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## **EDS Wellness Holdings Limited**

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

**(Stock Code: 8176)**

### **ANNOUNCEMENT**

**OPEN OFFER OF 19,061,000 OFFER SHARES  
ON THE BASIS OF ONE OFFER SHARE  
FOR EVERY TWO EXISTING SHARES  
HELD ON THE RECORD DATE AT HK\$3.00 PER OFFER SHARE**

**Underwriter to the Open Offer**



**金利豐證券**

**KINGSTON SECURITIES**

#### **THE OPEN OFFER**

The Company proposes to raise approximately HK\$57.18 million before expenses by way of the Open Offer issuing 19,061,000 Offer Shares on the basis of one Offer Share for every two existing Shares held on the Record Date and payable in full upon application at the Subscription Price of HK\$3.00 per Offer Share.

Qualifying Shareholders are not entitled to apply for excess Offer Shares and any such Offer Shares not taken up by the Qualifying Shareholders in excess of their respective entitlements under the Open Offer will be underwritten by the Underwriter. The Open Offer is only available to the Qualifying Shareholders, and will not be extended to the Non-Qualifying Shareholders.

Assuming the Convertible Bonds in the principal amount of HK\$25,000,000.00 being converted in full pursuant to the New Cove Undertaking and no further issue of new Shares or repurchase of Shares on or before the Record Date, the 19,061,000 Offer Shares proposed to be allotted and issued, represent 50.00% of the Company's issued share capital as at the date of this announcement as enlarged by the allotment and issue of 25,000,000 new Shares pursuant to the exercise of the conversion rights attached to the Convertible Bonds in the principal amount of HK\$25,000,000.00 and approximately 33.33% of the Company's issued share capital as at the date of this announcement as enlarged by the allotment and issue of 25,000,000 new Shares pursuant to the exercise of the conversion rights attached to the Convertible Bonds and the 19,061,000 Offer Shares immediately after completion of the Open Offer.

The Open Offer is only available to the Qualifying Shareholders. To qualify for the Open Offer, the Shareholders must lodge any transfers of Shares (together with the relevant share certificates) for registration with Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Thursday, 10 July 2014.

The Company's register of members will be closed from Friday, 11 July 2014 to Wednesday, 16 July 2014, both days inclusive, to determine the eligibility of the Open Offer. No transfer of Shares will be registered during this book closure period. The Record Date is Wednesday, 16 July 2014. The last day of dealings in the Shares on cum-entitlement basis of the Open Offer is Tuesday, 8 July 2014. The Shares will be dealt in on ex-entitlement basis of the Open Offer from Wednesday, 9 July 2014. To qualify for the Open Offer, a Shareholder must at the close of business on the Record Date (a) be registered on the register of members of the Company; and (b) not being the Non-Qualifying Shareholders.

Since the Open Offer will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the twelve-month period immediately preceding this announcement and the Open Offer is fully underwritten by the Underwriter who is not a director, chief executive or substantial shareholder of the Company (or an associate of any of them) pursuant to Rules 10.39 and 10.42 of the GEM Listing Rules, the Open Offer is not subject to Shareholders' approval under the GEM Listing Rules.

The Prospectus Documents setting out details of the Open Offer will be despatched to the Qualifying Shareholders, and the Prospectus will be despatched to the Non-Qualifying Shareholders for their information only on Thursday, 17 July 2014.

## **WARNING OF THE RISK OF DEALINGS IN THE SHARES**

Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from Wednesday, 9 July 2014 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled.

Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on 4:00 p.m. on Wednesday, 6 August 2014), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

## **THE OPEN OFFER**

The Company proposes to raise approximately HK\$57.18 million before expenses by way of the Open Offer, details of which are set out as follows:

### **Issue statistics**

Basis of the Open Offer:	One Offer Share for every two existing Shares held on the Record Date
Subscription Price:	HK\$3.00 per Offer Share
Number of Shares in issue as at the date of this announcement:	13,122,000 Shares
Number of Shares shall be in issue after the conversion rights attaching to the Convertible Bonds in the principal amount of HK\$25,000,000.00 converted in full pursuant to the New Cove Undertaking:	38,122,000 Shares
Number of Offer Shares:	19,061,000 Offer Shares

Number of Offer Shares to be taken up or procure to be taken up by New Cove pursuant to the Underwriting Agreement:	New Cove has irrevocably undertaken to the Company and the Underwriter (i) to convert the Convertible Bonds in the principal amount of HK\$25,000,000.00 into 25,000,000 Shares on or before the commencement of the book close period, i.e. Friday, 11 July 2014; (ii) not to convert the remaining balance of the Convertible Bonds in the principal amount of HK\$15,000,000.00 into 15,000,000 Conversion Shares on or before the Record Date, i.e. Wednesday, 16 July 2014; and (iii) to subscribe for or procure the subscription for the 12,500,000 Offer Shares to be allotted to it under its entitlement pursuant to the Open Offer. Details of the New Cove Undertaking is set out under the paragraph headed “New Cove Undertaking” in this announcement
Number of Offer Shares underwritten by the Underwriter:	6,561,000 Offer Shares. Taking into account the New Cove Undertaking, the Open Offer is fully underwritten.
Number of enlarged Shares in issue upon completion of the Open Offer:	57,183,000 Shares

As at the date of this announcement, the Company has the outstanding Convertible Bonds in an aggregate principal amount of HK\$40 million, carrying rights entitling New Cove to convert their principal amount into 40,000,000 new Shares at an initial conversion price of HK\$1.00 per Share (subject to further adjustment, if required). After the fulfillment of the New Cove Undertaking of the conversion of the Convertible Bonds in the principal amount of HK\$25,000,000.00 into 25,000,000 Shares on or before the commencement of the book close period, i.e. Friday, 11 July 2014 and upon completion of the Open Offer, the outstanding Convertible Bonds held by New Cove in an aggregate principal amount of HK\$15,000,000.00, carrying rights entitling New Cove to convert their principal amount into 15,000,000 new Shares at an initial conversion price of HK\$1.00 per Share (subject to further adjustment, if required) will remain outstanding.

Save for the Convertible Bonds, the Company has no outstanding convertible securities, share options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the date of this announcement.

Assuming the Convertible Bonds in the principal amount of HK\$25,000,000.00 being converted in full pursuant to the New Cove Undertaking and no further issue of new Shares or repurchase of Shares on or before the Record Date, the 19,061,000 Offer Shares proposed to be allotted and issued, represent 50.00% of the Company’s issued share capital as at the date of this announcement as enlarged by the allotment and issue of 25,000,000 new Shares pursuant to the exercise of the conversion rights attached to the Convertible Bonds in the principal amount of HK\$25,000,000.00 and approximately 33.33% of the Company’s issued share capital as enlarged by the allotment and issue of 25,000,000 new Shares pursuant to the exercise of the conversion rights attached to the Convertible Bonds and the 19,061,000 Offer Shares immediately after completion of the Open Offer.

The aggregate nominal value of the Offer Shares will be HK\$1,906,100.00.

### **Basis of entitlement**

Assuming the issued share capital of the Company of 38,122,000 Shares as at the Record Date upon the Convertible Bonds in the principal amount of HK\$25,000,000.00 being converted in full pursuant to the New Cove Undertaking and no further issue of new Shares or repurchase of Shares on or before the Record Date, the basis of the entitlement shall be one Offer Share for every two existing Shares held on the Record Date, being 19,061,000 Offer Shares at the Subscription Price. Acceptance for all or any part entitlement of a Qualifying Shareholder should be made by completing the Application Form and lodging the same with a remittance for the Offer Shares being accepted for.

### **Qualifying Shareholders**

The Open Offer is only available to the Qualifying Shareholders. The Company will send (a) the Prospectus Documents to the Qualifying Shareholders; and (b) the Prospectus, for information only, to the Non-Qualifying Shareholders.

