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ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

ISSUE OF BONDS WITH CONDITIONAL CONVERSION RIGHTS UNDER THE GENERAL MANDATE

THE SUBSCRIPTION AGREEMENTS

On 2 April 2025 (after trading hours of the Exchange), the Company entered into the Subscription Agreements with the Subscribers, pursuant to which the Subscribers have conditionally agreed to subscribe, and the Company has conditionally agreed to issue the Bonds in aggregate principal amounts of HK\$9 million.

The Bonds will initially be straight bonds, but subject to the satisfaction of the CB Conditions Precedent on or before the CB Long Stop Date to automatically become convertible bonds.

The Conversion Rights are subject to the CB Conditions Precedent. If any of the CB Conditions Precedent are not satisfied by the CB Long Stop Date, the Bonds shall unconditionally become straight bonds and all terms and conditions under the instrument constituting the Bonds relating to any Conversion Rights shall be deemed never have become operational.

If the CB Conditions Precedent are satisfied on or before the CB Long Stop Date, the Conversion Rights attached to the Bonds shall become unconditional and irrevocable, and any failure by the Company to produce evidence to the Subscribers under the terms of the Subscription Agreements shall not affect the Conversion Rights.

As at the date of this announcement, the Company has an aggregate of 3,819,606,486 Shares in issue. Assuming (i) no other change in the existing shareholding of the Company; (ii) the CB Conditions Precedent having been satisfied on or before the CB Long Stop Date; and (iii) full conversion of the Bonds, based on the Conversion Price of HK\$0.0558 per Conversion Share, a maximum of

161,290,321 Conversion Shares will be issued, representing (i) approximately 4.22% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 4.05% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

No application will be made for the listing of the Bonds on the Exchange or any other stock exchange. An application will be made by the Company to the Exchange for the listing of, and permission to deal in, the Conversion Shares on the Exchange.

USE OF PROCEEDS

The gross proceeds and estimated net proceeds from the issue of the Bonds (after deducting all related expenses) will be amounted to HK\$9 million and approximately HK\$9 million respectively. The Company intends to apply the net proceeds from the issue of the Bonds as general working capital.

WARNINGS

The Completion is subject to the fulfilment of all conditions set out in the paragraph headed “Conditions precedent” below and the issue of the Bonds may or may not proceed. In addition, the Conversion Rights are subject to the satisfaction of the CB Conditions Precedent and the Bonds may or may not become convertible bonds. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

On 2 April 2025 (after trading hours of the Exchange), the Company entered into the Subscription Agreements with the Subscribers, pursuant to which the Subscribers have conditionally agreed to subscribe, and the Company has conditionally agreed to issue the Bonds in an aggregate principal amount of HK\$9 million. Details of the terms of the Subscription Agreements and the Bonds are summarised below:

THE SUBSCRIPTION AGREEMENTS

Date: 2 April 2025 (after trading hours of the Exchange)

Issuer: the Company

Subscriber: the Subscribers

To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Subscribers are third parties independent of the Company and its connected persons.

Subscriber A is an individual who is a merchant. As at the date of this announcement, Subscriber A is interested in 2,300,000 Shares. Subscriber B is an individual who is a merchant. As at the date of this announcement, Subscriber B is not interested in any Shares.

Issue and subscription of the Bonds

Subject to the fulfilment of the conditions precedent of the Subscription Agreements as set out below, the Company shall issue and the Subscribers shall subscribe for the Bonds in aggregate principal amounts specified below and the said amounts shall be satisfied in cash.

| Subscribers | The principal amounts |
|--------------------|------------------------------|
| Subscriber A | HK\$1,000,000 |
| Subscriber B | <u>HK\$8,000,000</u> |
| Total | <u>HK\$9,000,000</u> |

Conditions precedent

The Completion shall be conditional upon:

- (a) the publication of this announcement by the Company in relation to the Subscription Agreements and the issue and subscription of the Bonds;
- (b) the representations, warranties and undertakings of the Company contained in the Subscription Agreements remaining true, accurate and complete in all material respects and not misleading in any material respect; and
- (c) all necessary consents and approvals required to be obtained on the part of the Company and the Subscribers (including approval by the Shareholders, if necessary) in respect of the Subscription Agreements and the transactions contemplated thereby having been obtained other than the CB Conditions Precedent.

