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## **ETERNITY INVESTMENT LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 764)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO THE CHANGE IN ACCOUNTING TREATMENT FOR SHARES OF HAIER HEALTHWISE HOLDINGS LIMITED**

#### **CHANGE IN ACCOUNTING TREATMENT FOR THE 500,000,000 HAIER HEALTHWISE SHARES**

On 12 September 2016, Eternity Finance acquired 500,000,000 Haier Healthwise Shares at an aggregate consideration of HK\$117.63 million (including transaction costs) for securities trading, which is one of the Group's principal activities.

The 500,000,000 Haier Healthwise Shares represent approximately 8.45% of the issued share capital of Haier Healthwise as at the date of acquisition and the date of this announcement and had been accounted for as financial assets at fair value through profit or loss in accordance with Hong Kong Accounting Standard 39 *Financial Instruments: Recognition and Measurement* for financial reporting purposes.

On 11 October 2016, Mr. Lei Hong Wai, the Chairman of the Board and an executive Director, and Mr. Cheung Kwok Wai Elton, an executive Director, have been appointed as executive directors of Haier Healthwise. In addition, Mr. Wong Tak Chuen, an independent non-executive Director, has been appointed as an independent non-executive director of Haier Healthwise on the same date.

Following the appointment of Mr. Lei Hong Wai and Mr. Cheung Kwok Wai Elton as executive directors of Haier Healthwise, the Group is regarded as having significant influence over Haier Healthwise and the 500,000,000 Haier Healthwise Shares are accounted for as an investment in an associate in accordance with Hong Kong Accounting Standard 28 *Investments in Associates and Joint Venture*, instead of financial assets at fair value through profit or loss in accordance with Hong Kong Accounting Standard 39 *Financial Instruments: Recognition and Measurement*, for financial reporting purposes.

## **LISTING RULES IMPLICATIONS**

The change in accounting treatment for the 500,000,000 Haier Healthwise Shares is regarded as an acquisition of assets under Rule 14.04(1)(a) of the Listing Rules. As two of the relevant applicable percentage ratios (as defined under the Listing Rules) in respect of the change in accounting treatment for the 500,000,000 Haier Healthwise Shares are more than 5% but all are less than 25%, the change in accounting treatment for the 500,000,000 Haier Healthwise Shares constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is only subject to the announcement requirement of the Listing Rules.

## **CHANGE IN ACCOUNTING TREATMENT FOR THE 500,000,000 HAIER HEALTHWISE SHARES**

### **Background**

On 12 September 2016, Eternity Finance acquired 500,000,000 Haier Healthwise Shares at an aggregate consideration of HK\$117.63 million (including transaction costs) for securities trading, which is one of the Group's principal activities.

The 500,000,000 Haier Healthwise Shares represent approximately 8.45% of the issued share capital of Haier Healthwise as at the date of acquisition and the date of this announcement and had been accounted for as financial assets at fair value through profit or loss in accordance with Hong Kong Accounting Standard 39 *Financial Instruments: Recognition and Measurement* for financial reporting purposes.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the vendor of the 500,000,000 Haier Healthwise Shares and its ultimate beneficial owners are third parties independent of and not connect with the Company and its connected persons (as defined under the Listing Rules).

### **Change in accounting treatment resulted from the Group being regarded as having significant influence over Haier Healthwise**

On 11 October 2016, Mr. Lei Hong Wai, the Chairman of the Board and an executive Director, and Mr. Cheung Kwok Wai Elton, an executive Director, have been appointed as executive directors of Haier Healthwise. In addition, Mr. Wong Tak Chuen, an independent non-executive Director, has been appointed as an independent non-executive director of Haier Healthwise on the same date.

Following the appointment of Mr. Lei Hong Wai and Mr. Cheung Kwok Wai Elton as executive directors of Haier Healthwise, the Group is regarded as having significant influence over Haier Healthwise and the 500,000,000 Haier Healthwise Shares are accounted for as an investment in an associate in accordance with Hong Kong Accounting Standard 28 *Investments in Associates and Joint Venture*, instead of financial assets at fair value through profit or loss in accordance with Hong Kong Accounting Standard 39 *Financial Instruments: Recognition and Measurement*, for financial reporting purposes.

