be allotted and issued to all Jiu hao Health Shareholders pursuant to the Distribution Assignment as set out in the Share Entitlement Note.

The Proposed Distribution will be made from any or all of the share premium account, retained earnings and/or distributable reserve account of Jiu hao Health, that Jiu hao Health Directors, in their sole discretion, consider appropriate and in accordance with the articles of association of Jiu hao Health, the order of the Cayman Islands Court sanctioning the Capital Reduction and all applicable laws and rules. Jiu hao Health proposed the Capital Reduction to reduce its share capital and apply the total credit arising from the Capital Reduction to facilitate the Proposed Distribution. Further information of the Capital Reduction is set out in the separate announcement issued by Jiu hao Health on the same date as this announcement.

With regard to the reasons for and benefits of the Proposed Distribution, please refer to the paragraph headed "Reasons for and benefits of the Transactions for Jiu hao Health".

In the event that the Proposed Distribution would otherwise result in any disclosure and/or regulatory obligations on the part of any Jiu hao Health Shareholder(s), pursuant to any applicable laws and regulations including, but not limited to, the Takeovers Code, the SFO and the Listing Rules or any successor code, such Jiu hao Health Shareholder(s) should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice.

Steps taken by Eternity to ensure that the Proposed Distribution will not be made to connected person of Eternity

Given that the Proposed Distribution forms part of the terms of the Share Entitlement Note, Eternity has taken the following steps to ensure the Proposed Distribution will not be made to the connected persons of Eternity:

- Firstly, the Transactions relate to the disposal of the Target Company by the Vendor to Eternity and the assignment of the Shareholder’s Loan from Jiuhaio Health Group to Eternity, the Jiuhaio Health Shareholders are not parties to the Transactions. Further, at no point in time was any interests of any individual shareholder of Jiuhaio Health taken into account by Eternity in the process leading up to the Transactions.
- Secondly, under the terms of the Transactions, the Share Entitlement Note, which has no voting rights attached thereto, will be issued to Jiuhaio Health (which is not a connected person of Eternity) in satisfaction of part of the Consideration payable by Eternity pursuant to the S&P Agreement upon Completion. Therefore, the issue of the Share Entitlement Note to Jiuhaio Health shall not constitute a connected transaction of Eternity under the Listing Rules.
- Thirdly, while pursuant to the Share Entitlement Note, certain rights of Jiuhaio Health, being the SEN Holder will be assigned to Jiuhaio Health Shareholders, such assignments are primarily transactions between Jiuhaio Health and Jiuhaio Health Shareholders, while Eternity will only be notified of such assignments. It is therefore considered that there is no connected transaction (as contemplated under Chapter 14A of the Listing Rules) of Eternity arising as a result of such assignments.

The Eternity Group held 190,000,000 Existing Jiuhaio Health Shares as at the date of this announcement. As stated in the section headed “4. Illustrative shareholding information of Eternity relating to Eternity Rights Issue and the allotment and issuance of the Eternity Consideration Shares” below, Eternity does not intend to participate in the Proposed Distribution, Eternity will appoint a placing agent to place the 190,000,000 Existing Jiuhaio Health Shares held by the Eternity Group to professional, institutional and other investors, who are third parties independent of Eternity, Jiuhaio Health and their respective associates, on a fully underwritten basis shortly after the issue of this announcement. So far as the Eternity Directors were aware and up to the date of this announcement, none of the connected persons of Eternity hold any Jiuhaio Health Shares.

The Eternity Directors' assessment of the implication to the Transactions if the Proposed Distribution is made to connected persons of Eternity

Given the analysis stated in the paragraph headed "Reasons for the issue of the Share Entitlement Note" above, the Eternity Directors do not consider it necessary to comprehensively analyse whether any Jiu hao Health Shareholder is a connected person of Eternity.

However, the Eternity Directors wish to provide further information to the Eternity Shareholders to understand the principal Hong Kong regulatory implications to the Transactions if the Proposed Distribution is made to any connected persons of Eternity.

Eternity will issue 1,500,000,000 Eternity Consideration Shares to the Jiu hao Health Shareholders through the Proposed Distribution which will in aggregate represent up to approximately 57.80% of the voting rights of Eternity as enlarged by the allotment and issue of Eternity Rights Shares and the Eternity Consideration Shares (assuming no Eternity Shares were allotted and issued or repurchased by Eternity on or before the Eternity Record Date as well as up to the record date for the Proposed Distribution).

The Eternity Consideration Shares will be allotted and issued through the Proposed Distribution to the Jiu hao Health Shareholders pro rata to their interests in the Jiu hao Health Shares. Based on the register of interests in shares and short positions required to be kept by Jiu hao Health under Part XV of the SFO, Mr. Yuen was the single largest shareholder of Jiu hao Health who was, through the companies owned by him, interested in approximately 31.55% of Jiu hao Health's issued ordinary shares, which comprises approximately 29.95% interest in issued Existing Jiu hao Health Shares and 1.60% interest in underlying shares of Jiu hao Health (such shares to be issued upon exercise of the conversion right attaching to the zero coupon convertible notes due 21 October 2015 with an outstanding principal amount of HK\$21 million). Subject to fulfillment of the conditions precedent set out in the S&P Agreement, Mr. Yuen is entitled to receive up to approximately 17.31% of Eternity Shares as enlarged by the issue of Eternity Rights Shares and the Eternity Consideration Shares (assuming no Eternity Shares were allotted and issued or repurchased by Eternity on or before the Eternity Record Date as well as up to the record date for the Proposed Distribution) upon completion of the Proposed Distribution assuming there will be no change to Mr. Yuen's interest in Jiu hao Health from the date of this announcement to the record date for the Proposed Distribution (which will be determined and announced by Jiu hao Health in due course).

Pursuant to the public record of notices filed by Jiu hao Health Shareholders in respect of their interests in Jiu hao Health pursuant to the SFO Part XV – Disclosure of Interests, other than Mr. Yuen, no Jiu hao Health Shareholders were interested in more than 5% of the Jiu hao Health Shares as at the date of this announcement and All Other Jiu hao Health Shareholders will be interested in up to 40.49% of Eternity Shares assuming there will be no change to All Other Jiu hao Health Shareholders’ interest in Jiu hao Health from the date of this announcement to the record date for the Proposed Distribution.

To the best of the knowledge of the Eternity Directors, none of the connected persons of Eternity are shareholders of Jiu hao Health. Further, based on the shareholding disclosures published on the “Disclosure of Interest” section of the website of the Stock Exchange as at the date of this announcement, even if the Proposed Distribution is made to connected persons of Eternity, the Eternity Directors are of the view that there will not be any implications under:

1. the Takeovers Code in respect of the Transactions notwithstanding that the Jiu hao Health Shareholders will collectively be interested in up to approximately 57.8% of Eternity’s voting rights as based on public information available on the website of the Stock Exchange and information provided by Jiu hao Health, the Eternity Directors are not aware of any evidence indicating that (a) the Jiu hao Health Shareholders are acting in concert to consolidate control in Eternity; and (b) Mr. Yuen and parties acting in concert with him will acquire voting rights of 30% or more in Eternity in connection with the Transactions and the Proposed Distribution;
2. the connected transaction requirements under the Listing Rules in respect of the Transactions for the reasons stated above; and
3. the requirement to have sufficient public float in Eternity Shares following completion of the Eternity Rights Issue, and the allotment and issue of the Eternity Consideration Shares as, based on public information available on the website of the Stock Exchange and information provided by Jiu hao Health as at the date of this announcement, the Eternity Directors are not aware of any evidence indicating that any Jiu hao Health Shareholders will become a substantial shareholder of Eternity except Mr. Yuen. The illustrative shareholding of Eternity to be held in public hands shall be about 57% assuming the Underwriter has taken up 441,965,243 Eternity Rights Shares (assuming no Eternity Shares are allotted and issued or repurchased by Eternity on or before the Eternity Record Date as well as up to the record date for the Proposed Distribution) or 488,213,844 Eternity Rights Shares (assuming all Eternity Options Shares are allotted and issued but no other Eternity Shares are allotted and issued or repurchased by Eternity on or before the Eternity Record Date as well as up to the record date for the Proposed Distribution) or about 74% to 75% assuming the Underwriter has not taken up any Eternity Rights Shares.

1.2 THE CLUB LEASE AGREEMENT

Pursuant to the terms of the S&P Agreement, BJ Haikou No. 9 Co and BJ Bayhood No. 9 Co shall execute the Club Lease Agreement upon Completion to promote seamless transition and successful operation of Beijing Bayhood No. 9 Club.

The principal terms of the Club Lease Agreement are summarised below:

- Lessee: BJ Haikou No. 9 Co, an indirect wholly-owned subsidiary of Jiu hao Health.
- Lessor: BJ Bayhood No. 9 Co, an indirect wholly-owned subsidiary of the Target Company (which will become wholly-owned by Eternity upon Completion).
- Subject matters: pursuant to the Club Lease Agreement, BJ Haikou No. 9 Co, as lessee, shall lease the assets on the Club Land in respect of Beijing Bayhood No. 9 Club from BJ Bayhood No. 9 Co, as lessor.
- Term: an initial term of 20 years, which may be further extended up to 31 December 2051 if BJ Haikou No. 9 Co requests so within a six-month period before the expiry of the initial 20 year-term. There are four rental periods of five years each during the initial term of 20 years (and three additional rental periods of five years each if the lease is extended to 31 December 2051 upon request by BJ Haikou No. 9 Co). If BJ Haikou No. 9 Co would like to terminate the Club Lease Agreement, BJ Haikou No. 9 Co must give notice to BJ Bayhood No. 9 Co at least six months prior to the expiry of the then five-year rental period. BJ Haikou No. 9 Co cannot terminate the Club Lease Agreement during the first five-year rental period.
- Rent: the aggregate rental for the first five years is RMB90 million (equivalent to approximately HK\$114.3 million) which is payable by BJ Haikou No. 9 Co to BJ Bayhood No. 9 Co prior to the commencement of the first five-year rental period. The rental payment shall increase by 30% in each of the subsequent five-year rental period as to RMB117 million (equivalent to approximately HK\$148.59 million), RMB152.1 million (equivalent to approximately HK\$193.17 million) and RMB197.73 million (equivalent to approximately HK\$251.12 million), respectively and shall be payable by BJ Haikou No. 9 Co to BJ Bayhood No. 9 Co in one lump sum prior to the commencement of the relevant rental period. If the actual rental period is less than the full five-year rental period, the rental payment shall be adjusted in proportion to the duration of the actual rental period.

Other material
terms:

- (a) During the entire rental period, BJ Haikou No. 9 Co must continue to carry on the existing operations and maintain the Performance Benchmark, including:
- Beijing Bayhood No. 9 Club shall continue to operate as a membership-based club, and only allow admission by (i) members and their guests; (ii) tenants of the hotel villas and the high-end hotel apartments erected on the Subject Land; and (iii) other guests allowed at the discretion of the senior management;
 - Beijing Bayhood No. 9 Club shall continue to be operated as a high-end luxury healthcare and wellness centre;
 - Beijing Bayhood No. 9 Club shall maintain its service standard and reputation in the industry no lower than the existing level;
 - all current services and products of Beijing Bayhood No. 9 Club shall still be carried on. New services and products which are to be provided by Beijing Bayhood No. 9 Club shall continue to be relating to healthcare and wellness concepts only; and
 - no additional construction of new buildings on the Club Land shall be carried out unless permitted by BJ Bayhood No. 9 Co.
- (b) To ensure that BJ Bayhood No. 9 Co understands and is fully aware of the operations of Beijing Bayhood No. 9 Club during the rental period and to monitor compliance with the Performance Benchmark, BJ Bayhood No. 9 Co is entitled to send one representative to participate in the management and operations of Beijing Bayhood No. 9 Club during the rental period. For the avoidance of doubt, BJ Haikou No. 9 Co shall still have the full and absolute right and control over the management and operations of Beijing Bayhood No. 9 Club during the rental period.

- (c) BJ Bayhood No. 9 Co and BJ Haikou No. 9 Co agree that BJ Haikou No. 9 Co shall take all existing employees of BJ Bayhood No. 9 Co and both parties to the Club Lease Agreement shall use their best endeavour to enable the smooth transition in this regard.
- (d) BJ Haikou No. 9 Co shall have the right to assign the rights and obligations under the Club Lease Agreement to third parties after obtaining written consent from BJ Bayhood No. 9 Co.

The executed Club Lease Agreement shall be one of the deliverables at Completion.

Following Completion, BJ Haikou No. 9 Co (a branch of an indirect wholly-owned subsidiary of Jiuhaio Health) will continue to run the operation of and be responsible for the decision making of Beijing Bayhood No. 9 Club and it will be entitled to the revenue and bear the costs associated with the operations of Beijing Bayhood No. 9 Club pursuant to which it will (i) continue to be entitled to the income resulting from the operation of Beijing Bayhood No. 9 Club including membership subscription fees, annual membership fees, food and beverage sales, golf club usage (including green fees, the use of golf cart and caddies), golf academy fees and the usage of spa facilities and other recreational facilities as detailed in the paragraph headed “The revenue and cost structure of the operation of Beijing Bayhood No. 9 Club prior to the Completion” in this announcement; and (ii) bear all costs of the operation of Beijing Bayhood No. 9 Club (except the annual rental payable by BJ Bayhood No. 9 Co to the lessor for the Club Land and depreciation and amortization expense) during the term of the Club Lease Agreement.

The revenue and all costs and expenses (including the annual rental payable by BJ Bayhood No. 9 Co to the lessor for the Club Land, staff cost and depreciation and amortization expenses) in respect of Beijing Bayhood No. 9 Club have been recognized as revenue and cost of sales in Jiuhaio Health's consolidated income statements prior to Completion. Pursuant to the Club Lease Agreement, the revenue in respect of Beijing Bayhood No. 9 Club will continue to be recognized as revenue in Jiuhaio Health's consolidated income statements following Completion. Pursuant to the Club Lease Agreement, the staff costs of Beijing Bayhood No. 9 Club will continue to be recognized as cost of sales in Jiuhaio Health's consolidated income statements but (i) the annual rental payable by BJ Bayhood No. 9 Co to the lessor for the Club Land; (ii) any depreciation expenses in respect of BJ Bayhood No. 9 Co shall be borne by BJ Bayhood No. 9 Co; and (iii) any amortization expenses of intangible assets relevant to the Target Group (which will be derecognized upon Completion) will no longer be recognized in Jiuhaio Health's consolidated financial statements following Completion. In addition, BJ Haikou No. 9 Co will be responsible for rental payment of RMB90 million (equivalent to approximately HK\$114.3 million) during the first five-year rental period of the Club Lease Agreement and the rental payment will be increased by 30% in each of the subsequent five-year rental period, and such rental payment will be recognized on a pro-rata basis as cost of sales in Jiuhaio Health's consolidated income statements following Completion.

