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## **ETERNITY INVESTMENT LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 764)**

### **PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE**

**Underwriter to the Rights Issue**



**金利豐證券**

**KINGSTON SECURITIES**

#### **PROPOSED RIGHTS ISSUE**

Reference is made to the Joint Announcement. As a condition precedent to the completion of the First Transaction, the Company intends to complete the Rights Issue. On 15 May 2015, the Company proposed to raise not less than approximately HK\$383.37 million and not more than approximately HK\$415.75 million before expenses by issuing not less than 547,673,243 Rights Shares and not more than 593,921,844 Rights Shares at the Subscription Price of HK\$0.70 per Rights Share on the basis of one (1) Rights Share for every one (1) existing Share held on the Record Date and payable in full upon application.

Subject to the Twin Success Undertaking and the terms and conditions of the Underwriting Agreement, the Rights Issue will be fully underwritten by the Underwriter.

Qualifying Shareholders are entitled to apply for Rights Shares in excess of their respective entitlements under the Rights Issue.

The Subscription Price of HK\$0.70 per Rights Share represents (i) a discount of approximately 4.11% to the closing price of HK\$0.73 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) 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 Share as quoted on the Stock Exchange on the Last Trading Day; and (iii) a discount of approximately 1.41% to the average closing price of HK\$0.71 per Share for the last five consecutive trading days immediately prior to the Last Trading Day.

Assuming that (i) there will be no further issue of new Shares or repurchase of Shares from the date of this announcement up to the Record Date; and (ii) all 46,248,601 outstanding Options will be fully exercised and the 46,248,601 Options Shares will be allotted and issued on or before the Record Date, the maximum number of 593,921,844 Rights Shares that may be allotted and issued pursuant to the Rights Issue represent (i) approximately 108.44% of the Company's issued share capital as at the date of this announcement; and (ii) 50.00% of the Company's issued share capital of 1,187,843,688 Shares as enlarged by the allotment and issue of the 46,248,601 Options Shares and the 593,921,844 Rights Shares (being the maximum number of Rights Shares that may be allotted and issued under the Rights Issue) immediately after completion of the Rights Issue.

The gross proceeds from the Rights Issue will not be less than approximately HK\$383.37 million and not more than approximately HK\$415.75 million. The net proceeds from the Rights Issue after deducting all relevant expenses are estimated to be not less than approximately HK\$373.10 million but not more than approximately HK\$405.47 million, which are intended to be used for financing the First Transaction, or in the event that the First Transaction do not proceed, future possible property investment project(s) as and when appropriate.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms).

Further announcement will be made by the Company regarding the expected timetable of the Rights Issue.

#### **IMPLICATIONS UNDER THE LISTING RULES**

In accordance with Rule 7.19(6)(a) of the Listing Rules, the Rights Issue must be made conditional on approval by Independent Shareholders by way of poll at the SGM on which any Controlling Shareholders and their associates or, where there are no Controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue.

As at the date of this announcement, there is no Controlling Shareholder. Therefore, the Directors and their respective associates shall be required to abstain from voting in favour of the Rights Issue. Accordingly, (i) Twin Success, who is an associate of Mr. Lei Hong Wai, Mr. Cheung Kwok Wai, Elton and Mr. Cheung Kwok Fan (all of them are executive Directors) and holding 105,708,000 Shares as at the date of this announcement; and (ii) Mr. Chan Kin Wah, Billy (an executive Director) who holds 2,449,500 Shares as at the date of this announcement, are therefore required to abstain from voting in favour of the resolution(s) approving the Rights Issue and the transactions contemplated thereunder at the SGM.

The Rights Issue is conditional on, among other things, the relevant resolutions being approved by the Independent Shareholders at the SGM. An independent board committee comprising all the independent non-executive Directors will be established by the Company to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and as to voting in respect thereof at the SGM. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in this regard.

## **GENERAL**

A circular containing, among other things, (i) further details of the Rights Issue; (ii) a letter of recommendation from the independent board committee of the Company to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in respect of the Rights Issue; and (iv) the notice convening the SGM, will be despatched to the Shareholders as soon as practicable.

Subject to, among other things, the approval of the Rights Issue by the Independent Shareholders at the SGM, the Prospectus Documents will be despatched to the Qualifying Shareholders and the Prospectus (subject to the advice given in the legal opinions provided by the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable and legally permitted) will be despatched to the Prohibited Shareholders for information purposes only on the Prospectus Posting Date. The PAL or EAF will not be sent to the Prohibited Shareholders.

