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## **EDS Wellness Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8176)**

### **VERY SUBSTANTIAL ACQUISITION IN RESPECT OF THE PROPOSED ACQUISITION OF 51% EQUITY INTEREST IN AND THE SHAREHOLDERS' LOAN DUE BY CHINA HONEST ENTERPRISES LIMITED AND SUSPENSION OF TRADING**

The Board is pleased to announce that on 18 October 2013 (after trading hours), the Purchaser, a direct wholly owned subsidiary of the Company, has entered into the Sale and Purchase Agreement incorporating the major terms and conditions in the Term Sheet with the Vendors. Pursuant to the Sale and Purchase Agreement, the Purchaser conditionally agreed to acquire, and the Vendors conditionally agreed to sell, the Sale Shares and the Sale Loan at the maximum Consideration of HK\$21,420,000. The maximum Consideration shall be satisfied in the following manner: (a) a Deposit of HK\$2,000,000, being part payment of the Consideration, has been paid by the Purchaser to the Vendors in cash upon signing of the Sale and Purchase Agreement as to HK\$745,098 to Ms. Chan and HK\$1,254,902 to Mr. Lai respectively; and (b) the remaining balance HK\$19,420,000 shall be satisfied by the Purchaser by payment of cash and procuring of the Company to issue of the Promissory Notes on the Completion Date. Details of the payment terms are disclosed in this announcement below.

#### **LISTING RULES IMPLICATION**

The Proposed Acquisition constitutes a very substantial acquisition for the Company pursuant to Rule 19.06(5) of the GEM Listing Rules and is therefore subject to the Shareholders' approval at the EGM by way of voting by poll. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Proposed Acquisition which is different from other Shareholders, and therefore no Shareholder is required to abstain from voting on the relevant resolution to be proposed at the EGM in relation to the Proposed Acquisition. If the Vendors and their respective associates hold any Shares on the date of the EGM, they will be required to abstain from voting on the relevant resolution to be proposed at the EGM in relation to the Proposed Acquisition.

A circular containing, among other things, further details of the Proposed Acquisition and the notice convening the EGM will be despatched to the Shareholders as soon as practicable. As additional time is required for the preparation of certain information to be included in the circular, including the accountants' report of the Target Company, it is expected that the circular will be despatched to the Shareholders on or before 29 November 2013.

#### **GENERAL**

**The Proposed Acquisition does not mean that trading in the Shares will be resumed.**

**Shareholders and potential investors are reminded that the completion of the Proposed Acquisition is subject to the satisfaction (or waiver, where applicable) of various conditional precedents under the Sale and Purchase Agreement on or before the Long Stop Date and therefore the Proposed Acquisition may or may not take place. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

#### **SUSPENSION OF TRADING**

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

### **PROPOSED ACQUISITION OF 51% EQUITY INTEREST IN AND THE SHAREHOLDERS' LOAN TO CHINA HONEST ENTERPRISES LIMITED**

References are made to the announcements of the Company dated 17 September 2013, 30 September 2013 and 10 October 2013 in relation to the proposed acquisition of 51% equity interest of a business which is engaging in beauty and wellness services business in Hong Kong.

The Board is pleased to announce that on 18 October 2013 (after trading hours), the Purchaser, a direct wholly owned subsidiary of the Company, has entered into the Sale and Purchase Agreement incorporating the major terms and conditions in the Term Sheet with the Vendors. Pursuant to the Sale and Purchase Agreement, the Purchaser conditionally agreed to acquire, and the Vendors conditionally agreed to sell, the Sale Shares and the Sale Loan at the maximum Consideration of HK\$21,420,000. The maximum Consideration shall be satisfied in the following manner: (a) a Deposit of HK\$2,000,000, being part payment of the Consideration, has been paid by the Purchaser to the Vendors in cash upon signing of the Sale and Purchase Agreement as to HK\$745,098 to Ms. Chan and HK\$1,254,902 to Mr. Lai respectively; and (b) the remaining balance HK\$19,420,000 shall be satisfied by the Purchaser by payment of cash and procuring of the Company to issue of the Promissory Notes on the Completion Date.

## SALE AND PURCHASE AGREEMENT

### Date:

18 October 2013

### Parties:

- (i) EDS International Holdings Limited, a direct wholly owned subsidiary of the Company, as purchaser
- (ii) Ms. Chan and Mr. Lai as vendors

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the Vendors are Independent Third Parties.