Following Completion, Jiuhaio Health Group will account for the revenue generating from the operation of Beijing Bayhood No. 9 Club pursuant to the Club Lease Agreement in accordance with the Hong Kong Financial Reporting Standards as follows:

1. members' annual fees in respect of Beijing Bayhood No. 9 Club are recognized on a straight-line basis over the subscription period. Membership entrance fees represent non-refundable upfront registration fee for lifetime entitlement by members for using the golf facilities and enjoying certain privileges in other facilities in the club and are recognized on a reducing balance method for which the membership is granted and the reducing rate is based upon historical usage pattern of existing members; and
2. food and beverage income and club activities income in respect of Beijing Bayhood No. 9 Club are accounted for when the services are rendered.

The aforementioned accounting treatments following Completion are in line with Jiuhaio Health Group's existing accounting policies and has been discussed with Jiuhaio Health's auditors. Such accounting treatments will also be applied in the preparation of the unaudited pro forma financial information in respect of the VSD in accordance with Rule 4.29 of the Listing Rules to be included in the VSD Circular.

Jiuhao Health and Eternity had indicated to each other that they intend to maintain the lease arrangement on a long-term basis given: (1) Eternity intends to hold Beijing Bayhood No. 9 Club as a long-term investment for rental purposes and has no experience in operating any golf club and wellness facilities; and (2) Jiuhao Health intends to retain Beijing Bayhood No. 9 Club's operations and existing business and continue to develop its offline healthcare and wellness services. As mentioned above, the Club Lease Agreement does not generally provide BJ Bayhood No. 9 Co with any right to terminate the Club Lease Agreement save where BJ Haikou No. 9 Co has defaulted in the performance of its obligations under the Club Lease Agreement. In the event that the Club Lease Agreement is terminated, Eternity may consider engaging another independent operator to manage Beijing Bayhood No. 9 Club by tender as may be appropriate when the circumstances arise.

1.3 THE MOTOR VEHICLE LICENCE AGREEMENT

At Completion, Jiuhao Health Group and BJ Bayhood No. 9 Co shall execute the Motor Vehicle Licence Agreement, pursuant to which Jiuhao Health Group shall have a right to continue to use the motor vehicles and the relevant motor vehicle licenses registered under BJ Bayhood No. 9 Co after Completion for an infinite period at nil consideration.

BJ Bayhood No. 9 Co undertakes to Jiuhao Health that it will fully assist with all necessary procedures to ensure compliance with the laws and that all relevant motor vehicle licenses are valid, including but not limited to carrying out the annual inspection procedures for the motor vehicles. Jiuhao Health will bear all relevant costs incurred by BJ Bayhood No. 9 Co in connection with and arising from such undertakings aforementioned.

The executed Motor Vehicle Licence Agreement shall be one of the deliverables at Completion.

1.4 THE TRADEMARK LICENCE AGREEMENT

At Completion, Jiuhao Health Group and BJ Bayhood No. 9 Co shall execute the Trademark Licence Agreement, pursuant to which Jiuhao Health Group shall have a right to continue to use the "Jiuhao" trademark (which is registered under BJ Bayhood No. 9 Co) at nil consideration for one year after Completion.

The executed Trademark Licence Agreement shall be one of the deliverables at Completion.

2. INFORMATION OF THE TARGET GROUP

The Target Company is a limited liability company established in the BVI and is an investment holding company. As at the date of this announcement, the Target Company is legally and beneficially owned as to 100% by Jiu hao Health through the Vendor.

The Target Group is principally engaged in the provision of recreational and wellness services through the management of Beijing Bayhood No. 9 Club, a membership-based luxury club which comprises of business hotel facilities, an 18-hole golf course, driving range facilities, theme restaurants and cafes, spa facilities, retail shops, and the first PGA branded and managed golf academy in Asia. Beijing Bayhood No. 9 Club is located near the city centre of Beijing, PRC. The major assets owned by the Target Group are as follows:

- the rights to construct and operate the club facilities of Beijing Bayhood No. 9 Club up to 31 December 2051; and
- the rights to develop and operate the Subject Land, which is a piece of 580 Chinese acre land adjacent to Beijing Bayhood No. 9 Club up to 30 January 2062.

The Target Group does not own the land use rights of the Club Land and the Subject Land. BJ Bayhood No. 9 Co enjoys the contractual rights of development of and operation on the Club Land and the Subject Land during the respective periods as provided in the Joint Construction and Operational Agreement (as defined below) and the Transfer Agreement (as defined below) and is therefore entitled to construct and develop the Club Land and the Subject Land as well as manage and operate the properties erected on the Club Land and the Subject Land through contractual arrangements.

According to the preliminary advice from Eternity's PRC legal adviser, upon Completion, it is not expected that the Eternity Group will encounter any legal impediments in relation to the use of and construction of properties erected on the Club Land and the Subject Land by means of the contractual arrangements mentioned above and the acquisition of the Target Group pursuant to the S&P Agreement. Meanwhile such PRC legal adviser is conducting its legal due diligence on the Target Company and as mentioned in the paragraph headed "Conditions precedent" above, a legal opinion, amongst other things, in respect of whether there will be any legal impediments to the use of and construction of properties erected on the Club Land and the Subject Land will be obtained as a condition precedent.

The following is the financial information of the Target Group extracted from its unaudited combined management accounts for the two years ended 31 December 2014 and the nine months ended 30 September 2014 which was prepared by Jiu hao Health in accordance with Hong Kong Financial Reporting Standards:

	For the year ended 31 December 2013 HK\$'000	For the year ended 31 December 2014 HK\$'000	For the nine months ended 30 September 2014 HK\$'000
Sales	125,465	104,491	78,613
Gross profit	31,585	28,003	22,253
Loss before taxation	(82,731)	(17,628)	(7,863)
Loss for the year/period	<u>(74,289)</u>	<u>(15,047)</u>	<u>(7,207)</u>
	As at 31 December 2013 HK\$'000	As at 31 December 2014 HK\$'000	As at 30 September 2014 HK\$'000
Non-current assets	2,035,456	2,106,911	2,078,475
– which includes intangible assets in the amount of	1,631,272	1,589,601	1,591,369
Current assets	193,977	140,826	307,316
Current liabilities	285,262	224,568	429,121
Non-current liabilities	760,248	435,493	483,478
Net assets	<u>1,183,923</u>	<u>1,587,676</u>	<u>1,473,192</u>

The unaudited combined net asset value of the Target Group as at 30 September 2014 extracted from its unaudited combined management accounts (which has included Jiu hao Health's purchase price allocation adjustments in relation to the Target Group, such as intangible assets) was approximately HK\$1,473 million.

According to Jiu hao Health, the purchase price allocation adjustments refer to the purchase price allocation made by Jiu hao Health when Jiu hao Health acquired certain companies within the Target Group in 2011 and 2012.

According to Jiu hao Health, the purchase price allocation adjustments in relation to the Target Group included in the unaudited combined net asset value as at 30 September 2014 amounted to a total of approximately HK\$1,329 million. They are mainly in relation to the adjustments of intangible assets, goodwill, fixed assets and deferred tax liabilities, amounting to approximately HK\$1,272 million, HK\$319 million, HK\$35 million and HK\$335 million respectively, from their respective book values to fair values at the time of business combinations by Jiu hao Health Group and the subsequent additional depreciation or amortization up to 30 September 2014. Excluding such purchase price allocation adjustments, the unaudited net asset value of the Target Group was approximately HK\$144 million as at 30 September 2014.

According to Jiu hao Health, the Target Group was acquired but not established by, the Vendor. In order to reflect the fair value of the assets and liabilities (including intangible assets, goodwill and deferred tax liabilities) of the Target Group at the dates of acquisition by the Vendor, it is necessary to account for the purchase price allocation when preparing the combined financial information. In fact, the combined financial information including purchase price allocation adjustments are the figures reflected in the consolidated financial statements of the Jiu hao Health Group, and were prepared in accordance with Hong Kong Financial Reporting Standards.

The abovementioned unaudited combined net asset value of the Target Group of approximately HK\$1,473 million as at 30 September 2014 included the liability portion of convertible notes of approximately HK\$64 million issued by Jiu hao Health. Excluding the liability portion of convertible notes (which will not be assigned to Eternity upon Completion) of approximately HK\$64 million and the expected balance of Shareholder's Loan classified as current liability of approximately HK\$44 million at Completion, the unaudited adjusted combined net asset value of the Target Group would be approximately HK\$1,581 million as at 30 September 2014 (being the Adjusted Combined NAV as at 30 September 2014).

According to Jiu hao Health, the unaudited combined financial information of the Target Group has not been reviewed by Jiu hao Health's reporting accountant for the purpose of the Transactions. The combined financial information of the Target Group which is to be reviewed by Jiu hao Health's reporting accountant pursuant to the requirements under Rule 14.68(2)(a)(i) of the Listing Rules will be included in the VSD Circular.

The revenue and cost structure of the operation of Beijing Bayhood No. 9 Club prior to the Completion

Revenue structure of the operation of Beijing Bayhood No. 9 Club

The current business of Beijing Bayhood No. 9 Club derives income from the following streams:

1. income derived from membership fees in the form of revenue received from membership sales and annual fees from existing members;
2. income derived from food and beverage operations and retail shops open for both members and non-members;
3. income derived from golf club operations being green fees, caddy and buggy fees from both members and non-member guests (only allowed when accompanied by members) for using the golf club facilities;
4. income derived from the golf academy where tuition fees are charged to both members and non-members; and
5. income derived from provision of spa facilities and other recreational facilities to both members and non-members.

Cost structure of the operation of Beijing Bayhood No. 9 Club

The major costs of Beijing Bayhood No. 9 Club comprise (i) staff costs, (ii) depreciation expenses of the golf course, buildings, machinery and equipment, furniture and motor vehicles of Beijing Bayhood No. 9 Club, (iii) costs of food and beverage operations and retails shop, (iv) costs of materials and consumables, and (v) the annual rental payable by BJ Bayhood No. 9 Co to the lessor for the Club Land.

Business model of the Target Group upon Completion

Upon Completion, the Jiuhaio Health Group will continue to manage and operate Beijing Bayhood No. 9 Club pursuant to the terms of the Club Lease Agreement. In other words, during the terms of the Club Lease Agreement, the Jiuhaio Health Group will be responsible for the overall performance of Beijing Bayhood No. 9 Club such that it will receive revenue and bear the costs associated with the operations of Beijing Bayhood No. 9 Club. On the other hand, Eternity will receive a fixed rent under the Club Lease Agreement, and the Eternity Group will not be responsible for the cost nor share any revenue to be derived from the operation of Beijing Bayhood No. 9 Club during the duration of the Club Lease Agreement.

The expected business relationship between Beijing Bayhood No. 9 Club and the Subject Land upon Completion

Beijing Bayhood No. 9 Club has been in operation since 2006; whilst the Subject Land which is adjacent to Beijing Bayhood No. 9 Club, is still in the course of development and the construction of the first phase development of the hotel villas community on the Subject Land is substantially completed.

After the respective proposed developments on the Subject Land are completed, as the Subject Land is adjacent to Beijing Bayhood No. 9 Club, the Eternity Directors believe that Beijing Bayhood No. 9 Club shall provide the following benefits to the hotel villas and high-end hotel apartments to be erected on the Subject Land and vice versa:

1. The hotel villas and high-end hotel apartments shall enjoy an unobstructed view of the green landscape of Beijing Bayhood No. 9 Club. The Eternity Directors believe that the supply of hotel villas and high-end hotel apartments erected next to golf courses is limited on the market and it is rare within Beijing. It is believed that this enhances the prestigious market position of the hotel villas and high-end hotel apartments erected on the Subject Land.
2. The Eternity Directors are contemplating that the tenants of the aforesaid hotel villas and high-end hotel apartments will be offered to use the golf course, spa and fitness centre of Beijing Bayhood No. 9 Club. The Eternity Directors believe that such offer will have a positive impact on the occupancy rate and help foster a prestigious market position of the hotel villas and high-end hotel apartments, as well as differentiating them from other high-end hotel villas and hotel apartments in Beijing.
3. A majority of the existing members of Beijing Bayhood No. 9 Club are high net worth businessmen. These members often host sport events and informal business gatherings to foster their relationships with customers and/or business partners. It is believed that members of Beijing Bayhood No. 9 Club will be one of the sources of short-term leasing of the hotel villas and high-end hotel apartments.

Whilst the operations and management of Beijing Bayhood No. 9 Club and that of the proposed project of hotel villas and high-end hotel apartments to be erected on the Subject Land are separate and not reliant on each other, the Eternity Directors believe that Beijing Bayhood No. 9 Club and the proposed project of hotel villas and high-end hotel apartments to be erected on the Subject Land are complementary to each other, as they can cross sell each other's services and products to their respective customers, and the presence of Beijing Bayhood No. 9 Club next to the Subject Land will enhance the prestigious market position of the hotel villas and high-end hotel apartments to be erected on the Subject Land.

The relevant contractual arrangements which confer the rights to develop and operate the Club Land and the rights to manage and operate the properties erected on the Club Land up to 31 December 2051

According to Eternity's PRC legal adviser, the Club Land is collectively-owned by 北京市朝陽區來廣營鄉北湖渠村 (Beihuqu Village of Laiguangying Town, Chaoyang District, Beijing*, "**Beihuqu Village**"). According to the Land Administration Law of the PRC and the Organic Law of the Villagers' Committees of the PRC, the administrative right of the Club Land is conferred on 北京市朝陽區來廣營鄉北湖渠村經濟合作社 (the Economic Cooperative of Beihuqu Village of Laiguangying Town, Chaoyang District, Beijing*, "**Beihuqu Village Economic Cooperative**").

Beihuqu Village Economic Cooperative entered into two agreements (collectively, the "**Golf Club Agreements**") with 北京馨葉高爾夫俱樂部有限公司 (Beijing Xinye Golf Club Company Limited*), now known as 北湖國際高爾夫俱樂部有限公司 (Bayhood Golf Club Company Limited*, the "**Golf Club Co**"), in 2000 and 2002, respectively, authorising the Golf Club Co to enjoy the contractual rights of development of and operation on the Club Land.