To qualify for the Open Offer, the Shareholders must at the close of business on the Record Date (a) be registered on the register of members of the Company; and (b) not being the Non-Qualifying Shareholders.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as members of the Company prior to the close of business on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) for registration with Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Thursday, 10 July 2014.

### **Closure of register of members**

The Company's register of members will be closed from Friday, 11 July 2014 to Wednesday, 16 July 2014, both days inclusive, to determine the eligibility of the Open Offer. No transfer of Shares will be registered during this book closure period.

### **Subscription Price**

The Subscription Price is HK\$3.00 per Offer Share, payable in full upon application.

The Subscription Price represents:

- (a) a discount of approximately 8.26% to the closing price of HK\$3.27 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 5.66% to the theoretical ex-entitlement price of HK\$3.18 based on the closing price of HK\$3.27 per Share as quoted on the Stock Exchange on the Last Trading Day; and

- (c) a discount of approximately 8.81% to the average closing price of approximately HK\$3.29 per Share for the last five consecutive trading days immediately prior to the Last Trading Day.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to, among others, the prevailing market price of the Shares. The Directors consider that the Qualifying Shareholder will be entitled to subscribe for the Offer Shares at the same Subscription Price in proportion to his/her/its shareholding held on the Record Date and the terms of the Open Offer, including the Subscription Price which has been set as a discount to the recent closing prices of the Shares with an objective of encouraging existing Shareholders to take up their entitlements so as to share in the potential growth of the Company, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

After deducting relevant expenses relating to the Open Offer, the net price per Offer Share will be approximately HK\$2.83.

### **Rights of Overseas Shareholders**

The Prospectus Documents will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. In compliance with the necessary requirements of the GEM Listing Rules, the Company will make enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholders. If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Offer Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Open Offer will not be available to such Overseas Shareholders.

Accordingly, the Open Offer will not be extended to the Non-Qualifying Shareholders. Further information in this connection will be set out in the Prospectus Documents containing, among other things, details of the Open Offer, to be despatched to the Qualifying Shareholders on Thursday, 17 July 2014. The Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but no Application Form will be sent to them.

### **Status of the Offer Shares**

The Offer Shares, when allotted and fully-paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Offer Shares in their fully-paid form.

### **Share certificates and refund cheques for the Open Offer**

Subject to the fulfillment of the conditions of the Open Offer, certificates for all fully-paid Offer Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Monday, 11 August 2014. If the Open Offer is terminated, refund cheques will be despatched on or before Monday, 11 August 2014 by ordinary post at the respective Shareholders' own risk.

## **No application for excess Offer Shares**

Considering that the Open Offer will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company, if application for excess Offer Shares is arranged, the Company will be required to put in additional effort, in particular the efforts in handling application for excess Offer Shares by certain people or parties who intend to abuse such mechanism, and additional administration costs to be charged by professional parties to process excess application, to administer the excess application procedures.

Given the Open Offer provides an equal and fair opportunity to all the Qualifying Shareholders to participate in the Group's future development by subscribing for his/her/its entitlements under the Open Offer, the Directors consider that the excess application of the Offer Shares may not be effective so far as the interests of the Group and the Shareholders are concerned.

Taking into account (i) each Qualifying Shareholder will be given equal and fair opportunity to subscribe for his/her/its assured entitlements under the Open Offer at the Subscription Price; and (ii) the Open Offer would be able to broaden Shareholders' base and attract potential investors/subscribers to be procured by the Underwriter under the Open Offer, the Directors are of the view that the absence of excess application to Qualifying Shareholders and the unsubscribed Offer Shares to be taken up by the Underwriters and or subscribers procured by it at the Subscription Price is fair and in the interest of the Company's minority Shareholders.

Accordingly, no excess Offer Shares will be offered to the Qualifying Shareholders and any Offer Shares not taken up by the Qualifying Shareholders will be underwritten by the Underwriter.

## **Fractions of the Offer Shares**

No fractional entitlements to the Offer Shares will be issued to the Shareholders and no entitlements of the Non-Qualifying Shareholders to the Offer Shares will be issued to the Non-Qualifying Shareholders. The Offer Shares representing such fractional entitlements and entitlements of the Non-Qualifying Shareholders will be aggregated and taken up by the Underwriter.