Trading in the 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 Second Transaction which, if materialise, constitutes a notifiable transaction of the Company under the Listing Rules as mentioned in the announcement of the Company dated 24 February 2015.

## **WARNING OF THE RISK OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES**

**Shareholders and potential investors should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue may or may not proceed.**

**Shareholders and potential investors should exercise extreme caution when dealing in the Shares and the nil-paid Rights Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

## **PROPOSED RIGHTS ISSUE**

Reference is made to the Joint Announcement. As a condition precedent to the completion of the First Transaction, the Company intends to complete the Rights Issue. On 15 May 2015, the Company and the Underwriter entered into the Underwriting Agreement. The principal terms of the Rights Issue are set out as follows:

Under the Rights Issue, the Company proposed to raise not less than approximately HK\$383.37 million and not more than approximately HK\$415.75 million before expenses, details of which are set out as follows:

### **Issue statistics**

Basis of the entitlement:	One (1) Rights Share for every one (1) existing Share held on the Record Date
Subscription Price:	HK\$0.70 per Rights Share
Number of Shares in issue as at the date of this announcement:	547,673,243 Shares
Additional number of Shares that may be issued if all the Options Shares are allotted and issued on or before the Record Date:	46,248,601 Shares

Number of Rights Shares to be issued:	Not less than 547,673,243 Rights Shares (based on the number of Shares in issue as at the date of this announcement and assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) and not more than 593,921,844 Rights Shares (based on the number of Shares in issue as at the date of this announcement and assuming (i) no repurchase of Shares; and (ii) the Options Shares are fully allotted and issued on or before the Record Date)
Number of Rights Shares to be taken up or procured to be taken up by Twin Success pursuant to the Twin Success Undertaking:	Twin Success has irrevocably undertaken in favour of the Company and the Underwriter to subscribe for or procure the subscription by its associates or nominees for the 105,708,000 Rights Shares to be allotted to it under its provisional pro-rata entitlement pursuant to the Rights Issue
Number of Rights Shares underwritten by the Underwriter:	Not less than 441,965,243 Rights Shares and not more than 488,213,844 Rights Shares, representing all the Rights Shares less the number of Rights Shares undertaken by Twin Success under the Twin Success Undertaking. Accordingly, taken into account the Twin Success Undertaking, the Rights Issue is fully underwritten
Number of enlarged Shares in issue upon completion of the Rights Issue:	Not less than 1,095,346,486 Shares (based on the number of Shares in issue as at the date of this announcement and assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) and not more than 1,187,843,688 Shares (based on the number of Shares in issue as at the date of this announcement and assuming (i) no repurchase of Shares; and (ii) the Options Shares are fully allotted and issued on or before the Record Date)
Rights in excess applications:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment

As at the date of this announcement, save for the outstanding 46,248,601 Options, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Assuming that (i) there will be no further issue of new Shares or repurchase of Shares from the date of this announcement up to the Record Date; and (ii) all 46,248,601 outstanding Options will be fully exercised and the 46,248,601 Options Shares will be allotted and issued on or before the Record Date, the maximum number of 593,921,844 Rights Shares that may be allotted and issued pursuant to the Rights Issue represent (i) approximately 108.44% of the Company's issued share capital as at the date of this announcement; and (ii) 50.00% of the Company's issued share capital of 1,187,843,688 Shares as enlarged by the allotment and issue of the 46,248,601 Options Shares and the 593,921,844 Rights Shares (being the maximum number of Rights Shares that may be allotted and issued under the Rights Issue) immediately after completion of the Rights Issue.

The aggregate nominal value of the Rights Shares will be not less than HK\$5,476,732.43 and not more than HK\$5,939,218.44.

### **Basis of entitlement**

The basis of the provisional entitlement shall be one (1) Rights Share for every one (1) existing Share held on the Record Date, being not less than 547,673,243 Rights Shares and not more than 593,921,844 Rights Shares at the Subscription Price. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for.

Other than the 105,708,000 Rights Shares to be taken up by Twin Success under the Twin Success Undertaking, the Board has not received any information from any other Shareholders of their intention to take up their provisional pro-rata entitlements under the Rights Issue as at the date of this announcement.