On 20 December 2005, BJ Bayhood No. 9 Co and the Golf Club Co entered into a joint construction and operation agreement (the "**Joint Construction and Operation Agreement**"), pursuant to which BJ Bayhood No. 9 Co shall fund and be responsible for the actual development of and operation on the Club Land. As a party to the Golf Club Agreements, Beihuqu Village Economic Cooperative issued a consent letter on 15 December 2005, consenting to the entering into of the Joint Construction and Operation Agreement between BJ Bayhood No. 9 Co and the Golf Club Co.

Based on the above, Eternity's PRC legal adviser is of the opinion that, BJ Bayhood No. 9 Co enjoys the sole contractual rights of development of and operation on the Club Land during the stipulated period as provided in the Joint Construction and Operation Agreement and is therefore entitled to construct and develop the Club Land as well as manage and operate the properties erected on the Club Land during the same period.

* *For the purpose of identification only*

The relevant contractual arrangements which confer the rights to develop and operate the Subject Land and the rights to manage and operate the properties erected on the Subject Land up to 30 January 2062

According to Eternity's PRC legal adviser, the Subject Land is collectively-owned by Beihuqu Village. According to the Land Administration Law of the PRC and the Organic Law of the Villagers' Committees of the PRC, the administrative right of the Subject Land is conferred on 北京市朝陽區來廣營鄉北湖渠村村民委員會 (the Villagers' Committee of Beihuqu Village of Laiguangying Town, Chaoyang District, Beijing*, "**Beihuqu Village Villagers' Committee**").

According to Eternity's PRC legal adviser, BJ Bayhood No. 9 Co enjoys the contractual rights of development of and operation on the Subject Land and the management rights of the properties erected on the Subject Land through the following contractual arrangements:

1. According to the confirming letter regarding the ownership of the land used by Chaolai Football Centre under Beijing Chaoyang District Laiguangying People's Government (北京市朝陽區來廣營鄉人民政府朝來足球活動中心用地情況說明) issued by the Chaoyang Branch of the Beijing Municipal Bureau of Land and Resources on 14 December 2010, the ownership of the Subject Land belongs to Beihuqu Village. According to the authorisation letter issued by the Beihuqu Village Villagers' Committee dated 8 May 2008, the Beihuqu Village Villagers' Committee has authorised 北京朝來足球中心 ("**Beijing Chaolai Football Centre**") the rights of development of and operation on the Subject Land, including but not limited to leasing, cooperation or other operational purposes.
2. Subsequently, Beijing Chaolai Football Centre has granted 北京北湖商務諮詢有限公司 (Beijing Beihu Business Consultants Company Limited*, "**Beihu Consultants**") the rights of development of and operation on the Subject Land and the right to manage and operate the properties erected on the Subject Land until 31 May 2048 by entering into a cooperation agreement with Beihu Consultants on 30 January 2012 (the "**Beihu Cooperation Agreement**").
3. Pursuant to the transfer agreement signed between Beihu Consultants and BJ Bayhood No. 9 Co on 1 January 2013 (the "**Transfer Agreement**"), Beihu Consultants transferred all its rights and obligations under the Beihu Cooperation Agreement to BJ Bayhood No. 9 Co. On the same date, as the other party to the Beihu Cooperation Agreement, Beijing Chaolai Football Centre issued a consent letter acknowledging and consenting to the Transfer Agreement. On 22 July 2014, BJ Bayhood No. 9 Co and Beijing Chaolai Football Centre signed a variation agreement extending the cooperation period in relation to the Subject Land from 31 May 2048 to 30 January 2062. As such, BJ Bayhood No. 9 Co has the rights of development of and operation on the Subject Land and to manage and operate the properties erected on the Subject Land up to 30 January 2062.

* For the purpose of identification only

Based on the above, Eternity's PRC legal adviser is of the opinion that, BJ Bayhood No. 9 Co enjoys the sole contractual rights of development of and operation on the Subject Land during the stipulated period as provided in the Transfer Agreement and the variation agreement mentioned above, and is therefore entitled to construct on and develop the Subject Land as well as manage and operate the properties erected on the Subject Land during the same period.

Ownership of the Club Land and the Subject Land, the rights of Beihuqu Village's Economic Cooperative and the rights of Beihuqu Village Villagers' Committee

According to Eternity's PRC legal adviser, currently, the authority in charge of land administration in the PRC is the Ministry of Land and Resources under the State Council, as well as local branches of the Ministry of Land and Resources across the PRC. Pursuant to the Land Administration Law of the PRC, "The PRC resorts to a socialist public ownership of land (i.e. an ownership by the whole people and ownership by collectives). In ownership by the whole people, the State Council is empowered to administer on behalf of the State the land owned by the State". As such, land in the PRC can be categorized as either land owned by the State (ownership by the whole people) or land owned by collectives. As mentioned above, according to Eternity's PRC legal adviser, the Club Land and the Subject Land are collectively-owned by Beihuqu Village.

According to the Land Administration Law of the PRC and the Property Law of the PRC, the Club Land and the Subject Land are collectively-owned by Beihuqu Village and are administered by collective organisations (Beihuqu Village Economic Cooperative in relation to the Club Land and Beihuqu Village Villagers' Committee in relation to the Subject Land). According to the Organic Law of the Villagers' Committee of the PRC, the collective organisations mentioned above have the right to manage the Club Land and the Subject Land and to authorise third parties to administer and use the collectively-owned land. Based on the above, Eternity's PRC legal adviser is of the opinion that BJ Bayhood No. 9 Co does not have and it is impossible for BJ Bayhood No. 9 Co to obtain the ownership right of the Club Land and the Subject Land under the current PRC legal regime. Currently, BJ Bayhood No. 9 Co enjoys the contractual rights of development of and operation on the Club Land and Subject Land through obtaining the relevant collectives' direct or indirect consent and authorisation through a series of contractual arrangements. According to Eternity's PRC legal adviser, these contractual arrangements do not violate the Contract Law of the PRC and are in compliance with the relevant PRC laws and regulations.

According to Eternity's PRC legal adviser, pursuant to the Land Administration Law of the PRC and the Organic Law of the Villages Committees of the PRC, the village's economic cooperative and/or the villagers' committee have/has the right to "administer the affairs concerning the land and other property owned collectively by the peasants of the village". Given that the Club Land and the Subject Land are collectively-owned by Beihuqu Village, each of Beihuqu Village Economic Cooperative and Beihuqu Village Villagers' Committee has the right to administer the Club Land and the Subject Land and, subject to relevant laws, authorise a third party to develop and operate the Club Land and the Subject Land.

No requirement for Eternity to obtain consent from Beijing Chaolai Football Centre in relation to the Transactions

According to Eternity's PRC legal adviser, it is not necessary for Eternity to obtain consent from Beijing Chaolai Football Centre in relation to the Transactions as the nature of the Transactions and the transfer of rights and obligations in respect of the Subject Land from Beihu Consultants to BJ Bayhood No. 9 Co are different.

The transfer of rights and obligations in respect of the Subject Land from Beihu Consultants to BJ Bayhood No. 9 Co involved the transfer of contractual rights and obligations, and pursuant to the Contract Law of the PRC, it requires consent from the other parties to the contract. In contrast, the Transactions involve only a change of the ultimate owner of BJ Bayhood No. 9 Co and BJ Bayhood No. 9 Co will not be transferring its contractual rights and obligations in respect of the Subject Land as authorised by Beijing Chaolai Football Centre to other third parties.

It is not a requirement under the Contract Law of the PRC and Company Law of the PRC to obtain the consent of other parties to a contract where a party to the contract changes its ultimate owner.

The current status of the first phase development of the hotel villas to be erected on the Subject Land

As mentioned above, the construction of the first phase development of the hotel villas community on the Subject land is substantially completed.

According to Eternity's PRC legal adviser, the opinions and permits as described in this paragraph were issued in respect of the development on the entire Subject Land, thus including the three phases of development. Hence, the first phase development of the hotel villas (the "**Phase I Hotel Villas**") have already obtained (i) the preliminary assessment opinion on use of land issued by the Chaoyang branch of the Beijing Municipal Bureau of Land and Resources on 26 April 2011; (ii) the permission opinion issued by the Beijing Municipal Commission of Development & Reform on 1 July 2011; (iii) the assessment opinion issued by the Beijing Municipal Commission of Urban Planning on 26 January 2011; and (iv) the assessment opinion issued by the Beijing Municipal Commission of Urban Planning on 16 December 2011. The Phase I Hotel Villas has also received (i) the rural construction planning permit (鄉村建設規劃許可證) issued by the Beijing Municipal Commission of Urban Planning; and (ii) the building construction permit (建築工程施工許可證) issued by the Ministry of Housing and Urban-Rural Development. The above opinions and permits are the material opinions and permits required for the construction of the Phase I Hotel Villas.

Other than the above, the assessment opinions from the relevant environmental departments, fire safety departments and civil defense departments are required prior to the completion of the construction and/or the operation of the Phase I Hotel Villas. According to the preliminary advice of Eternity's PRC legal adviser, they do not expect the Eternity Group to have any difficulties or delay in obtaining the aforesaid assessments opinions prior to the completion of the construction and/or the operation of the Phase I Hotel Villas.

The latest status of the second phase development of the hotel villas and the third phase development of the hotel apartments to be erected on the Subject Land

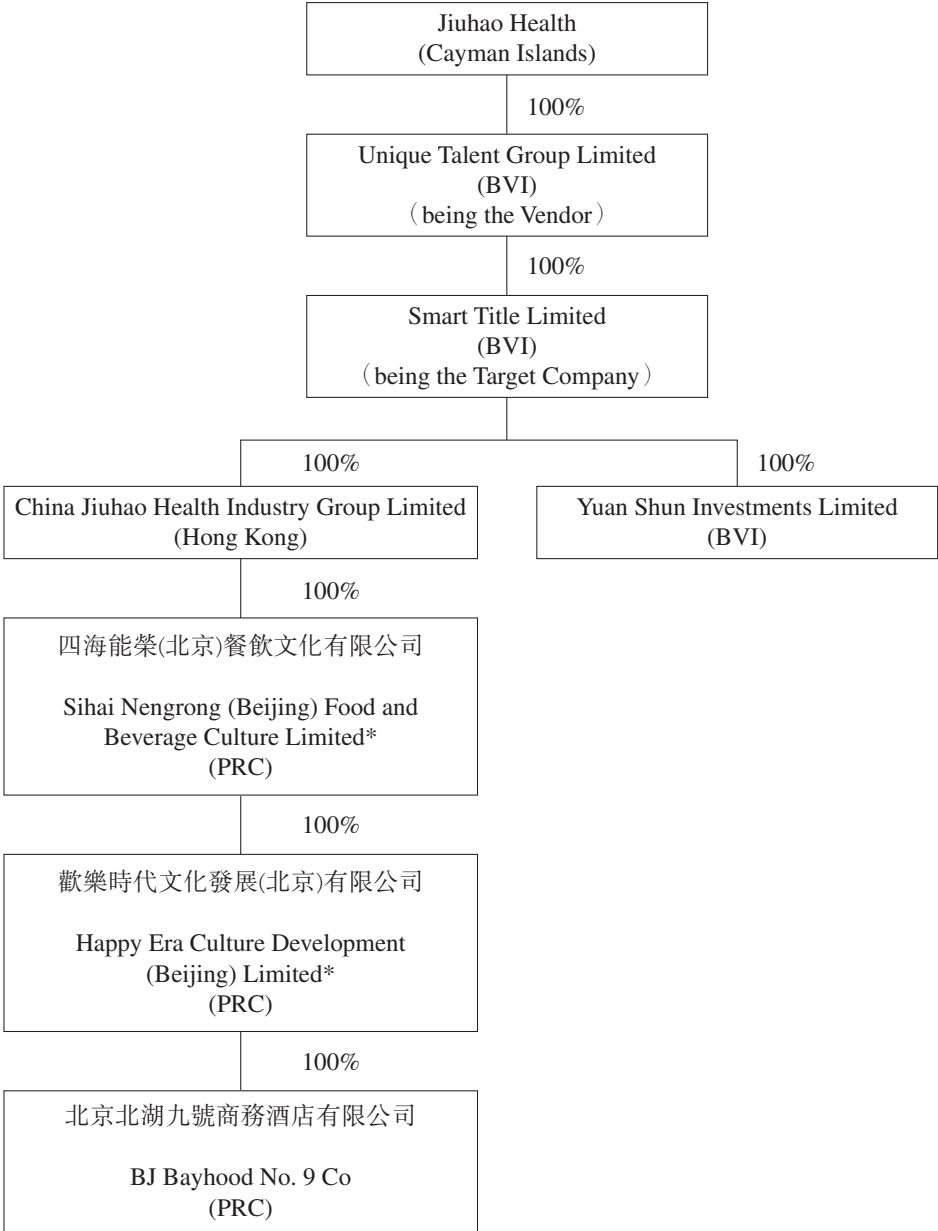
As mentioned above, the second phase development of the hotel villas (the "**Phase II Hotel Villas**") is expected to be commenced in the third quarter of 2015 and completed in the second quarter of 2016. The third phase development of the high-end hotel apartments (the "**Phase III Hotel Apartments**") is expected to commence in the third quarter of 2016 and completed in the second quarter of 2017.

According to Eternity's PRC legal adviser, the opinions and permits as described in this paragraph were issued in respect of the development on the entire Subject Land, thus including the Phase I Hotel Villas, the Phase II Hotel Villas, and the Phase III Hotel Apartments. Hence, the Phase II Hotel Villas and the Phase III Hotel Apartments have already obtained (i) the preliminary assessment opinion on use of land issued by the Chaoyang branch of the Beijing Municipal Bureau of Land and Resources on 26 April 2011; (ii) the permission opinion issued by the Beijing Municipal Commission of Development & Reform on 1 July 2011; (iii) the assessment opinion issued by the Beijing Municipal Commission of Urban Planning on 26 January 2011; and (iv) the assessment opinion issued by the Beijing Municipal Commission of Urban Planning on 16 December 2011. The Phase II Hotel Villas has also received (i) the rural construction planning permit (鄉村建設規劃許可證) issued by the Beijing Municipal Commission of Urban Planning; and (ii) the building construction permit (建築工程施工許可證) issued by the Ministry of Housing and Urban-Rural Development. The above opinions and permits are the material opinions and permits required for the construction of the Phase II Hotel Villas and Phase III Hotel Apartments.

