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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect about this prospectus or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in EDS Wellness Holdings Limited (the “Company”), you should at once hand the Prospectus Documents (as defined herein) to the purchaser or the transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Dealings in the Shares (as defined herein) and the Offer Shares (as defined herein) may be settled through CCASS (as defined herein) established and operated by HKSCC (as defined herein). You should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

A copy of each of the Prospectus Documents, together with copies of the documents specified in the paragraph headed “Documents delivered to the Registrar of Companies in Hong Kong” in Appendix III to this prospectus, have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as defined herein). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of any of these documents.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange (as defined herein), the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or, under contingent situation, such other dates 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 the CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of the Prospectus Documents, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.

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### EDS Wellness Holdings Limited

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

**(Stock Code: 8176)**

## 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

**Underwriter to the Open Offer**



**金利豐證券**

**KINGSTON SECURITIES**

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The latest time for acceptance of and payment for the Offer Shares is 4:00 p.m. on Thursday, 31 July 2014. The procedures for application are set out on pages 20 to 22 of this prospectus.

The Open Offer is subject to the satisfaction of certain conditions as described in the section headed “Conditions of the Open Offer” herein, in particular, the Underwriting Agreement having become unconditional and not having been terminated (see the section headed “Termination of the Underwriting Agreement” herein) on or before the Latest Time for Termination. Accordingly, the Open Offer may or may not proceed.

Shareholders should note that the Shares have been dealt in on an ex-entitlement basis commencing from Wednesday, 9 July 2014 and that dealings in Shares will continue to 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 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.

17 July 2014

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## CHARACTERISTICS OF GEM

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GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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## DEFINITIONS

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*In this Prospectus, unless the context otherwise requires, the following expressions shall have the following meanings:*

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“Announcement”	the announcement of the Company dated 25 June 2014 in relation to the terms and conditions of the Open Offer pursuant to the Underwriting Agreement
“Application Form(s)”	the form(s) of application to be used by the Qualifying Shareholders to apply for the Offer Shares in the form agreed by the Company and the Underwriter
“associate(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of the Directors
“Business Day”	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 System established and operated by HKSCC
“Companies Ordinance”	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong (as amended from time to time)
“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 the issued shares of which are listed on the 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

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## DEFINITIONS

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“Convertible Bonds”	the zero coupon convertible bonds in principal amount of HK\$40,000,000 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 from time to time
“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
“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 and 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 release of the Announcement, being the date of the Underwriting Agreement
“Latest Lodging Date”	4:30 p.m. on Thursday, 10 July 2014 as the latest time for lodging transfer of Shares for registration in order to qualify for the Open Offer
“Latest Practicable Date”	Monday, 14 July 2014, being the latest practicable date for ascertaining certain information for inclusion in this prospectus

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## DEFINITIONS

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“Latest Time for Acceptance”	the latest time for acceptance of and payment 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 prospectus
“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 of HK\$3.00 per Offer Share 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
“PRC”	the People’s Republic of China excluding, for the purpose of this prospectus, Hong Kong, the Macau Special Administrative Region and Taiwan
“Prospectus”	this prospectus issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus and the Application Form

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## DEFINITIONS

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“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 the case of the Non-Qualifying Shareholder(s))
“Qualifying Shareholder(s)”	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, being the date by reference to which entitlements to the Open Offer was determined
“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
“SFO”	The Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Shares
“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 business in type 1 regulated activity (dealing in securities) under the SFO
“Underwriting Agreement”	the underwriting agreement dated 25 June 2014 in relation to the Open Offer entered into between the Company, the Underwriter and New Cove
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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It should be noted that the Underwriting Agreement contains provisions entitling the Underwriter to terminate its obligations thereunder if

- (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



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## TERMINATION OF THE UNDERWRITING AGREEMENT

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- (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 the 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.

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## EXPECTED TIMETABLE

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2014

Latest time for Acceptance . . . . . 4:00 p.m. on  
Thursday, 31 July

Latest time for Termination . . . . . 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 to the shareholders  
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

*Notes:*

1. All times and dates refer to Hong Kong local times and dates.
2. The Latest Time for Acceptance will not take place if there is:
  - a tropical cyclone warning signal number 8 or above, or
  - a “black, rainstorm warning
  - (i) in force in Hong Kong at any local time at or before 12:00 noon and no longer in force after 12:00 noon on Thursday, 31 July 2014. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
  - (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Thursday, 31 July 2014. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance does not take place on Thursday, 31 July 2014, the dates mentioned in this section headed “Expected timetable” may be affected. An announcement will be made by the Company in such event advising the revised dates.

3. Dates or deadlines specified in this Prospectus for events in the expected timetable for (or otherwise in relation to) the Open Offer are indicative only and may be extended or varied by agreement between the Company and the Underwriter and in accordance with the applicable rules and regulations. Any consequential changes to the expected timetable for the Open Offer will be published by way of an announcement.

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## LETTER FROM THE BOARD

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### **EDS Wellness Holdings Limited**

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

**(Stock Code: 8176)**

*Executive Directors:*

Mr. Yu Zhen Hua Johnny  
*(Chairman and Managing Director)*  
Mr. Wang Shangzhong  
Mr. Lee Chan Wah

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Independent non-executive Directors:*

Mr. Tam B Ray Billy  
Mr. Chu Kin Wang Peleus  
Mr. Tse Joseph

*Head office and principal place of  
business in Hong Kong:*

19/F., Prosperity Tower  
No. 39 Queen's Road Central  
Central, Hong Kong

17 July 2014

*To the Qualifying Shareholders and,  
for information only, the Non-Qualifying Shareholders*

Dear Sir or Madam,

**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**

#### **INTRODUCTION**

On 25 June 2014, the Company announced that it proposed to raise approximately HK\$57.18 million before expenses by way of the Open Offer issuing 19,061,000 Offer Shares at the Subscription Price per Offer Share 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 not taken up in excess of their respective entitlements under the Open Offer. The Open Offer is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

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## LETTER FROM THE BOARD

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As at the date of the Announcement, the Company had 13,122,000 Shares in issue. Pursuant to the New Cove Undertaking under the Underwriting Agreement, New Cove has converted the Convertible Bonds in the principal amount of HK\$25,000,000 into 25,000,000 Shares on 2 July 2014 (the “**Conversion**”). As a result of the Conversion, the issued share capital of the Company had increased from 13,122,000 Shares to 38,122,000 Shares.

As at the Latest Lodging Date, the Company had 38,122,000 Shares in issue. Given that the register of members was closed from Friday, 11 July 2014, being the next Business Day immediately after the Latest Lodging Date, to Wednesday, 16 July 2014 and no further Shares were issued or repurchased during the book close period, the total number of issued Shares on the Record Date was the same as the Latest Lodging Date. As such, on the basis of one Offer Share for every two existing Shares held on the Record Date, 19,061,000 Offer Shares will be allotted and issued by the Company, of which 12,500,000 Offer Shares will be taken up by New Cove pursuant to the New Cove Undertaking and 6,561,000 Offer Shares will be underwritten by the Underwriter pursuant to the Underwriting Agreement.

The purpose of this Prospectus is to provide you with, among other things, further details of (i) the Open Offer including the procedures for application and payment for the Offer Shares; (ii) the financial information of the Group; and (iii) the general information of the Group.

### THE OPEN OFFER

#### Open Offer 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 Prospectus:	38,122,000 Shares
Number of Offer Shares:	19,061,000 Offer Shares

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## LETTER FROM THE BOARD

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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 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 into 15,000,000 Conversion Shares on or before the Record Date; 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 Prospectus
Number of Offer Shares to be underwritten by the Underwriter:	6,561,000 Offer Shares. Taking into account the New Cove Undertaking, accordingly, 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 Latest Practicable Date, the Company has the outstanding Convertible Bonds in an aggregate principal amount of HK\$15,000,000, 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). Save for the outstanding Convertible Bonds in an aggregate principal amount of HK\$15,000,000 held by New Cove, 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 Latest Practicable Date.

