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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)**

### **ANNOUNCEMENT**

## **PROPOSED ACQUISITION OF BEAUTY AND WELLNESS SERVICES BUSINESS; CONDITIONS FOR RESUMPTION OF TRADING IN THE SHARES; AND SUSPENSION OF TRADING**

### **PROPOSED ACQUISITION OF BEAUTY AND WELLNESS SERVICES BUSINESS**

On 30 August 2013 (after trading hours), EDS International Holdings Limited (“**EDS International**”), a direct wholly-owned subsidiary of EDS Wellness Holdings Limited (the “**Company**” together with its subsidiaries, the “**Group**”), has entered into the legally binding term sheet (the “**Term Sheet**”) with vendors (the “**Vendors**”) who are third parties independent of the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**GEM Listing Rules**”). Pursuant to the Terms Sheet, EDS International agreed to acquire, and the Vendors agreed to sell, 51% equity interest of a business which is engaging in beauty and wellness services business in Hong Kong (the “**Target Company**”) at the maximum consideration of HK\$21,420,000 (the “**Proposed Acquisition**”).

The Term Sheet is legally binding on the parties thereto and each of the Vendors and EDS International is subject to the legally binding rights and obligations as set out in the Term Sheet. The Vendors and EDS International shall negotiate in good faith and use their best efforts to finalise a formal share purchase agreement (the “**Formal Agreement**”) in relation to the Proposed Acquisition incorporating all the major terms as set out in the Term Sheet on or before 30 September 2013. None of the parties shall have any liability whatsoever to the other under the Term Sheet should they fail to reach an agreement on the terms of the Formal Agreement on or before 30 September 2013, provided they have each complied with their obligation to negotiate in good faith.

The Proposed Acquisition, if proceed, will constitute a very substantial acquisition for the Company pursuant to Rule 19.06(5) of the GEM Listing Rules and is subject to the approval of the shareholders of the Company (the “**Shareholders**”) at the extraordinary general meeting (the “**EGM**”) by way of voting by poll.

\* *For identification purpose only*

An announcement will be issued by the Company containing, among other things, further details of the Proposed Acquisition when the Formal Agreement is entered into by the Company. A circular and the notice convening the EGM will be despatched to the Shareholders as and when appropriate.

**Shareholders and potential investors are reminded that the Proposed Acquisition is subject to, among other things, the entering into of the Formal Agreement, the terms of which are yet to be finalised. The Proposed Acquisition is also subject to and conditional upon such conditions as may be agreed by the parties to the Formal Agreement. The Term Sheet may or may not lead to the entering into of the Formal Agreement and the Proposed Acquisition may or may not proceed. There is no assurance as to whether and when the Proposed Acquisition will take place. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **CONDITIONS FOR RESUMPTION OF TRADING IN THE SHARES**

References are made to the announcements of the Company dated 18 July 2012, 30 April 2013 and 6 September 2013.

As part of the business development of the Company as well as to satisfy the continued listing obligations under Rule 17.26 of the GEM Listing Rules, the Company has submitted to the Stock Exchange the proposed terms of the Proposed Acquisition on 29 August 2013.

On 12 September 2013, the Company received a letter (the “**Letter**”) from the Stock Exchange in which the Stock Exchange stated that the Company has not yet demonstrated a viable and sustainable business, in particular, the gross loss of HK\$3.55 million and net loss of HK\$23.57 million recorded by the Company for the year ended 30 June 2013 according to the annual results of the Company for the year ended 30 June 2013.

In addition, the Stock Exchange set out in the Letter the followings information which must be satisfied before the Stock Exchange considers the application for trading resumption made by the Company.

The information includes:

- (a) a detailed description of business of the Target Company, including the products and services provided, business model, market competition, competitive strengthen and business strategies, major customers and suppliers, licenses and permits required for the business, etc.;
- (b) a clear and detailed plan for the future development of the business of the enlarged group comprising the Group and the Target Company (the “**Enlarged Group**”), and how the Company would achieve it;
- (c) an advanced form historical financial information of the Target Company, with the management discussion and analysis of the business performance and financial conditions for the three years ended 31 March 2013;

- (d) a profit forecast of the Enlarged Group for the year ended 30 June 2014 and, depending on the expected completion date of the Proposed Acquisition, for the year ending 30 June 2015 in order to show the effect of the Proposed Acquisition. The profit forecast should include principal assumptions and the management discussion and analysis of any material fluctuations compared to the historical track record of the business;
- (e) a statement of sufficient working capital by the directors of the Company for at least 12 months from the expected date of trading resumption;
- (f) draft comfort letters from the Company's financial advisers and auditors under Rules 19.62(2) and (3) of the GEM Listing Rules on the profit and cashflow forecast; and
- (g) pro forma financial information of the Enlarged Group.

The Company is required to submit the above information to the Stock Exchange for consideration by 31 October 2013.

## SUSPENSION OF TRADING

**Trading in the shares of the Company on the Stock Exchange has been suspended from 9:00 a.m. on 30 September 2011 and shall remain suspended until further notice.**

By order of the Board  
**EDS Wellness Holdings Limited**  
**Lee Chan Wah**  
*Executive Director*

Hong Kong, 17 September 2013

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Yu Zhen Hua Johnny (former name: 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](http://www.hkgem.com) for a minimum period of 7 days from the date of its publication and on the Company's website at [www.eds-wellness.com](http://www.eds-wellness.com).*