## **Application for the Offer Shares**

The Application Form in respect of the entitlement of the Offer Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Offer Shares as shown therein by completing such form and lodging the same with a remittance for the Offer Shares being taken up with the Registrar by the Latest Time for Acceptance.

## **Application for listing**

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of and permission to deal in, the Offer Shares. Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty (if any) in Hong Kong and any other applicable fees and charges in Hong Kong.

Subject to the granting of the approval for the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

### **Underwriting Agreement**

Date:	25 June 2014
Underwriter:	Kingston Securities Limited
Number of Offer Shares to be underwritten:	6,561,000 Offer Shares. Accordingly, taking into account the New Cove Undertaking, the Open Offer is fully underwritten
Commission:	3.5% of the aggregate Subscription Price in respect of the number of Underwritten Shares
New Cove Undertaking relating to the Offer Shares:	New Cove has irrevocably undertaken in favour of the Company and the Underwriter (i) to convert the Convertible Bonds in the principal amount of HK\$25,000,000.00 into 25,000,000 Shares on or before the commencement of the book close period, i.e. Friday, 11 July 2014; (ii) not to convert the remaining balance of the Convertible Bonds in the principal amount of HK\$15,000,000.00 into 15,000,000 Conversion Shares on or before the Record Date, i.e. Wednesday, 16 July 2014; and (iii) to subscribe for or procure the subscription for the 12,500,000 Offer Shares to be allotted to it under its entitlement pursuant to the Open Offer.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are Independent Third Parties. As at the date of this announcement, the Underwriter is interested in 96 Shares.

Pursuant to the Underwriting Agreement, when the Underwriter being called upon to subscribe for or procure subscription for any untaken Offer Shares:

- i. the Underwriter shall not subscribe, for its own account, for such number of underwritten Offer Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 9.9% of the voting rights of the Company upon the completion of the Open Offer; and



- ii. the Underwriter shall use its best endeavours to ensure that (1) each of the subscribers of the underwritten Offer Shares procured by it shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors or chief executive or substantial shareholders of the Company or their respective associates; and (2) the public float requirements under Rule 11.23(7) of the GEM Listing Rules be fulfilled by the Company upon completion of the Open Offer.

The underwriting commission was determined after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market rate. The Board considers that the terms of the Underwriting Agreement (including the underwriting commission) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **New Cove Undertaking**

As at the date of this announcement, New Cove is interested in the Convertible Bonds which entitled New Cove to convert the principal amount into 40,000,000 new Shares at an initial conversion price of HK\$1.00 per Share (subject to further adjustment, if required). Pursuant to the New Cove Undertaking, New Cove has irrevocably undertaken to the Company and to the Underwriter (i) to convert the Convertible Bonds in the principal amount of HK\$25,000,000.00 into 25,000,000 Shares before the commencement of the book close period, i.e. Friday, 11 July 2014; (ii) not to convert the remaining balance of the Convertible Bonds in the principal amount of HK\$15,000,000.00 into 15,000,000 Conversion Shares on or before the Record Date, i.e. Wednesday, 16 July 2014; (iii) to subscribe for or procure the subscription for the 12,500,000 Offer Shares to be allotted to it under its entitlement pursuant to the Open Offer; and (iv) to lodge the Application Form(s) in respect of the Offer Shares referred to in paragraph (iii) above accompanied by the appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.