### Subject matter

Pursuant to the Sale and Purchase Agreement, the Purchaser will acquire (i) 19 Sale Shares from Ms. Chan and 32 Sale Shares from Mr. Lai, representing 51% of the issued share capital of the Target Company in aggregate; and (ii) the Sale Loan, representing the shareholders' loans owing by the Target Company to the Vendors as at Completion. As at 31 August 2013, the Sale Loan amounted to approximately HK\$1,536,802.60.

### Consideration

The aggregate Consideration shall not exceed HK\$21,420,000 (subject to adjustments as described in the section headed "Profit Guarantee" below) payable in the following manner:

- (i) a deposit (the "**Deposit**") of HK\$2,000,000, being part payment of the Consideration, has been paid by the Purchaser to the Vendors in cash upon signing of the Sale and Purchase Agreement as to HK\$745,098 to Ms. Chan and HK\$1,254,902 to Mr. Lai respectively; and
- (ii) The remaining balance of HK\$19,420,000 shall be satisfied by the Purchaser by payment of cash and procuring the Company to issue the Promissory Notes on the Completion Date in the following manner:
  - (a) as to HK\$6,000,000 to be paid in cash by the Purchaser, of which HK\$2,235,294 payable to Ms. Chan and HK\$3,764,706 payable to Mr. Lai respectively;
  - (b) as to HK\$7,000,000 by Promissory Notes due 30 June 2014 ("**PN I**") to Ms. Chan and Mr. Lai in the principal amounts of HK\$2,607,843 and HK\$4,392,157 respectively; and
  - (c) as to HK\$6,420,000 by Promissory Notes due 30 June 2015 ("**PN II**") to Ms. Chan and Mr. Lai in the principal amounts of HK\$2,391,765 and HK\$4,028,235 respectively.

The cash portions of the Consideration of the Deposit of HK\$2,000,000 paid upon signing of the Sale and Purchase Agreement and the HK\$6,000,000 to be paid on Completion Date, has been and will be satisfied by the additional loan facilities granted by Koffman Investment Limited as disclosed in the announcement of the Company dated 17 October 2013.

## **Profit Guarantee**

Pursuant to the Sale and Purchase Agreement, the Vendors irrevocably and unconditionally warrant and guarantee to the Purchaser that the profits before taxation and extraordinary items of the Target Company for the years ending 31 March 2014 and 31 March 2015 will not be less than HK\$4,000,000 (“**2014 Guaranteed Profit**”) and HK\$9,000,000 (“**2015 Guaranteed Profit**”) respectively (collectively the “**Profit Guarantee**”).

In the event the actual profit before taxation and extraordinary items of the Target Company for the year ending 31 March 2014 (“**2014 Actual Profit**”) shall be less than 2014 Guaranteed Profit, the Vendors shall compensate the Purchaser an amount equivalent to the shortfall (“**2014 Shortfall**”) between 2014 Guaranteed Profit and 2014 Actual Profit.

In the event that the actual profit before taxation and extraordinary items of the Target Company for the year ending 31 March 2015 (“**2015 Actual Profit**”) shall be less than 2015 Guaranteed Profit, the Vendors shall compensate the Purchaser an amount equivalent to the shortfall (“**2015 Shortfall**”) between 2015 Guaranteed Profit and 2015 Actual Profit.

In case the Profit Guarantee is not fulfilled, the compensation obligation of the Vendors shall be discharged by way of setting off 2014 Shortfall or 2015 Shortfall (as the case may be) against the face value of the PN I (for 2014 Shortfall) or the PN II (for 2015 Shortfall) on a dollar for dollar basis. In the event that there shall remain any balance of 2015 Shortfall after the PN II is fully set off, such balance of 2015 Shortfall shall be paid by the Vendors to the Purchaser in cash within 7 Business Days.

For the avoidance of doubt, should the Target Company record a loss for the relevant period, the actual profit before taxation and extraordinary items of the Target Company for such relevant period shall be deemed to be zero.

The final Consideration after adjustments under the Profit Guarantee shall be:

Final Consideration = HK\$21,420,000 – 2014 Shortfall – 2015 Shortfall

The Vendors and the Purchaser shall procure that the audited financial statements of the Target Company for the relevant period shall be prepared and reported on at the cost and expenses of the Purchaser by the auditors of the Company (the “**Auditors**”) by the date falling three months after the expiry of the relevant period, and the Auditors shall issue a certificate (the “**Guarantee Certificate**”) to certify the amounts of 2014 Actual Profit and 2015 Actual Profit. The Guarantee Certificate shall, in the absence of manifest error, be final and conclusive of the matters stated therein and binding on the Vendors and the Purchaser provided that the Auditors should have consulted the Vendors and taken into account the Vendors’ views before the issue of the Guarantee Certificate.

