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ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

ADOPTION OF SHARE AWARD SCHEME

The Board is pleased to announce that on 16 September 2021, it has resolved to adopt the Scheme, pursuant to which Shares may be purchased by the Trustee (or SPV, if so established and subsisting and authorised by the Trustee) on-market and/or off-market and/or subscribed for on-market by utilising the funds allocated by the Board out of the Company's resources and/or gift contributions (whether cash or Shares etc) from third parties and be held in trust for the relevant Selected Participants until such Shares are vested with the relevant Selected Participants in accordance with the Scheme Rules.

Given that the Scheme does not involve the grant of options over any new Shares, it does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules. No Shareholders' approval is required for the adoption of the Scheme.

PRINCIPAL TERMS OF THE SCHEME

Purpose and Objective

The purpose and objective of the Scheme is: (i) to recognise and reward the contribution of certain Eligible Participants to the growth and development of the Group and to provide incentives in order to retain them for continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

Term

The Scheme shall be valid and effective for a term of ten (10) years commencing from the Adoption Date (or such earlier date as determined by the Board provided that such earlier termination shall not affect any subsisting rights of Selected Participants), and after the expiry of such 10-year term (or earlier, as the case may be) no further Awards may be made but the Scheme Rules shall remain in full force and effect to the extent necessary to give effect to any Awards made prior to such expiry and the administration of any trust property held by the Trustee pursuant to the Trust Deed.

Maximum Shares Threshold to the Scheme

The maximum number of Shares which may be awarded under the Scheme shall not exceed 10% of the total number of Shares in issue from time to time.

Administration

The Scheme shall be subject to the administration of the Board whose decisions on all matters arising in relation to the Scheme or its interpretation or effect shall be final, conclusive and binding on all persons who may be affected thereby, provided that such administration shall not prejudice (i) the powers of the Trustee as provided under the Trust Deed; or (ii) the powers of the Remuneration Committee or any other committee with proper authority on recommending and/or deciding the selection of the Selected Participants, the number of Awarded Shares to be awarded to the respective Selected Participants and other related matters as expressly provided under the Scheme.

Operation

The Board shall, subject to and in accordance with the Scheme Rules, be entitled to, at any time during the continuation of the Scheme, make an award out of the Shares Pool to any of the Eligible Participants (excluding any Excluded Participant) such number of issued Shares, fully paid or credited as fully paid, as the Board shall, subject to the Maximum Shares Threshold and the Maximum Shares Per Selected Participant Threshold, determine pursuant to the Scheme Rules.

The eligibility of any of the Eligible Participants to an Award shall be determined by the Board from time to time on the basis of the Board's sole opinion as to his/her contribution, future contribution to the development and growth of the Group and/or any other factors that the Board may decide.

The Board shall notify the Trustee by an Award Notice upon the making of an Award under the Scheme together with, among other matters, (i) the number of Awarded Shares provisionally awarded to the relevant Selected Participant pursuant to such Award; (ii) the Earliest Vesting Date and other subsequent date(s), if any, on which the Trustee may vest the legal and beneficial ownership of the Awarded Shares (or the relevant portions thereof) in the relevant Selected Participant; and (iii) the condition(s) and/or performance target(s), if any, that must be attained by the relevant Selected Participant before any of the Awarded Shares may be transferred to and vested in such Selected Participant.

The Board shall notify the Selected Participant in writing after an Award has been provisionally made to such Selected Participant and the notice shall contain substantially the same information as that set out in the Award Notice, such as details of the Selected Participant, number of Awarded Shares, Earliest Vesting Date, condition(s) and/or performance target(s) (if any), and any lock-up periods (if any) etc. An Award shall be deemed to be irrevocably accepted by a Selected Participant unless the Selected Participant shall within five (5) Business Days after receipt of such notice from the Board notify the Company in writing that he/she would decline to accept such Award.

Following the receipt of an Award Notice, the Trustee shall, as soon as practicable, set aside from the Shares Pool, or acquire Shares to be set aside for the Shares Pool, where applicable, the Awarded Shares provisionally awarded to the Selected Participant to whom such Award Notice relates pending the transfer and vesting of the Awarded Shares under the Award to which such Award Notice relates.

