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ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

CHANGE IN ACCOUNTING TREATMENT OF THE SHARES IN CHINA HEALTHWISE HOLDINGS LIMITED

BACKGROUND

Reference is made to the Company's announcement dated 16 December 2016 relating to the change in accounting treatment of the shares in China Healthwise held by the Group from "interests in associates" to "available-for-sale financial assets" resulted from the resignation of Mr. Cheung Kwok Wai Elton, an executive Director, as executive director of China Healthwise.

As at the date of this announcement,

- (a) the Group holds 1,483,728,240 shares in China Healthwise, representing 18.86% issued share capital of China Healthwise. The 1,483,728,240 shares in China Healthwise are accounted for as financial assets at fair value through profit or loss ("FVTPL") in the consolidated financial statements of the Group in accordance with Hong Kong Financial Reporting Standard 9 *Financial Instruments*; and
- (b) Mr. Lei Hong Wai, the Chairman of the Board and an executive Director, is the chairman of the board of directors and an executive director of China Healthwise.

On 28 October 2019 (being the date of this announcement), Mr. Diao Yunfeng resigns as non-executive director of China Healthwise and Mr. Cheung Kwok Wai Elton, an executive Director, is appointed as executive director of China Healthwise with immediate effect.

Change in accounting treatment of the shares in China Healthwise held by the Group

Following the appointment of Mr. Cheung Kwok Wai Elton as executive director of China Healthwise, the Group has two executive Directors appointed in the board of directors of China Healthwise and the Group is regarded as having a significant influence over China Healthwise.

As a result, the 1,483,728,240 shares in China Healthwise held by the Group are accounted for as an investment in associate in accordance with Hong Kong Accounting Standard 28 *Investments in Associates and Joint Ventures*, instead of financial assets at FVTPL in the consolidated financial statements of the Group in accordance with Hong Kong Financial Reporting Standard 9 *Financial Instruments*, with effect from 28 October 2019.

Information on China Healthwise and its subsidiaries

China 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 Exchange under stock code: 348. China Healthwise is an investment holding company and its subsidiaries are principally engaged in sales of toys and Chinese health products, money lending business and investment in financial instruments.

Set out below is the audited consolidated financial information of China Healthwise and its subsidiaries as extracted from the annual report of China Healthwise for the year ended 31 March 2019:

	For the year ended	
	31 March	
	2019	2018
	HK\$'000	HK\$'000
Revenue	451,615	561,190
Loss from continuing operations before income tax	(71,712)	(113,415)
Loss for the year from discontinued operations	(34,667)	(83,535)
Loss for the year from continuing and discontinued operations	(104,412)	(197,937)

The audited consolidated net assets value of China Healthwise and its subsidiaries as at 31 March 2019 was HK\$393,440,000.

Financial effects of the change in accounting treatment of the shares in China Healthwise held by the Group

Based on the audited consolidated net assets value of China Healthwise and its subsidiaries as at 31 March 2019 of HK\$393,440,000, the financial effects of the change in accounting treatment on the Group are as follows:

- (a) a negative goodwill of HK\$20.79 million, which is the difference between the fair value of the 1,483,728,240 shares in China Healthwise of HK\$53.41 million as at 28 October 2019 and the Group's share of consolidated net assets value of China Healthwise of HK\$74.20 million as at 31 March 2019, is credited to the consolidated statement of profit or loss; and a corresponding amount of HK\$20.79 million is debited to "interests in associates"; and

(b) the 1,483,728,240 shares in China Healthwise with a fair value of HK\$53.41 million as at 28 October 2019 are transferred from “financial assets at FVTPL” to “interests in associates”.

Definitions

In this announcement, the following words and expressions shall, unless the context otherwise requires, have the same meanings when used herein:

“Board”	the board of Directors
“China Healthwise”	China 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 Exchange under stock code: 348
“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
“Director(s)”	the director(s) of the Company
“Exchange”	The Stock Exchange of Hong Kong Limited
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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, 28 October 2019

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.