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EDS Wellness Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8176)

ANNOUNCEMENT SECOND LOAN AGREEMENT

THE SECOND LOAN AGREEMENT

On 20 March 2014 (after trading hours), the Company and the Lender entered into the Second Loan Agreement, pursuant to which, the Lender has conditionally agreed to grant the Second Loan in the principal amount of HK\$30.00 million to the Company for a term of 36 months from the date of drawdown.

The principal terms and conditions of the Second Loan Agreement are set out in the paragraph headed “The Second Loan Agreement” in this announcement.

Reference is made to the announcement of the Company dated 19 March 2014 relating to the negotiation between the Company and the Lender for the grant of the new loan in the principal amount of up to HK\$30.00 million.

THE SECOND LOAN AGREEMENT

On 20 March 2014 (after trading hours), the Company and the Lender entered into the Second Loan Agreement, pursuant to which, the Lender has conditionally agreed to grant the Second Loan in the principal amount of HK\$30.00 million to the Company for a term of 36 months from the date of drawdown.

The principal terms and conditions of the Second Loan Agreement are summarised as follows:

Date	:	20 March 2014
Lender	:	Hong Kong Builders Finance Limited, a licensed money lender in Hong Kong
Borrower	:	the Company
Principal amount of the Second Loan	:	HK\$30.00 million
Interest rate	:	5.00% per annum

Security	:	No security will be provided by the Company under the Second Loan Agreement.
Term	:	36 months from the date of drawdown.
Repayment	:	The Company shall repay (i) the interest on a quarterly basis in arrears; and (ii) the principal amount of the Second Loan in full at maturity.
Prepayment	:	The Company may at any time prepay the Second Loan in full together with the accrued interest by giving not less than ten business days' prior written notice to the Lender before maturity.
Condition precedent	:	The Second Loan Agreement is conditional upon the publication of an announcement of Subscriber Holding in relation to the Second Loan Agreement and the transactions contemplated thereunder in compliance with Chapter 14 of the Listing Rules.
Long stop date	:	2 April 2014 (or such later date as Lender and the Company may agree in writing).

INFORMATION ON THE LENDER

The Group is principally engaged in the development, distribution and marketing of personal care treatment and products.

The Lender is an indirect wholly-owned subsidiary of the Subscriber Holding. The Lender is a money lender licensed in Hong Kong under the provisions of the Money Lenders Ordinance. The Lender conducts money lending business in Hong Kong through the provision of secured and unsecured loans to customers.

On 21 March 2013, the Company as issuer entered into the Subscription Agreement with the Subscriber in relation to the subscription for the zero coupon convertible bonds in the principal amount of HK\$40.00 million to be issued by the Company. On 30 October 2013, the Company and Subscriber entered into a letter of extension to extend the long stop date of the Subscription Agreement from 31 October 2013 to 30 June 2014.

On 21 March 2013, the Company as borrower entered into the First Loan Agreement with the Lender in relation to the grant of an unsecured loan in the principal amount of HK\$40.00 million for a term of three years from the date of drawdown. On 30 October 2013, the Company and the Lender entered into a letter of extension to extend the long stop date of the First Loan Agreement from 31 October 2013 to 30 June 2014.

As at the date of the Second Loan Agreement, the Subscription Agreement and the First Loan Agreement remain conditional as the certain conditions precedent of the Subscription Agreement and the First Loan Agreement have yet to be fulfilled.

To the best of the knowledge, information and belief of the Directors having all reasonable enquires, the Lender and the Subscriber Holding are third parties independent of the Company and its connected person.

REASONS FOR AND THE BENEFITS OF THE SECOND LOAN AGREEMENT

The Second Loan Agreement provides additional funding to satisfy the Group's need for general working capital. Given that the Second Loan is unsecured and the terms of the Second Loan Agreement which were agreed between the parties after arm's length negotiations are on normal commercial terms, the Directors are of the view that the terms and conditions of the Second Loan Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole. The net proceeds of the loan will be used as general working capital purpose and/or financing the future finance obligations arising from settlement of the consideration of the proposed acquisition which was announced by the Company on 4 November 2013.

SUSPENSION OF TRADING

At the request of the Company, trading in the Shares on GEM has been suspended with effect from 9:00 a.m. on 30 September 2011 and shall remain suspended until further notice.

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
“Director(s)”	the director(s) of the Company
“Company”	EDS Wellness Holdings Limited (stock code: 8176), a company incorporated in the Cayman Islands with limited liability and its issued shares are listed on GEM
“First Loan Agreement”	the conditional loan agreement dated 21 March 2013 entered into between the Lender and the Company as borrower in relation to the grant of an unsecured loan in the principal amount of HK\$40.00 million
“GEM”	the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Lender”	Hong Kong Builders Finance Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Subscriber Holding
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Money Lenders Ordinance”	the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Second Loan”	the unsecured loan in the principal amount of HK\$30.00 million

“Second Loan Agreement”	the conditional loan agreement dated 20 March 2014 and entered into between the Lender and the Company as borrower relating to the grant of the Second Loan
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Subscriber”	New Cove Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly owned subsidiary of the Subscriber
“Subscriber Holding”	Eternity Investment Limited (Stock code: 764), a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“Subscription Agreement”	the conditional subscription agreement dated 21 March 2013 and entered into between the Company as issuer and the Subscriber as subscriber in relation to the subscription for the zero coupon convertible bonds in the principal amount of HK\$40.00 million to be issued by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong
“%”	per cent.

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

Hong Kong, 20 March 2014

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 Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited 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.eds-wellness.com.