Pursuant to the Scheme Rules, the Trustee may purchase existing Shares, via on-market and/or off-market transactions, and/or subscribe for new Shares on-market, each using funds allocated by the Board out of the Company's resources and/or gift contributions (whether cash or Shares etc) from third parties. In the event that the Trustee effects any purchases by on-market transactions, the Trustee (or SPV, if so established and subsisting and authorised by the Trustee) shall purchase existing Shares at the prevailing market price.

Vesting of Awarded Shares

Subject to (i) any general or partial offer, whether by way of takeover offer, share repurchase offer or scheme of arrangement or otherwise in like manner being made to all the Shareholders (or all Shareholders other than the offeror, any persons controlled by the offeror and any persons acting in association or concert with the offeror) becoming or being declared unconditional prior to the vesting of the Awarded Shares, and (ii) lapsing of an Award as provided in the section headed "Lapse of Award" of this announcement, the Trustee (or SPV, if so established and subsisting and authorised by the Trustee) shall transfer and vest in the relevant Selected Participant the legal and beneficial ownership of the Awarded Shares to which such Selected Participant is entitled under the relevant Award as soon as practicable after the latest of: (i) the Earliest Vesting Date as specified in the Award Notice to which such Award relates; and (ii) where applicable, the date on which the condition(s) and/or performance target(s) (if any) to be attained by such Selected Participant as specified in the related Award Notice have been attained and notified to the Trustee by the Board in writing.

In respect of a Selected Participant who is an Eligible Employee, at any time prior to a Vesting Date, (i) has died, (ii) has retired at his/her normal retirement date or, (iii) has retired at an earlier retirement date (with prior written agreement given by the Group or its affiliated company), all the Awarded Shares of the Selected Participant shall be deemed to be vested on him/her (i) on the day immediately prior to his/her death, (ii) on the day immediately prior to his/her normal retirement date or, (iii) on the day immediately prior to his/her earlier retirement date, respectively.

Lapse of Award

In the event that any Selected Participant who is an Eligible Employee ceases to be an Eligible Employee by virtue of a corporate reorganisation of the Group or its affiliated company, then any Award made to such Selected Participant shall forthwith lapse and be cancelled unless otherwise determined by the Board.

In the event (i) a Selected Participant who is an Eligible Employee ceases to be an Eligible Employee (other than death or retirement as provided in the section headed “Vesting of Awarded Shares” of this announcement), or (ii) the Subsidiary or the affiliated company by which a Selected Participant is employed as an Eligible Employee ceases to be a Subsidiary (or of a member of the Group) or, as the case may be, that the Group ceases to have any equity interest in that affiliated company, or (iii) the Board shall at its absolute discretion determine in respect of a Selected Participant (other than an Eligible Employee) that (a) the Selected Participant or his/her associate has committed any breach of any contract entered into between the Selected Participant or his/her associate on one part and any member of the Group or any affiliated company on the other part as the Board may in its absolute discretion determine; or (b) the Selected Participant has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his/her creditors generally; or (c) the Selected Participant could no longer make any contribution to the growth and development of any member of the Group by reason of the cessation of its relationship with the Group or its affiliated company or by any other reasons whatsoever; or (iv) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company) (each of these, an event of “**Total Lapse**”), the Award shall automatically lapse forthwith and all the Awarded Shares shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the Scheme.

In the event (i) a Selected Participant is found to be an Excluded Participant or (ii) (subject to other requirements in the event of the death of a Selected Participant) a Selected Participant fails to return duly executed transfer documents prescribed by the Trustee (or SPV, if so established and subsisting and authorised by the Trustee) (or such later date as may be determined by the Trustee at its sole and absolute discretion having to all relevant circumstances) for the relevant Awarded Shares within the stipulated period (whether in the ordinary vesting pursuant to the vesting timetable set out in the Scheme Rules or on such other dates as provided in or determined in accordance with the Scheme Rules) (each of these, an event of “**Partial Lapse**”), the relevant part of an Award made to such Selected Participant shall automatically lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the Scheme.

