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ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

VOLUNTARY ANNOUNCEMENT ISSUANCE OF NOTES DUE 2022

This announcement is made by Eternity Investment Limited (the “**Company**”) on a voluntary basis.

Reference is made to the Company’s announcement dated 25 September 2020 (the “**2020 Announcement**”) in relation to a subscription and note instrument agreement dated 25 September 2020 pursuant to which the Company issued to the Subscriber guaranteed secured notes due 2021 in the aggregate principal amount of HK\$270.00 million (the “**Existing Notes**”).

Further references are made to the Company’s announcements dated 27 September 2021, 25 October 2021 and 25 November 2021 in relation to the Existing Notes.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 22 December 2021, the Company as issuer and the Guarantors (as defined below) as guarantors entered into a subscription and note instrument agreement (the “**New Subscription Agreement**”) with the Subscriber (as defined below), and the Company issued and the Subscriber subscribed for the guaranteed secured notes due 2022 in the aggregate principal amount of HK\$200.00 million (the “**New Notes**”), pursuant to the terms and conditions of the New Subscription Agreement.

On 25 December 2020, 25 May 2021 and 25 July 2021, the Company made a partial redemption of HK\$20.00 million, HK\$25.00 million and HK\$25.00 million of the Existing Notes respectively. As at the date of this announcement, the outstanding principal amount of the Existing Notes is HK\$200.00 million. Pursuant to the terms and conditions of the New Subscription Agreement, the proceeds of the New Notes is fully set off against the outstanding principal amount of the Existing Notes.

THE NEW SUBSCRIPTION AGREEMENT

Date: 22 December 2021

Parties

Issuer: The Company

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

Guarantors: (1) Mr. Lei Hong Wai, the Chairman of the Board and an executive Director;
and
(2) Mr. Cheung Kwok Wai Elton, an executive Director

(each a “**Guarantor**” and collectively the “**Guarantors**”)

Issue date: 22 December 2021 (the “**Issue Date**”)

The relevant parties have also entered into a security agency deed with Haitong International Securities Company Limited for it to act as security agent to hold the benefit of the security documents provided as security for the New Notes.

The Subscriber is the same subscriber of the Existing Notes. 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 of Hong Kong Limited (the “**Exchange**”)).

Cashless exchange

The obligation of the Subscriber to pay for the subscription price of the New Notes will be offset by the Company’s obligation to the Subscriber to repay the principal amount outstanding under the Existing Notes. Following such offset, (i) the Subscriber’s obligation to pay the subscription price to the Company under the New Subscription Agreement; and (ii) the Company’s obligation to repay the principal amount outstanding under the Existing Notes, shall, in each case, be deemed discharged and satisfied in full.

Conditions precedent

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

- (a) the representations and warranties of the Company and the Guarantors in the New Subscription Agreement being true, accurate and correct;
- (b) the statements of the authorised representatives of the Company made in any certificates pursuant to the provisions of the New Subscription Agreement being true, accurate and correct;
- (c) there having been, as at the Issue Date, no material adverse change or development involving a prospective material adverse change in the condition (financial or otherwise), business, properties, shareholders' equity or results of operations of any of the Company, any of its subsidiaries or the Guarantors, as the case may be, since the dates specified in the New Subscription Agreement and no event making any of the representations and warranties untrue or incorrect on the Issue Date as though they had been given and made on such date and the Company having performed all the obligations to be performed by it under the New Subscription Agreement on or before the Issue Date;
- (d) there having been and shall exist, as at the Issue Date, no action, suit, investigation, litigation or proceeding pending or threatened that could reasonably be expected to have a material adverse effect on the condition (financial or otherwise), business, properties, shareholders' equity or results of operations of the Company, any of its subsidiaries or the Guarantors, as the case may be;
- (e) delivery of the documents listed in the New Subscription Agreement to the Subscriber on or before the Issue Date;
- (f) the Company having obtained any and all governmental, regulatory and third party consents and approvals (including but not limited to any shareholders' approval) necessary or appropriate for consummation of the transactions contemplated by the New Subscription Agreement, the transaction documents in connection therewith and the issue of the New Notes;
- (g) the Subscriber having been satisfied with the results of its financial, business, assets, legal and other due diligence investigations on the Company and its subsidiaries and each of the Guarantors;
- (h) the execution of the transaction documents in connection with the New Subscription Agreement and the issue of the New Notes;