The 19,061,000 Offer Shares proposed to be allotted and issued, represents 50.00% of the Company’s issued share capital as at the Latest Practicable Date and approximately 33.33% of the Company’s issued share capital as enlarged by the allotment and issue of 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.

### **Basis of entitlement**

The basis of the entitlement shall be one Offer Share for every two existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price of HK\$3.00 per Offer Share. 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.

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## LETTER FROM THE BOARD

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### Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders. The Company has sent (i) the Prospectus Documents to the Qualifying Shareholders; and (ii) 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: (i) be registered on the register of members of the Company; and (ii) not being the Non-Qualifying Shareholders. The register of members of the Company was closed from Friday, 11 July 2014 to Wednesday, 16 July 2014 (both days inclusive) for determining the entitlements of the Qualifying Shareholders to the Open Offer, and accordingly no transfer of Shares was registered during that period.

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.

The invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable.

### 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;
- (c) a discount of approximately 8.54% to the average closing price of approximately HK\$3.28 per Share for the last five consecutive trading days immediately prior to the Last Trading Day; and
- (d) a discount of approximately 12.28% to the closing price of HK\$3.42 per Share as at the Latest Practicable Date.

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 each 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 Qualifying 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

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## LETTER FROM THE BOARD

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interests of the Company and the Shareholders as a whole. After deduct all relevant expenses relating to the Open Offer, the net price per Offer Share under the Open Offer will be approximately HK\$2.83.

### **Rights of Overseas Shareholders**

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Accordingly, the Prospectus Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdiction other than Hong Kong. Shareholder whose address on the register of members of the Company is in a place outside Hong Kong, may not be eligible to take part in the Open Offer. The Company will send this Prospectus (but not the Application Form), for information purposes only, to the Non-Qualifying Shareholders (if any), if and to the extent legally and practically permissible.

Having reviewed the register of members of the Company as at the Record Date, the Company noted that 2 Shareholders were registered with overseas addresses situated in the PRC. The Company has complied with all necessary requirements specified in Rule 17.41(1) (including notes 1 & 2) of the GEM Listing Rules and has made enquiry with the PRC legal adviser regarding the feasibility of extending the Open Offer to the Overseas Shareholders under the laws of the PRC and the requirements of the PRC's regulatory body or stock exchange.

Based on the legal advice provided by the PRC legal adviser, the Directors are of the view that it is expedient to extend the Open Offer to all the Overseas Shareholders in the PRC as there are no legal restrictions prohibiting the making of Open Offer in the PRC's jurisdiction and no local legal or regulatory compliance is required to be made in the PRC's jurisdiction. Accordingly, such Overseas Shareholders together with the Shareholders with registered addresses in Hong Kong are the Qualifying Shareholders.

No action has been taken to permit the offering of the Offer Shares, or the distribution of this prospectus or the Application Form, in any territory or jurisdiction outside Hong Kong. Accordingly, no person receiving a copy of this prospectus or the Application Form in any territory or jurisdiction outside Hong Kong may treat it as an offer or invitation to apply for the Offer Shares, unless in the relevant jurisdiction such an offer or invitation could lawfully be made without compliance with any registration or other legal or regulatory requirements.

It is the responsibility of any person (including but without limitation to nominee, agent and trustee) receiving a copy of this prospectus or the Application Form outside Hong Kong and wishing to take up the Offer Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction including the obtaining of any governmental or other consents for observing any other formalities which may be required in such territory or jurisdiction, and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. The Company will not be responsible for verifying the legal qualification of such Overseas Shareholder(s) in such territory or jurisdiction, thus, should the Company suffer any losses



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## LETTER FROM THE BOARD

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or damages due to non-compliance with the relevant laws of such territory or jurisdiction by any such Overseas Shareholder(s) and/or resident(s), the Overseas Shareholder(s) and/or resident(s) shall be responsible to compensate the Company for the same. The Company shall not be obliged to issue the Offer Shares to any such Overseas Shareholder(s) and/or resident(s), if at the Company's absolute discretion issuing the Offer Shares to them does not comply with the relevant laws of such territory or jurisdiction. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty. If you are in any doubt as to your position, you should consult your professional advisers.

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

The Offer Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares. 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.

Each Qualifying Shareholder will receive one share certificate for all the fully-paid Offer Shares issued to him/her/it.

Dealings in the Offer Shares are expected to commence on Tuesday, 12 August 2014.

### **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.



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## LETTER FROM THE BOARD

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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**

Entitlement to the Open Offer will be rounded down to the nearest whole number. 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 the Application 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 has applied 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.

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## LETTER FROM THE BOARD

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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.

The Offer Shares will have the same board lot size of 5,000 Shares per board lot.

### UNDERWRITING AGREEMENT

Date:	25 June 2014
Underwriter:	Kingston Securities Limited
Number of Offer Shares	6,561,000 Offer Shares. Accordingly, taking into account the New Cove Undertaking, the Open Offer is fully underwritten by the Underwriter.
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 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 into 15,000,000 Conversion Shares on or before the Record Date; 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 Prospectus, 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

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## LETTER FROM THE BOARD

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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**

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 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 into 15,000,000 Conversion Shares on or before the Record Date; (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.

As at the Latest Practicable Date, New Cove is interested in (i) 25,000,000 Shares; and (ii) the Convertible Bonds which entitled New Cove to convert the 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).

As at the Latest Practicable Date, other than New Cove, the Company had not received any undertaking provided by any other Shareholders to subscribe for his/her/its entitlement under the Open Offer or any arrangement that may have an effect on the Open Offer.

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## LETTER FROM THE BOARD

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### 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

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## LETTER FROM THE BOARD

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- (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 the 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.

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## LETTER FROM THE BOARD

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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;

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## LETTER FROM THE BOARD

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- (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 Latest Practicable Date, the condition (9) has been fulfilled.

### PROCEDURES FOR ACCEPTANCE AND PAYMENT FOR THE OFFER SHARES

The Application Form is enclosed with this Prospectus which entitles the Qualifying Shareholders to whom it is addressed to subscribe for the number of Offer Shares as shown therein subject to payment in full by the Latest Time for Acceptance. Qualifying Shareholders should note that they may subscribe for any number of Offer Shares only up to the number set out in the Application Form.

If Qualifying Shareholders wish to exercise their rights to subscribe for all the Offer Shares offered to them as specified in the Application Form or to exercise their rights to subscribe for any number less than their entitlements under the Open Offer, they must complete, sign and lodge the Application Form in accordance with the instructions printed thereon, together with remittance for the full amount payable in respect of such number of Offer Shares they have subscribed for with the Registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by not later than 4:00 p.m. on Thursday, 31 July 2014. All remittance(s) must be made in Hong Kong dollars and cheques must be drawn on an account with, or bankers' cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**EDS Wellness Holdings Limited — Open Offer Account**" and crossed "**Account Payee Only**".



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## LETTER FROM THE BOARD

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It should be noted that unless the duly completed and signed Application Form, together with the appropriate remittance, have been lodged with the Registrar, Tricor Secretaries Limited, by not later than 4:00 p.m. on Thursday, 31 July 2014, the relevant assured allotment of Offer Shares and all rights and entitlements in relation thereto shall be deemed to have been declined and will be cancelled.

The Application Form contains full information regarding the procedures to be followed if you wish to accept the whole or part of your assured entitlement.

All cheques or cashier's orders accompanying completed Application Form will be presented for payment upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of an Application Form with a cheque and/or cashier's order, will constitute a warranty by the applicant that the cheque and/or cashier's order will be honoured on first presentation. Any application in respect of which the cheque or cashier's order is dishonoured on first presentation is liable to be rejected, and in that event the assured entitlement and all rights thereunder will be deemed to have been declined and will be cancelled.

If the conditions of the Open Offer are not fulfilled and/or the Underwriting Agreement is terminated in accordance with its terms before the Latest Time for Termination, the monies received in respect of acceptance of Offer Shares will be refunded, without interests, by sending a cheque made out to the applicant (or in the case of joint applicants, to the first named applicant) and crossed "Account Payee Only", through ordinary post at the risk of the applicant(s) to the address specified in the register of members of the Company on or before Monday, 11 August 2014.

