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ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

MAJOR TRANSACTION — ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL IN THE TARGET COMPANY INVOLVING THE ISSUE OF PROMISSORY NOTES AND CONSIDERATION SHARES UNDER SPECIFIC MANDATE

THE ACQUISITION

The Board announces that, on 4 May 2021 (after trading hours of the Exchange), the Purchaser (a direct wholly-owned subsidiary of the Company), the Company, the Vendor and the Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Share at the Consideration of not more than HK\$800,000,000. The Consideration will be satisfied by cash, the issue of the Promissory Notes and the allotment and issue of the Consideration Shares.

LISTING RULES IMPLICATIONS

As one or more of the relevant applicable percentage ratios (calculated in accordance with the Listing Rules) in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The SGM will be convened and held for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Consideration Shares and the Specific Mandate.

To the best of the knowledge, information and belief of the Directors, no Shareholder has a material interest in the transactions contemplated under the Sale and Purchase Agreement. As such, no Shareholder will be required to abstain from voting on the resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Consideration Shares. Any vote exercised by the Shareholders at the SGM shall be taken by way of poll.

A circular containing, among other things, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) other information required to be disclosed under the Listing Rules; and (iii) a notice of the SGM, is expected to be despatched to the Shareholders on or before 30 June 2021 as additional time is required to finalise certain financial and general information of the Group to be included in the circular.

Completion is subject to the satisfaction of the conditions as set out in the Sale and Purchase Agreement. As the Acquisition may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in securities of the Company.

The Board announces that, on 4 May 2021 (after trading hours of the Exchange), the Purchaser (a direct wholly-owned subsidiary of the Company), the Company, the Vendor and the Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Share at the Consideration of not more than HK\$800,000,000. The Consideration will be satisfied by cash, the issue of the Promissory Notes and the allotment and issue of the Consideration Shares.

THE SALE AND PURCHASE AGREEMENT

The principal terms and conditions of the Sale and Purchase Agreement are summarised as follows:

Date

4 May 2021

Parties

- (i) The vendor: TangD Co., Ltd.
- (ii) The purchaser: RICHE (BVI) LIMITED, a direct wholly-owned subsidiary of the Company
- (iii) The guarantor: Mr. Ma Kai
- (iv) The listed issuer: Eternity Investment Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, upon completion of the Vendor Reorganisation, each of the Vendor and its ultimate beneficial owners (including the Guarantor) is an Independent Third Party.

Subject of the Acquisition

The Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Share, representing the entire issued share capital of the Target Company as at the date of this announcement and upon Completion, subject to the terms and conditions of the Sale and Purchase Agreement.

The Consideration

The Consideration is not more than HK\$800,000,000 and will be settled by the Purchaser to the Vendor in the following manner:

- (i) as to HK\$25,000,000 shall be settled upon Completion by the allotment and issue of the 100,000,000 First Consideration Shares at the Issue Price of HK\$0.250 per First Consideration Share;
- (ii) subject to the fulfillment of the First Guaranteed Profit (as defined below), as to HK\$135,000,000 shall be settled by issue of the First Promissory Note with the principal amount of HK\$135,000,000 within ten (10) Business Days after the date of issue of the First Auditor's Certificate (as defined below) or the announcement date of the annual results of the Company for the year ending 31 December 2021, whichever is later, or such other date as agreed between the Vendor and the Purchaser; and
- (iii) subject to the fulfillment of the First Guaranteed Profit and the extent of the fulfilment of the Second Guaranteed Profit (as defined below), as to the remaining of not exceeding HK\$640,000,000, shall be settled within ten (10) Business Days after the date of issue of the Second Auditor's Certificate (as defined below) or the announcement date of the annual results of the Company for the year ending 31 December 2022, whichever is later, or such other date as agreed between the Vendor and the Purchaser, by
 - (a) not more than HK\$120,000,000 in cash;

- (b) issue of the Second Promissory Note with a principal amount of not more than HK\$307,500,000 to the Vendor; and
- (c) allotment and issue of not more than 850,000,000 Second Consideration Shares at the Issue Price of HK\$0.250 per Second Consideration Share to the Vendor.

The actual amount of the total Consideration to be paid shall be adjusted on the basis as detailed in the paragraph headed “Profit guarantee” below in this announcement.

Basis of the Consideration

The maximum Consideration was determined after arm’s length negotiations between the Vendor and the Purchaser on the assumption that the First Guaranteed Profit and the Second Guaranteed Profit can be fulfilled. The Board considers the Consideration is fair and reasonable taking into account the following:

- (i) the first payment of the Consideration, being HK\$25,000,000, was determined by the Vendor and the Purchaser after taking into account the historical financial performance of the PRC Company Group, the current economic circumstances and the prevailing market price of the Shares;
- (ii) the fulfilment of the First Guaranteed Profit and the Second Guaranteed Profit represents profit after tax (excluding extraordinary items) of the Target Group of not less than RMB25,000,000 for the First Guaranteed Period (as defined below) and not less than RMB100,000,000 for the Second Guaranteed Period (as defined below) respectively;
- (iii) the second and third payments of the Consideration, being HK\$135,000,000 and not more than HK\$640,000,000 respectively, will be subject to the fulfillment of the First Guaranteed Profit for the First Guaranteed Period and in case the First Guaranteed Profit is not fulfilled, the second payment of the Consideration (i.e. the First Promissory Note) and the third payment of the Consideration (including the cash payment of HK\$120,000,000, the Second Promissory Note and the Second Consideration Shares) shall not be paid;
- (iv) in case the First Guaranteed Profit is fulfilled, the third payment of the Consideration, being not more than HK\$640,000,000, will be proportionately downward adjusted if the Second Guaranteed Profit is not fulfilled to its full extent; and
- (v) the reasons for and benefits of the Acquisition as detailed in the paragraph headed “Reasons for and benefits of the Acquisition” below in this announcement.