### **Qualifying Shareholders**

The Company will send (i) the Prospectus Documents to the Qualifying Shareholders; and, to the extent permitted under the relevant laws and regulations and reasonably practicable, (ii) the Overseas Letter together with the Prospectus (subject to the advice given in the legal opinions provided by the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable and legally permitted), for information only, to the Prohibited Shareholders but will not send any PAL or EAF to them.

To qualify for the Rights Issue, the Shareholders must (i) be registered on the register of members of the Company at the close of business on the Record Date; and (ii) not be a Prohibited Shareholder.

**In order to be registered as members of the Company prior to the close of business on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) for registration with the Registrar of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on or before the date to be announced by the Company. The last day for dealing in the Shares on a cum-rights basis will also be announced by the Company in due course.**

## **Closure of register of members for the Rights Issue**

The Company's register of members will be closed for the purpose of determining the eligibility of the Qualifying Shareholders for the Rights Issue, and further announcement will be made regarding the expected timetable of the Rights Issue. No transfer of Shares will be registered during this book closure period.

## **Subscription Price**

The Subscription Price is HK\$0.70 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 4.11% to the closing price of HK\$0.73 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) 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 Share as quoted on the Stock Exchange on the Last Trading Day; and
- (c) a discount of approximately 1.41% to the average closing price of HK\$0.71 per Share for the last five consecutive trading days immediately prior to the Last Trading Day.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to, among others, the prevailing market price of the Shares under the then market conditions. The Directors consider that the terms of the Rights Issue, including the Subscription Price which has been set as a discount to the recent closing prices of the Shares with an objective of encouraging existing Shareholders to take up their entitlements so as to share in the potential growth of the Company, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. After deducting all relevant expenses relating to the Rights Issue, the net price per Rights Share will be approximately HK\$0.683 (assuming the maximum number of 593,921,844, Rights Shares is issued).

In addition, the Subscription Price of HK\$0.70 per Rights Share is same as the issue price of the consideration Shares under the First Transaction.

## **Rights of Overseas Shareholders**

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

In compliance with the necessary requirements of the Listing Rules, the Company will make enquiries with its lawyers in the relevant jurisdictions regarding the feasibility of extending the Rights Share to the Overseas Shareholders. If, based on such legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders due to either the legal restrictions of the relevant jurisdiction or the applicable requirements of the relevant regulatory body or stock exchange in that place or it is not reasonably practicable to do so, the Rights Issue will not be available to such Overseas Shareholders. Accordingly, the Rights Issue will not be extended to the Prohibited Shareholders.

Further information in this connection will be set out in the Prospectus Documents containing, among other things, details of the Rights Issue, to be despatched to the Qualifying Shareholders on the Prospectus Posting Date. The Company will send copies of the Prospectus to the Prohibited Shareholders for their information only, but no PAL and EAF will be sent to them.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Prohibited Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the Prohibited Shareholders. The Company will retain individual amounts of HK\$100 or less for the benefits of the Company. Any unsold entitlement of Prohibited Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs by Qualifying Shareholders.

### **Ranking of the Rights Shares**

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

### **Fractions of the Rights Shares**

No fractional entitlements to the Rights Shares will be arisen as result of the Rights Issue.

### **Application for the Rights Shares**

The PAL in respect of the entitlement of the Rights Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein (or when a transferee of nil-paid Rights Shares applies for the Rights Shares) by completing such form and lodging the same with a remittance for the Rights Shares being taken up with the Registrar by the Latest Time for Acceptance.



## **Application for excess Rights Shares**

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Prohibited Shareholders and for any Rights Shares provisionally allotted but not accepted. Applications for excess Rights Shares can only be made by completing the EAFs for application for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar by no later than the Latest Time for Acceptance.

The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (a) preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with the intention to abuse this mechanism; and
- (b) subject to availability of excess Rights Shares after allocation under principle (a) above, the excess Rights Shares will be allocated to Qualifying Shareholders based on a sliding scale with reference to the number of the excess Rights Shares applied by them (i.e. Qualifying Shareholders applying for a smaller number of Rights Shares are allocated with a higher percentage of successful application but will receive a lesser number of Rights Shares; whereas Qualifying Shareholders applying for a larger number of Rights Shares are allocated with a smaller percentage of successful application but will receive a higher number of Rights Shares), and with board lot applications to be made on a best effort basis.