Save as described under the paragraph headed "Rights of Overseas Shareholders" above, no action has been taken to permit the offering of the Offer Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving this Prospectus or the Application Form in any territory outside Hong Kong may treat it as an offer or invitation to apply for the Offer Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. It is the responsibility of anyone receiving the Prospectus Documents outside Hong Kong wishing to make an application for the Offer Shares to satisfy himself/herself/itself before subscribing for the assured allotted Offer Shares, as to the full observance of the laws and regulations of all relevant jurisdictions, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in any such jurisdiction in connection therewith. The Company reserves the right to refuse to accept any application for the Offer Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction. No application for the Offer Shares will be accepted from any person who is a Non-Qualifying Shareholder.

The Company will not allot any fractions of Offer Shares.

The Application Form is for use only by the person(s) name therein and is not transferable.



## LETTER FROM THE BOARD

No receipt will be issued in respect of any application monies received.

### SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company before and after the completion of the Open Offer:

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Open Offer (assuming all Offer Shares are taken up by the Qualifying Shareholders)		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) (Note 3)	
	No. of Shares	% (approx.)	No. of Shares	% (approx.)	No. of Shares	% (approx.)
Mr. Wang Xiaofei (Note 1)	2,304,000	6.04	3,456,000	6.04	2,304,000	4.03
Mr. Du Juanhong (Note 2)	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	25.58	14,628,204	25.58	9,752,104	17.06
The Underwriter and the subscribers procured by the Underwriter	96	0.00	96	0.00	6,561,096	11.47
<b>Total:</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:

1. Mr. Wang Xiaofei is a substantial shareholder. He was an executive Director before his resignation on 25 May 2014.
2. Mr. Du Juanhong was a non-executive Director before his resignation on 3 June 2014.
3. For illustration purpose only. The Underwriter will not become a substantial shareholder immediately after completion of the Open Offer. 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.

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## LETTER FROM THE BOARD

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### 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.

As disclosed in the announcements of the Company dated 21 March 2013 and 20 March 2014, the Company, as borrower, entered into two loan agreements with Hong Kong Builders Finance Limited, a licensed money lender in Hong Kong and a wholly-owned subsidiary of Eternity, as lender, for the unsecure loan facilities in the principal amount of HK\$40.00 million and HK\$30.00 million respectively to satisfy the Group's need for general working capital. The interest rate for the unsecure loan is 5% per annum for terms of 36 months from the date of drawdown. The interest is payable to Hong Kong Builders Finance Limited on a quarterly basis in arrears and principal amount of the loan is payable in full at maturity. Among the total loan facilities of HK\$70.00 million, HK\$61.00 million has been drawdown by the Company from Hong Kong Builders Finance Limited as at the Latest Practicable Date.

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 borrowings of the Group reached approximately HK\$63.19 million, representing (i) the borrowing from Hong Kong Builders Finance Limited of HK\$61.00 million; (ii) the borrowing from Dr. Lo Shing Kei of HK\$1.4 million; and (iii) the obligation under finance lease of approximately HK\$797,000. Monthly interest expenses of the Group is approximately HK\$262,000. In addition, convertible bonds in the principal amount of HK\$40.00 million and two promissory notes in an aggregate principal amount of HK\$13.42 million were outstanding as at 31 May 2014. Both the convertible bonds and promissory notes are non-interest bearing.

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 loan indebted to Hong Kong Builders Finance Limited.

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.

The Company has considered other fund raising alternatives such as share placement and rights issue which is similar to the Open Offer except that it enabled the Shareholders to trade in nil-paid rights on the market. However, taking into account (i) share placement may necessarily dilute the shareholding interests of the existing Shareholders as the placement of the new shares would only be available to certain placees; (ii) the uncertainty of the existence of a market to trade the nil-paid rights given the average trading volume of the Shares of 43,817 Shares, representing approximately 0.33% of the total issued share capital of the Company of 13,122,000 as at the date of the Underwriting Agreement, from

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## LETTER FROM THE BOARD

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13 May 2014 to 24 June 2014, being the first trading day of the Shares after the share consolidation of every one hundred issued Shares into one issued consolidated Share (the “**Share Consolidation**”) and the last trading day of the Shares immediately prior to the date of the Underwriting Agreement; and (iii) trading arrangement for rights issue with nil-paid rights needed to be set up at the expense of the Company of approximately HK\$380,000, including the professional fees and other relevant costs, that may not be economical compared to the Open Offer, the Company is of the view the Open Offer which provide equal opportunity to the existing Shareholder is fair and reasonable and in the interests of the Company and the Shareholders as a whole. In view of the resumption of trading in the Shares on the Stock Exchange on 14 April 2014, the Company considered the trading volume of the Shares during the period from 13 May 2014 to 24 June 2014, representing the recent trading volume of the Shares, to determine the terms of the Open Offer is reasonable.

**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.**

### FINANCIAL AND TRADING PROSPECT OF THE GROUP

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

As stated in the interim results announcement of the Company for the six month ended 31 December 2013, the Group had the consolidated net liabilities of HK\$218,000 as at 31 December 2013. For the nine months ended 31 December 2013, the consolidated turnover of the Group was HK\$8,502,000 and the loss before and after income tax expense were both HK\$2,139,000.

Following the completion of acquisition (the “Acquisition”) of a 51% equity interest in China Honest Enterprises Limited by the Group in April 2014, the trading of Shares on the Growth Enterprise Market of the Stock Exchange has been resumed on 14 April 2014.

The Directors are of the view that the completion of the Acquisition will make a better position of the Group in the beauty and facial service industry via the strengthening and broadening of the Group’s professional services and technological support to its customers. In addition, the Group has completed the relocation of the “Le Spa Evidens” to a new premises at a prime location in Central, Hong Kong with effect from 13 June 2014. Such relocation will substantially minimize the operational overhead and maximize the retail exposure of the Group’s operation. Moreover, the Group is presently in cooperation with a renowned high fashion brand in Hong Kong for the sub-distribution of “Evidens de Beauté” products in its new concept store to be opened in Macau and certain specially selected shops in Hong Kong. The counterparty placed its first order in June 2014 and the “Evidens de Beauté” products is expected to be available for retail sales in Macau before August of 2014. Furthermore, on 16 June 2014, the Group entered into a contact with a well-known hair stylist in Hong Kong, pursuant to which the Group places the “Evidens de Beauté” products in one of the counterparty’s shop for sale on consignment basis for a period of three months. Commencing from May 2014, the Group launched an ongoing joint promotion program to collaborate with one of the high-end and luxury watches

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## LETTER FROM THE BOARD

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manufacturer. The Group will continue to promote the brand of the “Evidens de Beauté” products which include: (i) subscriptions a luxury magazine in Hong Kong; (ii) on-going arrangements of small group gatherings with beauty editors to share news within the industry thereby increasing the exposure of the “Evidens de Beauté” brand; and (iii) continuing advertisements in social mobile media.

### **FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THE ANNOUNCEMENT**

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

### **GENERAL**

Your attention is drawn to the information contained in the appendices to this Prospectus.

### **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 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.

### **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.**

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## LETTER FROM THE BOARD

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Shareholders should note that the Shares have been dealt in on an ex-entitlement basis commencing from Wednesday, 9 July 2014 and that dealing in Shares will continue to 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.

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

## **1. CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP**

The Company is required to set out in this prospectus the information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited statement of financial position together with the notes on the annual accounts for the last financial year for the Group.

The audited consolidated financial statements of the Group for each of the three years ended 30 June 2013 together with the notes thereof can be referred to the annual reports of the Company for the years ended 30 June 2011 (pages 41 to 103) published on 26 September 2013 at <http://www.hkexnews.hk/listedco/listconews/GEM/2013/0926/GLN20130926035.pdf>, 30 June 2012 (pages 37 to 108) published on 9 January 2013 at <http://www.hkexnews.hk/listedco/listconews/GEM/2013/0109/GLN20130109011.pdf> and 30 June 2013 (pages 47 to 119) published on 22 June 2011 at <http://www.hkexnews.hk/listedco/listconews/GEM/2012/0622/GLN20120622050.pdf> respectively.