Issuer Price

The Issue Price of HK\$0.250 per Consideration Share represents:

- (i) a premium of approximately 2.04% over the closing price of HK\$0.245 per Share as quoted on the Exchange on the date of the Sale and Purchase Agreement;
- (ii) a premium of approximately 0.81% over the average closing price of approximately HK\$0.248 per Share as quoted on the Exchange for the five consecutive trading days immediately prior to the date of the Sale and Purchase Agreement; and
- (iii) a premium of approximately 3.73% over the average closing price of approximately HK\$0.241 per Share as quoted on the Exchange for the ten consecutive trading days immediately prior to the date of the Sale and Purchase Agreement.

The Issue Price was arrived at after arm's length negotiations between the Purchaser and the Vendor after taking into account the prevailing market price of the Shares which the Directors consider is fair and reasonable.

The Consideration Shares will be issued under the Specific Mandate to be sought at the SGM. An application will be made to the Exchange by the Company for the listing of, and permission to deal in, the Consideration Shares.

Conditions precedent

Completion is conditional upon the following conditions being fulfilled (or waived, as the case may be):

- (a) the Purchaser having been satisfied with the results of the due diligence review on the Target Company, the Hong Kong Company, the WFOE and the PRC Company Group;
- (b) the Vendor, the Target Company and the Guarantor having obtained all necessary consents and approvals for the sale and purchase of the Sale Share contemplated under the Sale and Purchase Agreement;
- (c) the Purchaser having obtained all necessary consents and approvals for the sale and purchase of the Sale Share contemplated under the Sale and Purchase Agreement;
- (d) the VIE Contracts and relevant documents having been duly executed and the Vendor Reorganisation and the Target Reorganisation having been completed in accordance with the terms of the Sale and Purchase Agreement;

- (e) the passing by the Shareholders at the SGM of an ordinary resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Promissory Notes and the allotment and issue of the Consideration Shares;
- (f) a legal opinion having been issued by a PRC legal adviser appointed by the Purchaser regarding the matters under Sale and Purchase Agreement (including but not limited to the legality and validity of the VIE Contracts to be executed in accordance with the Target Reorganisation) in the form and substance which are satisfactory to the Purchaser;
- (g) the warranties given by the Vendor under the Sale and Purchase Agreement having remained true, accurate and not misleading in all respects between the date of the Sale and Purchase Agreement and the Completion Date; and
- (h) the Listing Committee of the Exchange having granted the approval for the listing of and permission to deal in, the Consideration Shares.

Save for conditions (b), (c), (d), (e), (f) and (h) which are incapable of being waived, the Purchaser may waive in writing conditions (a) and (g). If the conditions have not been fulfilled or waived by the Purchaser (if applicable) at or before 12 noon on 30 September 2021 (or such later date as the Purchaser and the Vendor may agree), the Sale and Purchase Agreement shall cease and determine and neither party shall have any obligations and liabilities under the Sale and Purchase Agreement save for any antecedent breaches of the terms thereof.

Completion

After the fulfilment or waiver (if applicable) of all the conditions precedent, Completion shall take place on the Completion Date.

Upon Completion, the Target Group will become indirect wholly-owned subsidiaries of the Company and therefore, the financial information of the Target Group will be consolidated into the consolidated financial statements of the Group. The Target Company, by virtue of the execution of the VIE Contracts among the PRC Company, the PRC Equity Owner(s), the WFOE and such other parties, can enjoy the economic benefits of the PRC Company.

Profit guarantee

Pursuant to the Sale and Purchase Agreement, the Vendor has irrevocably warranted and guaranteed to the Purchaser that:

- (i) the audited consolidated net profit after tax (excluding extraordinary items) of the Target Group calculated in accordance with the Hong Kong Financial Reporting Standards as shown in the audited consolidated accounts of the Target Group for the period from 1 July 2021 to 31 December 2021 (the “**First Guaranteed Period**”) shall not be less than RMB25,000,000 (the “**First Guaranteed Profit**”); and

- (ii) the audited consolidated net profit after tax (excluding extraordinary items) of the Target Group calculated in accordance with the Hong Kong Financial Reporting Standards as shown in the audited consolidated accounts of the Target Group for the period from 1 January 2022 to 31 December 2022 (the “**Second Guaranteed Period**”) shall not be less than RMB100,000,000 (the “**Second Guaranteed Profit**”).

The First Guaranteed Profit

In the event that the actual audited consolidated net profit after tax (excluding extraordinary items) of the Target Group for the First Guaranteed Period (the “**First Actual Profit**”)

- (i) is equal to or more than the First Guaranteed Profit, the Company shall issue the First Promissory Note with a principal amount of HK\$135,000,000 to the Vendor within ten (10) Business Days after the date of issue of the First Auditor’s Certificate or the announcement date of the annual results of the Company for the year ending 31 December 2021, whichever is later, or such other date as agreed between the Vendor and the Purchaser; or
- (ii) is less than the First Guaranteed Profit, the second payment of the Consideration of HK\$135,000,000 (i.e. the First Promissory Note) and the third payment of the Consideration of not more than HK\$640,000,000 (including the cash payment of HK\$120,000,000, the Second Promissory Note and the Second Consideration Shares) shall not be paid.