If the above conditions precedent are not fulfilled on or before 31 May 2025 (or such other date as may be agreed by the Company and the Subscribers in writing), the Subscription Agreements (save and except the clauses regarding notice, costs and expenses, confidentiality and governing law) shall lapse and become null and void and the parties shall be released from all obligations thereunder (save and except the aforesaid clauses), save for any liability arising out of any antecedent breaches thereof.

Subject to the fulfilment of the above conditions precedent, the Completion shall take place on or before the second (2nd) Business Day following the date on which the conditions precedent are fulfilled (or such later date as the Company and the Subscribers may agree in writing).

PRINCIPAL TERMS OF THE BONDS

The Bonds will initially be straight bonds, but subject to the satisfaction of the CB Conditions Precedent on or before the CB Long Stop Date to automatically become convertible bonds. Details of the principal terms of the Bonds are set out as follows:

Principal amounts

Subscriber A: HK\$1 million

Subscriber B: HK\$8 million

Issue price

100% of the principal amount of the Bonds

Interest

The Bonds shall bear interest from and including the date of its issue at the following rate of interests on the outstanding principal amounts thereof:

- (a) 5% per annum if the CB Conditions Precedent are fulfilled; or
- (b) 5% per annum if the CB Conditions Precedent are not fulfilled.

Maturity date

The date falling on the second (2nd) anniversary of the date of issue of the Bonds

Conversion Rights

The Conversion Rights are subject to the following CB Conditions Precedent, which the Company has undertaken under the Subscription Agreements to use its best endeavour to fulfil:

- (a) the Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, the Conversion Shares; and

- (b) all other necessary consents and approvals required to be obtained on the part of the Company in respect of the Conversion Rights having been obtained.

If any of the above CB Conditions Precedent are not satisfied by the CB Long Stop Date, the Bonds shall unconditionally become straight bonds and all terms and conditions under the instrument constituting the Bonds relating to any Conversion Rights shall be deemed never have become operational.

If the above CB Conditions Precedent are satisfied on or before the CB Long Stop Date, the Conversion Rights attached to the Bonds shall become unconditional and irrevocable, and any failure by the Company to produce evidence to the Subscribers under the terms of the Subscription Agreements shall not affect the Conversion Rights.

Conversion Price

HK\$0.0558 per Conversion Share, which shall be subject to adjustment provided in the Bonds. The Conversion Price presents:

- (i) a premium of approximately 3.33% over the closing price per Share of HK\$0.054 as quoted on the Exchange on the Last Trading Day; and
- (ii) a premium of approximately 1.09% over the average closing price per Share of HK\$0.0552 as quoted on the Exchange for the last five consecutive trading days up to and including the Last Trading Day.

The Conversion Price was determined after arm's length negotiations between the Company and the Subscribers after considering the current market sentiment, the recent market prices and performance of the Shares, the historical financial performance and the business prospects of the Group.

Adjustments to the Conversion Price

The Conversion Price shall be, from time to time, subject to adjustment upon occurrence of any of the following events:

- (i) consolidation or sub-division of Shares;
- (ii) capitalisation of profits or reserves;
- (iii) capital distribution;

- (iv) offer of new Shares for subscription by way of a rights issue, an open offer or a grant of options or warrants to subscribe for new Shares, at a price which is less than 90% of the market price at the date of the announcement of the terms of such offer or grant per Share to Shareholders;
- (v) issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per new Share receivable is less than 90% of the market price at the date of the announcement of the terms of issue of such securities, or the conversion, exchange or subscription rights of any such issue are altered so that the said total effective consideration receivable per Share initially is less than 90% of such market price at the date of announcement of the terms of such issue;
- (vi) issue of Shares being made wholly for cash at a price less than 90% of the market price per Share at the date of announcement of the terms of such issue; and
- (vii) issue of Shares for the acquisition of asset at a total effective consideration per new Share receivable is less than 90% of the market price at the date of the announcement of the terms of such issue.