The unaudited consolidated financial statements of the Group for the six months ended 31 December 2013 together with the notes thereof can be referred to the interim report of the Company for the six months ended 31 December 2013 (pages 1 to 4) published on 14 February 2014 at <http://www.hkexnews.hk/listedco/listconews/GEM/2014/0214/GLN20140214071.pdf>.

The unaudited condensed consolidated statement of profit or loss and other comprehensive income of the Group for the nine months ended 31 March 2014 together with the notes thereof can be referred to the third quarterly report of the Company for the nine months ended 31 March 2014 (pages 1 to 7) published on 15 May 2014 at <http://www.hkexnews.hk/listedco/listconews/GEM/2014/0515/GLN20140515029.pdf>.

The abovementioned financial information has been published on both the websites of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the website of the Company (<http://www.eds-wellness.com/>). The auditors of the Company have issued a disclaimer of opinions on the Group's financial statements for the three financial years ended 30 June 2013 and for the six months ended 31 December 2013.

## **2. STATEMENT OF INDEBTEDNESS**

At the close of business on 31 May 2014, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following borrowings, finance leases, convertible bonds and promissory notes:

### **Borrowings**

- (a) the borrowing from Hong Kong Builders Finance Limited of approximately HK\$61,000,000, which is interest bearing, unsecured and repayable during 2017; and

- (b) the borrowing from Dr. Lo Shing Kei, an independent third party of the Group, of approximately HK\$1,400,000 which is non-interest bearing, unsecured and repayable on demand.

**Finance leases**

- (a) the obligation under finance leases of approximately HK\$797,000 of the Group in which approximately HK\$773,000 is interest bearing and approximately HK\$24,000 is non-interest bearing and all finance leases are secured by the leased assets acquired.

**Convertible bonds and promissory notes**

- (a) the convertible bonds in principal amount of approximately HK\$40,000,000, which is non-interest bearing, unsecured and due on 22 November 2016; and
- (b) the promissory notes in principal amount of approximately HK\$7,000,000 and HK\$6,420,000, which are non-interest bearing, unsecured and due on 30 June 2014 and 30 June 2015 respectively.

**Contingent liabilities**

On 28 April 2014, the Company received a writ of summons (the “**Writ of Summons**”) from the People’s Court of Huadu District, Guangzhou City, Guangdong Province of the People’s Republic of China. Pursuant to the two writs of civil proceedings enclosed with the Writ of Summons, the plaintiff, a property management company, alleges that the Company shall be jointly liable for the payment of the outstanding management fees and utilities and miscellaneous fees. Details of which are set out in the Appendix III under the section headed “Litigation” in this prospectus.

**General**

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables, the Group did not have any outstanding mortgages, charges, debentures or other loan capital, bank drafts, loans, debt securities or other similar indebtedness, liabilities under acceptance or acceptances credits, finance lease, or hire purchase commitments guarantees or other material contingent liabilities at the close of business on 31 May 2014.

**3. WORKING CAPITAL**

The Directors after due and careful enquiry, are of the opinion that, after taking into account the internal resources of the Group, the Group has sufficient working capital for its normal business for at least next 12 months from the date of this prospectus in the absence of unforeseeable circumstances.

**4. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 30 June 2013, being the date to which the latest published audited consolidated accounts of the Group were made up, as at the Latest Practicable Date.



# 1. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company (the “**Unaudited Pro Forma Financial Information**”) prepared in accordance with Rule 7.31 of the GEM Rules is set out below to illustrate the effect of the Open Offer on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2013 as if it had taken place on 31 December 2013.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group as at 31 December 2013 or at any future date.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated net assets of the Group attributable to owners of the Company as at 31 December 2013 extracted from the published unaudited condensed consolidated financial statements of the Group for the six months ended 31 December 2013 and adjusted to reflect the effect of the Open Offer.

	Unaudited consolidated net tangible liabilities of the Group attributable to the owners of the Company as at 31 December 2013 <i>HK\$'000</i> <i>(Note 1)</i>	Add: Conversion of the Convertible Bonds <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2013 and prior to completion of the Open Offer <i>HK\$'000</i>	Add: Estimated net proceeds from the Open Offer <i>HK\$'000</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2013 after completion of the Open Offer <i>HK\$'000</i>
Based on 19,061,000 Offer Shares at Subscription Price of HK\$3 per Offer Shares	(218)	25,000	24,782	54,000	78,782
					<i>HK\$</i>

Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per share as at 31 December 2013 prior to the completion of the Open Offer <i>(Note 4)</i>	0.65
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Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per share as at 31 December 2013 after completion of the Open Offer <i>(Note 5)</i>	1.38
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*Notes:*

1. The unaudited consolidated net tangible liabilities of the Group attributable to the owners of the Company as at 31 December 2013 of HK\$218,000 is extracted from the unaudited condensed consolidated statement of financial position of the Group as at 31 December 2013 included in the Group's published interim report for the six months ended 31 December 2013.
2. On 21 March 2013, the Company and New Cove Limited entered into the subscription agreement in respect of the issue of the convertible bonds (the "**Convertible Bonds**") in the principal amount of HK\$40,000,000 and the subscription was completed on 22 May 2014 detail of which are set out in the Company's announcement dated 21 March 2013, 30 October 2013, 22 May 2014 and the Company's circular dated 23 May 2013. On 2 July 2014, the Convertible Bonds in the principal amount of HK\$25,000,000 have been converted into 25,000,000 shares by New Cove Limited.

The adjustment represents the conversion of the Convertible Bonds amounted HK\$25,000,000 by assuming the fair value of the liability portion of the Convertible equal to the principal amount and nil value for the equity portion of the Convertible Bonds at initial recognition of the principal amount of HK\$40,000,000.

3. The estimated net proceeds from the Open Offer of approximately HK\$54,000,000 are based on the 19,061,000 Open Offer Shares to be issued at the Subscription Price of HK\$3 per Offer Share and after deduction of estimated related expenses of approximately HK\$3,183,000.
4. The unaudited pro forma consolidated net tangible assets per share attributable to the owners of the Company prior to the completion of the Open Offer is calculated based on unaudited pro forma adjusted consolidated net tangible liabilities of the Group prior to completion of the Open Offer of approximately HK\$24,782,000 divided by 38,122,000 shares in issue. 38,122,000 shares comprised of the existing 13,122,000 shares in issue as at 31 December 2013 and 25,000,000 new shares issued under conversion of the Convertible Bonds.
5. The unaudited pro forma consolidated net tangible assets per share attributable to the owners of the Company after completion of the Open Offer is calculated based on unaudited pro forma adjusted consolidated net tangible assets of the Group after completion of the Open Offer of approximately HK\$78,782,000 divided by 57,183,000 shares in issue. 57,183,000 shares comprised of the existing 13,122,000 shares in issue as at 31 December 2013, 25,000,000 new shares issued under conversion of the Convertible Bonds and 19,061,000 new shares issued under Open Offer.
6. On 18 October 2013, EDS International Holdings Limited, a direct wholly owned subsidiary of the Company, has entered into the sale and purchase agreement with Mr. Lai Wing Nok and Ms. Chan Suk Yee, Deon regarding the acquisition of 51% equity interest of China Honest Enterprises Limited and the acquisition was completed on 11 April 2014. No adjustment has been made to the Unaudited Pro Forma Financial Information.
7. No adjustment has been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2013.