The Second Guaranteed Profit

Subject to the fulfillment of the First Guaranteed Profit, in the event that the actual audited consolidated net profit after tax (excluding extraordinary items) of the Target Group for the Second Guaranteed Period (the “**Second Actual Profit**”)

- (i) is equal to or more than the Second Guaranteed Profit, the Purchaser or the Company (as the case may be) shall (a) pay HK\$120,000,000 to the Vendor by way of cashier’s order or cheque, (b) issue the Second Promissory Note with a principal amount of HK\$307,500,000 to the Vendor, and (c) allot and issue 850,000,000 Second Consideration Shares at the Issue Price of HK\$0.250 per Second Consideration Share to the Vendor within ten (10) Business Days after the date of issue of the Second Auditor’s Certificate or the announcement date of the annual results of the Company for the year ending 31 December 2022, whichever is later, or such other date as agreed between the Vendor and the Purchaser; or
- (ii) is less than the Second Guaranteed Profit, the remaining adjusted Consideration to the Vendor shall be paid by issuing cashier’s order or cheque, the Second Promissory Note and allotment and issue of the Second Consideration Shares according to the following calculations:

$$N = \text{HK\$}640,000,000 \times P$$

where

for the Second Guaranteed Period,

1. N shall be the remaining Consideration payable by the Purchaser to the Vendor; and
2. P shall be calculated based on the following scale:

Amount of the Second Actual Profit	P
Is less than RMB25,000,000	0%
Not less than RMB25,000,000 but less than RMB50,000,000	25%
Not less than RMB50,000,000 but less than RMB75,000,000	50%
Not less than RMB75,000,000 but less than RMB100,000,000	75%

The adjusted remaining Consideration shall be payable by the Purchaser to the Vendor by issuing cashier's order or cheque, and the Company to issue the Second Promissory Note and allot and issue the Second Consideration Shares at the Issue Price of HK\$0.250 per Second Consideration Share according to the following formula:

The amount of cash consideration payable by the Purchaser

$$= \text{HK\$}120,000,000 \times P$$

The principal amount of the Second Promissory Note to be issued by the Company

$$= \text{HK\$}307,500,000 \times P$$

The number of the Second Consideration Shares to be allotted and issued by the Company at the Issue Price of HK\$0.250 per Second Consideration Share

$$= 850,000,000 \text{ Second Consideration Shares} \times P$$

The Vendor and the Purchaser shall procure that the respective audited consolidated financial statements of the Target Group (the "**Consolidated AFS**") for each of the First Guaranteed Period and the Second Guaranteed Period be prepared, issued and reported on by the auditors designated by the Purchaser in accordance with Hong Kong Financial Reporting Standards together within three (3) months after the expiry of each of the relevant profit guarantee periods and issue a certificate for the audited consolidated net profit/loss after tax of the Target Group for the First Guaranteed Period (the "**First Auditor's Certificate**") and the Second Guaranteed Period (the "**Second Auditor's Certificate**").

For the avoidance of doubt, (i) if the actual audited consolidated net profit after tax (excluding extraordinary items) of the Target Group is more than the relevant guaranteed profit for the First Guaranteed Period and/or the Second Guaranteed Period, the Purchaser is not required to pay any additional consideration to the Vendor other than the Consideration; and (ii) if the First Actual Profit is less than the First Guaranteed Profit, regardless of the amount of the Second Actual Profit, the Purchaser and the Company shall not be required to pay the second and third payments of the Consideration to the Vendor.

Undertaking by the Vendor

Pursuant to the Sale and Purchase Agreement, the Vendor has undertaken to the Company and the Purchaser not to transfer, dispose of, create any encumbrances or other rights on or grant options in respect of the First Consideration Shares after the allotment and issue of the First Consideration Shares and until 31 March 2022 without the prior written consent of the Purchaser.

Undertaking by the Guarantor

The Guarantor has irrevocably agreed to guarantee as primary obligor the performance by the Vendor of its obligations under the Sale and Purchase Agreement until the Completion Date.

THE PROMISSORY NOTES

Subject to the terms and conditions of the Sale and Purchase Agreement, the Company shall issue the Promissory Notes to the Vendor for settlement of part of the Consideration. The principal terms and conditions of the Promissory Notes are as follows:

Issuer: The Company

Noteholder: The Vendor

The First Promissory Note

Principal amount: HK\$135,000,000

Interest: Nil

Maturity date: The issuer shall repay the outstanding principal sum on 30 September 2022.

The Second Promissory Note

Principal amount:	Not more than HK\$307,500,000
Interest:	5% per annum, payable on the maturity date
Maturity date:	The issuer shall repay the outstanding principal sum, together with any unpaid and accrued interest on the date falling three years from the date of issue of the Second Promissory Note (or if that is not a Business Day, the first Business Day thereafter).

General terms of the Promissory Notes

Security:	The obligations of the Company under the Promissory Notes are unsecured.
Transferability:	The Promissory Notes may be transferred or assigned by the noteholder(s) to any persons (except for connected persons of the Company) provided that the noteholder(s) shall serve a prior written notice to the Company of not less than ten (10) Business Days.
Early redemption by the Company:	The Company may redeem all or part of the outstanding principal amount of the Promissory Notes together with the accrued but unpaid interest thereon (as the case for the Second Promissory Note) at any time from the issue date up to the Business Day immediately before the maturity date by serving not less than ten (10) Business Days' prior written notice to the noteholder, provided that each redemption shall be made in the principal amount of not less than HK\$5,000,000 (or the entire outstanding principal amount if the outstanding principal amount of the Promissory Notes is less than HK\$5,000,000).

THE VIE CONTRACTS

The WFOE, the PRC Company, the PRC Equity Owner(s) and such other parties shall enter into the VIE Contracts, being a series of agreements, confirmations and/or power of attorneys, as part of the Target Reorganisation. As at the date of this announcement, none of the VIE Contracts have been executed by the relevant parties. The VIE Contracts will be entered into by the relevant parties in compliance with the relevant Listing Rules and guidance letter issued by the Exchange from time to time, including but not limited to Guidance Letter (HKEx-GL77-14). Further disclosures on the VIE Contracts will be made in the circular to be despatched by the Company.

Reasons for the VIE Contracts

The PRC Company Group is principally engaged in provision of online marketing solutions (including production of short video advertisements) and advertising agency services.

It is the business plan of the PRC Company Group to apply for additional business licences, namely “廣播電視節目製作經營許可證” (radio and TV program production and business operation license*) and “增值電信業務經營許可證” (value-added telecommunication business operation license*) for expansion of the business scope in radio and television program production and value-added telecommunications services. The PRC legal advisers advised that under the applicable PRC laws and regulations, radio and television program production is strictly prohibited from foreign investor whereas the ratio of investment by a foreign investor in a company providing value-added telecommunications services shall not exceed 50%.