- (i) the Guarantors, where applicable, having obtain any and all governmental, regulatory and third party consents and approvals necessary or appropriate for consummation of the transactions contemplated by the New Subscription Agreement and the personal guarantees provided by each of the Guarantors (the “**Guarantees**”);
- (j) no event of default (as defined under the New Subscription Agreement) shall be continuing and no potential event of default (as defined under the New Subscription Agreement) has occurred;
- (k) the Company having paid, or arrangements satisfactory to the Subscriber shall have been made for the payment of, all fees and expenses as set out under the New Subscription Agreement; and
- (l) all obligations required to be performed by the Company, and as the case may be, the Guarantors as of the Issue Date have been performed.

PRINCIPAL TERMS OF THE NEW NOTES

Certain principal terms of the New Notes are summarised as follows:

Issuer:	The Company.
Subscriber:	The Subscriber.
Guarantors:	(1) Mr. Lei Hong Wai; and (2) Mr. Cheung Kwok Wai Elton.
Aggregate principal amount:	HK\$200.00 million.
Issue price:	100% of the principal amount of the New Notes.
Interest rate:	The New Notes bear interest at the rate of 13.00% per annum, payable semi-annually in arrears on 25 March and 24 September in each year.
Security:	A share charge over the entire issued share capital of Eternity Investment (China) Limited (formerly known as 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 (as defined under the New Subscription Agreement) in favour of the security agent as continuing security for the obligations and liabilities of the Company under the New Subscription Agreement.

Guarantees:	The New Notes are guaranteed by the Guarantors.
Form and denomination:	The New Notes are issued in the minimum denomination of HK\$5.00 million and integral multiples of HK\$100,000 in excess thereof.
Status and guarantees:	<p>The New Notes constitute direct, unconditional and secured obligations of the Company. The New Notes are secured by the security (as stated above) and rank and will rank <i>pari passu</i>, without any preference among themselves, with all other outstanding secured and unsubordinated obligations of the Company, present and future.</p> <p>The Guarantors, under the Guarantees, have unconditionally and irrevocably guaranteed payment of all sums payable by the Company in respect of the New Notes and any other amount payable by the Company under the New Subscription Agreement and the terms and conditions of the New Notes. The Guarantees constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantors which will rank at least <i>pari passu</i> with all other present and future unsubordinated and unsecured obligations of the Guarantors.</p>
Listing:	No application is made to the Exchange for the listing of the New Notes.
Redemption, purchase and cancellation:	<p>(a) Unless previously redeemed or purchased and cancelled, the New Notes will be redeemed at 100% of their principal amount together with any accrued but unpaid interest and any default interest (if applicable) on 24 September 2022.</p> <p>(b) The Company shall, having given not less than 15 nor more than 30 days' notice to the noteholders of the New Notes in accordance with the terms and conditions of the New Notes, redeem on or before 25 March 2022, at least HK\$30,000,000 in principal amount of the New Notes (together with unpaid interest accrued thereon, default interest (if any) and any other outstanding amounts due and unpaid under the New Notes).</p> <p>(c) The Company may at any time purchase the New Notes in any manner at any price.</p> <p>(d) All New Notes which are (i) redeemed or (ii) purchased by or on behalf of the Company will forthwith be cancelled, and accordingly may not be reissued or resold.</p>

- Maturity date: 24 September 2022.
- Transferability: No transfer of a New Note may be made in an amount less than the principal amount of a New Note.
- Events of default: A noteholder of any New Note may give notice to the Company that the New 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 New Notes), if any Event of Default (as defined in the terms and conditions of the New Notes) shall have occurred and be continuing.

The terms and conditions of the New Subscription Agreement and the New 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 NEW 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, and design and sale of jewelry products.

The New Notes will be used to repay the Existing Notes.

The issuance of the New Notes will not result in any dilution effect on the shareholding of the existing shareholders of the Company, while it enables the Company to refinance the outstanding Existing Notes. The Directors are of the view that the terms of the New Subscription Agreement and the New 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 December 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.