Investors with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually. Investors with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

Investors whose Shares are held by their nominee(s) and who would like to have their names registered on the register of members of the Company, must lodge all necessary documents with the Registrar for completion of the relevant registration by 4:30 p.m. (Hong Kong time) on or before the date to be announced by the Company.

## **Share certificates and refund cheques for the Rights Issue**

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk. If the Rights Issue is terminated, refund cheques will be despatched by ordinary post at the respective Shareholders' own risk.

## **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms).

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

Both nil-paid Rights Shares and fully-paid Rights Shares will be traded in board lots of 10,000 Shares.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms, which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

## **The Underwriting Agreement**

Date: 15 May 2015

Underwriter: Kingston Securities Limited

Number of Rights Shares to be underwritten: Not less than 441,965,243 Rights Shares and not more than 488,213,844 Rights Shares, representing all the Rights Shares less the number of Rights Shares undertaken by Twin Success under the Twin Success Undertaking. Accordingly, taking into account the Twin Success Undertaking, the Rights Issue is fully underwritten.

The Underwriter is a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Underwriter and its associates are Independent Third Parties. As at the date of this announcement, the Underwriter holds one (1) Share.

Under the Underwriting Agreement, in the event of the Underwriter being called upon, shall subscribe for or procure subscribers for the Underwritten Shares not taken up:

- (a) the Underwriter shall not subscribe, for its own account, for such number of Underwritten Shares not taken up which will result in the shareholding of it and parties acting in concert with it in the Company to exceed 19.90% of the voting rights of the Company upon the completion of the Rights Issue; and
- (b) the Underwriter shall use its best endeavours to ensure that each of the subscribers of the Underwritten Shares not taken up procured by it, (i) shall be Independent Third Party; and (ii) 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 10.00% or more of voting rights of the Company upon completion of the Rights Issue.

### **Underwriting Commission**

The Company will pay the Underwriter an underwriting commission of 2.50% of the aggregate Subscription Price in respect of the maximum number of the Underwritten Shares, being 488,213,844 Rights Shares. The Directors (excluding the independent non-executive Directors who will provide their opinion after taking into account of the advice to be provided by the independent financial adviser) are of the view that the terms of the Underwriting Agreement, including the commission, accord with the market practice, are fair and reasonable so far as the Company and the Shareholders are concerned.

### **Irrevocable undertaking given by Twin Success**

As at the date of the Underwriting Agreement, Twin Success is interested in 105,708,000 Shares, representing approximately 19.30% of the total issued share capital of the Company. On 15 May 2015, Twin Success has irrevocably undertaken in the Twin Success Undertaking to the Company and the Underwriter:

- (a) not to sell or dispose of, or transfer, or agree to sell or dispose of, any Shares held by it from the date of the Underwriting Agreement to the close of business on the Record Date; and
- (b) to accept or procure the acceptance for the 105,708,000 Rights Shares to be allotted and issued to Twin Success under its provisional pro-rata entitlement pursuant to the Rights Issue prior to the Latest Time for Acceptance.

## Conditions of the Rights Issue

The Rights Issue is conditional upon the satisfaction of the following conditions:

- (a) the passing of the necessary resolution(s) at the SGM to approve the Rights Issue (including but not limited to the allotment and issue of the Rights Shares) by the Independent Shareholders and the transactions contemplated thereunder;
- (b) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (c) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Prohibited Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (d) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares (in their nil-paid and fully paid forms) by no later than the first day of their dealings;
- (e) the Underwriting Agreement not having been terminated or rescinded by the Underwriter in accordance with its terms on or before the Latest Time for Termination;
- (f) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement; and
- (g) compliance with and performance of all undertakings and obligations of Twin Success under the Twin Success Undertaking.

None of the above conditions are waivable. If any of the conditions of the Rights Issue is not satisfied in whole or in part by the Company by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate and none of the parties shall, save in respect of any right or liability accrued before such termination, have any right against or liability towards any of the other parties arising out of or in connection with the Underwriting Agreement.

The completion of the First Transaction is conditional upon the completion of the Rights Issue, but the completion of the Rights Issue is not conditional upon the completion of the First Transaction.