Under the above circumstance, to comply with applicable PRC laws, the relevant parties are required to enter into the VIE Contracts to enable the Target Company to be entitled to enjoy all actual or potential economic interests and benefits of the PRC Company.

INFORMATION OF THE TARGET GROUP

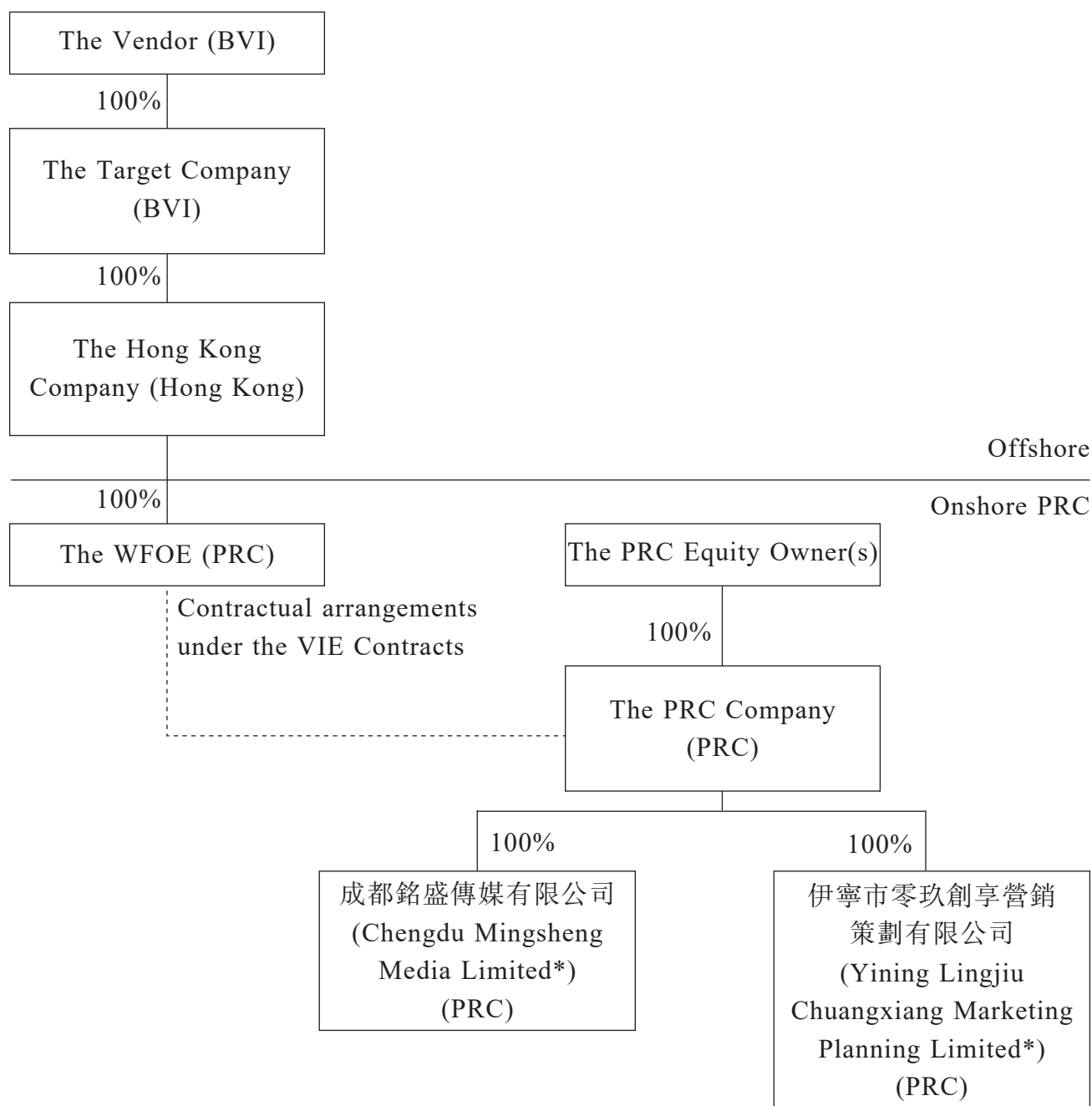
The Target Company is an investment holding company incorporated in BVI with limited liability, and is directly wholly-owned by the Vendor as at the date of this announcement.

The Target Reorganisation

Subject to the terms and conditions of the Sale and Purchase Agreement, the Target Group shall undergo the Target Reorganisation which includes, among others, (i) incorporating the Hong Kong Company which shall be wholly owned by the Target Company; (ii) establishing the WFOE which shall be wholly owned by the Hong Kong Company; and (iii) procuring the entering into of the VIE Contracts between the WFOE, the PRC Company and the PRC Equity Owner(s) and such other parties so that immediately upon completion of the Target Reorganisation, the Target Company shall have indirect control over the PRC Company and enjoy all actual or potential economic interests and benefits of the PRC Company, and the PRC Company will be accounted as subsidiary of the Target Company and the financial results of the PRC Company Group shall be consolidated into the accounts of the Target Company by virtue of the arrangement under the VIE Contracts. Further disclosures on the VIE Contracts shall be made in the circular to be despatched by the Company.