**2. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION IN RESPECT OF THE OPEN OFFER**

*The following is the text of a report, prepared for the purpose of inclusion in this prospectus, received from HLB Hodgson Impey Cheng Limited, certified public accountants, Hong Kong:*



國衛會計師事務所有限公司  
**Hodgson Impey Cheng Limited**

31/F, Gloucester Tower  
The Landmark  
11 Pedder Street  
Central  
Hong Kong

17 July 2014

The Board of Directors  
EDS Wellness Holdings Limited  
19/F., Prosperity Tower,  
39 Queen's Road Central,  
Central  
Hong Kong

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE  
COMPILATION OF PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF EDS WELLNESS HOLDINGS LIMITED**

We have completed our assurance engagement to report on the compilation of pro forma financial information of EDS Wellness Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The pro forma financial information consists of the pro forma statement of consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2013 and related notes as set out on pages 30 to 31 of Appendix II to the prospectus issued by the Company dated 17 July 2014 (the “**Prospectus**”). The applicable criteria on the basis of which the directors of the Company have compiled the pro forma financial information are described on pages 30 to 31 of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the proposed open offer on the basis of one offer share for every two shares held on the record date (the “**Open Offer**”) on the Group's financial position as at 31 December 2013 as if the Open Offer had taken place at 31 December 2013. As part of this process, information about the Group's financial position has been extracted by the directors of the Company from the Group's financial information for the six months ended 31 December 2013 on which an unaudited interim report has been published.

**DIRECTORS' RESPONSIBILITIES FOR THE PRO FORMA FINANCIAL  
INFORMATION**

The directors of the Company are responsible for compiling the pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise market of The Stock Exchange of Hong Kong Limited (the “**GEM Rules**”) and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

**REPORTING ACCOUNTANTS' RESPONSIBILITIES**

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“**HKSAE**”) 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the pro forma financial information in accordance with paragraph 7.31 of the GEM Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Open Offer at 31 December 2013 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors of the Company in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **OPINION**

In our opinion:

- the pro forma financial information has been properly compiled on the basis stated;
- such basis is consistent with the accounting policies of the Group; and
- the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Rules.

Yours faithfully  
**HLB Hodgson Impey Cheng Limited**  
*Certified Public Accountants*  
**Yu Chi Fat**  
Practising Certificate Number: P05467  
Hong Kong

## 1. RESPONSIBILITY STATEMENT

This Prospectus Documents, for which the Directors collectively and individually accept full responsibility, include 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 Prospectus Documents 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 these Prospectus Documents misleading.

## 2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately upon completion of the Open Offer are as follows:

<i>Authorised share capital:</i>		<i>HK\$</i>
<u>5,000,000,000</u>	Shares	<u>500,000,000.00</u>
<i>Issued and fully paid share capital or credited as fully paid:</i>		
38,122,000	Shares in issue as at the Latest Practicable Date	3,812,200.00
19,061,000	Offer Shares to be issued pursuant to the Open Offer	1,906,100.00
<u>57,183,000</u>	Shares in issue and fully paid immediately upon completion of the Open Offer	<u>5,718,300.00</u>

As at the Latest Practicable Date, the Company has the outstanding Convertible Bonds in an aggregate principal amount of HK\$15,000,000, 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). Save for the outstanding Convertible Bonds in an aggregate principal amount of HK\$15,000,000 held by New Cove, the Company had no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the Latest Practicable Date.

No capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

All Shares in issue rank *pari passu* in all respects with each other including rights to dividends, voting and return of capital.

The issued Shares are listed and traded on the Stock Exchange. None of the securities of the Company is listed, or dealt in, on any other exchange, nor is any listing of or permission to deal in the securities of the Company being, or proposed to be, sought on any other stock exchange.

There are no arrangements under which future dividends will be waived or agreed to be waived.

### 3. INTERESTS OF DIRECTORS

#### (a) Director's and chief executive's interests in the Company

As at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the GEM Listing Rules.

#### (b) Substantial shareholders and other persons' interests in Shares and underlying Shares

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or a chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying voting rights to vote in all circumstances at general meeting of any member of the Group:

Name	Nature of interest	Interest in Shares	Interest in underlying Shares	Total interest in Shares	Approximate percentage of the Company's issued share capital
Eternity ( <i>Note 1</i> )	Interest in controlled corporation	25,000,000	27,500,000	52,500,000	137.72%
New Cove ( <i>Note 1</i> )	Beneficial owner	25,000,000	27,500,000	52,500,000	137.72%
Kingston Securities Limited ( <i>Note 2</i> )	Beneficial owner	96	6,561,000	6,561,096	17.21%
Galaxy Sky Investments Limited ( <i>Note 2</i> )	Interest in controlled corporation	96	6,561,000	6,561,096	17.21%



Name	Nature of interest	Interest in Shares	Interest in underlying Shares	Total interest in Shares	Approximate percentage of the Company's issued share capital
Kingston Capital Asia Limited ( <i>Note 2</i> )	Interest in controlled corporation	96	6,561,000	6,561,096	17.21%
Kingston Financial Group Limited ( <i>Note 2</i> )	Interest in controlled corporation	96	6,561,000	6,561,096	17.21%
Active Dynamic Limited ( <i>Note 2</i> )	Interest in controlled corporation	96	6,561,000	6,561,096	17.21%
Chu Yuet Wah ( <i>Note 2</i> )	Interest in controlled corporation	96	6,561,000	6,561,096	17.21%
Wang Xiaofei	Beneficial owner	2,304,000	—	2,304,000	6.04%

*Notes:*

1. New Cove is the beneficial owner of 25,000,000 Shares and is deemed to be interested in 15,000,000 Shares through the conversion of the remaining balance of the convertible bonds in the principal amount of HK\$15,000,000 pursuant to the subscription agreement dated 21 March 2013 entered into between New Cove and the Company. In addition to the 12,500,000 Offer Shares under the New Cove Undertaking, New Cove is deemed to be interested in 52,500,000 Shares. As New Cove is an indirect wholly-owned subsidiary of Eternity, Eternity is deemed to be interested in such 52,500,000 Shares.
2. Pursuant to the Underwriting Agreement, Kingston Securities Limited agreed to underwrite 6,561,000 Offer Shares. In addition to the 96 Shares held by the Underwriter, the Underwriter is deemed to be interested in 6,561,096 Shares. The Underwriter is a wholly-owned subsidiary of Galaxy Sky Investments Limited ("Galaxy"), which is wholly-owned by Kingston Capital Asia Limited ("Kingston Capital"). Kingston Capital is wholly-owned by Kingston Financial Group Limited ("Kingston Financial"). Active Dynamic Limited ("Active Dynamic") owns 42.53% interest in Kingston Financial. Ms. Chu Yuet Wah owns 100% interest in Active Dynamic. As such, Ms. Chu Yuet Wah, Active Dynamic, Kingston Financial, Kingston Capital and Galaxy are deemed to be interested in 6,561,096 Shares.

Save as disclosed in the preceding paragraph and so far as is known to the Directors or chief executive of the Company, there is no person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying rights to vote in all circumstances at general meeting of any other member of the Group.



#### 4. DIRECTORS' SERVICE CONTRACTS

Pursuant to the appointment letter dated 5 March 2012 entered into between Mr. Chu Kin Wang Peleus and the Company, Mr. Chu Kin Wang Peleus was appointed as independent non-executive Director for a term of two years commencing from 5 March 2012. He is entitled to receive a remuneration of HK\$120,000 per annum. There is no variable remuneration to be entitled by Mr. Chu Kin Wang Peleus under the appointment letter.

Pursuant to the appointment letter dated 5 March 2012 entered into between Mr. Tam B Ray Billy and the Company, Mr. Tam B Ray Billy was appointed as independent non-executive Director for a term of two years commencing from 5 March 2012. He is entitled to receive a remuneration of HK\$120,000 per annum. There is no variable remuneration to be entitled by Mr. Tam B Ray Billy under the appointment letter.

Pursuant to the appointment letter dated 16 August 2012 entered into between Mr. Lee Chan Wah and the Company, Mr. Lee Chan Wah was appointed as executive Director for a term of two years commencing from 16 August 2012. Mr. Lee was employed as the financial controller and company secretary by the Group with effect from 6 February 2012 and 13 February 2012 respectively and has resigned as the company secretary with effect from 9 September 2013. Mr. Lee is entitled to receive remuneration under these positions. As such, he is not entitled to any fixed or variable remuneration under the appointment letter in respect of his directorship.

