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EDS Wellness Holdings Limited

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8176)

COMPLETION OF THE SUBSCRIPTION FOR THE CONVERTIBLE BONDS AND FULFILMENT OF THE CONDITIONS PRECEDENT TO THE LOAN AGREEMENT

COMPLETION OF THE SUBSCRIPTION FOR THE CONVERTIBLE BONDS

The Board is pleased to announce that all conditions precedent to the Subscription have been fulfilled and the subscription for the Convertible Bonds in the principal amount of HK\$40,000,000 was completed on 22 May 2014. Upon Completion, the Convertible Bonds in the principal amount of HK\$40,000,000 were issued to the Subscriber in accordance with the terms of the Subscription Agreement.

FULFILMENT OF THE CONDITIONS PRECEDENT TO THE LOAN AGREEMENT

Upon completion of the Subscription, all conditions precedent to the Loan Agreement have been fulfilled. Pursuant to the Loan Agreement, upon the fulfillment of all conditions precedent to the Loan Agreement, the Loan can be fully drawn down on the next Business Day. The Company intends to draw down the Loan fully on 23 May 2014.

Reference is made to the announcement dated 21 March 2013 (the “**Announcement**”) and the circular dated 23 May 2013 (the “**Circular**”) of EDS Wellness Holdings Limited (the “**Company**”) in relation to, inter alia, the Subscription Agreement, the Loan Agreement and the application for the Whitewash Waiver. Reference is also made to the announcement of the Company dated 30 October 2013 in relation to the extension at the long stop dates of the Subscription Agreement and the Loan Agreement. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Announcement and the Circular.

COMPLETION OF THE SUBSCRIPTION FOR THE CONVERTIBLE BONDS

The Board is pleased to announce that all conditions precedent to the Subscription have been fulfilled and the Subscription of the Convertible Bonds in the principal amount of HK\$40,000,000 was completed on 22 May 2014. Upon Completion, the Convertible Bonds in the principal amount of HK\$40,000,000 were issued to the Subscriber in accordance with the terms of the Subscription Agreement.

As at the date of this announcement, the Company has 13,122,000 shares of HK\$0.10 each (each a “Share”) in issue. Assuming the full exercise of the conversion rights attaching to the Convertible Bonds in the principal amount HK\$40,000,000 and based on the initial Conversion Price of HK\$1.00 (subject to adjustment) per Conversion Share, a total of 40,000,000 Conversion Shares (in the aggregate nominal value of HK\$4,000,000), representing (i) approximately 304.83% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 75.30% of the issued share capital of the Company as enlarged by the allotment and issue of the 40,000,000 Conversion Shares, will be allotted and issued to the Subscriber by the Company.

The Subscriber intends to convert not less than HK\$25 million of the Convertible Bonds to become a controlling shareholder (as defined in the GEM Listing Rules) of the Company in July 2014.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the date of this announcement and the effects on the shareholding structure of the Company (i) immediately after the allotment and issue of 25,000,000 Conversion Shares assuming the exercise of the conversion rights attaching to the Convertible Bonds in the principal amount of HK\$25,000,000; and (ii) for illustration purposes only, immediately after the allotment and issue of 40,000,000 Conversion Shares assuming the full exercise of the conversion rights attaching to the Convertible Bonds in the principal amount of HK\$40,000,000 are as follows:

	As at the date of this announcement		Immediately after the allotment and issue of 25,000,000 Conversion Shares assuming the exercise of the conversion rights attaching to the Convertible Bonds in the principal amount of HK\$25,000,000		Immediately after the allotment and issue of 40,000,000 Conversion Shares assuming the full exercise of the conversion rights attaching to the Convertible Bonds in the principal amount of HK\$40,000,000 (Note 3)	
	No. of Shares	% (approx.)	No. of Shares	% (approx.)	No. of Shares	% (approx.)
Shareholders						
The Directors						
Wang Xiaofei (Note 1)	2,304,000	17.56%	2,304,000	6.04%	2,304,000	4.34%
Du Juanhong (Note 2)	1,065,800	8.12%	1,065,800	2.80%	1,065,800	2.01%
The Subscriber and parties acting in concert with it	—	—	25,000,000	65.58%	40,000,000	75.30%
Public Shareholders	<u>9,752,200</u>	<u>74.32%</u>	<u>9,752,200</u>	<u>25.58%</u>	<u>9,752,200</u>	<u>18.35%</u>
Total:	<u><u>13,122,000</u></u>	<u><u>100.00%</u></u>	<u><u>38,122,000</u></u>	<u><u>100.00%</u></u>	<u><u>53,122,000</u></u>	<u><u>100.00%</u></u>

Notes:

1. Mr. Wang Xiaofei is a substantial shareholder (as defined in the GEM Listing Rules) and an executive Director.
2. Mr. Du Juanhong is a non-executive Director.
3. For illustration purposes only. Pursuant to the terms of the Convertible Bonds, the conversion rights attaching to the Convertible Bonds may be exercised provided that the Company will maintain the public float in compliance with the GEM Listing Rules.

FULFILMENT OF THE CONDITIONS PRECEDENT TO THE LOAN AGREEMENT

Upon completion of the Subscription, all conditions precedent to the Loan Agreement have been fulfilled. Pursuant to the Loan Agreement, upon the fulfillment of all conditions precedent to the Loan Agreement, the Loan can be fully drawn down on the next Business Day. The Company intends to draw down the Loan fully on 23 May 2014.

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

Hong Kong, 22 May 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.

As at the date of this announcement, the board of directors of the Subscriber comprises two directors, namely, Mr. Lei Hong Wai and Mr. Cheung Kwok Wai, Elton. As at the date of this announcement, the board of directors of the Subscriber Holding comprises three executive directors, namely, Mr. Lei Hong Wai, Mr. Cheung Kwok Wai, Elton and Mr. Chan Kin Wah, Billy; one non-executive director, namely, Mr. Cheung Kwok Fan; and three independent non-executive directors, namely, Mr. Wan Shing Chi, Mr. Ng Heung Yan and Mr. Wong Tak Chuen.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Subscriber, the Subscriber Holding, the Lender and parties acting in concert with any of them) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.

The directors of the Subscriber and the Subscriber Holding jointly and severally accept full responsibility for the accuracy of the information relating to the Subscriber, the Subscriber Holding, the Lender and parties acting in concert with any of them contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in 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.