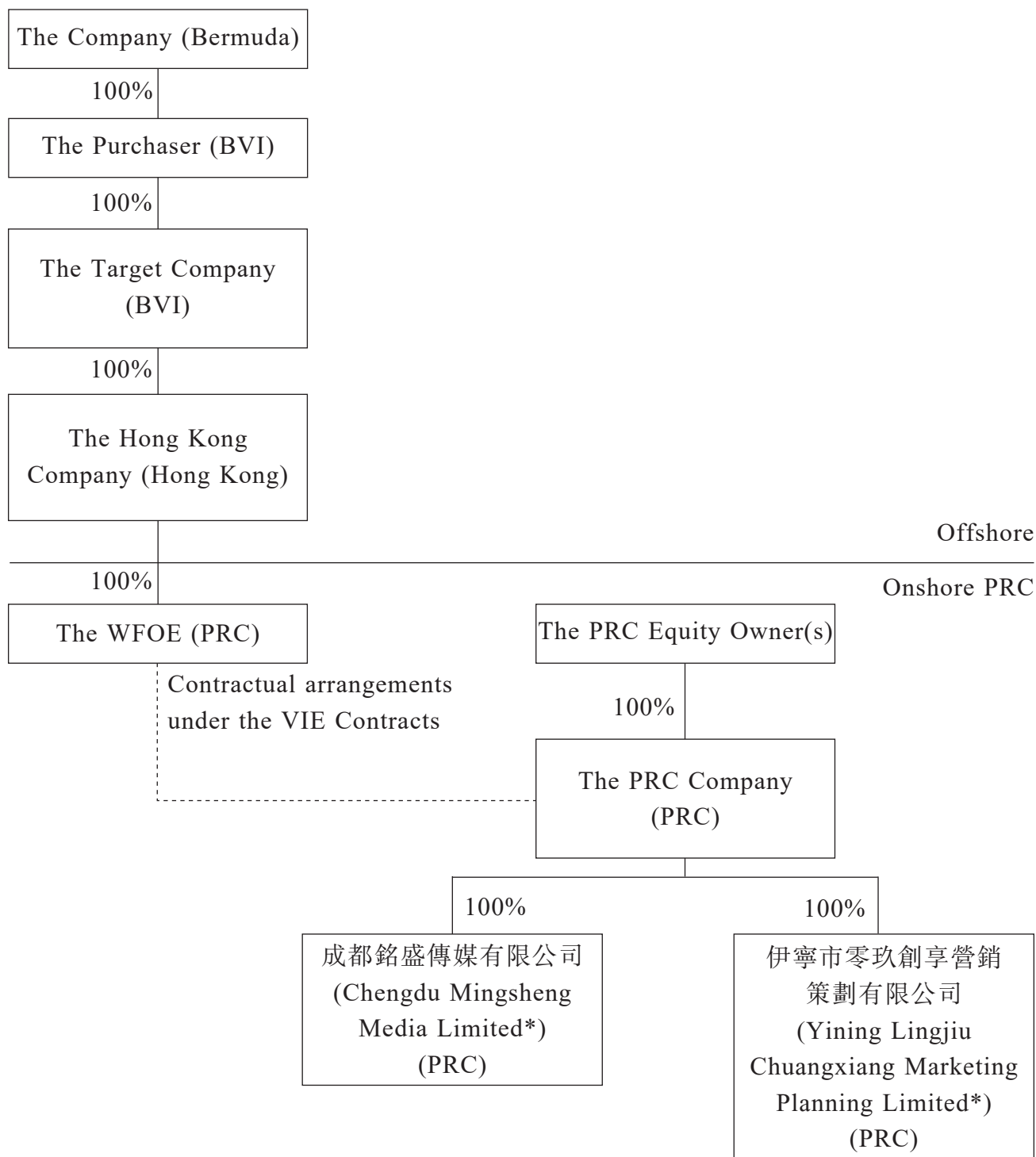
* *For identification purposes only*

Shareholding structure of the Target Group immediately after completion of the Target Reorganisation but before Completion



* For identification purposes only

Shareholding structure of the Target Group immediately after Completion



The Hong Kong Company

As at the date of this announcement, the Hong Kong Company has not been incorporated. The Hong Kong Company will be an investment holding company to be incorporated in Hong Kong with limited liability. Upon completion of the Target Reorganisation, the Hong Kong Company will be directly wholly owned by the Target Company and directly hold the WFOE.

* For identification purposes only

The WFOE

As at the date of this announcement, the WFOE has not been established. The WFOE will be established in the PRC with limited liability. Upon completion of the Target Reorganisation, the WFOE will be directly wholly owned by the Hong Kong Company and have control over the PRC Company upon execution of the VIE Contracts.

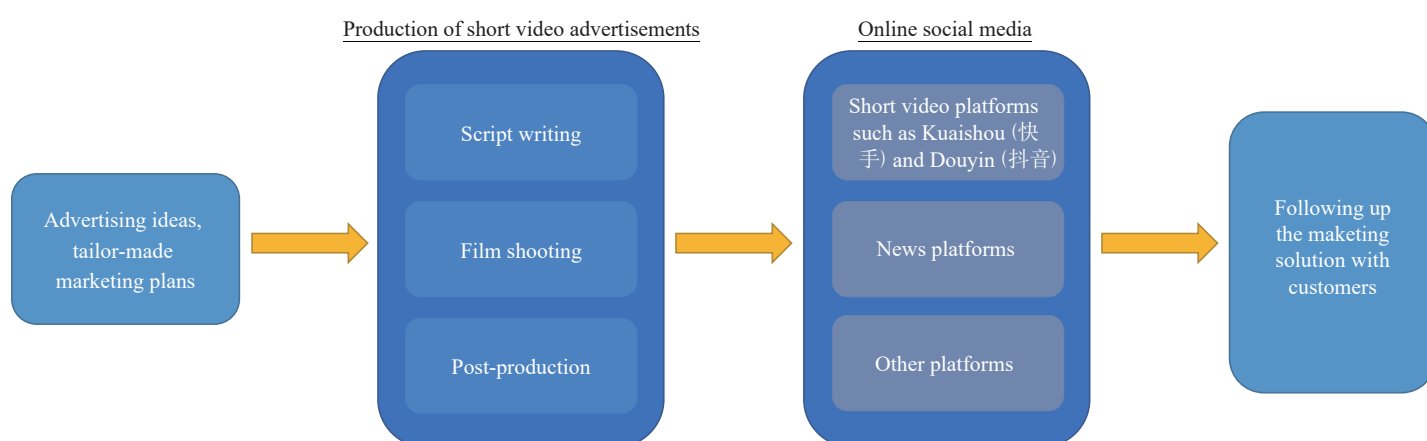
The PRC Company Group

Each of the members of the PRC Company Group is a company established in the PRC with limited liability. The PRC Company Group is principally engaged in provision of online marketing solutions and advertising agency services.

