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## **ETERNITY INVESTMENT LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 764)**

### **MEMORANDUM OF UNDERSTANDING IN RELATION TO THE POSSIBLE DISPOSAL**

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

On 29 August 2016 (after trading hours of the Stock Exchange), the Vendor entered into the MOU, which is non-legally binding, with the Potential Purchaser in respect of the Possible Disposal of the entire shareholding interest in the Target Company at the proposed consideration of not less than HK\$2,500 million.

The Board wishes to emphasise that the Possible Disposal is subject to further negotiation with the Potential Purchaser and entering into of the Formal Agreement, and the Possible Disposal may or may not proceed. The Possible Disposal, if materialises, will constitute a very substantial disposal of the Company under Chapter 14 of the Listing Rules. Further announcement(s) in respect of the Possible Disposal will be made by the Company in compliance with the Listing Rules as and when appropriate.

**Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Vendor has been approached by and in discussion with several prospective purchasers for the sale and purchase of the entire shareholding interest in the Target Company. On 29 August 2016 (after trading hours of the Stock Exchange), the Vendor entered into the MOU, which is non-legally binding, with the Potential Purchaser, being one of the aforesaid prospective purchasers, in respect of the Possible Disposal of the entire shareholding interest in the Target Company at the proposed consideration of not less than HK\$2,500 million.

## **MEMORANDUM OF UNDERSTANDING**

Date: 29 August 2016

Parties: The Vendor and the Potential Purchaser

The Potential Purchaser is an individual who is a merchant. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Potential Purchaser is a third party independent of the Company and its connected persons (as defined under the Listing Rules).

### **POSSIBLE DISPOSAL**

Under the MOU, the Vendor will sell, and the Potential Purchaser will purchase, the entire shareholding interest in the Target Company.

### **Consideration**

The proposed consideration for the Possible Disposal will be not less than HK\$2,500 million. The final consideration and the payment method will be determined after arm's length negotiations between the Vendor and the Potential Purchaser and will be set out in the Formal Agreement.

### **Due diligence review**

After the signing of the MOU, the Potential Purchaser will have the right to conduct a due diligence review on the Target Group's assets, business operations and related documents, as well as applicable laws, tax and regulatory requirements relating to the Possible Disposal.

### **Conditions**

Completion of the Possible Disposal is subject to (i) the Potential Purchaser being satisfied with the results of the due diligence review to be conducted after the signing of the MOU; and (ii) the Vendor and the Potential Purchaser having entered into the Formal Agreement and the conditions precedent therein having been fulfilled or waived (if applicable).

### **Legal effect**

Save for the clauses regarding costs, confidentiality, termination, legal effect and governing laws, which shall be legally binding, the MOU is not legally binding.

## **Termination**

Save for the clauses in relation to confidentiality, legal effect and governing laws under the MOU, which shall survive after the termination of the MOU, the MOU shall be terminated upon the execution of the Formal Agreement. In the event that the Formal Agreement has not been entered into between the relevant parties to the MOU on or before 28 November 2016 (the “**Long Stop Date**”), except the parties to the MOU agree otherwise, the MOU shall be terminated immediately after the Long Stop Date.

## **Information on the Group and the Target Group**

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

The Target Company is incorporated in the British Virgin Islands with limited liability and is an investment holding company. The Target Group is principally engaged in the provision of recreational and wellness services through the management of Beijing Bayhood No. 9 Club, a membership-based luxury club which comprises of business hotel facilities, an 18-hole golf course, driving range facilities, theme restaurants and cafes, spa facilities, retail shops, and the first PGA branded and managed golf academy in Asia. Beijing Bayhood No. 9 Club is located near the city centre of Beijing, PRC. The major assets owned by the Target Group are as follows:

- (a) the rights to construct and operate the club facilities of Beijing Bayhood No. 9 Club up to 31 December 2051; and
- (b) the rights to develop and operate a piece of 580 Chinese acre land adjacent to Beijing Bayhood No. 9 Club and the rights to manage the properties erected thereon up to 30 January 2062.

## **GENERAL**

The Board wishes to emphasise that the Possible Disposal is subject to further negotiation with the Potential Purchaser and entering into of the Formal Agreement, and the Possible Disposal may or may not proceed. The Possible Disposal, if materialises, will constitute a very substantial disposal of the Company under Chapter 14 of the Listing Rules. Further announcement(s) in respect of the Possible Disposal will be made by the Company in compliance with the Listing Rules as and when appropriate.

**Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, unless the context otherwise required, the following terms and expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Company”	Eternity Investment Limited, a company incorporated in Bermuda with limited liability and the issued Shares are listed on the Main Board of the Stock Exchange under stock code: 764
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the formal sale and purchase agreement to be entered into between the Vendor and the Potential Purchaser in respect of the Possible Disposal incorporating, among others, the terms of the MOU
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the non-legally binding memorandum of understanding dated 29 August 2016 entered into between the Vendor and the Potential Purchaser in relation to the Possible Disposal
“Possible Disposal”	the possible disposal of the entire shareholding interest in the Target Company
“Potential Purchaser”	an individual
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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 Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Smart Title Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Vendor
“Target Group”	the Target Company and its subsidiaries
“Vendor”	Riche (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 29 August 2016

*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.*