Any adjustment to the Conversion Price shall be made to the nearest one-hundredth of a cent so that any amount under half of one-hundredth of a cent shall be rounded down and any amount of half of one-hundredth of a cent or more shall be rounded up. No adjustment shall be made to the Conversion Price in any case in which the amount by which the same would be reduced would be less than one-hundredth of cent and any adjustment which would otherwise then be required shall not be carried forward.

The Company shall take all necessary action prior to carrying out any action that may render the Conversion Price being adjusted so that on conversion the Conversion Shares shall fall to be issued at a discount to their nominal value, failing which the Company shall compensate the Bondholders all losses as a result thereto including but not limited to such amount that the Bondholders would be entitled under the adjustment but was being prevented and all costs and expenses.

If any adjustment to be made will render the total number of the Conversion Shares exceeding the General Mandate, the Bondholders shall be entitled to convert up to the maximum number of the Conversion Shares and the remaining portion of the principal amount shall be redeemed on the Maturity Date on a dollar-to-dollar basis together with accrued interests.

Conversion Shares

Based on the Conversion Price of HK\$0.0558, a maximum number of 161,290,321 Conversion Shares may fall to be allotted and issued upon exercise of the Conversion Rights in full, which represent:

- (i) approximately 4.22% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 4.05% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon exercise of the Conversion Right in full (assuming that there is no other change in the existing shareholding of the Company).

The Conversion Shares shall be allotted and issued under the General Mandate. The Company has no intention to transfer treasury Shares (if any) upon exercise of the Conversion Rights.

The aggregate nominal value of the Conversion Shares is HK\$1,612,903.21.

Ranking of the Conversion Shares

The Conversion Shares, when allotted and issued, will rank *pari passu* in all respects with the Shares in issue.

Conversion Period

Subject to the satisfaction of the CB Conditions Precedent on or before the CB Long Stop Date, the Bondholders shall be entitled to exercise the Conversion Rights during the Conversion Period, i.e. from the date commencing from the day following such satisfaction up to 4:00 p.m. (Hong Kong time) immediately prior to and exclusive of the Maturity Date.

Redemption

The Company may at any time before the Maturity Date by serving at least seven (7) days' prior written notice to the Bondholders with the total amount proposed to be redeemed from the Bondholders specified therein, redeem the Bonds (in whole or in part) at par together with accrued interests provided always that no conversion notice has been served by the Bondholders on or prior to the date the redemption notice is served by the Company to the Bondholders. If a conversion notice is served on the same date as a redemption notice is served by the Company, the Bondholder's conversion notice will deem to take priority.

If an event of default has occurred, each Bondholder may require the Company to redeem all or a portion of its Bonds, and the Company shall, in addition to and without prejudice to any of its other payment obligations under the instrument constituting the Bonds, pay to such Bondholder an additional amount of interest as default interest which shall be payable monthly in cash, such that a total interest rate of 5% per annum shall accrue on the aggregate unpaid principal, interest and/or other amounts owed by the Company to such Bondholder from the relevant due date of such unpaid amount until the date on which has been fully paid by the Company to such Bondholder.

Transferability

Unless the Bondholder(s) transfers the Bonds to its subsidiaries or a holding company of the Bondholder(s), the Bondholder(s) may only assign or transfer the Bonds to the transferee (other than a connected person (as defined in the Listing Rules) of the Company who/which could not be a transferee) subject to the written consent of the Company. The Bonds may be assigned or transferred in whole or in part (in whole multiples of HK\$1 million) of its outstanding principal amount upon the payment in full and the Company shall facilitate any such assignment or transfer of the Bonds, including making any necessary applications to the Exchange for the said approval (if required).

Status of the Bonds

The Bonds constitutes direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

Voting

The Bondholders shall not be entitled to attend or vote at any meetings of the Company by reason only it being the Bondholders.

Listing

No application will be made for the listing of the Bonds on the Exchange or any other stock exchange.