Provision of marketing solutions

The PRC Company Group offers one-stop online marketing solutions to customers including provision of advertising ideas, production of short video advertisements and distribution of content to different online platforms and monitoring the performances of the advertisements. To cater the specific needs from every customer regarding different industries and products, the PRC Company Group prepares tailor-made marketing plans according to the customers' requirements. Upon approval of the plans by the customers, the PRC Company would proceed to drafting and composing short video advertisements. The PRC Company Group offers short video production services which includes script writing, film shooting as well as post-production. The creatures would be delivered to different online short video platforms, news platforms and other social media platforms, in in-feed form, allowing platform users to browse the platform and meanwhile seamlessly notice the advertisements. To ensure the advertisements precisely reaching the target audiences, the PRC Company Group adopts big data analytics as well as artificial intelligence (AI) technologies for formulating the delivery channel and strategy. The PRC Company Group would from time to time review the results of the marketing solutions by monitoring the performance of and data generated from the advertisements and thereafter, follow up the marketing solutions with customers.

Set out below is the operation model of online marketing solution business:

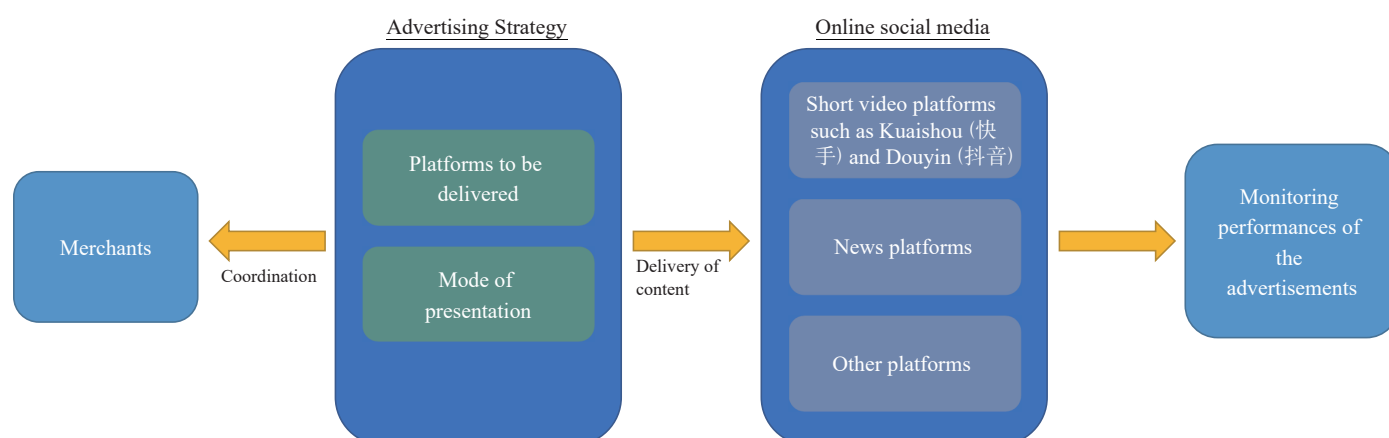


Advertising agency

With advertisements having been well prepared, merchants may face problems in deciding delivery channel and strategy. Directly communicating with online media platform may be timely and cause burdensome to merchants who do not possess relevant experiences. In such cases, merchants may engage advertising agency for handling issues regarding the delivery of advertisements.

Acting as advertising agency, after consultation with merchants, the PRC Company Group structures the advertising strategy, including the platforms to be delivered, mode of presentation, monitoring the performances of advertisements, and also coordinates with the merchants and online platforms.

Set out below is the operation model of advertising agency business:



Financial information

Immediately upon completion of the Target Reorganisation, the Target Company shall have indirect control over the PRC Company and enjoy all actual or potential economic interests and benefits of the PRC Company, and the PRC Company will be accounted as subsidiary of the Target Company and the financial results of the PRC Company Group shall be consolidated into the accounts of the Target Company by virtue of the arrangement under the VIE Contracts.

The following unaudited consolidated financial information is extracted from the consolidated management accounts of the PRC Company Group:

	For the three months ended 31 March 2021 (Unaudited) RMB	For the year ended 31 December 2020 (Unaudited) RMB	For the period from the date of establishment (5 August 2019) to 31 December 2019 (Unaudited) RMB
Revenue	82,832,615	108,575,229	2,169
Profit/(loss) before taxation	2,720,552	3,035,774	(537,083)
Profit/(loss) after taxation	2,036,596	3,024,154	(537,083)

As at 31 March 2021, the unaudited consolidated net assets of the PRC Company Group amounted to approximately RMB3.20 million.

INFORMATION OF THE VENDOR AND THE GUARANTOR

The Vendor is a company incorporated in BVI and its principal activity is investment holding. Pursuant to the Sale and Purchase Agreement, the Vendor shall conduct the Vendor Reorganisation after which the ultimate beneficial owners of the Vendor shall be Mr. Ma, Mr. Zhang Han Qing (張翰卿), Mr. Shi Kan (施侃) and Mr. Guan Zi Shan (關子杉), and the effective shareholding interest of them in the Vendor shall be 60.4%, 24.7%, 10.0% and 4.9% respectively.

Mr. Ma, being also the Guarantor, is a PRC citizen and an investment banker.