Pursuant to the appointment letter dated 16 August 2012 entered into between Mr. Tse Joseph and the Company, Mr. Tse Joseph was appointed as independent non-executive Director for a term of two years commencing from 16 August 2012. He is entitled to receive a remuneration of HK\$120,000 per annum. There is no variable remuneration to be entitled by Mr. Tse Joseph under the appointment letter.

Save as disclosed in this section as at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group and/or associated companies of the Company (i) which (including both continuous and fixed term contracts) had been entered into or amended within the Relevant Period; (ii) which were continuous contracts with a notice period of 12 months or more; or (iii) which were fixed term contracts with more than 12 months to run irrespective of the notice period.

#### 5. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE COMPANY

As at the Latest Practicable Date, none of the Directors has or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to member of the Group since 31 December 2013, being the date to which the latest published audited accounts of the Group were made up.

None of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

## 6. LITIGATION

- (a) As disclosed in the Company's announcement dated 5 April 2012, 4 July 2012, 24 July 2012, 3 August 2012, 21 August 2012, 28 September 2012, 26 October 2012, 1 November 2012, 21 December 2012, 29 January 2013, 25 April 2013 and 3 May 2013 respectively in relation to, among other matters, the deed of termination, entered into between Blu Spa (Hong Kong) Limited ("**BSHK**", a deconsolidated subsidiary) and Mr. Shum Yeung ("**Mr. Shum**") in relation to the termination of the acquisition of 70% equity interest of Vertical Signal Investments Limited, pursuant to which Mr. Shum shall repay BSHK the full amount of the refundable deposit of HK\$45,000,000, the issuing of the writ of summons (the "**Writ**") in the High Court of Hong Kong Special Administrative Region by BSHK against Mr. Shum, the subsequent execution of the deed of settlement (the "**Deed of Settlement**") by BSHK and Mr. Shum for the settlement of legal proceedings represented by the Writ, the extension to the repayment dates for Mr. Shum to make repayment pursuant to the Deed of Settlement, the execution of the deed of assignment (the "**Deed of Assignment**"), the execution of a second deed of settlement (the "**Second Deed of Settlement**") by BSHK, the Company and Mr. Shum, the repayment proposal agreed between the Company and Mr. Shum (the "**Repayment Proposal**"), the new repayment proposal agreed between the Company and Mr. Shum (the "**New Repayment Proposal**") and the additional security provided by Dutfield International Group Company Limited to the Company for the recovery of the outstanding amount due by Mr. Shum. As Mr. Shum defaulted to settle the outstanding amount due to the Company, the Company applied to the Court to restore the hearing of the summary judgment application and substitute BSHK as the plaintiff in the summary judgment application against Mr. Shum. On 25 July 2013, a consent order was granted by the Court of First Instance of the High Court of the Hong Kong Special Administrative Region that, among others, the Company be granted leave to substitute BSHK as the plaintiff in the legal action against Mr. Shum. An amended statement of claim was filed on about 30 July 2013. At the hearing of the Company's application for summary judgment held on 6 September 2013 (the "**Summary Judgment**"), the Court adjudged that Mr. Shum (i) do pay the Company the sum of HK\$39,127,500 together with contractual interest thereon calculated from day to day at the rate of 30% per annum from 1 May 2013 to 6 September 2013, and thereafter at judgment rate pursuant to s.48 of High Court Ordinance until payment, i.e. 8% per annum from 7 September 2013 until payment; and (ii) shall pay the Company the costs of this action including the costs of the Company's judgment to be taxed if not agreed. The Company demanded Mr. Shum's immediate payment of the judgment debt. As Mr. Shum failed to settle the judgment debt, the Company applied to the Court for garnishee orders (the "**Garnishee Orders**") and charging orders (the "**Charging Orders**") for the recovery of the judgment debt. The hearing of the Garnishee orders and Charging Orders was originally fixed to be heard on 6 November 2013. However, Mr. Shum made an application to the Court on 4 November 2013 for staying the proceedings for the Charging Orders and the Garnishee Orders and setting aside the Summary Judgment. The Company asked for the adjournment of the hearing

on 6 November 2013 in order to file and serve affirmation in opposition to Mr. Shum's application. The application for making the Charging Orders and Garnishee Orders and Mr. Shum's application was therefore adjourned to be heard on 5 March 2014. The Court did not make judgment at the close of the hearing and will hand down the judgment later. As at the Latest Practicable Date, the judgment has not yet been handed down by the Court.

- (b) As disclosed in the Company's announcement dated 12 May 2014, on 28 April 2014, the Company received a writ of summons (the "**Writ of Summons**") from the People's Court of Huadu District, Guangzhou City, Guangdong Province of the People's Republic of China (the "**Court of Huadu District**").

Pursuant to the two writs of civil proceedings (the "**Writs of Civil Proceedings**") enclosed with the Writ of Summons, the plaintiff 廣州市溢盈物業管理服務有限公司 (Guangzhou Yiying Property Management Services Co. Ltd.<sup>#</sup>) ("**Yiying**"), a property management company, alleges that, among others, (i) 廣州市雅基置業有限公司 (Guangzhou Yaji Properties Co. Ltd.<sup>#</sup>) ("**Yaji**") has defaulted in payment of the management fees and utilities and miscellaneous fees in the aggregate amount of RMB2,868,001.50 in respect of certain commercial properties owned by Yaji in Huadu District, Guangzhou City (the "**Properties**") for the period from February 2012 to January 2014; and (ii) after the Properties had been sold and transferred to Yaji by 廣州市花都佳業房地產開發有限公司 (Guangzhou Huadu Jiaye Property Development Co. Ltd.<sup>#</sup>) ("**Jiaye**"), Yaji continued to default in payment of the management fees and as Yaji did not have enough capacity for payment, upon discussion between the parties, Yaji, the Company, Yiying and Jiaye entered into a letter of confirmation (the "**Letter of Confirmation**") on 26 November 2010 providing that the obligations which should be performed by Yaji in relation to the management of the Properties would be assumed and performed by the Company. As such, the Company shall be jointly liable for the payment of the outstanding management fees and utilities and miscellaneous fees. Under the Writs of Civil Proceedings, Yiying requests the People's Court of Huadu District to:

- (i) order Yaji and the Company to forthwith and jointly pay to Yiying the outstanding management fees from February 2012 to January 2014 in the aggregate amount of RMB2,865,507.90 and the default payment until the day of actual repayment (which is in the aggregate amount of RMB1,369,098.68 as at 31 January 2014), totalling RMB4,234,606.58;
- (ii) order Yaji and the Company to forthwith and jointly pay to Yiying the outstanding utilities and miscellaneous fees from February 2012 to January 2014 in the aggregate amount of RMB2,493.60 and the interest loss until the day of actual repayment (which is in the aggregate amount of RMB304.00 as at 31 January 2014), totalling RMB2,797.60;
- (iii) order the appraisal fee of RMB7,500.00 for the security for the application for preservation of property be borne jointly by Yaji and the Company; and

- (iv) order all costs of the legal proceedings be borne jointly by Yaji and the Company.

With reference to the announcements of the Company dated 30 April 2010, 5 April 2012, 4 July 2012, 24 July 2012, 3 August 2012, 21 August 2012, 28 September 2012, 26 October 2012, 1 November 2012, 21 December 2012, 29 January 2013 and 25 April 2013 in relation to, among others, the proposed acquisition of a company which held the entire equity interest in Yaji, the termination of such proposed acquisition and the legal proceedings against Mr. Shum Yeung. Although Yaji was once a wholly-owned subsidiary of the target company to be acquired by the Group, such proposed acquisition was terminated and the Group has never acquired any equity interest in Yaji.

