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EDS Wellness Holdings Limited

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

(Stock Code: 8176)

TERMINATION OF THE EXCLUSIVE DISTRIBUTION AGREEMENT FOR EVIDENS DE BEAUTÉ PRODUCTS

This announcement is made by EDS Wellness Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10(2) of the Rules Governing the Listing of Securities on the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

EDS Distribution Limited (“**EDS Distribution**”), an indirect wholly-owned subsidiary of the Company, is currently the exclusive distributor for “**Evidens de Beauté**” products in Hong Kong and Macau under an exclusive distribution agreement (the “**Exclusive Distribution Agreement**”) with Montaigne Limited (“**Montaigne**”). The initial term of the exclusive distributorship under the Exclusive Distribution Agreement will expire on 30 June 2015 which will be automatically renewed for 1 year unless terminated by either party to the Exclusive Distribution Agreement by giving not less than 3-month prior notice. Pursuant to the terms of the Exclusive Distribution Agreement, the minimum annual purchase amount that EDS Distribution is required to deliver for the renewed term shall not be less than the minimum annual purchase amount for the last contractual year.

Due to the decline in the growth of the number of Mainland China visitors to Hong Kong and their spending power and the negative impact of the recent anti-parallel import protests on the retail market, the Group is not optimistic on the performance of the retail market in the forthcoming period. In order to avoid the risk of not meeting the minimum annual purchase amount under the Exclusive Distribution Agreement, on 31 March 2015 (after trading hours), EDS Distribution notified Montaigne of its intention to terminate the Exclusive Distribution Agreement upon the expiry of the initial term of the Exclusive Distribution Agreement on 30 June 2015. EDS Distribution intends to negotiate with Montaigne on the continuance of the distribution of “**Evidens de Beauté**” products in Hong Kong and Macau on a non-exclusive basis without any minimum annual purchase amount and advertising and promotion obligations. Further announcement(s) will be made by the Company in this regard as and when appropriate.

The Group will continue the operation of the spa “La Boutique Evidens de Beauté” in Central after the expiry of the Exclusive Distribution Agreement under the current name or a different name depending on whether any agreement in respect of the spa can be reached with Montaigne. The prepaid packages and membership of the spa “La Boutique Evidens de Beauté” will continue to be effective.

The Company also refers to the announcement dated 24 February 2015 made pursuant to Rule 3.7 of the Code on Takeovers and Mergers (the “**Announcement**”). Capitalised terms used hereunder have the same meanings as defined in the Announcement. As stated in the Announcement, as a result of the Possible Offer, the offer period has commenced. For the purpose of Rule 4 of the Takeovers Code, the termination of the Exclusive Distribution Agreement constitutes a frustrating action. The Company has obtained the consent of the Major Subscriber, being the potential offeror to the termination. The Company has also made an application to the Executive for a waiver from the general requirement to obtain shareholders’ approval in respect of the termination pursuant to Rule 4 of the Takeovers Code.

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

Hong Kong, 31 March 2015

*As at the date of this announcement, the board (the “**Board**”) of directors (the “**Directors**”) of the Company 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.