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EDS Wellness Holdings Limited

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

(stock code: 8176)

ANNOUNCEMENT PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE REGARDING A SUBSCRIPTION OF NEW SHARES AND CONVERTIBLE PREFERRED SHARES AND A POSSIBLE OFFER AND INSIDE INFORMATION

This announcement is made by EDS Wellness Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 3.7 of The Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”), Rule 17.10(2)(a) of the Rules Governing the Listing of Securities the Growth Enterprise Market (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 21 January 2015 (the “**Announcement**”) in respect of a possible fund raising and new business development of the Company. Capitalised terms used in this announcement have the same meanings as defined in the Announcement unless stated otherwise.

On 17 February 2015, the Company, as issuer, entered into a conditional subscription agreement (the “**Subscription Agreement**”) with six investors (the “**Subscribers**”), which are third parties independent of the Company and its connected persons (as defined under the GEM Listing Rules), as subscribers, in relation to a subscription of Shares and convertible preferred shares of the Company (the “**Subscription Shares**”) by the Subscribers (the “**Subscription**”).

Subject to satisfaction and/or waiver (as the case may be) of the terms and conditions set out in the Subscription Agreement, upon completion of the Subscription Agreement, the Subscribers, in aggregate, will hold more than 50% of the then voting rights in the Company. Pursuant to the Subscription Agreement, one of the Subscribers (the “**Major Subscriber**”), who will subscribe for the largest portion of the Subscription Shares and who

will own approximately 42.86% of the Shares in issue as enlarged by the allotment and issue of the Subscription Shares (assuming none of the convertible preferred shares of the Company to be subscribed by the Subscribers are converted) and 40.00% of the Shares in issue as enlarged by the allotment and issue of the Subscription Shares and upon conversion in full of the convertible preferred shares of the Company to be subscribed by the Subscribers, has undertaken to the Company that, following and subject to completion of the Subscription Agreement, it will make an unconditional mandatory general offer (the “**Possible Offer**”) in compliance with the Takeovers Code in cash for all the Shares (other than those already owned by or agreed to be acquired by it and parties acting in concert with it including a certain number of the Shares held by the Company’s existing controlling shareholder (which is considered a party acting in concert with the Subscribers as a result of certain non-disposal undertakings between it and the Subscribers) in respect of which such existing controlling shareholder has undertaken not to accept the Possible Offer).

Details of the Subscription Agreement, the Possible Offer and the other related arrangements and information will be set out in a detailed announcement to be issued by the Company in compliance with Rule 3.5 of the Takeovers Code and the applicable requirements under the GEM Listing Rules as soon as practicable. In compliance with Rule 3.7 of the Takeovers Code, monthly announcement(s) setting out the progress of the aforesaid matters will be made until an announcement of a firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer is made. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the GEM Listing Rules and the Takeovers Code (as the case may be).

For the purposes of the Takeovers Code, the offer period commences on 24 February 2015, being the date of this announcement.

In compliance with Rule 3.8 of the Takeovers Code, the relevant securities of the Company in issue as at the date of this announcement comprise 74,803,000 Shares and there is no other outstanding options, warrants, or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date hereof.

The associates (within the meaning ascribed thereto under the Takeovers Code, including but not limited to any person holding 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company) of the Company and the Major Subscriber are hereby reminded to disclose their dealings in the relevant securities of the Company under Rule 22 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

“Executive” referred to above has the meaning ascribed to it under the Takeovers Code.

Shareholders and potential investors of the Company should note that completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions (as the case may be) contained in the Subscription Agreement. Accordingly, the Possible Offer may or may not be made. The issue of this announcement does not in any way imply that the Possible Offer will be made. Shareholders and potential investors of the Company should exercise caution when dealing in the relevant securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

This announcement is made by the order of the Company. The Board collectively and individually accepts responsibility for the accuracy of this announcement.

With reference to the announcement of the Company dated 16 February 2015, trading in the Shares on the Stock Exchange was suspended with effect from 2:45 p.m. on 16 February 2015 pending the release of an announcement regarding inside information and pursuant to the Takeovers Code. The Company will issue the announcement setting out the details of the Subscription Agreement, the Possible Offer and the other related arrangements and information pursuant to Rule 3.5 of the Takeovers Code as soon as practicable. Trading in the Shares on the Stock Exchange will remain suspended until further notice.

By Order of the Board
EDS Wellness Holdings Limited
Chan Kin Wah Billy
Chairman

Hong Kong, 24 February 2015

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Chan Kin Wah Billy 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 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information 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 statement 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.