Other than the above, the assessment opinions from the relevant environmental departments, fire safety departments and civil defense departments are required prior to the completion of the construction and/or the operation of the Phase II Hotel Villas and Phase III Hotel Apartments. According to the preliminary advice of Eternity’s PRC legal adviser, they do not expect the Eternity Group to have any difficulties or delay in obtaining the aforesaid assessments opinions prior to the completion of the construction and/or the operation of the Phase II Hotel Villas and/or the Phase III Hotel Apartments.

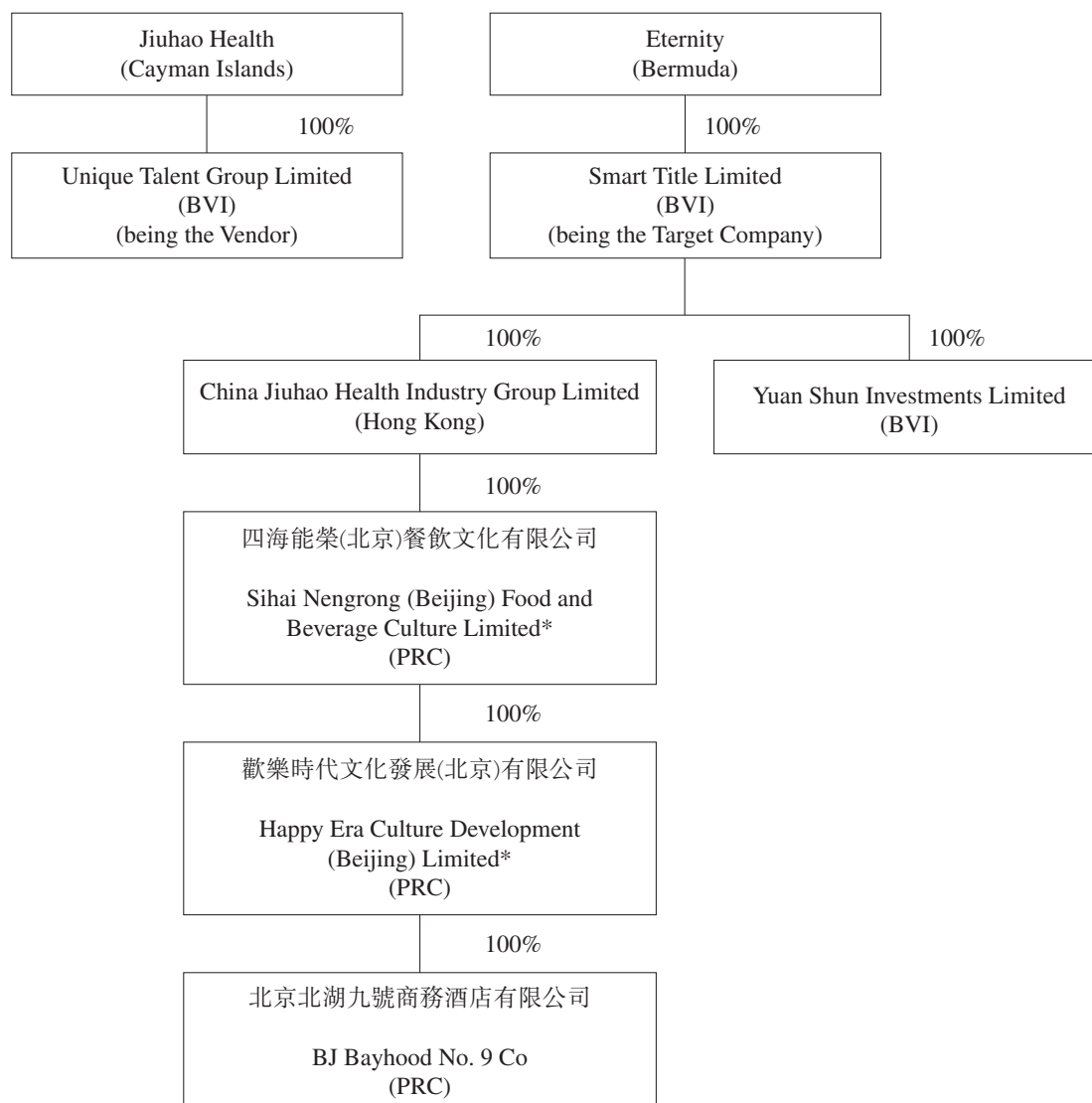
The following diagrams set out the shareholding structure of the Target Group immediately before and immediately upon Completion:

Immediately before Completion



* For the purpose of identification only

Immediately upon Completion



* For the purpose of identification only

3. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Vendor is an investment holding company.

Jiuhao Health, through its subsidiaries, is principally engaged in (i) the provision of online healthcare service; (ii) the provision of offline healthcare and wellness services; and (iii) media business.

Eternity, through its subsidiaries, is principally engaged in distribution of films, sub-licensing of film rights, sale of financial assets, property investment, money lending, design and sale of jewelry products, and development, distribution and marketing of personal care treatments, products and services.

Upon Completion, (i) Jiuhaio Health will continue to engage in the provision of online healthcare service; provision of offline healthcare and wellness services; and media business, and more resources will be allocated to the development of online healthcare services through its “Kangxun 360” cloud health management services platform; (ii) Jiuhaio Health Shareholders will receive cash dividends and Eternity Consideration Shares pursuant to the Proposed Distribution (further information of the Proposed Distribution is set out above under the paragraph headed “The Proposed Distribution”); and (iii) Eternity will hold the entire shareholding interest in the Target Company.

Jiuhaio Health will receive the Consideration of HK\$1,650 million (assuming the share price was HK\$0.70 per Eternity Share upon Completion). Jiuhaio Health may incur an estimated total transaction cost and expenses of approximately HK\$54 million in connection with the S&P Agreement. Based on the Adjusted Combined NAV as at 30 September 2014 of approximately HK\$1,581 million, Jiuhaio Health Group may recognize a gain before taxation of approximately HK\$15 million (being HK\$1,650 million minus HK\$54 million and then minus HK\$1,581 million) upon Completion. The actual gain or loss on disposal can only be ascertained by the time of Completion. It is intended that HK\$500 million in cash and 1,500,000,000 Eternity Consideration Shares will be distributed according to the Proposed Distribution. The retained amount of cash consideration, being HK\$100 million, will be used to partly finance the aggregate rental of RMB90 million (equivalent to approximately HK\$114.3 million) under the Club Lease Agreement for the first five-year rental period payable by BJ Haikou No.9 Co to BJ Bayhood No.9 Co upon Completion.

Jiuhaio Health Board expects to fund the capital expenditures for the organic development of the Remaining Group by cash generated from operations and internal resources, but not from the cash consideration of the Transactions. Jiuhaio Health Group had cash and cash equivalents and investment securities (financial assets at fair value through profit or loss) of approximately HK\$162.75 million and approximately HK\$138.65 million respectively, as at 31 December 2014 as disclosed in Jiuhaio Health’s annual report for the year ended 31 December 2014. Save for the above, Jiuhaio Health Board has not identified any other major use of the proceeds resulting from the Transactions, Jiuhaio Health Board is of the opinion that it would be in the interests of Jiuhaio Health Shareholders to enjoy the return on their equity through receiving the cash consideration and the Eternity Consideration Shares pro rata to their interests in the Jiuhaio Health Shares.

Reasons for and benefits of the Transactions for Jiu hao Health

Jiu hao Health Group acquired Beijing Bayhood No. 9 Club in 2011 and the development and operating rights of the Subject Land in 2012 for development of Beijing Healthcare and Wellness Si He Yuan and Hotel (being the extension of Beijing Bayhood No. 9 Club). The first phase of the construction of Beijing Healthcare and Wellness Si He Yuan and Hotel, being the Phase I Hotel Villas, is substantially completed.

Jiu hao Health Group strived to offer a one-stop health management solution that comprises a package of online and offline health services. With regard to the online health services, as set out in the annual report of Jiu hao Health for the year ended 31 December 2014, Jiu hao Health Group has completed upgrading its “Kangxun 360” smart cloud health management service platform for chronic diseases, and launched an independently developed mobile portal to provide quality health management services to health-conscious users, diabetic patients and cardiac patients. “Kangxun 360” platform was officially launched with a fresh new look in 2014 after one year of improvement and upgrading, and it was repositioned to include “chronic disease management” as a key service. Jiu hao Health Group also launched Kangxun 360-branded smart blood glucose monitors and blood glucose test strips. Currently, “Kangxun 360” already has more than 220,000 registered users and continues to carry out various strategies to acquire new users including: (i) establishing strategic cooperations with operators of diabetes-related websites and online community forums; (ii) establishing business cooperations with healthcare/medical service operators, local social security bureaus and large enterprises in the PRC; (iii) forming business partnerships with insurance companies in the PRC; and (iv) launching various promotion campaigns via the “Kangxun 360” website, its virtual shop on Taobao and the “Kangxun 360” mobile application.

Jiu hao Health offers offline healthcare and wellness services through a number of healthcare projects, including Jiu hao Health Group’s Green Healthcare Channel (which give users a priority access to general and specialist outpatient and hospitalisation services at a number of tertiary grade-A hospitals in Beijing), Beijing Bayhood No. 9 Club, Beijing Healthcare and Wellness Si He Yuan and Hotel, China Jiu hao Health Town projects under construction in Haikou and Sanya in Hainan Province and a new healthcare and wellness centre in Beijing.

Jiu hao Health Board is of the view that the principal business of the Target Group is capital intensive and will take a relative longer time to completely realize its value to Jiu hao Health Shareholders. Having considered the business nature, the development prospect and the relative investment risk of Beijing Bayhood No. 9 Club and Beijing Healthcare and Wellness Si He Yuan and Hotel, Jiu hao Health considers that it will be an appropriate time to realize a return on its investment in Beijing Bayhood No. 9 Club and Beijing Healthcare and Wellness Si He Yuan and Hotel should the opportunity arise. Hence, Jiu hao Health Board considers that the Transactions are beneficial to Jiu hao Health and Jiu hao Health Shareholders as a whole and provide a good opportunity for Jiu hao Health Shareholders to receive cash dividends and holding Eternity Consideration Shares through the Proposed Distribution.

Notwithstanding that the Target Company will cease to be a subsidiary of Jiuhaio Health and will become a wholly-owned subsidiary of Eternity upon Completion, Jiuhaio Health Group will execute the Club Lease Agreement, the Motor Vehicle Licence Agreement and the Trademark Licence Agreement with BJ Bayhood No. 9 Co to promote seamless transition and successful operation of Beijing Bayhood No. 9 Club. The Club Lease Agreement will have a term of 20 years, which is subject to further extension up to 31 December 2051 (the same expiry date of the existing term of the relevant contractual arrangement which confer the Target Group the rights to manage and operate Beijing Bayhood No. 9 Club) if Jiuhaio Health Group requests so. If Jiuhaio Health Group would like to terminate the Club Lease Agreement, Jiuhaio Health Group must give notice to the lessor at least six months prior to the expiry of the current rental period. The Club Lease Agreement does not generally provide the lessor with any right to terminate the Club Lease Agreement save where Jiuhaio Health Group has defaulted in the performance of its obligations under the Club Lease Agreement. Jiuhaio Health intends to retain Beijing Bayhood No. 9 Club's operations and existing business and continue to develop its offline healthcare and wellness services.

After Completion, Jiuhaio Health Group will still have the full and absolute right and control over the management and operations of Beijing Bayhood No. 9 Club during the rental period and Jiuhaio Health will still maintain its exposure to and the economic benefits from the principal business of Beijing Bayhood No. 9 Club by the way of entering into such agreements upon Completion which forms an integral part of Jiuhaio Health's offline healthcare and wellness services. Moreover, Jiuhaio Health Shareholders are given the opportunity to maintain an interest in the principal business of the Target Group through (i) the abovementioned agreements; and (ii) a direct interest via their pro rata entitlement of shareholding interest in Eternity to be distributed under the Proposed Distribution.

The Subject Land is adjacent to Beijing Bayhood No. 9 Club and Jiuhaio Health has intended to develop low-density deluxe hotel villas and a high-end hotel apartment complex on the Subject Land. When negotiating the terms of the S&P Agreement, the parties have taken into account of the complementary corporate strategy of the Subject Land as an extension of "Bayhood No. 9 Club" and the synergies which may be created by the uniqueness of the Subject Land's location (connecting and easily accessible to a golf course). Given the more attractive business potential to link up the future development of Beijing Bayhood No. 9 Club and the Subject Land, the synergetic effect is expected to be reflected in the valuation. In view of the above, both Beijing Bayhood No. 9 Club and the Subject Land will be disposed of altogether by Jiuhaio Health Group under the S&P Agreement.

Whilst construction of the first phase development of the hotel villas community on the Subject Land is substantially completed, Jiu hao Health Board considers that the Transactions will result in an efficient realization of the investment return on the development project as Jiu hao Health shall only deal with Eternity in the Transactions which substantially reduce the counter-party, market and other commercial risks and time costs than leasing the properties on the market to individual lessees. Jiu hao Health Board considers that the terms of the S&P Agreement are in the interest of Jiu hao Health and the Jiu hao Health Shareholders as a whole as the Transactions represent a good opportunity for the Jiu hao Health Group to realize its investment and attain a reasonable return.

For illustrative purposes, for the two years ended 31 December 2013 and 2014, the unaudited revenue of the Target Group derived from Beijing Bayhood No. 9 Club operations amounted to HK\$125.5 million and HK\$104.5 million respectively. Through the arrangement of the Club Lease Agreement, Jiu hao Health Group will continue to operate Beijing Bayhood No. 9 Club and will be entitled to the revenue to be contributed by Beijing Bayhood No. 9 Club after Completion. Jiu hao Health Group is experienced in managing Beijing Bayhood No. 9 Club, which has a track record of a stable income stream based on the historical revenue generated by Beijing Bayhood No. 9 Club. Accordingly, the Jiu hao Health Board considers that it is in the best interests of Jiu hao Health and the Jiu hao Health Shareholders to dispose of the Target Company through the Transactions and retain the operation of Beijing Bayhood No. 9 Club through the Club Lease Agreement.

Jiu hao Health believes that, subject to actual business performance of Beijing Bayhood No. 9 Club and Jiu hao Health's audit, Jiu hao Health will continue to enjoy the benefits of annual revenue to be contributed by Beijing Bayhood No. 9 Club which is currently estimated to be in the range of approximately HK\$104.5 million to approximately HK\$125.5 million (the high end and the low end of the range were estimated with reference to the segmental revenue contributed by Beijing Bayhood No. 9 Club for the year ended 31 December 2013 and 2014 respectively).