### **Termination of the Underwriting Agreement**

If, prior to the Latest Time for Termination (provided that for the purposes of the termination clause of the Underwriting Agreement, if the date of the Latest Time for Termination shall be a business day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next business day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

- (1) in the absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or

- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction on trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospectus of the Group as a whole; or
- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Open Offer; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of this announcement, or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or
- (8) the Prospectus when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter be material to the Group as a whole upon completion of the Open Offer and is likely to affect materially and adversely the success of the Open Offer, the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement above comes to the knowledge of the Underwriter; or
- (2) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

Upon the giving of notice in accordance with the above, the Underwriting Agreement shall terminate and the obligations of the parties shall forthwith cease and be null and void and none of the parties shall, save in respect of any right or liability accrued before such termination, have any right against or liability towards any of the other parties arising out of or in connection with the Underwriting Agreement provided that the Company shall remain liable to pay to the Underwriter reasonable legal fees and other reasonable out-of-pocket expenses of the Underwriter (but not the underwriting commission) in respect of the Open Offer.

#### **Conditions of the Open Offer**

The Open Offer is conditional upon:

- (1) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (2) the filing with the Registrar of Companies in Bermuda one copy of the Prospectus Documents duly signed by one Director (for and on behalf of all Directors) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) or otherwise in compliance with the Companies Act on or before the Prospectus Posting Date;
- (3) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus only to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date;
- (4) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares by no later than the first day of their dealings on the Stock Exchange;
- (5) if necessary, the Bermuda Monetary Authority granting consent to the issue of the Offer Shares by the Latest Time for Termination or such other time as the Underwriter may agree with the Company in writing;

- (6) the obligations of the Underwriter becoming unconditional and the Underwriting Agreement is not terminated in accordance with its terms;
- (7) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement and the representations and warranties given by the Company under the Underwriting Agreement remaining true, correct and not misleading in all material respects;
- (8) compliance with and performance of all undertakings and obligations of New Cove under the New Cove Undertaking;
- (9) compliance with the requirements under the applicable laws and regulations of Hong Kong and Bermuda; and
- (10) there being no event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect.

The conditions precedent (other than condition (7) which can only be waived by the Underwriter) are incapable of being waived. If the conditions precedent are not satisfied in whole or in part by the Company by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches provided that the Company shall remain liable to pay to the Underwriter reasonable legal fees and other reasonable out-of-pocket expenses of the Underwriter (but not the underwriting commission) in respect of the Open Offer.

As at the date of this announcement, none of the above conditions is fulfilled.

### **Tentative timetable**

The tentative timetable for the Open Offer is set out below:

	<b>2014</b>
Last day of dealings in Shares on cum-entitlements of the Open Offer	Tuesday, 8 July
First day of ex-entitlements of the Open Offer	Wednesday, 9 July
Latest time for lodging transfers of Shares in order to qualify for the Open Offer	4:30 p.m. on Thursday, 10 July
Register of members closes (both days inclusive)	Friday, 11 July to Wednesday, 16 July
Record date	Wednesday, 16 July
Register of members re-open	Thursday, 17 July
Despatch of the Prospectus Documents	Thursday, 17 July

Latest time for acceptance and payment for the Offer Shares	4:00 p.m. on Thursday, 31 July
Latest time for termination of the Underwriting Agreement by the Underwriter	4:00 p.m. on Wednesday, 6 August
Announcement of the results of the Open Offer	Friday, 8 August
Despatch of share certificates for Offer Shares	Monday, 11 August
Despatch of refund cheques if the Open Offer is terminated	Monday, 11 August
Expected first day of dealings in fully-paid Offer Shares on the Stock Exchange	9:00 a.m. on Tuesday, 12 August

All times stated in this announcement refer to Hong Kong times. The tentative timetable for the Open Offer set out above has been prepared on the assumption that all the conditions of the aforesaid transactions will be fulfilled and is indicative only and may be extended or varied. Any changes to the anticipated timetable for the Open Offer will be announced as appropriate.