Voting Rights

The Trustee (or SPV, if so established and subsisting and authorised by the Trustee) shall not exercise the voting rights in respect of any Shares held by them for the purpose of the Scheme (including but not limited to any Shares in the Shares Pool, the Awarded Shares, the Further Shares, the Returned Shares, any bonus Shares and scrip Shares).

Termination

The Scheme shall terminate on the earlier of: (i) the 10th anniversary date of the Adoption Date; and (ii) such date of early termination as determined by the Board, provided that such termination shall not affect any subsisting rights of any Selected Participant.

Upon termination of the Scheme:

- (i) Subject to the decision of the Board and in the event that the Selected Participant died or retired as provided in the section headed “Vesting of Awarded Shares” of this announcement, all the Awarded Shares shall become vested in the Selected Participant on such date of termination, save in respect of the Total Lapse;
- (ii) Returned Shares and such non-cash income remaining in the trust fund shall be sold by the Trustee (or SPV, if so established and subsisting and authorised by the Trustee), within thirty (30) Business Days (on which the trading of the Shares has not been suspended) of receiving actual notice of such termination of the Scheme (or such longer period as the Board may otherwise determine); and
- (iii) Residual Cash, net proceeds of sale referred to in the preceding paragraph (ii) above, and such other funds remaining in the trust constituted by the Trust Deed (after making appropriate deductions in respect of all disposal costs, liabilities and expenses in accordance with the Trust Deed) shall be remitted to the Company forthwith after the sale. For the avoidance of doubt, the Trustee (or SPV, if so established and subsisting and authorised by the Trustee) may not transfer any Shares to the Company nor may the Company otherwise hold any Shares whatsoever (other than its interest in the proceeds of sale of such Shares pursuant to paragraph (ii) above).

LISTING RULES IMPLICATIONS

Given that the Scheme does not involve the grant of options over any new Shares, it does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules. No Shareholders’ approval is required to adopt the Scheme.

In the event that the Board selects a Director as a Selected Participant for the Scheme, the grant of the Awarded Shares to a Director pursuant to the Scheme may constitute a connected transaction under Chapter 14A of the Listing Rules. However, if the grant of Awarded Shares to a Director forms part of the Director’s remuneration under his/her service contract, such grant will therefore be fully exempt from the reporting, announcement and independent shareholders’ approval requirements pursuant to Rules 14A.73(6) and 14A.95 of the Listing Rules. The making of an Award to a connected person of the Company must first be approved by the independent non-executive Directors (excluding any independent non-executive Director to whom an Award is proposed to be made). The Company shall satisfy all applicable requirements of Chapter 14A of the Listing Rules in respect of such proposed Award.

DEFINITIONS

“Adoption Date”	16 September 2021, being the date on which the Board adopted the Scheme
“affiliated company”	shall bear the meaning ascribed thereto in the Listing Rules
“Award”	a provisional award of the Awarded Shares made in accordance with the Scheme Rules
“Award Notice”	the notice to be sent to the Trustee (or SPV, if so established and subsisting and authorised by the Trustee) upon the making of an Award containing the particulars as provided in the section headed “Operation” of this announcement
“Awarded Share(s)”	the Share(s) provisionally awarded to a Selected Participant pursuant to an Award
“Board”	the board of directors of the Company, such committee or such sub-committee of person(s) delegated with the power and authority by the board of directors of the Company to administer the Scheme
“Business Day”	a day on which the Exchange is open for the business of dealing in securities
“connected person”	shall bear the meaning ascribed thereto in the Listing Rules
“Company”	Eternity Investment Limited, an exempted company incorporated in Bermuda with limited liability whose Shares are listed on the Main Board of the Exchange (stock code: 764)
“Director(s)”	the director(s) of the Company for the time being or the member(s) of a duly authorised committee thereof
“Earliest Vesting Date”	the earliest date (unless otherwise determined by the Board at its discretion) on which the Trustee (or SPV, if so established and subsisting and authorised by the Trustee) may vest the legal and beneficial ownership of the Awarded Shares (or the relevant portions thereof) in the relevant Selected Participant as specified in the Award Notice