An application will be made by the Company to the Exchange for the listing of, and permission to deal in, the Conversion Shares on the Exchange.

GENERAL MANDATE

The Conversion Shares will be issued and allotted by the Company pursuant to the General Mandate granted to the Directors at the annual general meeting of the Company held on 18 June 2024 to allot, issue and otherwise deal with up to 763,921,297 Shares, representing approximately 20% of the total number of Shares then in issue. As of the date of this announcement, 712,241,711 Shares under the General Mandate have not been utilised. Assuming full conversion of the Bonds at the Conversion Price of HK\$0.0558, the Bonds will be convertible into 161,290,321 Shares. The General Mandate is sufficient for the issue and allotment of the Conversion Shares. Accordingly, the issue and allotment of the Conversion Shares is not subject to the approval of the Shareholders.

REASONS FOR THE ISSUE OF THE BONDS 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 operation of a golf course in the People's Republic of China.

The gross proceeds and estimated net proceeds from the issue of the Bonds (after deducting all related expenses) will be amounted to HK\$9 million and approximately HK\$9 million respectively. The net price of each Conversion Share to be issued is approximately HK\$0.0558.

The Company intends to apply the net proceeds from the issue of the Bonds as general working capital.

The Directors consider that the terms of the Subscription Agreements, which were arrived at after arm's length negotiations between the Company and the Subscribers, are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has carried out the following equity fund raising activity in the past 12 months immediately preceding the date of this announcement:

| Date of Announcements | Fund raising activity | Net proceeds | Intended use of proceeds as announced | Actual use of proceeds as at the date of this announcement |
|-------------------------------------|---|-----------------------------|--|---|
| 23 December 2024 and 7 January 2025 | Subscription of convertible bonds under general mandate | Approximately HK\$4 million | General working capital | General working capital |

Save as disclosed above, the Company had not carried out any equity fund raising activities in the past 12 months immediately preceding the date of this announcement.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Subject to the satisfaction of the CB Conditions Precedent on or before the CB Long Stop Date, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon full conversion of the Bonds at the Conversion Price pursuant to the Subscription Agreements (assuming that there is no other change in the existing shareholding of the Company) are set out as follows:

**Immediately upon full
conversion of the Bonds at the
Conversion Price pursuant to
the Subscription Agreements
(assuming that there is no other
change in the existing
shareholding of the Company)**
Approximate

**As at the date of this
announcement**
Approximate

| | <i>Number of Shares held</i> | <i>% of total Shares in issue</i> | <i>Number of Shares held</i> | <i>% of total Shares in issue</i> |
|--|----------------------------------|---------------------------------------|----------------------------------|---------------------------------------|
| Twin Success International Limited (Notes 1 and 5) | 583,832,803 | 15.29 | 583,832,803 | 14.66 |
| Mr. Lei Hong Wai (Note 4) | 408,740,000 | 10.70 | 408,740,000 | 10.27 |
| Ms. Leung Man Yee Fanny | 700,000 | 0.02 | 700,000 | 0.02 |
| Public Shareholders | 2,824,033,683 | 73.93 | 2,824,033,683 | 70.94 |
| Subscriber A | 2,300,000 | 0.06 | 20,221,146 | 0.51 |
| Subscriber B | - | - | 143,369,175 | 3.60 |
| | <u>3,819,606,486</u> | <u>100.00</u> | <u>3,980,896,807</u> | <u>100.00</u> |

Notes:

1. Twin Success International Limited is owned as to 50% by Silver Pacific International Limited and as to 50% by Silver Pacific Development Limited.
2. Silver Pacific International Limited is wholly-owned by Mr. Lei Hong Wai.
3. Silver Pacific Development Limited is owned as to 50% by Mr. Cheung Kwok Wai Elton and as to 50% by Mr. Guan Jian.
4. Mr. Lei Hong Wai, an executive Director, by virtue of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), is deemed to be interested in approximately 25.99% of the issued share capital of the Company.
5. On 5 June 2018, Twin Success International Limited pledged its 583,832,803 Shares in favour of Kingston Finance Limited as security for a loan facility.
6. Kingston Finance Limited is a wholly-owned subsidiary of Ample Cheer Limited, which is wholly owned by Ms. Chu Yuet Wah.