In addition to Beijing Bayhood No. 9 Club, Jiu hao Health Group continues to expand the coverage of its healthcare and wellness centres. Since August 2014, Jiu hao Health Group has rented a property with a floor area of more than 10,000 square metres in Chaoyang District, Beijing under a long-term lease, with a view to building a healthcare and wellness centre featuring themes of dining, leisure and healthcare, mainly catering for the needs of middle-class customers. The new healthcare and wellness centre has commenced operations in April 2015, which further diversifies Jiu hao Health Group's offline healthcare and wellness services.

Following Completion, Jiu hao Health would (i) continue to allocate more resources to its light-asset online and mobile healthcare services through its operation of “Kangxun 360” cloud health management service platform; and (ii) continue its development of offline health and wellness services and media businesses. Furthermore, Jiu hao Health Group will continue to develop its other healthcare projects in order to enhance investment returns for both Jiu hao Health Group and the Jiu hao Health Shareholders.

Jiu hao Health’s online healthcare services are principally developed around Jiu hao Health Group’s “Kangxun 360” cloud health management service platform (www.kangxun360.com), which was developed by Jiu hao Health with proprietary intellectual property right. “Kangxun 360” is an industry leading health management product based on mobile Internet, Internet of Things and a health management platform that adopted cloud computing. Leveraging on systemic and cutting-edge cloud technology and an extensive team of registered general practitioners, the “Kangxun 360” platform provides users with a systematic range of specialized and customized online health management services that centers on data support. By accessing their “Kangxun 360” accounts via iOS and Android Apps, “Kangxun 360” users can input their health data to create health profiles and perform health assessments. Thereby, they can develop their own health diaries and obtain real-time health alerts, customized health reports, as well as health care knowledge and advice. Powered by the cloud technology, the “Kangxun 360” platform is designed to help users establishing personal health profiles and provide health management services including ongoing tracking, health alerts and recommendations, with a view to reducing health hazards, alerting risks relating to chronic diseases and providing users with guidance to maintain good healthcare practices. Users can also make interactive consultation with their personal health advisors on their health conditions, test results or assessment reports. “Kangxun 360” also allows designated family members to have access to the users’ profile so as to help the users and the authorized persons to continuously access their relevant health profiles.

The “Kangxun 360” platform has so far mainly focused on serving the diabetes community in the PRC. According to a research article issued by the Journal of the American Medical Association on 4 September 2013, around 12% of adult population in the PRC, or approximately 114 million individuals, are diabetic patients. Moreover, it is also estimated that approximately 493 million people in the PRC are under pre-diabetes condition with above-par blood glucose level. To further enhance the function of the “Kangxun 360” platform with respect to diabetic users, Jiu hao Health has through its subcontractor developed its own Kangxun 360-branded blood glucose monitor equipment and designated test strips that can transmit blood glucose test records to the “Kangxun 360” platform on a real-time basis.

Jiuhao Health has also developed strategic cooperation with life insurance companies in the PRC including Taiping Life Insurance Co Ltd and China Life Insurance (Overseas) Co Ltd for the provision of health management services through the “Kangxun 360” platform and/or the sale of Kangxun blood glucose monitors and test strips. Through these strategic cooperation, the “Kangxun 360” is capable of expanding its customer base quickly. Jiuhao Health Group will be able to charge basic service fee for the usage of the platform based on the number of customers and shall benefit from economies of scale by the number of licenses subscribed for the use of the “Kangxun 360” platform. Also, Jiuhao Health Group will generate additional revenue by promoting the use of Kangxun 360-branded blood glucose monitor equipment and designated test strips as well as other value-added services to the “Kangxun 360” subscribers. As the number of subscribers for the “Kangxun 360” platform grows, Jiuhao Health Group targets to further launch value-added services, online business and advertising business relating to healthcare services, and can make use of the comprehensive healthcare database to carry out targeted marketing which shall lay a solid foundation for Jiuhao Health Group’s development of the big data marketing business in the future.

Jiuhao Health Group expects that the major sources of income in respect of its online health services will be contributed by (1) basic service fee receivable for the usage of the “Kangxun 360” platform based on the number of customers which shall expand in line with the economies of scale by the number of subscribers for the use of the “Kangxun 360” platform; and (2) the use of Kangxun 360-branded blood glucose monitor equipment and the consumption of the tailor-made test strips as well as other value-added services by the “Kangxun 360” subscribers. With support from insurance companies through the strategic cooperation arrangement, Jiuhao Health is optimistic that the customer base of “Kangxun 360” can be further expanded and the revenue base can be strengthened. The major costs of sales with regards to the operation of “Kangxun 360” include (i) the cost of the blood glucose monitor and the tailor-made test strips; (ii) staff costs for development and operations of the “Kangxun 360” platform and supporting healthcare professionals. The blood glucose monitor and the tailor-made test strips are supplied to Jiuhao Health Group by subcontracted manufacturers. Jiuhao Health Board envisages that the business relating to its online health services will be able to generate a level of revenue in 2015.

Driven by favorable policies, the insurance sector in the PRC actively invests in the healthcare service industry and the elderly care industry. As further set out in the annual report of Jiuhaio Health Group for the year ended 31 December 2014, given the constant introduction of PRC government policies to drive the development of the health service industry, and the strong momentum arising from population ageing and the upgrading of spending structure of residents, the size of China's healthcare industry is expected to grow. As mentioned in the "Several Opinions on Promoting the Development of the Healthcare Services Industry" issued by the State Council in 2013, by 2020, the total market size of the healthcare services industry is expected to exceed RMB8 trillion, and would become an important driver for sustainable economic and social developments. Jiuhaio Health Board believes that given the growth in the consumer population and favorable government policies in the PRC, the prospect of the healthcare industry in the PRC, in particular the online and mobile health service business, will be optimistic.

Jiuhaio Health Directors considered that the Transactions represented a good opportunity for Jiuhaio Health Group (i) to capitalize the possible future stream of income in respect of the Target Group and realize the investment return at a rate of return determined with reference to the Consideration; and (ii) to avoid any further capital expenditures, risks and uncertainties that may result from the development of the projects relating to the Subject Land. Jiuhaio Health Board is of the view that the above was in line with Jiuhaio Health Group's intention to dispose of the Target Group by entering into the S&P Agreement.

Jiuhaio Health will continue to develop offline healthcare and wellness services following Completion. Through the Club Lease Agreement with an initial term of 20 years (subject to further extension up to 31 December 2051 if Jiuhaio Health Group requests so), Jiuhaio Health will continue to manage and benefit from the economics of Beijing Bayhood No. 9 Club's operations, and shall thus avail itself to a revenues and costs structure which is similar to the current and prior years. In addition, the new healthcare and wellness centre targeting middle-class customers has commenced operation in April 2015, which further diversifies Jiuhaio Health Group's offline healthcare and wellness services.

Jiuhaio Health will also continue to develop its "green healthcare channel" which features priority access to outpatient and hospitalization services. Medical institutions in Beijing face an increasing level of pressure resulting from strong demand for medical services. In particular, the short supply of medical services among tertiary grade-A hospitals is seen to be serious. Seeing the short supply of medical services in Beijing as a market opportunity, Jiuhaio Health Group joined hands with China-Japan Friendship Hospital and Beijing Medical Doctor Association to develop the "green healthcare channel" which provides priority access to outpatient and hospitalization services and whole-process follow-up services, with a view to offering health management services to the high-end users of the "Kangxun 360" platform. Through the "green healthcare channel", customers would be provided with a priority access to general and specialist outpatient and hospitalization services in a number of tertiary grade-A hospitals in Beijing, solving the difficulty of medical service shortage and ensuring customers to receive timely and professional treatment.

Development of the health town projects in Haikou and Sanya is at a stage of preparation. These projects will be developed based on the experience gained from the operation model of Beijing Bayhood No. 9 Club and is expected to be enhanced by the clientele to be developed out of the high-end users of the “Kangxun 360” platform. As the user base development of the “Kangxun 360” platform is still underway, no significant capital expenditures are expected to be incurred for these projects in year 2015.

Jiuhao Health’s media business is operated through investments in (i) licensing of films and television drama in the PRC by Jiuhao Health’s wholly-owned subsidiary, namely Beijing Hua Yi Hao Ge Media Culture Co., Ltd.; (ii) the advertising business of Travel Channel (as described below); and (iii) programs and film production by Jiuhao Health’s joint venture, namely Asia Union Film and Media. Jiuhao Health’s media business segment recorded a profit of approximately HK\$39.6 million in year 2014, compared to a loss of approximately HK\$9.6 million in year 2013.

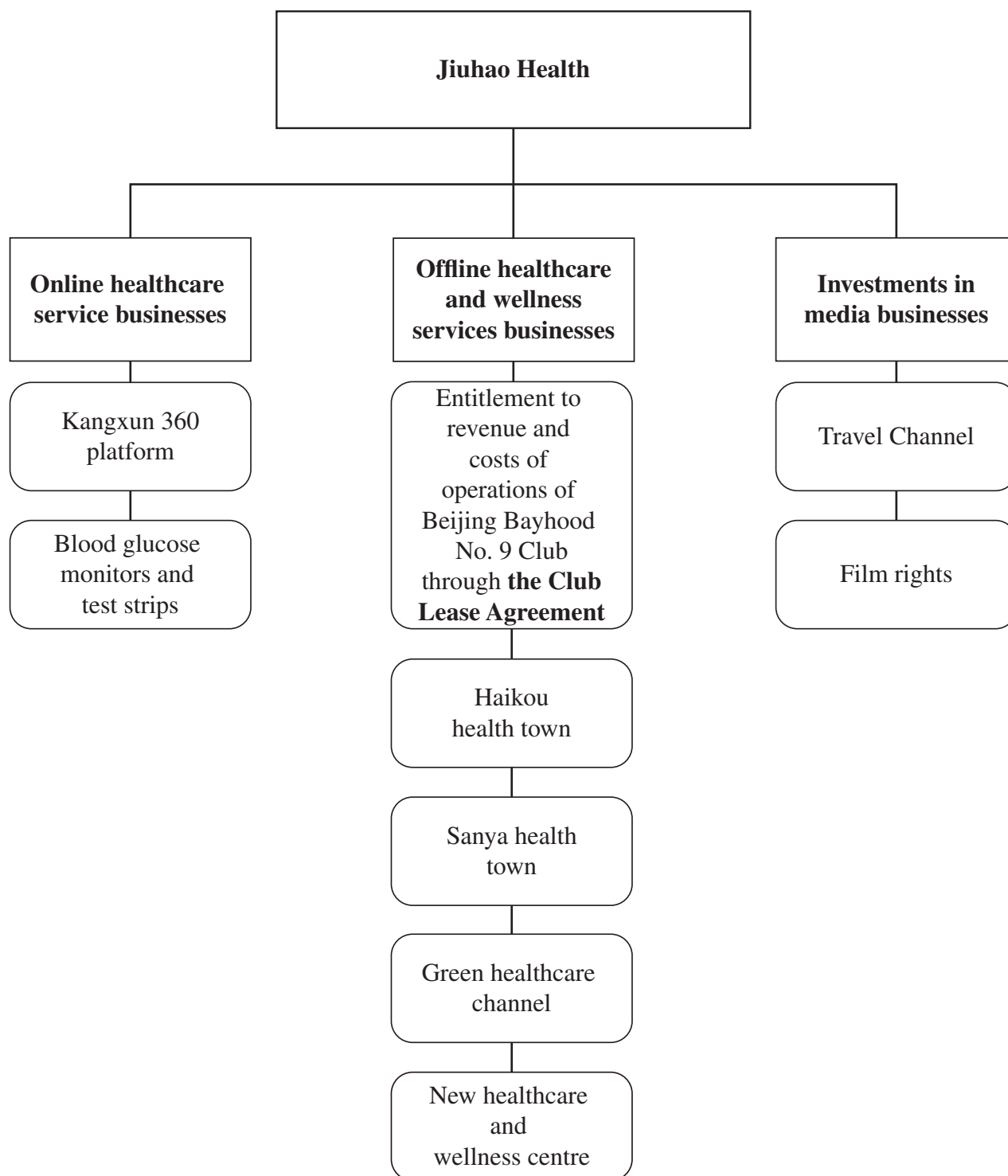
As set out in Jiuhao Health’s annual report for the year ended 31 December 2014, Jiuhao Health Group has increased its investment in programs and film production to approximately HK\$68 million as at 31 December 2014. Net return from these investments in programs and film production amounted to approximately HK\$727,000 and HK\$5,646,000 for each of the year ended 31 December 2013 and 2014 respectively. In 2015, Jiuhao Health has made new investments in two film productions in the aggregate costs of RMB20 million (equivalent to approximately HK\$25 million).

Apart from Jiuhao Health Group’s investment in programs and film production as described above, Jiuhao Health’s media business was also conducted through the Travel Channel operated by its associated company, Hainan Haishi Tourist Satellite TV Media Co. Ltd. Travel Channel reported advertising sales revenue of approximately RMB330 million (equivalent to approximately HK\$419.1 million) and RMB344 million (equivalent to approximately HK\$436.9 million) in year 2013 and 2014 respectively. Jiuhao Health accounted for the results of this operation through “share of results of joint ventures” in the income statement, which amounted to approximately HK\$16.3 million and HK\$585,000 in year 2013 and 2014.

Jiuhao Health's intention with the Remaining Group

Jiuhao Health's interests in the Remaining Businesses are illustrated in the following diagram:

THE REMAINING BUSINESSES



Jiuhao Health considers that healthcare industry in the PRC is still short of meeting the domestic consumption demand and there will be continued momentum for growth of the healthcare demand in the PRC. Jiuhao Health believes that given the growth in the consumer population and favorable governmental policies, the prospect of healthcare industry in the PRC will be optimistic. In pace with the robust growth of the industry, Jiuhao Health Group's business will also move onto a phase of fast development.

With regards to Jiuhao Health's intention in developing the Remaining Businesses following Completion: (i) Jiuhao Health's "green healthcare channel" service will remain in the Remaining Group which is complementary to the development of Jiuhao Health's online health business; (ii) for the high-end and mid-end users of Jiuhao Health's online health business, Jiuhao Health will still offer offline healthcare service through Beijing Bayhood No. 9 Club operations during the term of the Club Lease Agreement and the new healthcare and wellness centre, respectively; (iii) the health town projects in Haikou and Sanya will be developed in phase based on the actual demand of the high-end users of Jiuhao Health's online health business; and (iv) media business will remain in the Remaining Group as one of Jiuhao Health's principal business. Jiuhao Health intends to retain Beijing Bayhood No. 9 Club's operations and existing business and continue to develop its offline healthcare and wellness services through the Club Lease Agreement.