“Eligible Employee”	any employee (whether full time or part time, including any executive director and including any person who has entered into an employment contract with the Group or an affiliated company, provided that the commencement date of his/her tenure under the employment contract shall fall on a date before the Vesting Date and such employment contract shall remain valid and subsisting up to and including the Vesting Date, and provided further that, such person shall not be regarded as an Eligible Employee if he/she dies before the commencement date of his/her tenure under the employment contract) of the Company, any Subsidiary or any affiliated company
“Eligible Participant(s)”	any person belonging to the following classes of participants: <ul style="list-style-type: none"> (a) any Eligible Employee; (b) any director (including independent non-executive directors) of the Company, any Subsidiary or any affiliated company; (c) any supplier of goods or services to any member of the Group or any affiliated company; (d) any customer of any member of the Group or any affiliated company; (e) any shareholder of any member of the Group or any affiliated company or any holder of any securities issued by any member of the Group or any affiliated company; (f) any adviser or consultant to any area of business or business development of any member of the Group or any affiliated company; and (g) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group
“Exchange”	The Stock Exchange of Hong Kong Limited
“Excluded Participant(s)”	any person who is resident in a place where an Award and/or the vesting and transfer of Awarded Shares pursuant to the Scheme Rules is not permitted under the laws and regulations of such place or where in the view of the Board or the Trustee (as the case may be) compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such person

“Further Shares”	Shares purchased and/or subscribed for by the Trustee (or SPV, if so established and subsisting and authorised by the Trustee) out of net proceeds of sale of non-cash and non-scrip distributions declared and distributed by the Company in respect of Shares held upon the trust constituted by the Trust Deed
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Group”	the Company and its Subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Exchange, as amended from time to time
“Maximum Shares Per Selected Participant Threshold”	the maximum number of Shares which may be subject to an Award or Awards to a Selected Participant as determined by the Board from time to time
“Maximum Shares Threshold”	the maximum number of Shares which may be awarded under the Scheme, representing not more than 10% of the total number of Shares in issue from time to time
“Remuneration Committee”	the remuneration committee of the Board for the time being
“Residual Cash”	being cash remaining in the trust fund in respect of an Awarded Share and a Returned Share (including interest income derived from deposits maintained with licensed banks in Hong Kong, and cash which has not been applied in the acquisition of Further Shares)
“Returned Shares”	such Awarded Shares which are not vested and/or forfeited in accordance with the terms of the Scheme (whether as a result of a Total Lapse or a Partial Lapse or otherwise), or was forfeited in accordance with the terms of the Scheme or such Shares being deemed to be Returned Shares
“Scheme”	the share award scheme constituted by the Scheme Rules adopted by the Board, in its present form or as amended from time to time in accordance with the Scheme Rules
“Scheme Rules”	the rules relating to the Scheme adopted by the Board, in its present form or as amended from time to time in accordance with provisions thereof

“Selected Participant”	any Eligible Participant for whom Shares have been provisionally set aside pursuant to an Award
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company, or if there has been a sub-division, consolidation, reclassification or reconstruction or reduction or reorganisation of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company of such other nominal amount as shall result from any of such sub-division, consolidation, re-classification or reconstruction or reduction or reorganisation
“Shares Pool”	a pool of issued Shares, fully paid or credited as fully paid, for the time being and from time to time held by the Trustee (or SPV, if so established and subsisting and authorised by the Trustee) pursuant to the Trust Deed
“Shareholder(s)”	the holder(s) of Share(s)
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of Division 4 of Part 1 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere
“Trust”	the trust constituted by the Trust Deed
“Trust Deed”	the trust deed to be executed by the Company as settlor and the Trustee as trustee in respect of Shares and other trust fund (if any) to be held by the Trustee subject to the terms thereof, as amended from time to time
“Trustee”	such trustee or trustees as shall be from time to time appointed by the Company for the administration of Shares and other trust assets to be held by the Trustee for the implementation of the Scheme pursuant to and in accordance with the terms of the Trust Deed
“SPV”	a special purpose vehicle established by the Trustee for the purpose of acquiring and holding of Shares for the purpose of the Scheme
“Vesting Date”	in relation to any Selected Participant, the date on which the legal and beneficial ownership of the Awarded Shares are transferred to and vested in such Selected Participant pursuant to an Award in accordance with the Scheme Rules
“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, 16 September 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.