WARNING

The Completion is subject to the fulfilment of all conditions precedent and the issue of the Bonds may or may not proceed. In addition, the Conversion Rights are subject to the satisfaction of the CB Conditions Precedent and the Bonds may or may not become convertible bonds. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

| | |
|---------------------------|---|
| “Board” | the board of Directors |
| “Bonds” | initially straight bonds, but subject to the satisfaction of the CB Conditions Precedent on or before the CB Long Stop Date to automatically become convertible bonds, in aggregate principal amounts of HK\$9 million to be issued by the Company to the Subscribers pursuant to the Subscription Agreements |
| “Bondholder(s)” | holder(s) of the Bonds and in whose name such Bonds are for the time being registered in the register of bondholder(s) kept by the Company |
| “Business Day” | a 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 |
| “CB Conditions Precedent” | the conditions precedent in relation to the Conversion Rights attached to the Bonds |
| “CB Long Stop Date” | sixty (60) days following the date of the Subscription Agreements, or such other date to be agreed between the Company and the Subscribers in writing |
| “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” | completion of the issue of the Bonds by the Company to the Subscribers as contemplated under the Subscription Agreements |

| | |
|-----------------------|--|
| “connected person(s)” | has the same meaning ascribed thereto under the Listing Rules |
| “Conversion Period” | subject to the satisfaction of the CB Conditions Precedent, the period commencing from the day following such satisfaction up to 4:00 p.m. (Hong Kong time) immediately prior to and exclusive of the Maturity Date |
| “Conversion Price” | HK\$0.0558, being the initial conversion price per Share at which the Bonds may be converted into Conversion Shares, subject to the terms and conditions of the Bonds, and subject to adjustments (if any) |
| “Conversion Rights” | subject to the satisfaction of the CB Conditions Precedent, the conditional rights attached to the Bonds to convert the principal amount (or any part(s) thereof) of the Bonds into Conversion Shares at the Conversion Price during the Conversion Period, subject to the conditions of the Bonds |
| “Conversion Share(s)” | the Share(s) which may fall to be allotted and issued upon exercise of the Conversion Rights, subject to the terms and conditions of the Bonds |
| “Director(s)” | the director(s) of the Company |
| “Exchange” | The Stock Exchange of Hong Kong Limited |
| “General Mandate” | the general mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 18 June 2024 |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | Hong Kong Special Administrative Region of the People’s Republic of China |
| “Last Trading Day” | 2 April 2025, being the last full trading day of the Shares on the Exchange immediately prior to the publication of this announcement |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Exchange |
| “Maturity Date” | the second (2nd) anniversary of the date of issue of the Bonds |

| | |
|----------------------------|--|
| “Share(s)” | the ordinary share(s) of HK\$0.01 each in the share capital of the Company |
| “Shareholder(s)” | the holder(s) of the issued Share(s) |
| “Subscriber A” | Mr. Lee Tun |
| “Subscriber B” | Mr. Fung Kim Shun |
| “Subscribers” | collectively the Subscriber A and the Subscriber B |
| “Subscription Agreement A” | the conditional subscription agreement dated 2 April 2025 entered into between the Company and the Subscriber A in relation to the issue of the Bonds by the Company to the Subscriber A in an aggregate principal amount of HK\$1 million |
| “Subscription Agreement B” | the conditional subscription agreement dated 2 April 2025 entered into between the Company and the Subscriber B in relation to the issue of the Bonds by the Company to the Subscriber B in an aggregate principal amount of HK\$8 million |
| “Subscription Agreements” | collectively the Subscription Agreement A and the Subscription Agreement B |
| “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, 2 April 2025

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Lei Hong Wai, Mr. Cheung Kwok Wai Elton and Mr. Cheung Kwok Fan; and four independent non-executive Directors, namely, Mr. Wan Shing Chi, Mr. Ng Heung Yan, Ms. Leung Man Yee Fanny and Mr. Law Kwok Ho Kenward.