## **Basis of the Consideration**

The Consideration of HK\$21,420,000 was determined on normal commercial terms and arrived at after arm’s length negotiation between the Company and the Vendors of the Sale and Purchase Agreement after taking into consideration (i) the business prospect of the Target Company; (ii) the synergy effect to both the Group and the Target Company; (iii) the Profit Guarantee; (iv) the adjustments mechanism to the Promissory Notes under the sub-section headed “Profit Guarantee” above; and (v) the price to earnings ratios of other listed companies in Hong Kong engaging similar business of the Target Company.

The consideration for the 51% of issued share capital of the Target Company represents a price to earnings ratio of approximately 6.46 times, which is based on 51% of the average of the Profit Guarantee of HK\$13,000,000 for two years to the Consideration of HK\$21,420,000 (i.e.  $\text{HK\$}21,420,000 / ((\text{HK\$}13,000,000 / 2) * 51\%)$ ). The Board has identified four listed comparable companies (the “**Comparables**”) which engaged in similar line of business as the Target Company. Of the four identified Comparables, the price to earnings ratios were ranged from approximately 7.19 times to 10.90 times as at the date of the Sale and Purchase Agreement. As such, the Consideration, which is equivalent to a price to earnings ratio of approximately 6.46 times as calculated in this section above, is at the lower end of the price to earnings ratios of the Comparables.

Although the Target Company recorded net loss in the financial year ended 31 March 2013, the Board considers that the prospect of the Target Company is promising and the Profit Guarantee provided by the Vendors can be achieved, after taking into account that (i) the net loss recorded were mainly due to the additional expenses incurred for the expansion of operation center in October 2012; and (ii) through the increase in customer base by the Proposed Acquisition, the revenue of the Target Company in the coming financial years would be increased of which is supported by the customers who are able to afford high-end beauty and slimming services and demand for reliable anti-aging treatments.

Taking into account the Profit Guarantee, the business prospects of the Target Company and benefits for the Proposed Acquisition which mentioned sub-section headed “Reasons for the Proposed Acquisition” below, the Directors consider that the Proposed Acquisition are in line with the Group’s business strategy and that the Proposed Acquisition will contribute positively to the Group’s profit and future development by broadening its revenue base and business opportunities of the Group, which will provide a long-term benefit to the Company and the Shareholders taken as a whole.

In view of the above, the Directors consider that the Consideration, the Profit Guarantee and the corresponding adjustment mechanism to the Consideration (as set out above), are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders taken as a whole.

### **Conditions Precedent**

Completion is conditional upon fulfillment of the following conditions:

- (a) the Purchaser having been reasonably satisfied with the results of the due diligence review on the assets, liabilities, operations and affairs of the Target Company;
- (b) the despatch of a circular of the Company relating to the Proposed Acquisition in accordance with the GEM Listing Rules;
- (c) the Shareholders having approved the ordinary resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Promissory Notes) at the EGM;
- (d) all warranties given by the Vendors in the Sale and Purchase Agreement remaining true and correct in all respects and not misleading; and
- (e) the Purchaser having reasonably satisfied that there has not been any material adverse change on the Target Company since the date of the Sale and Purchase Agreement.



The Purchaser shall procure the fulfillment of all the above conditions precedent by the Long Stop Date and may in its absolute discretion at any time waive the conditions set out in (a), (d) and (e) above by notice in writing. Neither the Purchaser nor the Vendors may waive any of the conditions set out in (b) and (c) above.

In the event that the conditions precedent are not fulfilled or waived (as the case may be) on or before the Long Stop Date, the Sale and Purchase Agreement shall cease and terminate and thereafter neither party to the Sale and Purchase Agreement shall have any rights or obligations towards each other except in respect of any antecedent breach, and the Vendors shall refund the Deposit to the Purchaser without interest within 10 Business Days provided that the Vendors are entitled to deduct HK\$400,000 from the Deposit if the non-fulfillment of the conditions precedent by the Long Stop Date is not due to the wilful default of the Vendors.

The amount of HK\$400,000 was determined after arm's length negotiations between the Vendors and the Purchaser with reference to professional fees relating to the Proposed Acquisition incurred by the Vendors. Such reimbursement of HK\$400,000 to the Vendors by the Purchaser will be effected only if the non-fulfillment of the conditions precedent by the Long Stop Date is not due to the willful default of the Vendors. Based on the above, the Directors consider such term is reasonable and in the interests of the Company.

