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ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

VOLUNTARY ANNOUNCEMENT ISSUANCE OF HONG KONG DOLLAR-DENOMINATED SECURED NOTES DUE 2020

This announcement is made by Eternity Investment Limited (the “**Company**” (together with its subsidiaries as the “**Group**”)) on a voluntary basis.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 22 August 2017 (after trading hours of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”)), the Company entered into a subscription agreement (the “**Subscription Agreement**”) as issuer with the Subscriber (as defined below), pursuant to which the Company will issue and the Subscriber will subscribe for the secured notes due 2020 in registered form in the denomination of HK\$50.00 million each and integral multiples of HK\$100,000 in excess thereof, comprising an aggregate principal amount of HK\$300.00 million (the “**Notes**”).

THE SUBSCRIPTION AGREEMENT

Date: 22 August 2017

Parties

Issuer: the Company

Subscriber: An exempted company incorporated with limited liability under the laws of the Cayman Islands (the “**Subscriber**”)

Issue Date: 25 August 2017 (or such other date as the Company and the Subscriber may agree, not being later than 31 August 2017) (the “**Issue Date**”)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber is a third party independent of the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on the Stock Exchange).

Conditions precedent

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

- (a) the Company must deliver to the Subscriber or, as the case may be, ensure that the Subscriber receives all of the documents and other evidence listed in the Subscription Agreement in form and substance satisfactory to the Subscriber;
- (b) the Subscriber having been reasonably satisfied with the factual information supplied or disclosed including, without limitation, all statements of fact contained in the Subscription Agreement (other than statements in relation to the Subscriber) and the answers and documents provided at due diligence meetings (and any new or additional information serving to update or amend such information supplied or disclosed by the Company to the Subscriber or the legal and other professional advisers to the Subscriber);
- (c) the representations and warranties of the Company in the Subscription Agreement and the terms and conditions being true, accurate and correct at, and as if made on, the Issue Date;
- (d) the Company having performed all of its obligations under the Subscription Agreement (unless waived in accordance with the Subscription Agreement) to be performed on or before the Issue Date (including its obligations set out in paragraph (a) above);
- (e) the Company having obtained and procured Smart Title Limited (the "**Security Provider**"), a company incorporated in British Virgin Islands with limited liability and a wholly owned subsidiary of the Company, which will act as the security provider in relation to the creation of the security for the Notes, to obtain, any and all approvals, consents and waivers necessary for consummation of the transaction contemplated by the Subscription Agreement, the security agency deed, the share charge, the fiscal agency agreement, the deed of covenant and any other agreements, instruments, certificates executed or entered into by the Company or to which the Company is a party pursuant to or in connection with any of the foregoing; and
- (f) the execution and delivery (as the case may be) of any other approvals, certificates or documents as the Subscriber may reasonably request in the form and substance satisfactory to the Subscriber.

PRINCIPAL TERMS OF THE NOTES

Certain principal terms of the Notes are summarised as follows:

Issuer	: The Company.
Subscriber	: The Subscriber.
Aggregate Principal Amount	: HK\$300.00 million.
Issue Price	: 100% of the principal amount of the Notes.
Interest rate	: The Notes will bear interest at the rate of 8.00% per annum, payable semi-annually in arrears on 25 February and 25 August in each year.
Security	: A share charge over 100% issued shares in China Jiu hao Health Industry Group Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company, duly and properly executed by the Security Provider in favour of the security agent as continuing security for the obligations and liabilities of the Company under the Subscription Agreement.

The major asset of China Jiu hao Health Industry Group Limited is its indirect equity interest in 北京北湖九號商務酒店有限公司 (Beijing Bayhood No. 9 Business Hotel Company Limited*) (“**BJ Bayhood No. 9 Co.**”). The major assets of BJ Bayhood No. 9 Co. include (i) the rights to construct and operate a membership golf club and resort in Beijing, Mainland China, namely Beijing Bayhood No. 9 Club up to 31 December 2051; and (ii) the rights to develop and operate a piece of 580 Chinese acre land adjacent to Beijing Bayhood No. 9 Club (the “**Subject Land**”) and the rights to manage and operate the properties erected thereon up to 30 January 2062.

Form and denomination	: The Notes are issued in the minimum denomination of HK\$50.00 million and integral multiples of HK\$100,000 in excess thereof.
Status	: The Notes will constitute direct, unsubordinated and secured obligations of the Company conditional on the terms and conditions of the Notes and shall at all times rank <i>pari passu</i> and without any preference among themselves.
Listing	: No application will be made to the Stock Exchange for the listing of the Notes.

* For the purpose of identification only.

- Redemption, Purchase and Cancellation : (a) Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount together with any accrued but unpaid interest and any default interest (if applicable) on 25 August 2020.
- (b) The Notes may be redeemed at the option of the Company in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' irrevocable notice to the holders of the Notes and in writing to the fiscal agent and the principal paying agent of the Notes, at their principal amount (together with any interest accrued to the date fixed for redemption) if (i) the Company satisfies the fiscal agent that the Company has or will become obliged to pay additional tax amount as provided or referred to in the terms and conditions of the Notes, and (ii) such obligation cannot be avoided by the Company taking reasonable measure available to it, provided that no such notice shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional tax amount were a payment in respect of the Notes then due.
- (c) The Company or its Subsidiaries (as defined in the terms and conditions of the Notes) may at any time purchase Notes in the open market or otherwise at any price.
- (d) All registered certificates (the "**Certificates**") representing the Notes purchased by or on behalf of the Company or its Subsidiaries (as defined in the terms and conditions of the Notes) shall be surrendered for cancellation to the registrar of the Notes and, upon surrender thereof, all such Notes shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Company in respect of any such Notes shall be discharged.
- Maturity Date : 25 August 2020.
- Transferability : A holding of the Notes may, subject to prior notification to the Company and the terms and conditions of the Notes, be transferred in whole or in part upon the surrender of the Certificate(s) representing such Notes to be transferred, together with the form of transfer endorsed on such Certificate(s), duly completed and executed and any other evidence as the registrar or transfer agent may reasonably require.

Events of default : A holder of any Note may give notice to the Company that the Note is, and it shall accordingly forthwith become, immediately due and repayable at the Mandatory Redemption Amount (as defined in the terms and conditions of the Notes), if any Event of Default (as defined in the terms and conditions of the Notes) shall have occurred and be continuing.

The terms and conditions of the Subscription Agreement and the Notes were determined after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market condition.

REASONS FOR AND BENEFIT OF THE ISSUANCE OF THE NOTES AND USE OF PROCEEDS

The Company is an investment holding company and its subsidiaries are principally engaged in sale of financial assets, property investment, money lending, design and sale of jewelry products, and sale of precious stones.

The net proceeds from the issuance of the Notes, after deducting the estimated expenses payable in connection with the issuance, will be approximately HK\$299.25 million and the Company intended to use the net proceeds for financing the development of the Subject Land.

The issuance of the Notes will not result in any dilution effect on the shareholding of the existing shareholders of the Company, while it provides an opportunity for the Company to raise funds for future development of the Subject Land. The Directors are of the view that the terms of the Subscription Agreement and the Notes are on normal commercial terms and are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

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

Hong Kong, 22 August 2017

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.