Having examined a copy of the Letter of Confirmation enclosed with the Writ of Summons, reviewed the internal records of the Company and enquired with the former management of the Company at the relevant times, the Company considers that the signature of the alleged representative of the Company on the Letter of Confirmation was not signed by any authorised representative of the Company and may be forged for, among others, the following reasons:

- (i) the signature of the alleged representative of the Company on the Letter of Confirmation was different from those of the former directors and the chief executive officer of the Company at the relevant times;
- (ii) the company chop affixed to the Letter of Confirmation was not the one commonly used by the Company for the execution of documents;
- (iii) the style of the signature and the handwriting of the date of execution of the alleged representative of the Company highly resembles those of Yaji on the same Letter of Confirmation;
- (iv) the internal records of the Company do not show that the Company has executed or approved the Letter of Confirmation; and
- (v) the former chairman and executive director, the former vice-chairman and executive director and the former chief executive officer of the relevant times have confirmed that (a) they had never seen or signed the Letter of Confirmation; (b) the Letter of Confirmation had never been tabled for discussion in any meetings of directors they attended and they had never passed any resolution in any meeting of directors of the Company to approve the Letter of Confirmation or authorised any person to represent the Company to sign the Letter of Confirmation; and (c) they are not aware of any person having signed the Letter of Confirmation for and on behalf of the Company.

The Company will therefore defend strenuously in respect of the claims made by Yiying and may report to the relevant law enforcement agency in respect of the suspected forged signature. Based on the reasons set out above, the Directors

consider that the legal proceedings will have no material impact to the financial performance and trading position of the Group. Two hearings were held on 16 June 2014 and 30 June 2014 respectively. No judgement has been made by the Court of Huadu District as at the Latest Practicable Date.

## 7. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, substantial shareholders of the Company, the Company's employees, proposed directors nor any of their respective associates (as defined in the GEM Listing Rules) had any interest in a business which causes or may cause any significant competition with the business of the Group.

## 8. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business carried on or intended to be carried on by the Group) have been entered into by the Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (i) the Underwriting Agreement;
- (ii) the loan agreement dated 11 April 2014 and entered into between the Purchaser (as defined below) as lender and China Honest Enterprises Limited as borrower for the provision of an unsecured and non-interest bearing loan in the principal sum of HK\$10,000,000 for a term of 2 years;
- (iii) the shareholders' agreement dated 11 April 2014 and entered into between the Purchaser (as defined below), Ms. Chan Suk Yee, Deon and China Honest Enterprises Limited which sets out the rights and obligations of the Purchaser and Ms. Chan Suk Yee, Deon and the arrangements between them with respect to the ownership, management and operations of China Honest Enterprises Limited;
- (iv) the second loan agreement dated 20 March 2014 entered into between Hong Kong Builders Finance Limited, an indirect wholly-owned subsidiary of Eternity, as lender and the Company as borrower in respect of an unsecured loan in the principal amount of HK\$30,000,000;
- (v) the extension letter dated 18 March 2014 entered into between the Purchaser (as defined below) and the Vendors (as defined below) in relation to the extension of the long stop date under the Share Purchase Agreement (as defined below);
- (vi) the second supplemental agreement dated 13 February 2014 and entered into between the Company as borrower and Koffman Investment Limited ("Koffman") as lender to increase of the Loan Facilities (as defined below) from HK\$60,000,000 to up to an principal amount of HK\$80,000,000 and extend the term of the Loan Facilities (as defined below) to 31 December 2014;



- (vii) the extension agreement dated 31 December 2013 and entered into between the Company as borrower and Koffman as lender to extend the term of the Loan Facilities (as defined below) to 28 February 2014;
- (viii) the formal share purchase agreement (the “**Share Purchase Agreement**”) dated 18 October 2013 entered into between the Purchaser (as defined below) and the Vendors (as defined below) in relation to the Acquisition;
- (ix) the loan agreement dated 17 October 2013 entered into between the Company as borrower and Koffman as lender in respect of the increase of the Loan Facilities (as defined below) from HK\$50,000,000 to up to a principal amount of HK\$60,000,000 provided that the Company shall further provide Koffman with a cheque drawn on a licensed bank in Hong Kong in the total amount of HK\$60,000,000 dated 31 December 2013 and made payable to Koffman;
- (x) a further extension agreement on 10 October 2013 to confirm the mutual agreement between the Vendors (as defined below) and the Purchaser (as defined below) to further extend the long stop date of the Term Sheet from 10 October 2013 to 18 October 2013;
- (xi) an extension agreement on 30 September 2013 to confirm the mutual agreement between the Vendors (as defined below) and the Purchaser (as defined below) to extend the long stop date of the Term Sheet from 30 September 2013 to 10 October 2013;
- (xii) the extension agreement dated 30 August 2013 and entered into between the Company as borrower and Koffman as lender to extend the term of the Loan Facilities (as defined below) to 31 December 2013;
- (xiii) the term sheet dated 30 August 2013 as supplemented by the extension agreements dated 30 September 2013 and 10 October 2013, the formal share purchase agreement dated 18 October 2013 (as supplemented by the extension letter) entered into between EDS International Holdings Limited (the “**Purchaser**”), a direct wholly-owned subsidiary of the Company and Mr. Lai Wing Nok and Ms. Chan Suk Yee, Deon (the “**Vendors**”) setting out the major terms of the Acquisition;
- (xiv) a supply agreement (the “**Macau Agreement**”) dated 8 August 2013 entered into between the EDS (Asia) Limited (“**EDS Asia**”), an indirect wholly-owned subsidiary of the Company and a member of a pharmaceutical group (“**Macau Retailer**”) for the exclusive distributor in Hong Kong of the “Evidens de Beauté” products. Pursuant to the Macau Agreement, EDS Asia has agreed to appoint the Macau Retailer as its sole and exclusive retail agent in the Macau Special Administrative Region of the People’s Republic of China (“**Macau**”) and supply the “Evidens de Beauté” products to the Macau Retailer for retail sales initially in four of its associated pharmaceutical stores in Macau up until 30 June 2015 which shall be renewed thereafter for a further term of 2 years if agreed by the parties to the Macau Agreement. The Macau Agreement is subject to the conditions

precedent that (i) a consent to the extension of the exclusive distribution right of EDS Distribution to Macau or the supply of the “Evidens de Beauté” products to the Macau Retailer has been obtained from the brand owner of the “Evidens de Beauté” products; (ii) EDS Asia has provided to the Macau Retailer all the required and necessary documents and agreements entered with the brand owner of the “Evidens de Beauté” products to the satisfaction of the Macau Retailer for verification; and (iii) the Macau Retailer has given a written notice of satisfaction within 7 days after receiving and being satisfied with all the documents and consent referred to in (i) and (ii) above confirming that all the conditions precedent are fulfilled and satisfied;

- (xv) the extension agreement dated 30 August 2013 and entered into between the Company as borrower and Koffman as lender to extend the term of the Loan Facilities (as defined below) to 31 December 2013;
- (xvi) the extension agreement dated 31 July 2013 and entered into between the Company as borrower and Koffman as lender to extend the term of the Loan Facilities (as defined below) to 31 August 2013;
- (xvii) the extension agreement dated 30 June 2013 and entered into between the Company as borrower and Koffman as lender to extend the term of the Loan Facilities (as defined below) to 31 July 2013;
- (xviii) the extension agreement dated 31 May 2013 and entered into between the Company as borrower and Koffman as lender to extend the term of the Loan Facilities (as defined below) to 30 June 2013;
- (xix) the subscription agreement dated 21 March 2013 and the extension agreement dated 30 October 2013 entered into between the Company and New Cove Limited, an indirect wholly-owned subsidiary of Eternity in relation to the subscription for the zero coupon convertible bonds in principal amount of HK\$40,000,000 to be issued by the Company to New Cove Limited;
- (xx) the loan agreement dated 21 March 2013 and the extension agreement dated 30 October 2013 entered into between Hong Kong Builders Finance Limited, an indirect wholly-owned subsidiary of Eternity, as lender and the Company as borrower in respect of an unsecured loan in the principal amount of HK\$40,000,000;
- (xxi) Second Deed of Settlement (please refer to sub-section headed “Litigation” in this Appendix);
- (xxii) Deed of Assignment (please refer to sub-section headed “Litigation” in this Appendix);
- (xxiii) Deed of Settlement (please refer to sub-section headed “Litigation” in this Appendix);