Jiuhao Health Group is committed to becoming a leading one-stop health management service provider in the PRC. Looking ahead, Jiuhao Health Group will continue to develop and operate the "Kangxun 360" health management platform and remain focused on developing the comprehensive healthcare services chain, as well as continue to develop its offline healthcare and wellness services through the Club Lease Agreement, health town projects in Haikou and Sanya, new healthcare and wellness centre and media business. Jiuhao Health Group will continue to seek quality strategic partners to expand its partnership network, with a view to growing the user base. Jiuhao Health Group will improve the business model of "Kangxun 360" and diversify its revenue channels.

In view of the above, in particular (i) the favorable PRC government policies, (ii) the prospect of online and mobile health service in the PRC, (iii) Jiuhao Health Board's view that the principal business of the Target Group is capital intensive and will take a relative longer time to realize its value to Jiuhao Health Shareholders; (iv) Jiuhao Health will maintain its exposure to and the economic benefits from the principal business of Beijing Bayhood No. 9 Club by the way of entering into the Club Lease Agreement, the Motor Vehicle Licence Agreement and the Trademark Licence Agreement upon Completion; and (v) Jiuhao Health Group may or may not recognize a gain before taxation of approximately HK\$15 million (assuming the share price of Eternity Share was HK\$0.70 per share on Completion Date) upon Completion, Jiuhao Health Board believes that the Transactions (including the Consideration) and the terms of the S&P Agreement are on normal commercial terms, fair and reasonable and in the interests of Jiuhao Health and Jiuhao Health Shareholders as a whole.

Reasons for and benefits of the Transactions for Eternity

Following the disposal of all the Eternity Group's investment properties in 2013, the Eternity Directors have cautiously identified suitable investment properties and/or property projects for the Eternity Group's investment property business.

Following the Completion, Eternity has no intention to dispose of any of its existing business. It is noted that securities trading business is one of Eternity Group's principal businesses and Eternity may from time to time change its portfolio mix. Hence, the sale of financial assets (whether in part or in full) shall not be construed as disposal of its existing business.

Eternity also has no current intention to change the composition of board members subsequent to the completion of the Transactions and/or the Eternity Rights Issues.

It is not the intention of Eternity to give any party the right to control 30% or more of the voting rights of Eternity as a result of the issuance of the Eternity Consideration Shares upon assignment of the Share Entitlement Note under the Proposed Distribution. At the same time, the Eternity Directors understand that it is the intention of Jiu hao Health to undertake the Proposed Distribution; and as a result, no Jiu hao Health Shareholder will hold 30% or more of the voting rights of Eternity, based on the existing shareholding records of Jiu hao Health.

In addition, based on the information available up to the date of this announcement, and so far as the Eternity Directors are aware, (i) no Jiu hao Health Shareholder is or will hold 30% or more of the Eternity Shares before and/or immediately after Completion, the Proposed Distribution and the Eternity Rights Issue; (ii) no Jiu hao Health Shareholders will be appointed as a director or chief executive of Eternity or its subsidiaries following the Completion and the Proposed Distribution; (iii) the S&P Agreement does not provide Jiu hao Health, the Jiu hao Health Shareholder or any connected persons of Jiu hao Health with any right for nomination of a new Eternity Director; and (iv) the Eternity Directors confirm that they will continue to manage the businesses of Eternity and there is no intention to dispose of or change the business of the Eternity Group.

Taking into account the abovementioned factors, the Eternity Directors are of the view that it is not expected to have a change of de facto control of Eternity upon Completion.

The following are the reasons for and benefits of the Transactions:

1. *The acquisition of the Target Group suits the business strategy of the Eternity Group*

According to the Eternity Directors, business strategy of the Eternity Group with regards to its property investment business is to make profit through the buying and selling of properties and investing in properties to earn regular rental income. Business strategy of Eternity Group had been consistent over the years as proven by various precedent transactions completed during 2006 to 2013. All those information are disclosed in Eternity's announcement(s) and/or circular(s) and available on the website of Eternity www.eternityinv.com.hk.

The Eternity Group has no intention to engage in property development business. The acquisition of the proposed project of hotel villas and high-end hotel apartments to be erected on the Subject Land is for earning regular rental income from the leasing of hotel villas and high-end hotel apartments, of which construction is to be completed by Eternity Group and the acquisition is consistent with Eternity's existing business strategy and similar to the renovation of the Beijing Property (as defined below) as described below. Furthermore, as the construction costs to be incurred had all been budgeted and laid out to the management of Eternity, the management of Eternity, with assessment on its financial capability, considers the acquisition of the Target Group an excellent investment opportunity.

The Target Group has two major assets, which are (i) the rights to manage and operate Beijing Bayhood No. 9 Club up to 31 December 2051; and (ii) the rights to develop and operate the Subject Land and the rights to manage the properties erected on the Subject Land up to 30 January 2062. The Subject Land is adjacent to Beijing Bayhood No. 9 Club. Both Beijing Bayhood No. 9 Club and the Subject Land are well located in Chaoyang District (between the Fourth and Fifth Ring Roads), close to the airport and a 30-minute drive to Beijing central business district.

- Beijing Bayhood No. 9 Club

It is an exclusive premier membership-based golf club and resort, which comprises of a 7,260-yard Nelson and Haworth designed 18-hole championship golf course, the first PGA branded and managed Golf Academy in Asia, driving range facilities, theme restaurants and cafes, a luxurious spa and fitness centre and retail shops. Beijing Bayhood No. 9 Club was awarded the top award for China's Best New Golf Club 2006/07 by Golf Digest China, one of the Asia's Top Five Best New Golf Club 2007 by Asia Golf Monthly, one of the Top 10 of China's Best Golf Clubs 2008/09 by Golf Digest and one of the Top 10 Most Luxurious Clubs in Beijing 2010/11.

Eternity intends to hold Beijing Bayhood No. 9 Club as a long-term investment for rental purposes.

- The Subject Land

It is 580 Chinese acres (equivalent to approximately 387,000 square meters) of land adjacent to Beijing Bayhood No. 9 Club. The Subject Land is intended to be developed into (i) a low-density deluxe hotel villas community, that is popular among diplomats, expatriates and executives from multinational companies with total gross floor area of approximately 55,000 square metres, and (ii) a high-end hotel apartment complex with total gross floor area of approximately 25,000 square metres.

The development of the Subject Land is divided into three phases. The construction of the first phase development involves erecting 9 hotel villas, which has been commenced in August 2013 and construction is substantially completed. The second phase development involves erecting another 20 to 30 hotel villas, which is expected to be commenced in the third quarter of 2015 and completed in the second quarter of 2016. The third phase development of luxury high-end hotel apartments complex which is expected to be commenced in the third quarter of 2016 and completed in the second quarter of 2017.

To differentiate the hotel villas and the high-end hotel apartments erected on the Subject Land from other high-end villas and hotel apartments, the Eternity Directors are contemplating that tenants of the hotel villas and the high-end hotel apartments will be offered to use the golf course and the spa and fitness centre of Beijing Bayhood No. 9 Club, which may have a positive impact on the occupancy.

The Eternity Group intends to hold the hotel villas and the high-end hotel apartments erected on the Subject Land as investment properties for rental purposes.

2. *Beijing is expected to see a stable growth in demand for renting luxury villas and hotel apartments.*

Beijing is the political and economic centre for the PRC with a resident population of 21,150,000 as of 2013. Beijing is the headquarters of major multinational corporations, PRC state-owned enterprises, various international associations and government organisations in the PRC. It is also a hub for transportation, culture, education and the military. As the national capital, Beijing attracts foreign and domestic companies selling to the central government, as well as multinational corporations needing government approval to carrying out businesses in the PRC. Given that the PRC remains one of the leaders for global economic growth and is well on its way to becoming a formidable global power, the Eternity Directors believe that Beijing is expected to see a stable increase of expatriates from multinational corporations and foreign government

institutions, which leads to a continual increase in demand for renting luxury villas and hotel apartments. Adjacent to Beijing Bayhood No. 9 Club and the unique location of the Subject Land, the hotel villas and high-end hotel apartments erected on the Subject Land enjoy great view and easy access to downtown areas of Beijing. The Eternity Directors expect the hotel villas and the high-end hotel apartments erected on the Subject Land will be one of the highly sought for those types of tenants.

3. *The Transactions provide a unique and favourable investment opportunity to the Eternity Group*

The Eternity Directors noted Beijing Bayhood No. 9 Club and the Subject Land are located in close proximity to the central business district of Beijing. In view of the scarcity of the supply of real estate complex with golf courses, luxury villas and high-end hotel apartments, especially those well located within the Fourth and Fifth Ring Road of Beijing, the Eternity Directors believe that there will continue to be demand for such facility, and thus the Transactions provide a unique and favourable investment opportunity to the Eternity Group.

As mentioned in the paragraph headed “The expected business relationship between Beijing Bayhood No. 9 Club and the Subject Land upon Completion” of the section headed “2. Information of the Target Group” above, the management of Eternity considers Beijing Bayhood No. 9 Club and the properties to be erected on the Subject Land are complementary to each other, as they can cross sell the services to their respective customers and create synergistic results. As far as the Eternity Directors are aware, Jiu hao Health is of the same view. In view of the aforesaid, the Eternity Group agreed to acquire and the Jiu hao Health Group agreed to dispose of both Beijing Bayhood No. 9 Club and the proposed project of hotel villas and high-end hotel apartments to be erected on the Subject Land under the S&P Agreement.

4. *The Eternity Directors have experience in managing large scale property renovation projects and property development projects*

The Eternity Group had acquired a block of building with 179 residential units and 177 car parks in Beijing, the PRC (the “**Beijing Property**”) in June 2006 and commenced a large scale property renovation project by transforming the Beijing Property into high-end serviced apartments. The transformation was completed in 2008 where the soft opening of the Beijing Property took place in June 2008. During that property renovation period of the Beijing Property, Mr. Lei Hong Wai was the general manager of the Eternity Group and Mr. Chan Kin Wah, Billy was the chief financial officer of the Eternity Group. Both Mr. Lei Hong Wai and Mr. Chan Kin Wah, Billy are executive directors of Eternity and were heavily involved in the aforesaid project. Accordingly, they have gained the practical and necessary experience in managing large scale property project in the PRC in the past.

Apart from Mr. Lei Hong Wai and Mr. Chan Kin Wah, Billy (whose experience are described above), Mr. Cheung Kwok Fan, who was re-designated an executive director of Eternity on 18 September 2014, has over 20 years of experience in the field of architecture. He is a member of The Hong Kong Institute of Architects, a member of the Royal Australian Institute of Architects, a Registered Architect in Hong Kong and an Authorised Person in the list of architects. Prior to joining the Eternity Group, Mr. Cheung Kwok Fan was a practising architect in Hong Kong and has been involved in various property development projects in Hong Kong and the PRC. In addition, Mr. Wan Shing Chi, an independent non-executive director of Eternity, has over 19 years of experience in the field of construction engineering.

Upon Completion, three of the executive directors of Eternity, comprising of Mr. Lei Hong Wai, Mr. Cheung Kwok Fan and Mr. Chan Kin Wah, Billy, will be responsible for managing the operation of the Target Group; in particular, Mr. Lei Hong Wai will be responsible for the overall management, Mr. Cheung Kwok Fan will be responsible for the property maintenance and management aspects and Mr. Chan Kin Wah, Billy will be responsible for the accounting and financial aspects.

The Eternity Directors consider that the Transactions represent a good opportunity for the Eternity Group to expand its property investment business into the PRC. In addition, given that Beijing Bayhood No. 9 Club and the hotel villas and the high-end hotel apartments erected on the Subject Land generate on-going rental income to the Eternity Group, the Eternity Directors consider that the Transactions not only diversify the Eternity Group's the revenue source, and also provide a stable revenue stream to the Eternity Group.

The Eternity Directors are of the view that there will not be any fundamental change to the business of the Eternity Group after the Transactions as property investment has been one of Eternity Group's principal businesses and the Eternity Group has a track record of acquisition, disposal and leasing of properties and the Transactions are akin to an acquisition of property.

Taking into account the above reasons and factors, the Eternity Directors (including the independent non-executive directors of Eternity) are of the view that the terms of the Transactions and the S&P Agreement, which have been agreed after arm's length negotiations and are on normal commercial terms, are fair and reasonable and in the interests of Eternity and the Eternity Shareholders as a whole.

In order to ensure an uninterrupted business and operation of the Target Group upon Completion, in particular, with regard to managing and operating Beijing Bayhood No. 9 Club and to maintain club members' confidence and loyalty to Beijing Bayhood No. 9 Club, the Eternity Directors (including the independent non-executive directors of Eternity) believe that it is utmost important to maintain stability and continuity to the management of Beijing Bayhood No. 9 Club.

Given the expertise and resources of Jiu hao Health Group, Eternity and the Vendor also agreed that, after Completion, Beijing Bayhood No. 9 Club will be leased to Jiu hao Health Group for an initial term of 20 years, which is subject to further extension to 31 December 2051 if Jiu hao Health Group requests so (as described in the paragraph headed “1.2 The Club Lease Agreement” above) pursuant to the Club Lease Agreement. In view of the abovementioned circumstances, the Eternity Directors (including the independent non-executive directors) believe that it is fair and reasonable for Beijing Bayhood No. 9 Co and Jiu hao Health Group to enter into the Club Lease Agreement and in the interests of Eternity and Eternity Shareholders upon Completion.

4. ILLUSTRATIVE SHAREHOLDING INFORMATION OF ETERNITY RELATING TO ETERNITY RIGHTS ISSUE AND THE ALLOTMENT AND ISSUANCE OF THE ETERNITY CONSIDERATION SHARES

Reference is made to a separate announcement in relation to the Eternity Rights Issue issued by Eternity on the same date of this announcement, whereby Eternity proposed to raise not less than approximately HK\$383.37 million and not more than HK\$415.75 million before expenses at a subscription price of HK\$0.70 per Eternity Rights Share on the basis of one (1) Eternity Rights Share for every one (1) existing Eternity Share held on the Eternity Record Date and payable in full upon application.