### **Completion**

Completion shall take place within 10 Business Days after the conditions precedent are fulfilled or waived (as the case may be) (or such other day as shall be agreed in writing between the parties to the Sale and Purchase Agreement).

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results thereof will be consolidated into the accounts of the Group.

The Completion is not subject to resumption in trading of the Shares.

### **Purchaser's undertaking**

The Purchaser irrevocably and unconditionally undertakes to the Vendors that upon Completion, the Purchaser shall enter into a loan agreement with the Target Company to advance an unsecured and non-interest bearing loan in the sum of HK\$10,000,000 to the Target Company as general working capital of the Target Company.

### **Vendors' undertaking**

The Vendors irrevocably and unconditionally undertake to the Purchaser that they shall procure the Target Company not to repay the Sale Loan, declare or pay any dividends or make any distribution to the shareholders of the Target Company on or before Completion.

### **Shareholders' Agreement, Loan Agreement, Deeds of Assignment and Service Agreement**

Pursuant to the Sale and Purchase Agreement, the Purchaser, Ms. Chan and the Target Company shall enter into a Shareholders' Agreement which shall set out the rights and obligations of the Purchaser and Ms. Chan and the arrangements between them with respect to the ownership, management and operations of the Target Company upon Completion.

The Shareholders' Agreement shall provide that the board of directors of the Target Company shall comprise three directors, two of them shall be appointed and removed at the request of the Purchaser and one of them shall be appointed and removed at the request of Ms. Chan.

Pursuant to the terms of the Loan Agreement, the Purchaser shall agree to grant a loan in the principal amount of HK\$10,000,000, which shall be drawn down once in its entire sum on the drawdown date for a term of two years (or such other date as may be agreed between the Purchaser and the Target Company) within 7 Business Days from the date of the Loan Agreement, to the Target Company. The Loan shall be used for general working capital of the Target Company.

The Purchaser and the Target Company will also enter into the Deeds of Assignment with Ms. Chan and Mr. Lai respectively for the assignment of all his/her respective rights, titles, benefits and interests in the Sale Loan to the Purchaser upon Completion.

Pursuant to the Sale and Purchase Agreement, the Service Agreement shall be entered between Dr. Lui Ngo Yin ("Dr. Lui"), a managing director of the Target Company, and the Target Company upon Completion. According to the terms of the Service Agreement, Dr. Lui will be appointed as the chief executive officer of the Target Company for an initial term of three years from the Completion Date. Dr. Lui is the managing director of the Target Company since Year 2010. As Dr. Lui has extensive experience in beauty and facial service and long-term management experience in the Target Company, the Directors consider the Service Agreement to be entered is in the interest of the Company.

#### **Promissory Notes**

The principal terms of the PN I and PN II are summarized below:

##### *PN I*

Parties	:	The Company, as an issuer and Ms. Chan and Mr. Lai, as payees
Principal amount	:	HK\$7,000,000 as to (a) HK\$2,607,843 to Ms. Chan and (b) HK\$4,392,157 to Mr. Lai respectively
Interest	:	Non-interest bearing
Maturity	:	Subject to the adjustment(s) under the Profit Guarantee, the principal sum shall be repayable in one lump sum on 30 June 2014
Assignment	:	The PN I shall not be transferable and the payees shall not create any option, right to acquire, equities, claim, encumbrance, mortgage, charge, pledge, lien, third party rights whatsoever, adverse interest or other form of security on, over or affecting the PN I or any agreement or commitment to give or create any of the foregoing

##### *PN II*

Parties	:	The Company, as an issuer and Ms. Chan and Mr. Lai, as payees
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Principal amount	:	HK\$6,420,000 as to (a) HK\$2,391,765 to Ms. Chan and (b) HK\$4,028,235 to Mr. Lai respectively
Interest	:	Non-interest bearing
Maturity	:	Subject to the adjustment(s) under the Profit Guarantee, the principal sum shall be repayable in one lump sum on 30 June 2015
Assignment	:	The PN II shall not be transferable and the payees shall not create any option, right to acquire, equities, claim, encumbrance, mortgage, charge, pledge, lien, third party rights whatsoever, adverse interest or other form of security on, over or affecting the PN II or any agreement or commitment to give or create any of the foregoing

### Financial Information of the Target Company

The Target Company is a company incorporated in Hong Kong with limited liability and is beneficially owned as to 68% by the Ms. Chan, 32% by the Mr. Lai immediately before the signing of the Sale and Purchase Agreement. The Target Company is principally engaged in the beauty and wellness services in Hong Kong and currently has a medical laser skin care centre in Hong Kong.