## **Termination of the Underwriting Agreement**

**If, prior to the Latest Time for Termination:**

- (a) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:**
  - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or**
  - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or**
  - (iii) save for any suspension in connection with the clearance of the announcement(s) or circular(s) relating to the First Transaction and the Second Transaction, the imposition of any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise; or**
- (b) any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction on trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or**
- (c) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or**

- (d) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or**
- (e) save and except for the First Transaction and the Second Transaction, any other material adverse change in the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or**
- (f) the Prospectus Documents in connection with the Rights Issue when published contain information (either as to business prospects or the financial condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a reasonably prudent investor not to apply for its assured entitlements of Rights Shares under the Rights Issue; or**
- (g) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Rights Issue; or**
- (h) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of this announcement, or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue and/or the First Transaction and the Second Transaction,**

**the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.**

**The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:**

- (a) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or**
- (b) any event occurs or matter arises on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained thereof untrue or incorrect in any material respect and which comes to the knowledge of the Underwriter.**

**Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.**

**Upon the giving of notice in accordance with the above, the Underwriting Agreement shall terminate and the obligations of the parties shall forthwith cease and be null and void and none of the parties shall, save in respect of any right or liability accrued before such termination, have any right against or liability towards any of the other parties arising out of or in connection with the Underwriting Agreement.**

### **Expected timetable**

Further announcement will be made by the Company regarding the expected timetable of the Rights Issue.

### **Shareholding structure of the Company**

Set out below is the shareholding structure of the Company before and after the completion of the Rights Issue:

- (a) Assuming no Shares (including the Options Shares) are allotted and issued or repurchased by the Company on or before the Record Date

	As at the date of this announcement		Upon completion of the Rights Issue (assuming all Rights Shares are subscribed for by the Qualifying Shareholders or the transferee of the nil-paid Rights Shares)		Upon completion of the Rights Issue (assuming none of the Rights Shares are subscribed for by the Qualifying Shareholders other than Twin Success under the Twin Success Undertaking) (Note 2)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Twin Success (Note 1)	105,708,000	19.30	211,416,000	19.30	211,416,000	19.30
Mr. Chan Kin Wah, Billy (Note 3)	2,449,500	0.45	4,899,000	0.45	2,449,500	0.22
<b>Public</b>						
The Underwriter	1	0.00	2	0.00	441,965,244	40.35
Existing public Shareholders	439,515,742	80.25	879,031,484	80.25	439,515,742	40.13
<b>Total</b>	<u>547,673,243</u>	<u>100.00</u>	<u>1,095,346,486</u>	<u>100.00</u>	<u>1,095,346,486</u>	<u>100.00</u>

- (b) Assuming all the Options Shares are allotted and issued but no other Shares are allotted, issued or repurchased by the Company on or before the Record Date

	As at the date of this announcement		Upon issue of the Options Shares on or before the Record Date		Upon issue of the Options Shares on or before the Record Date and the completion of the Rights Issue (assuming all Rights Shares are subscribed for by the Qualifying Shareholders or the transferee of the nil-paid Rights Shares)		Upon issue of the Options Shares on or before the Record Date and the completion of the Rights Issue (assuming none of the Rights Shares are subscribed for by the Qualifying Shareholders other than Twin Success under the Twin Success Undertaking) (Note 2)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Twin Success (Note 1)	105,708,000	19.30	105,708,000	17.80	211,416,000	17.80	211,416,000	17.80
Mr. Lei Hong Wai (Notes 1 and 4)	—	0.00	950	0.00	1,900	0.00	950	0.00
Mr. Chan Kin Wah, Billy (Note 3)	2,449,500	0.45	6,320,450	1.06	12,640,900	1.06	6,320,450	0.53
<b>Public</b>								
The Underwriter	1	0.00	1	0.00	2	0.00	488,213,845	41.10
Existing public Shareholders	439,515,742	80.25	481,892,443	81.14	963,784,886	81.14	481,892,443	40.57
<b>Total</b>	<b>547,673,243</b>	<b>100.00</b>	<b>593,921,844</b>	<b>100.00</b>	<b>1,187,843,688</b>	<b>100.00</b>	<b>1,187,843,688</b>	<b>100.00</b>

*Notes:*

- Pursuant to the Twin Success Undertaking, Twin Success has irrevocably undertaken to the Company and the Underwriter (i) not to sell or dispose of, or transfer, or agree to sell or dispose of, any Shares held by it from the date of the Underwriting Agreement to the close of business on the Record Date; and (ii) to accept or procure the acceptance for the 105,708,000 Rights Shares to be allotted and issued to Twin Success under its provisional pro-rata entitlement pursuant to the Rights Issue prior to the Latest Time for Acceptance.
- 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 Shares not taken up:

- the Underwriter shall not subscribe, for its own account, for such number of Underwritten Shares not taken up which will result in the shareholding of it and parties acting in concert with it in the Company to exceed 19.90% of the voting rights of the Company upon the completion of the Rights Issue; and



- (ii) the Underwriter shall use its best endeavours to ensure that each of the subscribers of the Underwritten Shares not taken up procured by it, (a) shall be Independent Third Party; 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 10.00% or more of voting rights of the Company upon completion of the Rights Issue.
3. Mr. Chan Kin Wah, Billy is an executive Director holding 2,449,500 Shares and 3,870,950 Options as at the date of this announcement.
  4. Mr. Lei Hong Wai is an executive Director holding 50.00% beneficial interest in Twin Success and 950 Options as at the date of this announcement.

### **Reasons for the Rights Issue and use of proceeds**

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

The gross proceeds from the Rights Issue will not be less than approximately HK\$383.37 million and not more than approximately HK\$415.75 million. The net proceeds from the Rights Issue after deducting all relevant expenses are estimated to be not less than approximately HK\$373.10 million but not more than approximately HK\$405.47 million.

The Company intends to apply the proceeds from the Rights Issue for financing the First Transaction, or in the event that the First Transaction do not proceed, future possible property investment project(s) as and when appropriate. As at the date of this announcement, apart from the First Transaction, the Group has not identified any other property investment projects.

The Board also considers that the Rights Issue represents an opportunity for broadening its shareholder and capital base thereby increasing the liquidity of the Shares. As such, the Directors (excluding the independent non-executive Directors who will provide their opinion after taking into account of the advice to be provided by the independent financial adviser) consider that the Underwriting Agreement is entered into upon normal commercial terms and that the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

## **FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS**

The Company had not conducted any fund raising exercise in the past 12 months immediately preceding the date of this announcement.

## **IMPLICATIONS UNDER THE LISTING RULES**

In accordance with Rule 7.19(6)(a) of the Listing Rules, the Rights Issue must be made conditional on approval by Independent Shareholders by way of poll at the SGM on which any Controlling Shareholders and their associates or, where there are no Controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue.

As at the date of this announcement, there is no Controlling Shareholder. Therefore, the Directors and their respective associates shall be required to abstain from voting in favour of the Rights Issue. Accordingly, (i) Twin Success, who is an associate of Mr. Lei Hong Wai, Mr. Cheung Kwok Wai, Elton and Mr. Cheung Kwok Fan (all of them are executive Directors) and holding 105,708,000 Shares as at the date of this announcement; and (ii) Mr. Chan Kin Wah, Billy (an executive Director) who holds 2,449,500 Shares as at the date of this announcement, are therefore required to abstain from voting in favour of the resolution(s) approving the Rights Issue and the transactions contemplated thereunder at the SGM.

The Rights Issue is conditional on, among other things, the relevant resolutions being approved by the Independent Shareholders at the SGM. An independent board committee comprising all the independent non-executive Directors will be established by the Company to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and as to voting in respect thereof at the SGM. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in this regard.

## **GENERAL**

A circular containing, among other things, (i) further details of the Rights Issue; (ii) a letter of recommendation from the independent board committee of the Company to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in respect of the Rights Issue; and (iv) the notice convening the SGM, will be despatched to the Shareholders as soon as practicable.

Subject to, among other things, the approval of the Rights Issue by the Independent Shareholders at the SGM, the Prospectus Documents will be despatched to the Qualifying Shareholders and the Prospectus (subject to the advice given in the legal opinions provided by the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable and legally permitted) will be despatched to the Prohibited Shareholders for information purposes only on the Prospectus Posting Date. The PAL or EAF will not be sent to the Prohibited Shareholders.

Trading in the 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 Second Transaction which, if materialise, constitutes a notifiable transaction of the Company under the Listing Rules as mentioned in the announcement of the Company dated 24 February 2015.

## **WARNING OF THE RISK OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES**

**Shareholders and potential investors should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue may or may not proceed.**

**Shareholders and potential investors should exercise extreme caution when dealing in the Shares and the nil-paid Rights Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

## **TERMS USED IN THIS ANNOUNCEMENT**

In this announcement, unless the context otherwise required, the following terms and expressions shall have the following meanings when used herein.