As at the date of this announcement, Mr. Ma directly owns, and Mr. Lei indirectly owns approximately 22.91% and 40.29%, respectively, of a company established in the PRC with limited liability (the “**Common PRC Company**”). Mr. Ma is the Common PRC Company’s director and president while Mr. Lei is the Common PRC Company’s director. Mr. Ma and Mr. Lei are also vice-chairman and chairman of the board of directors of a 34%-owned company of the Common PRC Company respectively.

Mr. Zhang Han Qing (張翰卿) is a PRC citizen. He possesses 10 years’ experience in film production. He is one of the co-founder and currently the chief content officer of the PRC Company.

Mr. Shi Kan (施侃) is a PRC citizen. He possesses over 10 years’ experience in information system and big data technology industry.

Mr. Guan Zi Shan (關子杉) is a PRC citizen. He possesses 10 years’ experience in business management on various industries, which include renewable energy, furniture and homeware, automobile retailing and information technology.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, upon completion of the Vendor Reorganisation, each of the Vendor and its ultimate beneficial owners (including the Guarantor) is an Independent Third Party.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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

With the aim to diversifying the existing business of the Group and broadening the income streams of the Group, the Board has been actively seeking business opportunities in addition to the current business of the Group.

The Target Group will be engaged in provision of online marketing solutions (including production of short video advertisements) and advertising agency services upon completion of the Target Reorganisation. As stated in “The 47th China Statistical Report on Internet Development (第47次中國互聯網發展狀況統計報告)” published by China Internet Network Information Centre, which is under Cyberspace Administration of China, (i) the number of mobile netizens increased from approximately 816.98 million in December 2018 to 985.76 million in December 2020, representing a year-on-year growth of approximately 9.84%; and (ii) the number of users for short video grew from approximately 647.98 million in December 2018 to approximately 873.35 million in December 2020, representing a year-on-year growth of approximately 16.09%. After taking into consideration the upward trend of mobile netizens and short video users in recent years, the Directors are optimistic about the development of online short video platform and thus the future prospect of the Target Group. The Board considers that the Acquisition is an attractive opportunity for the Group to tap into the online short video market in the PRC amid promising market conditions, so as to enhance the Group’s business portfolio and enable the Group to record additional revenue.

The Acquisition is secured by the First Guaranteed Profit and the Second Guaranteed Profit. In the event that (i) the audited consolidated profit after tax (excluding extraordinary items) of the Target Group for the First Guaranteed Period is less than RMB25,000,000, the second payment of the Consideration of HK\$135,000,000 (i.e. the First Promissory Note) and the third payment of the Consideration of not more than HK\$640,000,000 (including the cash payment of HK\$120,000,000, the Second Promissory Note and the Second Consideration Shares) shall not be paid; and (ii) subject to the fulfillment of the First Guaranteed Profit, the audited consolidated profit after tax (excluding extraordinary items) of the Target Group for the Second Guaranteed Period is less than RMB100,000,000, the third payment of the Consideration of HK\$640,000,000 shall be proportionally adjusted downward. The Board considers that the Consideration adjustment mechanism would safeguard the interests of the Company and the Shareholders as a whole. Furthermore, by satisfying part of the Consideration with the Promissory Notes and the Consideration Shares, the burden to the Company’s financial resources can be reduced since the Consideration Shares lowers the cash amount required to be paid by the Group for the Consideration and the issuance of the Promissory Notes would not cause immediate material cash outflow pressure on the Group.

Based on the above factors and benefits, the Directors are of the view that the Sale and Purchase Agreement has been entered into on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EFFECT ON THE SHAREHOLDING STRUCTURE

Assuming that other than the Consideration Shares, no further Shares are issued or repurchased by the Company between the date of this announcement and up to the date of the allotment and issue of the Consideration Shares, set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after allotment and issue of the First Consideration Shares upon Completion; and (iii) immediately after allotment and issue of the maximum number of the Second Consideration Shares:

Shareholders	As at the date of this announcement		Immediately after allotment and issue of the First Consideration Shares upon Completion		Immediately after allotment and issue of the maximum number of the Second Consideration Shares	
	<i>Number of Shares held</i>	<i>Approximate %</i>	<i>Number of Shares held</i>	<i>Approximate %</i>	<i>Number of Shares held</i>	<i>Approximate %</i>
	Twin Success International Limited (Notes 1 & 2)	583,832,803	15.29	583,832,803	14.90	583,832,803
Mr. Lei (Notes 2 & 3)	408,740,000	10.70	408,740,000	10.43	408,740,000	8.57
Mr. Chan Kin Wah Billy (Note 3)	6,319,500	0.17	6,319,500	0.16	6,319,500	0.13
The Vendor	—	—	100,000,000	2.55	950,000,000	19.92
Other public Shareholders	2,820,714,183	73.84	2,820,714,183	71.96	2,820,714,183	59.14
Total	3,819,606,486	100.00	3,919,606,486	100.00	4,769,606,486	100.00

Notes:

1. Twin Success International Limited (“**Twin Success**”) is owned as to 50% by Silver Pacific International Limited and as to 50% by Silver Pacific Development Limited. Silver Pacific International Limited is wholly owned by Mr. Lei, an executive Director. Silver Pacific Development Limited is owned as to 50% by Mr. Cheung Kwok Wai Elton, an executive Director and as to 50% by Mr. Cheung Kwok Fan, an executive Director. On 5 June 2018, Twin Success pledged its 583,832,803 Shares in favour of Kingston Finance Limited as security for a loan facility.
2. By virtue of the Securities and Futures Ordinance, Mr. Lei is deemed to be interested in an aggregate of 992,572,803 Shares, representing (i) approximately 25.99% of the issued share capital of the Company as at the date of this announcement; (ii) approximately 25.33% of the issued share capital of the Company immediately after allotment and issue of the First Consideration Shares upon Completion; and (iii) approximately 20.81% of the issued share capital of the Company immediately after allotment and issue of the maximum number of the Second Consideration Shares.
3. He is an executive Director.
4. The above percentage figures are subject to rounding adjustments.

