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EDS Wellness Holdings Limited

(Formerly known as China AU Group Holdings Limited 中國金豐集團控股有限公司*)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8176)

FURTHER UPDATE ON SETTLEMENT OF LEGAL PROCEEDINGS

Reference is made to the announcements (together, the “**Announcements**”) of EDS Wellness Holdings Limited (formerly known as China AU Group Holdings Limited) (the “**Company**”) dated 5 April 2012, 4 July 2012, 24 July 2012, 3 August 2012, 21 August 2012, 28 September 2012, 26 October 2012, 1 November 2012, 21 December 2012, 29 January 2013 and 25 April 2013 respectively in relation to, among other matters, the Deed of Termination, the issuing of the writ of summons in the High Court of Hong Kong Special Administrative Region by BSHK against Mr. Shum, the subsequent execution of the Deed by BSHK and Mr. Shum for the settlement of legal proceedings represented by the Writ, the extension to the repayment dates for Mr. Shum to make repayment pursuant to the Deed, the execution of the Deed of Assignment, the execution of a Second Deed by BSHK, the Company and Mr. Shum and the repayment proposal agreed between the Company and Mr. Shum (the “**Repayment Proposal**”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

The Board wishes to announce that, on 30 April 2013, the Company received from Mr. Shum the contractual interest of HK\$853,828.77 for the period from 1 to 30 April 2013 and the agreed legal costs of HK\$20,000.00. Upon further negotiations, the Company and Mr. Shum have principally agreed to a new repayment proposal in which the New Balance of HK\$34,627,500.00 and the interest accrued thereon shall be paid by Mr. Shum in the following manner (the “**New Repayment Proposal**”):

- (a) the contractual interest of HK\$882,289.73 for the period from 1 to 31 May 2013 shall be payable on or before 4 p.m. on 31 May 2013;
- (b) HK\$22,627,500.00 being partial payment of the New Balance shall be payable on or before 4 p.m. on 31 May 2013;
- (c) the contractual interest of HK\$601,643.84 for the period from 1 June to 31 July 2013 shall be payable on or before 4 p.m. on 31 May 2013; and

* *For identification purpose only*

(d) HK\$12,000,000.00 being the remaining balance of the New Balance shall be payable on or before 4 p.m. on 31 July 2013.

Further, Dutfield International Group Company Limited (“**Dutfield**”) has agreed to guarantee, unconditionally and irrevocably, as a principal debtor and not merely as a surety, that it shall be jointly and severally liable to the Company for Mr. Shum’s debts and liabilities under the legal proceedings. Dutfield undertakes that if and whenever Mr. Shum shall be in default in any of the above payments when it becomes due and payable, Dutfield shall on demand make immediate payment of any outstanding balance of Mr. Shum’s debt due to the Company under the legal proceedings.

Dutfield is also a plaintiff in the legal proceedings for, among others, the claim for the sum of HK\$141,360,000.00 under a loan agreement (the “**Dutfield Loan Agreement**”) and in default of full payment of such sums found due by the court, an order for sale of the property mortgaged (the “**Mortgaged Property**”) to Dutfield under a second mortgage (the “**Second Mortgage**”) with the proceeds of sale to be applied to firstly discharge the liabilities under the first mortgage (the “**First Mortgage**”) and secondly discharge the liabilities under the Dutfield Loan Agreement and the Second Mortgage. The Company, Mr. Shum and Dutfield have agreed that any proceeds received by Dutfield in such proceedings shall be paid to the Company immediately as the set off of Mr. Shum’s debt due to the Company under the legal proceedings against Mr. Shum without being affected by the payment schedule agreed between the Company and Mr. Shum in any event.

Dutfield is owned as to 50% by Ms. Chan Choi Har, Ivy, a former executive Director and as to 50% by Mr. Law Kin Ming, Alfred, the husband of Ms. Chan Choi Har, Ivy.

Given that (i) Mr. Shum has shown his willingness to repay the amount owing to the Company; and (ii) a guarantee has been provided by Dutfield and the Company estimates that the proceeds from the sale of the Mortgaged Property after settling the liabilities under the First Mortgage will be sufficient to settle all the outstanding amount owing by Mr. Shum to the Company, the Directors are optimistic on the recovery of all the outstanding amount owing by Mr. Shum to the Company.

The Directors consider that the New Repayment Proposal may save legal costs to be incurred by the Company and provides additional security to the Company for the recovery of the outstanding amount due by Mr. Shum, and therefore is in the interests of the Company and the Shareholders as a whole.

The Board will make further announcement(s) to update the Shareholders and potential investors of any new development of the settlement process as and when appropriate.

By order of the Board
EDS Wellness Holdings Limited
Yu Shu Kuen
Chairman

Hong Kong, 3 May 2013

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Yu Shu Kuen, Mr. Wang Xiaofei (with Mr. Lee Chan Wah as alternate), Mr. Wang Shangzhong and Mr. Lee Chan Wah; one non-executive Director, namely Mr. Du Juanhong; and three independent non-executive Directors, namely Mr. Tam B Ray Billy, Mr. Chu Kin Wang Peleus and Mr. Tse Joseph.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication and on the Company’s website at www.edswellness.com.