As at the date of this announcement, the Eternity Group held 190,000,000 Existing Jiu hao Health Shares, representing approximately 2.90% of the total Existing Jiu hao Health Shares in issue. Given that Eternity does not intend to participate in the Proposed Distribution, Eternity will appoint a placing agent to place the 190,000,000 Existing Jiu hao Health Shares held by the Eternity Group to professional, institutional and other investors, who are third parties independent of Eternity, Jiu hao Health and their respective associates, on a fully underwritten basis shortly after the date of this announcement. Set out below is the shareholding structure of Eternity as at the date of this announcement, upon completion of the Eternity Rights Issue, the Transactions and the Proposed Distribution.

- (a) Assuming no Eternity Shares were allotted and issued or repurchased by Eternity on or before the Eternity Record Date as well as up to the record date for the Proposed Distribution and:

- (i) Assuming all Eternity Rights Shares are fully subscribed by the qualifying Eternity Shareholders or the transferee of the nil-paid Eternity Rights Shares; or

Eternity Shareholders	As at the date of this announcement		All outstanding Eternity Options NOT being exercised on or before the Eternity Record Date		Upon completion of the Eternity Rights Issue (assuming all the Eternity Rights Shares are subscribed for by the qualifying Eternity Shareholders or the transferee of the nil-paid Eternity Rights Shares) ^{Note 2}		Upon completion of the Eternity Rights Issue, the Transactions and the Proposed Distribution ^{Note 5}	
	No. of Eternity Shares	Approximate%	No. of Eternity Shares	Approximate%	No. of Eternity Shares	Approximate%	No. of Eternity Shares	Approximate%
Twin Success ^{Note 1}	105,708,000	19.30	105,708,000	19.30	211,416,000	19.30	211,416,000	8.15
Mr. Lei Hong Wai ^{Notes 1,4}	-	-	-	-	-	-	-	-
Mr. Chan Kin Wah, Billy ^{Note 3}	2,449,500	0.45	2,449,500	0.45	4,899,000	0.45	4,899,000	0.18
Existing public Eternity Shareholders	439,515,742	80.25	439,515,742	80.25	879,031,484	80.25	879,031,484	33.87
The Underwriter	1	0.00	1	0.00	2	0.00	2	0.00
Mr. Yuen and his associates ^{Note 6}	-	-	-	-	-	-	449,204,577	17.31
All Other Jiu hao Health Shareholders	-	-	-	-	-	-	1,050,795,423	40.49
Total	547,673,243	100.00	547,673,243	100.00	1,095,346,486	100.00	2,595,346,486	100.00

- (ii) Assuming none of the Eternity Rights Shares are subscribed by the qualifying Eternity Shareholders other than Twin Success under the Twin Success Undertaking

Eternity Shareholders	As at the date of this announcement		All outstanding Eternity Options NOT being exercised on or before the Eternity Record Date		Upon completion of the Eternity Rights Issue (assuming none of the Eternity Rights Shares are subscribed for by the qualifying Eternity Shareholders other than Twin Success under the Twin Success Undertaking) ^{Note 2}		Upon completion of the Eternity Rights Issue, the Transactions and the Proposed Distribution ^{Note 5}	
	No. of Eternity Shares	Approximate%	No. of Eternity Shares	Approximate%	No. of Eternity Shares	Approximate%	No. of Eternity Shares	Approximate%
Twin Success ^{Note 1}	105,708,000	19.30	105,708,000	19.30	211,416,000	19.30	211,416,000	8.15
Mr. Lei Hong Wai ^{Notes 1,4}	-	-	-	-	-	-	-	-
Mr. Chan Kin Wah, Billy ^{Note 3}	2,449,500	0.45	2,449,500	0.45	2,449,500	0.22	2,449,500	0.09
Existing public Eternity Shareholders	439,515,742	80.25	439,515,742	80.25	439,515,742	40.13	439,515,742	16.93
The Underwriter	1	0.00	1	0.00	441,965,244	40.35	441,965,244	17.03
Mr. Yuen and his associates ^{Note 6}	-	-	-	-	-	-	449,204,577	17.31
All Other Jiu hao Health Shareholders	-	-	-	-	-	-	1,050,795,423	40.49
Total	547,673,243	100.00	547,673,243	100.00	1,095,346,486	100.00	2,595,346,486	100.00

(b) Assuming all Eternity Options Shares were allotted and issued but no other Eternity Shares were allotted, issued or repurchased by Eternity on or before the Eternity Record Date as well as up to the record date for the Proposed Distribution and:

(i) Assuming all Eternity Rights Shares are subscribed by the qualifying Eternity Shareholders or the transferee of the nil-paid Eternity Rights Shares; or

Eternity Shareholders	As at the date of this announcement		All outstanding Eternity Options being exercised on or before the Eternity Record Date		Upon completion of the Eternity Rights Issue (assuming all the Eternity Rights Shares are subscribed for by the qualifying Eternity Shareholders or the transferee of the nil-paid Eternity Rights Shares) ^{Note 2}		Upon completion of the Eternity Rights Issue, the Transactions and the Proposed Distribution ^{Note 5}	
	No. of		No. of		No. of		No. of	
	Eternity Shares	Approximate%	Eternity Shares	Approximate%	Eternity Shares	Approximate%	Eternity Shares	Approximate%
Twin Success ^{Note 1}	105,708,000	19.30	105,708,000	17.80	211,416,000	17.80	211,416,000	7.87
Mr. Lei Hong Wai ^{Notes 1,4}	–	–	950	0.00	1,900	0.00	1,900	0.00
Mr. Chan Kin Wah, Billy ^{Note 3}	2,449,500	0.45	6,320,450	1.06	12,640,900	1.06	12,640,900	0.47
Existing public Eternity Shareholders	439,515,742	80.25	481,892,443	81.14	963,784,886	81.14	963,784,886	35.86
The Underwriter	1	0.00	1	0.00	2	0.00	2	0.00
Mr. Yuen and his associates ^{Note 6}	–	–	–	–	–	–	449,204,577	16.71
All Other Jiu hao Health Shareholders	–	–	–	–	–	–	1,050,795,423	39.09
Total	547,673,243	100.00	593,921,844	100.00	1,187,843,688	100.00	2,687,843,688	100.00

(ii) Assuming none of the Eternity Rights Shares are subscribed by the qualifying Eternity Shareholders other than Twin Success under the Twin Success Undertaking

Eternity Shareholders	As at the date of this announcement		All outstanding Eternity Options being exercised on or before the Eternity Record Date		Upon completion of the Eternity Rights Issue (assuming none of the Eternity Rights Shares are subscribed for by the qualifying Eternity Shareholders other than Twin Success under the Twin Success Undertaking) ^{Note 2}		Upon completion of the Eternity Rights Issue, the Transactions and the Proposed Distribution ^{Note 5}	
	No. of		No. of		No. of		No. of	
	Eternity Shares	Approximate%	Eternity Shares	Approximate%	Eternity Shares	Approximate%	Eternity Shares	Approximate%
Twin Success ^{Note 1}	105,708,000	19.30	105,708,000	17.80	211,416,000	17.80	211,416,000	7.87
Mr. Lei Hong Wai ^{Note 1,4}	–	–	950	0.00	950	0.00	950	0.00
Mr. Chan Kin Wah, Billy ^{Note 3}	2,449,500	0.45	6,320,450	1.06	6,320,450	0.53	6,320,450	0.24
Existing public Eternity Shareholders	439,515,742	80.25	481,892,443	81.14	481,892,443	40.57	481,892,443	17.93
The Underwriter	1	0.00	1	0.00	488,213,845	41.10	488,213,845	18.16
Mr. Yuen and his associates ^{Note 6}	–	–	–	–	–	–	449,204,577	16.71
All Other Jiu hao Health Shareholders	–	–	–	–	–	–	1,050,795,423	39.09
Total	547,673,243	100.00	593,921,844	100.00	1,187,843,688	100.00	2,687,843,688	100.00

Notes:

- (1) Pursuant to the Twin Success Undertaking, Twin Success has irrevocably undertaken to Eternity and the Underwriter that (i) not to sell or dispose of, or transfer, or agree to sell or dispose of, any Eternity Shares held by it from the date of the underwriting agreement of the Eternity Rights Issue (the “**Underwriting Agreement**”) to the close of business on the Eternity Record Date; and (ii) to accept or procure the acceptance for the 105,708,000 Eternity Rights Shares to be allotted and issued to Twin Success under its provisional pro-rata entitlement pursuant to the Eternity Rights Issue prior to the latest time for acceptance.
- (2) This scenario is for illustrative purpose only and will not occur.

Under the Underwriting Agreement, in the event of the Underwriter being called upon, shall subscribe for or procure subscribers for the underwritten Eternity Rights Shares not taken up by the qualifying Eternity Shareholders:

- (i) the Underwriter shall not subscribe, for its own account, for such number of underwritten Eternity Rights Shares not taken up which will result in the shareholding of it and parties acting in concert with it in Eternity to exceed 19.9% of the voting rights of Eternity upon the completion of the Eternity Rights Issue; and
 - (ii) the Underwriter shall use its best endeavours to ensure that each of the subscribers of the underwritten Eternity Rights Shares not taken up procured by it, (a) a third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with any directors, chief executive or substantial shareholders of Eternity or its subsidiaries or any of their respective associates; and (b) save for the Underwriter itself and its associates, shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10.0% or more of voting rights of Eternity upon completion of the Eternity Rights Issue.
- (3) Mr. Chan Kin Wah, Billy is an executive director of Eternity and he held 2,449,500 Eternity Shares and 3,870,950 Eternity Options as at the date of this announcement.
 - (4) Mr. Lei Hong Wai is an executive director of Eternity and he held 50% beneficial interest in Twin Success and 950 Eternity Options as at the date of this announcement.
 - (5) As mentioned above, the Eternity Group held 190,000,000 Existing Jiu hao Health Shares as at the date of this announcement, representing approximately 2.90% of the total Existing Jiu hao Health Shares in issue. Given that Eternity does not intend to participate in the Proposed Distribution, Eternity will appoint a placing agent to place the 190,000,000 Existing Jiu hao Health Shares to professional, institutional and other investors on a fully underwritten basis shortly after the date of this announcement. The respective Eternity Consideration Shares under the Share Entitlement Note will be grouped under All Other Jiu hao Health Shareholders.

- (6) Based on the register of interests in shares and short positions required to be kept by Jiu hao Health under Part XV of the SFO, Mr. Yuen is the single largest shareholder of Jiu hao Health and through the companies owned by him, interested in approximately 31.55% of Jiu hao Health's issued ordinary shares, which comprises approximately 29.95% interest in issued ordinary shares and 1.60% interest in underlying shares of Jiu hao Health (such shares to be issued upon exercise of the conversion right attaching to the zero coupon convertible notes due 21 October 2015 with an outstanding principal amount of HK\$21 million). As at the date of this announcement, save for Mr. Yuen, no Jiu hao Health Shareholders held 10% or more of the issued share capital of Jiu hao Health. Accordingly, All Other Jiu hao Health Shareholders were considered to be part of the public Eternity Shareholders immediately after the Proposed Distribution.

5. LISTING RULES IMPLICATIONS

Jiu hao Health

As certain applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Transactions for Jiu hao Health exceed 75%, the Transactions constitute a very substantial disposal for Jiu hao Health under Chapter 14 of the Listing Rules and are subject to the approval by the Independent Jiu hao Health Shareholders at the VSD EGM. Resolution(s) will be proposed at the VSD EGM to approve, among others, the S&P Agreement and the transactions contemplated thereunder and the Proposed Distribution. Given that Eternity was interested in 190,000,000 Existing Jiu hao Health Shares (representing approximately 2.90% of the total Existing Jiu hao Health Shares in issue) as at the date of this announcement, Eternity is considered to have an interest which is different from other Jiu hao Health Shareholders in respect of the Transactions. Eternity and its associates will be required to abstain from voting on the relevant resolution(s) to be proposed at the VSD EGM to approve (i) the S&P Agreement and the transactions contemplated thereunder; and (ii) the Proposed Distribution.

The VSD Circular containing information in relation to, among others, the S&P Agreement, the Proposed Distribution and the notice of the VSD EGM will be despatched to Jiu hao Health Shareholders on or before 30 June 2015.

Eternity

As certain applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Transactions for Eternity exceed 100%, the Transactions constitute a very substantial acquisition for Eternity under Chapter 14 of the Listing Rules. Accordingly, the S&P Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

Pursuant to the S&P Agreement, as part of the Consideration, Eternity will issue the Share Entitlement Note, which confers the Allotment Right to call on Eternity to allot and issue up to a maximum of 1,500,000,000 Eternity Consideration Shares, to Jiu hao Health's assignee(s) upon Completion. Eternity will seek the grant of a specific mandate at the VSA SGM for the allotment and issue of the 1,500,000,000 Eternity Consideration Shares. An application will be made by Eternity to the Stock Exchange for the listing of, and permission to deal in, the 1,500,000,000 Eternity Consideration Shares.

To the best of the Eternity Directors' knowledge, information and belief having made all reasonable enquiries, no Eternity Shareholder has a material interest in the Transactions. Therefore, no Eternity Shareholder is required to abstain from voting on the relevant resolutions to be proposed at the VSA SGM to approve (i) the S&P Agreement and the transactions contemplated thereunder and (ii) the allotment and issue of the Eternity Consideration Shares under a specific mandate.

The VSA Circular containing information required under the Listing Rules in relation to, among others, (i) the S&P Agreement and the transactions contemplated thereunder, including the allotment and issue of the Eternity Consideration Shares under the specific mandate; (ii) the pro forma consolidated financial information of the Eternity Group and the Target Group prepared by the reporting accountants of the Eternity Group; (iii) the final valuation reports on Beijing Bayhood No. 9 Club and the proposed project of hotel villas and high-end hotel apartments to be erected on the Subject Land prepared by American Appraisal China Limited; and (iv) the notice of the VSA SGM will be despatched to Eternity Shareholders on or before 30 June 2015.

6. GENERAL

At the request of Jiu hao Health, trading in the Jiu hao Health Shares on the Stock Exchange have been suspended with effect from 9:00 a.m. on 12 December 2014 pending the release of this announcement. Application has been made by Jiu hao Health to the Stock Exchange for resumption of trading in Jiu hao Health Shares on the Stock Exchange with effect from 9:00 a.m. on 18 May 2015.

At the request of Eternity, trading in the Eternity Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 12 December 2014 and will continue to be suspended pending the release of a separate announcement in relation to the other proposed acquisition by the Eternity Group which, if materialise, constitutes a notifiable transaction of Eternity under the Listing Rules as mentioned in an announcement of Eternity dated 24 February 2015.