## Consideration

As the Group does not pay any consideration for having significant influence over Haier Healthwise, the fair value of the 500,000,000 Haier Healthwise Shares of HK\$135.00 million as at 11 October 2016, which is calculated at 500,000,000 Haier Healthwise Shares time the closing price of HK\$0.27 per Haier Healthwise Share as quoted on the Stock Exchange on 11 October 2016, is regarded as the consideration for the purpose of Chapter 14 of the Listing Rules.

## Financial effects of the change in accounting treatment for the 500,000,000 Haier Healthwise Shares

On 11 October 2016, being the date on which the change in accounting treatment for the 500,000,000 Haier Healthwise Shares takes place,

- (a) a gain of HK\$17.37 million, which is the difference between the fair value of the 500,000,000 Haier Healthwise Shares of HK\$135.00 million and the related acquisition costs of HK\$117.63 million, arising on change in fair value of financial assets at fair value through profit or loss is recognised in the consolidated statement of profit or loss; and
- (b) the 500,000,000 Haier Healthwise Shares with a fair value of HK\$135.00 million are transferred from “financial assets at fair value through profit or loss” to “interests in associates”.

## INFORMATION ON HAIER HEALTHWISE

Haier Healthwise is a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange under stock code: 348. Haier Healthwise is an investment holding company and its subsidiaries are principally engaged in development, engineering, manufacture and sale of toys, consumer electronic products and commercial kitchen products.

Set out below is the audited consolidated financial information of the Haier Healthwise Group for the two years ended 31 March 2015 and 2016 as extracted from the annual report of Haier Healthwise for the year ended 31 March 2016:

	For the year ended 31 March	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	352,799	389,427
(Loss)/profit before income tax	(94,044)	16,957
(Loss)/profit for the year	(93,938)	6,534

The audited consolidated net asset value of the Haier Healthwise Group as at 31 March 2016 was HK\$561,110,000.

## **REASONS FOR THE CHANGE IN ACCOUNTING TREATMENT**

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 change in accounting treatment for the 500,000,000 Haier Healthwise Shares is purely for complying with the financial reporting requirements of Hong Kong Accounting Standard 28 *Investments in Associates and Joint Venture* resulted from the Group being regarded as having significant influence over Haier Healthwise following the appointment of Mr. Lei Hong Wai and Mr. Cheung Kwok Wai Elton as executive directors of Haier Healthwise on 11 October 2016.

The Directors consider that the appointment of Mr. Lei Hong Wai and Mr. Cheung Kwok Wai Elton as executive directors of Haier Healthwise enables the Group to participate in the policy-making processes of Haier Healthwise and actively manage its investment in Haier Healthwise. Accordingly, the Directors consider that the change in accounting treatment for the 500,000,000 Haier Healthwise Shares resulted from the Group being regarded as having significant influence over Haier Healthwise is fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

The Directors would like to stress that the change in accounting treatment for the 500,000,000 Haier Healthwise Shares does not alter the Group's original intention to sell them in the short term for a profit. In the event that the Group sells the 500,000,000 Haier Healthwise Shares in the future, the disposal constitutes a notifiable transaction of the Company and the Company shall comply with the applicable requirements under Chapter 14 of the Listing Rules.

## **LISTING RULES IMPLICATIONS**

The change in accounting treatment for the 500,000,000 Haier Healthwise Shares is regarded as an acquisition of assets under Rule 14.04(1)(a) of the Listing Rules. As two of the relevant applicable percentage ratios (as defined under the Listing Rules) in respect of the change in accounting treatment for the 500,000,000 Haier Healthwise Shares are more than 5% but all are less than 25%, the change in accounting treatment for the 500,000,000 Haier Healthwise Shares constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is only subject to the announcement requirement of the Listing Rules.

## 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 of which are listed on the Main Board of the Stock Exchange under stock code: 764
“Director(s)”	the director(s) of the Company
“Eternity Finance”	Eternity Finance Group Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Haier Healthwise”	Haier Healthwise Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange under stock code: 348
“Haier Healthwise Group”	Haier Healthwise and its subsidiaries from time to time
“Haier Healthwise Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of Haier Healthwise
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“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, 11 October 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.*