Set out below is the unaudited financial information of the Target Company for the two years ended 31 March 2013:

	For the year ended	
	31 March	
	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Turnover	17,505	<b>24,157</b>
Gross profit	4,220	<b>4,321</b>
Net profit/(loss) before tax	2,373	<b>(1,924)</b>
Net asset/(liabilities)	(1,299)	<b>(3,223)</b>

### Reasons for the Proposed Acquisition

The Group is principally engaged in the development, distribution and marketing of personal care treatment products. The Target Company is principally engaged in the provision of therapy services, sales of beauty products and provision of consultancy services.

The Target Company operates a medical skin care centre under the tradename COLLAGEN<sup>+</sup> in prime area, Causeway Bay, Hong Kong, to provide a wide range of beauty and facial services, such as, skin rejuvenation, facial contour enhancement, medical slimming and body reshape and laser hair remover. The Target Company also offers variety of medical skincare products and consultancy service to its customers.



The Target Company was established and opened the medical skin care centre with the size of 3,000 square feet with 9 treatment rooms in Year 2010. In October 2012, the Target Company expanded the medical skin care centre to current location with more than 7,000 square feet. The new medical laser skin care centre has 18 treatment rooms equipped with professional premium medical equipment and technology and high-end style decoration.

The Group is operating a retail store at World Trade Centre to promote and publicise the products of “Evidens de Beauté” as a point of sale in Causeway Bay and a spa of around 2,231 square feet with the brand “Le Spa Evidens” to offer spa, facial sahos, body treatments and wellness massages services at Cubus in Causeway Bay. The Proposed Acquisition will enable the Group to strengthen and broaden its scope of professional services and technological support to its customers. Given the Target Company has a well-established client base and the trade name of the Target Company has a good reputation in the market, the Proposed Acquisition will enable the Group to strengthen and broaden its distribution network and the Proposed Acquisition will also make a better position of the Group in the beauty and facial industry. With the existing clientele of the Target Company as well as its existing revenue base, the Directors believe that the Group will be able to increase the referral base, enlarge its range and location of services especially in beauty and facial services and strengthen its market position by way of the Proposed Acquisition.

Currently, the Target Company is operating one medical skin care service center in Causeway Bay, Hong Kong. Together with the existing retail store and spa of the Group, the number of point of sales of the Group in Hong Kong would be increased to three. Synergy effect to both the Group and the Target Company is expected to result from the Proposed Acquisition as the Company (i) will be able to leverage the experience of registered doctors of the Target Company and pave its way for expansion of its personal care treatment business in the near future; and (ii) the services and products provided by the Group and the Target Company will complement to each other. The Directors also consider that the Company can, through control of the board of the Target Company, adjust the business strategy of the Target Company to be in line with the Company’s overall development plans.

Immediately after Completion, the Target Company will become a 51% owned subsidiary of the Company whose results, assets and liabilities will be consolidated into the financial statements of the Company.

In light of the above, the Board is of the view that the terms of the Sale and Purchase Agreement and transactions contemplated thereunder are fair and reasonable and the Proposed Acquisition is in the interests of the Company and Shareholders as a whole.

## **LISTING RULES IMPLICATION**

The Proposed Acquisition constitutes a very substantial acquisition for the Company pursuant to Rule 19.06(5) of the GEM Listing Rules and is therefore subject to the Shareholders’ approval at the EGM by way of voting by poll. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Proposed Acquisition which is different from other Shareholders, and therefore no Shareholder is required to abstain from voting on the relevant resolution to be proposed at the EGM in relation to the Proposed Acquisition. If the Vendors and their respective associates hold any Shares on the date of the EGM, they will be required to abstain from voting on the relevant resolution to be proposed at the EGM in relation to the Proposed Acquisition.

A circular containing, among other things, further details of the Proposed Acquisition and the notice convening the EGM will be despatched to the Shareholders as soon as practicable. As additional time is required for the preparation of certain information to be included in the circular, including the accountants' report of the Target Company, it is expected that the circular will be despatched to the Shareholders on or before 29 November 2013.