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)

“Company”	Eternity Investment Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange (stock code: 764)
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the directors of the Company
“EAF(s)”	the forms of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such usual form as may be agreed between the Company and the Underwriter
“First Transaction”	the proposed acquisition of the entire issued share capital of Smart Title Limited by the Company and the assignment of the shareholder’s loan to the Company at an aggregate consideration of HK\$1,650.00 million as disclosed in the Joint Announcement
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	any Shareholder other than Controlling Shareholders and their associates or, where there are no Controlling Shareholders, any Shareholder other than Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties 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 the Company or its subsidiaries or any of their respective associates
“Joint Announcement”	the joint announcement made by the Company and China Jiu hao Health Industry Corporation Limited, the shares of which are listed on the Main Board of the Stock Exchange, (stock code: 419) on the same date of this announcement relating to the First Transaction

“Last Trading Day”	11 December 2014, being the last trading day prior to the suspension of trading of Shares at 9:00 a.m. on 12 December 2014
“Latest Time for Acceptance”	the latest time for acceptance for the Rights Shares to be agreed between the Company and the Underwriter
“Latest Time for Termination”	the latest time for terminating the Underwriting Agreement, being 4:00 p.m. on the fourth Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and the Underwriter
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Options”	the share options granted under the Share Option Schemes
“Options Shares”	maximum of 46,248,601 new Shares to be allotted and issued upon the exercise of all the outstanding 46,248,601 Options
“Overseas Letter”	a letter from the Company to the Prohibited Shareholders explaining the circumstances in which the Prohibited Shareholders are not permitted to participate in the Rights Issue
“Overseas Shareholder(s)”	the Shareholder(s) with registered address(es) (as shown in the register of members of the Company on the Record Date) are outside of Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue, being in such usual form as may be agreed between the Company and the Underwriter
“Prohibited Shareholder(s)”	the Overseas Shareholder(s) whose address(es) is/are in a place(s) outside Hong Kong where, the Directors, based on legal opinions provided by legal advisers of the Company, consider it is necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Rights Shares to such Overseas Shareholders
“Prospectus”	the document containing details of the Rights Issue to be despatched to the Qualifying Shareholders

“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Prospectus Posting Date”	the date to be agreed between the Underwriter and the Company for the despatch of the Prospectus Documents to the Qualifying Shareholders (or the Prospectus only in case of Prohibited Shareholder(s))
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Prohibited Shareholders
“Record Date”	the date to be agreed between the Company and the Underwriter for determining entitlements to the Rights Issue
“Registrar”	Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, the Hong Kong branch share registrar and transfer office of the Company
“Rights Issue”	the proposed issue by way of rights issue to the Qualifying Shareholders on the basis of one (1) Rights Share for every one (1) existing Share held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Shares”	not less than 547,673,243 new Shares and not more than 593,921,844 new Shares to be allotted and issued under the Rights Issue
“Second Transaction”	the proposed acquisition of approximately 74.63% of the issued share capital of a company listed on Growth Market Enterprise of the Stock Exchange which was initially announced by the Company on 24 February 2015
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Rights Issue
“Share Option Schemes”	the respective share option schemes adopted by the Company on 21 January 2002 which was terminated on 12 December 2011 and adopted by the Company on 12 December 2011
“Share(s)”	ordinary share(s) of HK\$0.01 each in share capital of the Company

“Shareholder(s)”	the holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.70 per Rights Share
“Substantial Shareholder(s)”	has the meaning as ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs
“Twin Success”	Twin Success International Limited, a company incorporated in the British Virgin Islands with limited liability, is a Substantial Shareholder of the Company
“Twin Success Undertaking”	the irrevocable undertaking given by Twin Success to the Company and the Underwriter under the Underwriting Agreement to take up in full its provisional pro-rata entitlements under the Rights Issue to subscribe for 105,708,000 Rights Shares
“Underwriter”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Underwriting Agreement”	the underwriting agreement dated 15 May 2015 and entered into among the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	all the Right Shares, other than those to be taken by Twin Success under the Twin Success Undertaking, being not less than 441,965,243 Rights Shares and not more than 488,213,844 Rights Shares underwritten by the Underwriter under the Underwriting Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 15 May 2015

*As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Lei Hong Wai, Mr. Cheung Kwok Wai, Elton, Mr. Chan Kin Wah, Billy and Mr. Cheung Kwok Fan; and three independent non-executive Directors, namely, Mr. Wan Shing Chi, Mr. Ng Heung Yan and Mr. Wong Tak Chuen.*