## Shareholding structure of the Company

Set out below are the shareholding structures of the Company before and after the completion of the Open Offer:

Shareholders	As at the date of this announcement		Assuming 25,000,000 Shares are allotted and issued on or before the commencement of the book close period		Assuming 25,000,000 Shares are allotted and issued on or before the commencement of the book close period and immediately after completion of the Open Offer (assuming all Offer Shares are taken up by the Qualifying Shareholders)		Assuming 25,000,000 Shares are allotted and issued on or before the commencement of the book close period and immediately after completion of the Open Offer (assuming none of the Offer Shares are taken up by the Qualifying Shareholders, other than New Cove pursuant to the New Cove Undertaking)	
	No. of Shares	% (approx.)	No. of Shares	% (approx.)	No. of Shares	% (approx.)	No. of Shares	% (approx.)
Mr. Wang Xiaofei (Note 1)	2,304,000	17.56	2,304,000	6.04	3,456,000	6.04	2,304,000	4.03
Mr. Du Juanhong (Note 2)	1,065,800	8.12	1,065,800	2.80	1,598,700	2.80	1,065,800	1.86
New Cove and parties acting in concert with it	—	—	25,000,000	65.58	37,500,000	65.58	37,500,000	65.58
<b>Public Shareholders</b>								
Other Shareholders	9,752,104	74.32	9,752,104	25.58	14,628,204	25.58	9,752,104	17.06
The Underwriter	96	0.00	96	0.00	96	0.00	6,561,096 (Note 3)	11.47
<b>Total:</b>	<b>13,122,000</b>	<b>100.00</b>	<b>38,122,000</b>	<b>100.00</b>	<b>57,183,000</b>	<b>100.00</b>	<b>57,183,000</b>	<b>100.00</b>

### Notes:

- Mr. Wang Xiaofei is a substantial shareholder. He was an executive Director before his resignation on 25 May 2014.
- Mr. Du Juanhong was a non executive Director before his resignation on 3 June 2014.
- For illustration purpose only. Pursuant to the Underwriting Agreement, when the Underwriter being called upon to subscribe for or procure subscription for any untaken Offer Shares: i. the Underwriter shall not subscribe, for its own account, for such number of underwritten Offer Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 9.9% of the voting rights of the Company upon the completion of the Open Offer; and ii. the Underwriter shall use its best endeavours to ensure that (1) each of the subscribers of the underwritten Offer Shares procured by it shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors or chief executive or substantial shareholders of the Company or their respective associates; and (2) the public float requirements under Rule 11.23(7) of the GEM Listing Rules be fulfilled by the Company upon completion of the Open Offer.

## REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

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

Based on the unaudited management accounts of the Group, as at 31 May 2014, the Group has cash and bank balances of approximately HK\$48.52 million and the total borrowing of the Group reached approximately HK\$63.17 million and the monthly interest expenses of the Group is approximately HK\$262,000.00.

The gross proceeds from the Open Offer will be approximately HK\$57.18 million. The net proceeds from the Open Offer after deducting all relevant expenses will be approximately HK\$54.00 million. The Board intends to apply all the net proceeds of the Open Offer for the repayment of the outstanding debt of the Company. In view of the above, the Board considers that the Open Offer presents an opportunity for the Company to reduce interest burden of the Group and strengthen the capital base of the Group. The Board also considers that the Open Offer is in the interests of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the future development of the Company.

However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company would be diluted.

#### **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT**

No fund raising activity has been conducted by the Company in the past twelve months immediately preceding the date of this announcement.

#### **GEM LISTING RULES IMPLICATIONS**

Since the Open Offer will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the twelve-month period immediately preceding this announcement and the Open Offer is fully underwritten by the Underwriter who is not a director, chief executive or substantial shareholder of the Company (or an associate of any of them) pursuant to Rules 10.39 and 10.42 of the GEM Listing Rules, the Open Offer is not subject to Shareholders' approval under the GEM Listing Rules.

#### **ADJUSTMENTS TO THE CONVERTIBLE BONDS**

As a result of the Open Offer, the conversion price and/or the number of Shares to be issued upon exercise of the conversion rights attaching to the Convertible Bonds in the remaining principal amount of HK\$15,000,000.00 may be adjusted in accordance with the terms and conditions of the Convertible Bonds. Further announcement will be made by the Company in respect of such adjustments as and when appropriate.