## **GENERAL**

**The Proposed Acquisition does not mean that trading in the Shares will be resumed.**

**Shareholders and potential investors are reminded that the completion of the Proposed Acquisition is subject to the satisfaction (or waiver, where applicable) of various conditional precedents under the Sale and Purchase Agreement on or before the Long Stop Date and therefore the Proposed Acquisition may or may not take place. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **SUSPENSION OF TRADING**

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

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the expressions below have the following meanings:

“Board”	the board of Directors
“Business Days”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	EDS Wellness Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the GEM
“Completion”	completion of Proposed Acquisition
“Completion Date”	date of Completion
“Consideration”	the consideration for the sale and purchase of the Sale Shares and the Sale Loan
“Deeds of Assignment”	the deeds of assignment in respect of the Sale Loan in the agreed form to be entered into among the Vendors, the Target Company and the Purchaser to assign all their respective rights, titles, benefits and interests in the Sale Loan and all obligations, liabilities and debts owing or incurred by the Target Company to the Purchaser on or at any time prior to Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion to the Purchaser and the Purchaser agrees to accept such assignments on the terms of the deeds of assignment
“Director(s)”	the director(s) of the Company

“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Proposed Acquisition and the transactions contemplated thereunder
“Eternity”	Eternity Investment Limited (Stock code: 764), an exempted company incorporated in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange. As at the date of this announcement, Eternity is interested in the zero interest convertible bonds of the Company in a principal amount of HK\$40 million and is a party to an unsecured loan in a principal amount of HK\$40 million. Please refer to the Company’s announcements dated 21 March 2013 and 30 October 2013 and the Company’s circular dated 23 May 2013 for details
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	third party(ies) independent of the Company, Eternity and their respective connected persons (as defined in the GEM Listing Rules)
“Loan”	an unsecured and non-interest bearing loan in the principal sum of HK\$10,000,000
“Loan Agreement”	the loan agreement to be entered into between the Purchaser and the Target Company upon Completion in relation to the provision of the Loan to the Target Company as general working capital
“Long Stop Date”	31 March 2014 or such other later date as agreed by the Vendors and the Purchaser
“Mr. Lai”	Mr. Lai Wing Nok, an Independent Third Party who owns 32% of the issued share capital of the Target Company
“Ms. Chan”	Ms. Chan Suk Yee, Deon, an Independent Third Party who owns 68% of the issued share capital of the Target Company
“Promissory Notes”	the promissory notes to be issued by the Company to the Vendors in the aggregate principal amount of HK\$13,420,000 as part of the Consideration
“Proposed Acquisition”	the proposed acquisition of the 51% equity interest in and the Sale Loan of the Target Company by the Purchaser from the Vendors as contemplated under the Sale and Purchase Agreement
“Purchaser”	EDS International Holdings Limited, a company incorporated in the British Virgins Islands with limited liability, a direct wholly owned subsidiary of the Company

“Sale and Purchase Agreement”	the formal share purchase agreement dated 18 October 2013 entered into between the Purchaser and the Vendors in relation to the Proposed Acquisition
“Sale Loan”	the amount owing as at the Completion Date by the Target Company to the Vendors in respect of loans repayable on demand made by the Vendors to the Target Company and all obligations, liabilities and debts owing or incurred by the Target Company to the Vendors on or at any time prior to Completion whether actual, contingent or deferred and irrespective of whether the same is due and payable on Completion
“Sale Shares”	51 shares in the Target Company as to 19 shares from Ms. Chan and as 32 shares from Mr. Lai, representing 51% of the issued share capital of the Target Company
“Service Agreement”	the service agreement to be entered into between the Target Company and Dr. Lui Ngo Yin to appoint Dr. Lui Ngo Yin as the chief executive officer of the Target Company upon Completion
“Shareholder(s)”	the holder(s) of the issued Shares
“Shareholders’ Agreement”	the shareholders’ agreement to be entered into between the Purchaser, Ms. Chan and the Target Company which shall set out the rights and obligations of the Purchaser and Ms. Chan and the arrangements between them with respect to the ownership, management and operations of the Target Company upon Completion
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	China Honest Enterprises Limited, a company incorporated in Hong Kong with limited liability
“Term Sheet”	the Term Sheet dated 30 August 2013 as supplemented by the extension agreements dated 30 September 2013 and 10 October 2013 entered into between the Purchaser and the Vendors setting out the major terms of the Proposed Acquisition
“Vendors”	together, Ms. Chan and Mr. Lai
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**EDS Wellness Holdings Limited**  
**Yu Zhen Hua Johnny**  
*Chairman*

Hong Kong, 4 November 2013

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Yu Zhen Hua Johnny, 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).*