LISTING RULES IMPLICATIONS

As one or more of the relevant applicable percentage ratios (calculated in accordance with the Listing Rules) in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The SGM will be convened and held for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Consideration Shares and the Specific Mandate.

To the best of the knowledge, information and belief of the Directors, no Shareholder has a material interest in the transactions contemplated under the Sale and Purchase Agreement. As such, no Shareholder will be required to abstain from voting on the resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Consideration Shares. Any vote exercised by the Shareholders at the SGM shall be taken by way of poll.

A circular containing, among other things, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) other information required to be disclosed under the Listing Rules; and (iii) a notice of the SGM, is expected to be despatched to the Shareholders on or before 30 June 2021 as additional time is required to finalise certain financial and general information of the Group to be included in the circular.

Completion is subject to the satisfaction of the conditions as set out in the Sale and Purchase Agreement. As the Acquisition may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in securities of the Company.

DEFINITIONS

In this announcement, the following words and expressions shall, unless the context otherwise requires, have the same meanings when used herein:

“Acquisition”	the acquisition of the entire issued share capital in the Target Company by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“BVI”	the British Virgin Islands

“Business Day(s)”	day(s) on which licensed banks in Hong Kong are generally open for business (excluding Saturday, Sunday and other general holidays in Hong Kong or any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning is hoisted between 9:00 a.m. and 5:00 p.m.)
“Company”	Eternity Investment Limited, an exempted company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Exchange under stock code: 764
“Completion”	the completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	within ten (10) Business Day following the day on which all the conditions precedent to the Sale and Purchase Agreement are satisfied in full or waived (or such other date as the Purchaser and the Vendor may agree in writing)
“Consideration”	consideration for the Acquisition of not more than HK\$800,000,000 which will be satisfied by cash, the issue of the Promissory Notes and the allotment and issue of the Consideration Shares by the Company and is subject to adjustments pursuant to the terms of the Sale and Purchase Agreement
“Consideration Shares”	collectively, the First Consideration Shares and the Second Consideration Shares
“Director(s)”	the director(s) of the Company
“Exchange”	The Stock Exchange of Hong Kong Limited
“First Consideration Shares”	100,000,000 new Shares which shall be allotted and issued by the Company at the Issue Price upon Completion to satisfy part of the Consideration in accordance with the Sale and Purchase Agreement
“First Promissory Note”	the promissory note in the principal amount of HK\$135,000,000 to be issued by the Company to the Vendor on the Completion Date
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Company”	a company to be incorporated in Hong Kong with limited liability

“Independent Third Party(ies)”	person(s) or entity(ies) independent of the Company and its connected persons
“Issue Price”	the issue price of HK\$0.250 per Consideration Share
“Listing Rules”	the Rules Governing the Listing of Securities on the Exchange
“Mr. Lei”	Mr. Lei Hong Wai, an executive Director
“Mr. Ma” or “Guarantor”	Mr. Ma Kai (馬凱)
“PRC”	The People’s Republic of China
“PRC Company”	北京零玖創享科技有限公司 (Beijing Lingjiu Chuangxiang Technology Limited*), a company established in the PRC with limited liability
“PRC Company Group”	the PRC Company and its subsidiaries
“PRC Equity Owner(s)”	PRC individual, the shareholder(s) of the PRC Company upon completion of the Target Reorganisation
“Promissory Notes”	collectively, the First Promissory Note and the Second Promissory Note
“Purchaser”	RICHE (BVI) LIMITED, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement entered into among the Purchaser, the Company, the Vendor and the Guarantor on 4 May 2021 in respect of the Acquisition
“Sale Share”	1 share of US\$1 each of the Target Company, representing the entire issued share capital of the Target Company
“Second Consideration Shares”	not more than 850,000,000 new Shares which shall be allotted and issued by the Company at the Issue Price subject to the fulfillment of the First Guaranteed Profit and the extent of the fulfilment of the Second Guaranteed Profit to satisfy part of the Consideration in accordance with the Sale and Purchase Agreement
“Second Promissory Note”	the promissory note in the principal amount of not more than HK\$307,500,000 to be issued by the Company to the Vendor subject to the fulfillment of the First Guaranteed Profit and the extent of the fulfilment of the Second Guaranteed Profit

* *For identification purposes only*

“SGM”	the special general meeting to be convened and held by the Company for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Consideration Shares and the Specific Mandate
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Specific Mandate”	the specific mandate for the allotment and issue of the Consideration Shares, which is subject to the approval by the Shareholders by way of poll at the SGM
“Target Company”	Proactivity Plus Co., Ltd, a company incorporated in BVI with limited liability
“Target Group”	the Target Company and its subsidiaries from time to time
“Target Reorganisation”	the reorganisation of the Target Group as detailed in the paragraph headed “The Target Reorganisation” in this announcement
“Vendor”	TangD Co., Ltd., a company incorporated in BVI with limited liability
“Vendor Reorganisation”	the reorganisation of the Vendor after which the ultimate beneficial owners of the Vendor shall be Mr. Ma, Mr. Zhang Han Qing (張翰卿), Mr. Shi Kan (施侃) and Mr. Guan Zi Shan (關子杉) and the effective shareholding interest of them in the Vendor shall be 60.4%, 24.7%, 10.0% and 4.9% respectively
“VIE Contracts”	a series of agreements, confirmations and/or power of attorneys to be executed for the purpose of establishing the contractual arrangement among the PRC Company, the PRC Equity Owner(s), the WFOE and such other parties pursuant to the Target Reorganisation
“WFOE”	a wholly foreign-owned enterprise to be established in the PRC which shall be an indirect wholly-owned subsidiary of the Target Company upon completion of the Target Reorganisation
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“RMB”	Reminbi, the lawful currency of the PRC
“US\$”	the United States dollar, the lawful currency of the United States
“%”	per cent.

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

Hong Kong, 4 May 2021

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.