#### **GENERAL**

The Prospectus Documents setting out details of the Open Offer will be despatched to the Qualifying Shareholders, and the Prospectus will be despatched to the Non-Qualifying Shareholders for their information only on Thursday, 17 July 2014.

#### **WARNING OF THE RISK OF DEALINGS IN THE SHARES**

**Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer**

**may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

**Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from Wednesday, 9 July 2014 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on 4:00 p.m. on Wednesday, 6 August 2014), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.**

## **TERMS USED IN THIS ANNOUNCEMENT**

In this announcement, unless the context otherwise required, the following terms and expressions shall have the following meanings when used herein.

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“Application Form”	the form of application to be used by the Qualifying Shareholders to apply for the Offer Shares in the agreed form
“associate(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors from time to time
“Business Day(s)”	any day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the central Clearing and Settlement Systems established and operated by HKSCC
“Companies Ordinance”	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions Ordinance), Chapter 32 of the Laws of Hong Kong (as amended from time to time)
“Company”	EDS Wellness Holdings Limited (stock code: 8176), a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and its issued shares are listed on GEM
“Conversion Share(s)”	the new Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds



“Convertible Bonds”	the zero coupon convertible bonds in principal amount of HK\$40,000,000.00 to be issued by the Company to New Cove pursuant to the subscription agreement dated 21 March 2013 and entered into between the Company and New Cove. Details of the subscription agreement have been disclosed in the Company’s announcements dated 21 March 2013, 30 October 2013 and 22 May 2014 and the circular dated 23 May 2013.
“Director(s)”	the director(s) of the Company
“Eternity”	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
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	the Listing Committee of GEM
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries from time to time
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected person(s) (as defined under the GEM Listing Rules)
“Last Trading Day”	Wednesday, 25 June 2014, being the last trading day for the Shares before the date of this announcement
“Latest Time for Acceptance”	the latest time for acceptance for the Offer Shares at 4:00 p.m., on Thursday, 31 July 2014 or such other time as may be agreed between the Company and the Underwriter
“Latest Time for Termination”	the latest time for terminating the Underwriting Agreement at 4:00 p.m., on Wednesday, 6 August 2014, being the fourth Business Day after the Latest Time for Acceptance
“New Cove”	New Cove Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of Eternity
“New Cove Undertaking”	the irrevocable undertaking given by New Cove in favour of the Company and the Underwriter under the Underwriting Agreement, details of which are set out in the section headed “New Cove Undertaking” in this announcement

“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) in respect of whom the Board (after making relevant enquiries), consider it necessary or expedient not to offer the Offer Shares to such Overseas Shareholder(s) on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Offer Shares”	19,061,000 new Shares to be allotted and issued pursuant to the Open Offer
“Open Offer”	the proposed issue of the Offer Shares at the Subscription Price on the basis of one (1) Offer Share for every two (2) existing Shares held on the Record Date
“Overseas Shareholder(s)”	the Shareholder(s) with registered address(es) (as shown in the register of members of the Company on the Record Date) are outside Hong Kong
“Prospectus”	the document containing details of the Open Offer to be despatched to the Shareholders
“Prospectus Documents”	the Prospectus and the Application Form
“Prospectus Posting Date”	Thursday, 17 July 2014 or such later date as may be agreed between the Underwriter and the Company for the despatch of the Prospectus Documents to the Qualifying Shareholders (or the Prospectus only in case of Non-Qualifying Shareholder(s))
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Wednesday, 16 July 2014, or such other date as may be agreed between the Company and the Underwriter for determining entitlements to the Open Offer
“Registrar”	Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, the branch share register and transfer office of the Company in Hong Kong
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$3.00 per Offer Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

“Underwriter”	Kingston Securities Limited, a licensed corporation to carry on type 1 (dealing in securities) regulated activity for the purposes of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Underwriting Agreement”	the underwriting agreement dated 25 June 2014 in relation to the Open Offer entered into among the Company, the Underwriter and New Cove
“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, 25 June 2014

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Yu Zhen Hua Johnny, Mr. Wang Shangzhong and Mr. Lee Chan Wah; 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](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).*