Jiu hao Health Shareholders, Eternity Shareholders and potential investors should note that the Transactions and the Proposed Distribution may or may not proceed as they are subject to a number of conditions, which may or may not be fulfilled. Jiu hao Health Shareholders, Eternity Shareholders and potential investors are reminded to exercise caution when dealing in the securities of Jiu hao Health and Eternity.

In the event that the Proposed Distribution would otherwise result in any disclosure and/or regulatory obligations on the part of any Jiuhaio Health Shareholder(s), pursuant to any applicable laws and regulations including, but not limited to, the Takeovers Code, the SFO and the Listing Rules or any successor code, such Jiuhaio Health Shareholder(s) should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice.

7. DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Adjusted Combined NAV as at 30 September 2014”	the unaudited adjusted combined net asset value of the Target Group as at 30 September 2014 of approximately HK\$1,581 million
“All Other Jiuhaio Health Shareholders”	all Jiuhaio Health Shareholders other than Mr. Yuen and his associates
“Allotment Date”	the day upon which the Allotment Right shall be deemed to be automatically exercised in full by the relevant assignee(s) upon an assignment under the SEN Distribution
“Allotment Right”	the right to call on Eternity to allot and issue 1,500,000,000 Eternity Consideration Shares at the issue price of HK\$0.70 per Eternity Consideration Share
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Beijing Bayhood No. 9 Club”	a membership-based club constructed on the Club Land, in which BJ Bayhood No. 9 Co has the right to operate
“BJ Bayhood No. 9 Co”	北京北湖九號商務酒店有限公司(Beijing Bayhood No. 9 Business Hotel Company Limited*), a company incorporated in the PRC which is an indirect wholly-owned subsidiary of the Target Company
“BJ Haikou No. 9 Co”	海口九號酒店管理有限公司北京分公司(Haikou No. 9 Hotel Management Company Limited, Beijing branch*), a branch of an indirect wholly-owned subsidiary of Jiuhaio Health
“Business Day(s)”	a day(s) (other than Saturday, Sundays and public holidays) on which banks in Hong Kong and the PRC are open for general banking business

* For the purpose of identification only

“BVI”	British Virgin Islands
“Capital Reduction”	being (i) the proposed capital reduction where the par value of each issued Existing Jiuhaio Health Share will be reduced from HK\$0.20 to HK\$0.02 and the issued ordinary share capital of Jiuhaio Health will be cancelled to the extent of HK\$0.18 on each Existing Jiuhaio Health Share in issue, and the entire amount of authorised but unissued ordinary share capital of Jiuhaio Health will be cancelled; (ii) the application of the credit arising from the proposed capital reduction to set off the accumulated losses of Jiuhaio Health as at the effective date of the proposed capital reduction with the balance, if any, to be transferred to the distributable reserve account of Jiuhaio Health to be applied in such manner as the Jiuhaio Health Directors consider appropriate and in accordance with the articles of association of Jiuhaio Health, the order of the Cayman Islands Court sanctioning the proposed capital reduction and all applicable laws and rules
“Cayman Islands Court”	the Grand Court of the Cayman Islands
“Club Land”	being the land of approximately 1,150 Chinese acres (equivalent to approximately 767,000 square metres) on which Beijing Bayhood No. 9 Club operates
“Club Lease Agreement”	the lease agreement to be executed by BJ Haikou No. 9 Co and BJ Bayhood No. 9 Co at Completion, pursuant to which BJ Haikou No. 9 Co shall lease the assets on the Club Land in respect of Beijing Bayhood No. 9 Club which will be owned by Eternity through its ownership in BJ Bayhood No. 9 Co after Completion
“Companies Law”	The Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Completion”	completion of the Transactions in accordance with the terms and conditions of the S&P Agreement
“Completion Date”	date of Completion
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the consideration for the Transactions in the amount of HK\$1,650 million in aggregate

“Distribution Assignment”	the assignment of the Share Entitlement Note under the Proposed Distribution to Jiu hao Health Shareholders
“Eternity”	Eternity Investment Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 764)
“Eternity Consideration Share(s)”	new Eternity Share(s) to be allotted, issued and credited as fully paid upon the exercise of the Allotment Right attached to the Share Entitlement Note
“Eternity Director(s)”	director(s) of Eternity
“Eternity Group”	Eternity and its subsidiaries
“Eternity’s Material Adverse Change”	any change, event, circumstance or other matter that has, or would reasonably be expected to have, either individually or in the aggregate, a material adverse effect on: <ul style="list-style-type: none"> (i) the ability of Eternity or any member of the Eternity Group to perform its respective obligations under the Transaction Documents; or (ii) the business, assets and liabilities, condition (financial or otherwise), results of operations of the Eternity Group as a whole
“Eternity Options”	the options granted under the Eternity Share Option Schemes
“Eternity Options Share(s)”	maximum of 46,248,601 new Eternity Shares to be allotted and issued upon the exercise of all the outstanding 46,248,601 Eternity Options
“Eternity Record Date”	the date for determining entitlements to the Eternity Rights Issue to be announced by Eternity
“Eternity Rights Issue”	the proposed issue by way of rights issue on the basis of one (1) Eternity Rights Share for every one (1) existing Eternity Share held on the Eternity Record Date at the subscription price of HK\$0.70 per Eternity Rights Share

“Eternity Rights Shares”	not less than 547,673,243 new Eternity Shares and not more than 593,921,844 new Eternity Shares to be allotted and issued pursuant to the Eternity Rights Issue
“Eternity Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of Eternity
“Eternity Shareholder(s)”	holder(s) of Eternity Shares
“Eternity Share Option Schemes”	the respective share option schemes adopted by Eternity on 21 January 2002 (which have been terminated since 12 December 2011) and adopted by Eternity on 12 December 2011
“Existing Jiuhaio Health Share(s)”	issued ordinary share(s) of HK\$0.20 each in the capital of Jiuhaio Health prior to the Capital Reduction becoming effective
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Jiuhaio Health Shareholders”	Jiuhaio Health Shareholders other than Eternity and its associates
“Jiuhaio Health”	China Jiuhaio Health Industry Corporation Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 419)
“Jiuhaio Health Board”	board of Jiuhaio Health Directors
“Jiuhaio Health Director(s)”	director(s) of Jiuhaio Health
“Jiuhaio Health Group”	Jiuhaio Health and its subsidiaries
“Jiuhaio Health Share(s)”	the Existing Jiuhaio Health Share(s) or, as the case may be, the New Jiuhaio Health Share(s)
“Jiuhaio Health Shareholder(s)”	holder(s) of Jiuhaio Health Shares

“Last Trading Day”	11 December 2014, being the last trading day prior to the suspension of trading of the Eternity Shares and the Jiu hao Health Shares on 12 December 2014
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Motor Vehicle Licence Agreement”	the agreement to be executed by Jiu hao Health Group and BJ Bayhood No. 9 Co at Completion, pursuant to which Jiu hao Health Group shall have a right to use the motor vehicles and the relevant motor vehicle licenses registered under BJ Bayhood No. 9 Co for an infinite period after Completion
“Mr. Yuen”	Mr. Yuen Hoi Po, a substantial shareholder, the chairman and an executive director of Jiu hao Health
“New Jiu hao Health Share(s)”	new issued ordinary share(s) of HK\$0.02 each in the capital of Jiu hao Health after the Capital Reduction becoming effective
“Overseas Shareholders”	any Jiu hao Health Shareholders with registered address in any particular territory or territories where, in the absence of a registration statement or other special formalities, the Proposed Distribution under the Share Entitlement Note would or might, in the opinion of the Jiu hao Health Board, be unlawful or impracticable
“Performance Benchmark”	certain quality standards in respect of the operational performance of Beijing Bayhood No. 9 Club which have been agreed between Jiu hao Health and Eternity, details of which are set in the paragraph headed “1.2 The Club Lease Agreement” in this announcement
“PRC”	the People’s Republic of China but excluding, for the purposes of this announcement, Hong Kong, Taiwan and the Macau Special Administrative Region
“Preliminary Valuations”	the indicative valuations in respect of Beijing Bayhood No. 9 Club and the proposed project of hotel villas and high-end hotel apartments to be erected on the Subject Land as at 30 September 2014 prepared by American Appraisal China Limited, an independent valuer appointed by Eternity

“Proposed Distribution”	the proposed distribution to every Jiuhaio Health Shareholder whose name shall appear on Jiuhaio Health’s shareholders register as at a record date to be determined and announced by Jiuhaio Health, proportional to their interests in the total issued share capital of Jiuhaio Health: (i) HK\$500 million in cash; and (ii) 1,500,000,000 Eternity Consideration Shares which will be allotted and issued to all Jiuhaio Health Shareholders pursuant to the Distribution Assignment as set out in the Share Entitlement Note to be made from any of or all of the share premium account, retained earnings and/or distributable reserve account of Jiuhaio Health, that Jiuhaio Health Directors, in their sole discretion, consider appropriate and in accordance with the articles of association of Jiuhaio Health, the order of the Cayman Islands Court sanctioning the Capital Reduction and all applicable laws and rules
“Remaining Businesses”	businesses that will be conducted by Jiuhaio Health Group in respect of the operation of Beijing Bayhood No. 9 Club pursuant to the Club Lease Agreement and that in respect of the Remaining Group including Jiuhaio Health’s online healthcare services, certain remaining offline healthcare and wellness services, and media businesses following Completion
“Remaining Group”	Jiuhaio Health Group excluding the Target Group immediately after the Completion
“RMB”	Renminbi, the lawful currency of the PRC
“SEN Distribution”	the assignment of the Share Entitlement Note by the SEN Holder whereby the rights and benefits of the SEN Holder under the Share Entitlement Note shall be assigned to the shareholders of the SEN Holder
“SEN Holder”	holder of the Share Entitlement Note
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“S&P Agreement”	the sale and purchase agreement dated 11 December 2014 entered into between Eternity as purchaser, the Vendor as vendor and Jiuhao Health as guarantor in relation to the Transactions (as amended and supplemented by a supplemental sale and purchase agreement dated 30 March 2015 entered into by parties to the S&P Agreement)
“Share Entitlement Note”	the note which confers the Allotment Right as part of the Consideration with an aggregate value of HK\$1,050 million
“Shareholder’s Loan”	a loan due from the Target Company to the Vendor
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Land”	being the land of approximately 580 Chinese acres (equivalent to approximately 387,000 square metres), adjacent to the Club Land
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission in Hong Kong as amended from time to time
“Target Company”	Smart Title Limited, a company incorporated in the BVI, is an investment holding company and the entire issued share of which is owned by the Vendor
“Target Group”	the Target Company and its subsidiaries
“Trademark Licence Agreement”	the agreement to be executed by Jiuhao Health Group and BJ Bayhood No. 9 Co at Completion, pursuant to which Jiuhao Health Group shall have a right to continue to use the “Jiuhao” trademark (which is registered under BJ Bayhood No. 9 Co) at nil consideration for one year after Completion
“Transactions”	pursuant to the S&P Agreement, (i) the Vendor conditionally agreed to sell and Eternity conditionally agreed to purchase the entire shareholding interest in the Target Company; and (ii) the Vendor agreed to assign the benefit and interest in the Shareholder’s Loan to Eternity upon Completion free from encumbrances

“Transaction Documents”	the S&P Agreement, the assignment of the Shareholder’s Loan to be entered into between Jiu hao Health Group, Eternity and the Vendor, the Club Lease Agreement, the Motor Vehicle Licence Agreement and the Trademark Licence Agreement
“Twin Success”	Twin Success International Limited, a company incorporated in the BVI with limited liability and a substantial shareholder of Eternity
“Twin Success Undertaking”	the irrevocable undertaking given by Twin Success to Eternity and the Underwriter under the underwriting agreement dated 15 May 2015 to take up in full its provisional entitlements under the Eternity Rights Issue to subscribe for 105,708,000 Eternity Rights Shares
“Vendor”	Unique Talent Group Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of Jiu hao Health
“Vendor’s Material Adverse Change”	<p>any change, event, circumstance or other matter that has, or would reasonably be expected to have, either individually or in the aggregate, a material adverse effect on:</p> <ul style="list-style-type: none"> (i) the ability of any of the Vendor, Jiu hao Health or any member of the Jiu hao Health Group to perform its respective obligations under the Transaction Documents; or (ii) the business, assets and liabilities, condition (financial or otherwise), results of operations of the Target Group as a whole.
“VSA Circular”	the circular containing information required under the Listing Rules in relation to, among others, (i) the S&P Agreement; (ii) the allotment and issue of the Share Entitlement Note and the underlying Eternity Consideration Shares, and (iii) the notice of the VSA SGM, to be despatched to Eternity Shareholders on or before 30 June 2015

“VSA SGM”	a special general meeting of Eternity to be held to consider and, if thought fit, approve, among others, the Transactions and the issue of the Eternity Consideration Shares under a specific mandate
“VSD Circular”	the circular containing information required under the Listing Rules in relation to, among others, (i) the S&P Agreement; (ii) the Proposed Distribution; and (iii) the notice of the VSD EGM, to be despatched to Jiu hao Health Shareholders on or before 30 June 2015
“VSD EGM”	an extraordinary general meeting of Jiu hao Health to be held to consider and, if thought fit, approve the Transactions and the Proposed Distribution
“%”	per cent.

This announcement contains translation between HK\$ and RMB at RMB1=HK\$1.27. The translation shall not be taken as representation that the HK\$ amount could actually be converted into RMB at that rate, or at all.

By Order of the board of directors of
China Jiu hao Health Industry Corporation Limited
Yuen Hoi Po
Chairman

By Order of the board of directors of
Eternity Investment Limited
Lei Hong Wai
Chairman

Hong Kong, 15 May 2015

As at the date of this announcement, the executive directors of Jiu hao Health are Mr. Yuen Hoi Po (Chairman) and Mr. Zhang Changsheng (Vice Chairman); non-executive directors of Jiu hao Health are Mr. Edward Tian Suning and Mr. Hugo Shong; and the independent non-executive directors of Jiu hao Health are Prof. Wei Xin, Dr. Wong Yau Kar David, BBS, JP, Mr. Yuen Kin and Mr. Chu Yuguo.

As at the date of this announcement, the executive directors of Eternity are Mr. Lei Hong Wai, Mr. Cheung Kwok Wai, Elton, Mr. Chan Kin Wah, Billy and Mr. Cheung Kwok Fan; and the independent non-executive directors of Eternity are Mr. Wan Shing Chi, Mr. Ng Heung Yan and Mr. Wong Tak Chuen.

* *For the purpose of identification only*