- (xxiv) Repayment Extension Agreements (please refer to sub-section headed “Litigation” in this Appendix);
- (xxv) Deed of Termination (please refer to sub-section headed “Litigation” in this Appendix);
- (xxvi) the extension agreement dated 30 April 2013 and entered into between the Company as borrower and Koffman as lender to extend the term of the Loan Facilities (as defined below) to 31 May 2013;
- (xxvii) the extension agreement dated 2 April 2013 and entered into between the Company as borrower and Koffman as lender to extend the term of the Loan Facilities (as defined below) to 30 April 2013;
- (xxviii) the extension agreement dated 28 February 2013 and entered into between the Company as borrower and Koffman as lender to extend the term of the Loan Facilities (as defined below) to 31 March 2013;
- (xxix) the extension agreement dated 31 January 2013 and entered into between the Company as borrower and Koffman as lender to extend the term of the Loan Facilities (as defined below) to 28 February 2013;
- (xxx) the extension agreement dated 15 January 2013 and entered into between the Company as borrower and Koffman as lender to extend the term of the Loan Facilities (as defined below) to 31 January 2013;
- (xxxi) the extension agreement dated 31 December 2012 and entered into between the Company as borrower and Koffman as lender to extend the term of the Loan Facilities (as defined below) to 15 January 2013;
- (xxxii) the extension agreement dated 7 December 2012 and entered into between the Company as borrower and Koffman as lender to extend the term of the Loan Facilities (as defined below) to 31 December 2012;
- (xxxiii) the extension agreement dated 26 November 2012 and entered into between the Company as borrower and Koffman as lender to extend the term of the Loan Facilities (as defined below) to 7 December 2012;
- (xxxiv) the extension agreement dated 26 October 2012 and entered into between the Company as borrower and Koffman as lender to extend the term of the Loan Facilities (as defined below) to 26 November 2012; and
- (xxxv) the extension agreement dated 26 September 2012 and entered into between the Company as borrower and Koffman as lender to extend the term of the loan facilities (the “**Loan Facilities**”) of up to HK\$20 million at the interest rate of 12% per annum to 26 October 2012.



## 9. PROFILE OF DIRECTORS

### *Mr. Yu Zhen Hua Johnny (“Mr. Yu”)*

Mr. Yu, aged 45, joined the Company as executive Director and managing Director on 13 February 2012. He was appointed as the chairman of the Board (the “Chairman”) on 16 August 2012. He is also the authorized representative, compliance officer, the chairman of the Special Investigation Committee, a member of each of the remuneration committee of the Company (the “Remuneration Committee”) and the nomination committee of the Company (the “Nomination Committee”), and directors of various subsidiaries of the Company. Mr. Yu has over 20 years of experience in the finance industry. He graduated from University of Southern California with a Bachelor of Arts degree in Social Sciences and Communication (Economics) in 1991. After that, he had worked in the investment banking field in Hong Kong for about two years and he went on to start his own financial service business in 1996. Mr. Yu has then gained extensive experience in the investment field, including securities brokerage services, futures trading, corporate finance, property investment, corporate restructuring, asset recovery and liquidation exercises. He was an executive director of each of a securities dealing company from April 1996 to September 2004 and a future trading company from 1997 to April 2000. Mr. Yu also held a position of senior executive in a company listed on the Main Board of the Stock Exchange. He was an executive director of Infoserve Technology Corp., a company originally listed in Hong Kong and was delisted in May 2005, from November 2003 to January 2010. Mr. Yu was also appointed as an executive director and the managing director of M Dream Inworld Limited (“M Dream”) (stock code: 8100), a company listed on GEM of the Stock Exchange, in January 2007 and was appointed as the chairman of the board of directors of M Dream in May 2008. He resigned from all his positions in M Dream in September 2009.

### *Mr. Wang Shangzhong (“Mr. Wang”)*

Mr. Wang, aged 50, joined the Company as executive Director on 10 August 2011. He has worked for banks, securities companies and investment companies for more than 10 years and has acquired extensive experiences in management and investment. During the period from 2006 to early 2011, Mr. Wang held the positions of director and president of Hengyi Petrochemical Co., Ltd. (formerly known as “Centennial Brilliance Science & Technology Co., Ltd.”) (Shenzhen Stock Exchange stock code: 000703), a company listed on the Shenzhen Stock Exchange.

### *Mr. Lee Chan Wah (“Mr. Lee”)*

Mr. Lee, aged 45, was firstly appointed as the company secretary on 13 February 2012, then appointed as alternate Director to Mr. Wang XF and further appointed as executive Director on 16 August 2012. He is presently the financial controller, the authorized representative and directors of various subsidiaries of the Company. Mr. Lee has over 20 years of experience in the field of auditing, accounting and finance. He

holds a Bachelor of Business Administration degree from the Hong Kong Baptist University. He is a member of the Hong Kong Institute of Certified Public Accountants and a member of the Association of Chartered Certified Accountants.

*Mr. Chu Kin Wang Peleus (“Mr. Chu”)*

Mr. Chu, aged 49, joined the Company as independent non-executive Director on 5 March 2012. He is also the chairman of each of the audit committee, remuneration committee and nomination committee and a member of the special investigation committee of the Company. Mr. Chu has over 20 years of experience in corporate finance, auditing, accounting and taxation. He graduated from the University of Hong Kong with a Master Degree in Business Administration. Mr. Chu is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is also an associate member of both the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. Mr. Chu is an executive director of Chinese People Holdings Company Limited (stock code: 681), a company listed on the Main Board of the Stock Exchange, since 2008. He is also an independent non-executive director of each of EYANG Holdings (Group) Co., Limited (stock code: 117), Huayu Expressway Group Limited (stock code: 1823), Flyke International Holdings Limited (stock code: 1998) and China Vehicle Components Technology Holdings Limited (stock code: 1269), all the companies are listed on the Main Board of the Stock Exchange, since 2007, 2009, 2010 and 2011 respectively and Telecom Service One Holdings Limited (stock code: 8145), a company listed on the GEM Board of the Stock Exchange, since 2013. During the period from January 2008 to August 2010, he was an independent non-executive director of Sustainable Forest Holdings Limited (formerly known as “Bright Prosperous Holdings Limited”) (stock code: 723), a company listed on the Main Board of the Stock Exchange. He was also the company secretary of Sun Century Group Limited (formerly known as “Hong Long Holdings Limited”) (stock code: 1383), a company listed on the Main Board of the Stock Exchange, responsible for corporate finance, financial reporting and compliance and company secretarial matters from 2007 to 2010.

*Mr. Tam B Ray Billy (“Mr. Tam”)*

Mr. Tam, aged 45, joined the Company as an independent non-executive Director on 5 March 2012. He is also a member of each of the audit committee, the nomination committee and the special investigation committee of the Company. Mr. Tam has been a practicing solicitor in Hong Kong for over 15 years. He holds a Bachelor of Laws degree from the University of London, a Bachelor degree in laws of the People’s Republic of China from Tsinghua University and a Master of Laws degree from the University of Hong Kong. Mr. Tam is currently a partner of Messrs. Ho & Tam. He is the independent non-executive directors of China Fortune Financial Group Limited (stock code: 290), a company listed on the Main Board of the Stock Exchange, since 2007, and M Dream Inworld Limited (stock code: 8100) and China Natural Investment Company Limited (stock code: 8250), both of which are listed on GEM of the Stock Exchange, since 2010 and 2011 respectively. Mr. Tam is also non-

executive directors of Larry Jewelry International Company Limited (stock code: 8351), a company listed on GEM of the Stock Exchange, since 2010, and Milan Station Holdings Limited (stock code: 1150), a company listed on the Main Board of the Stock Exchange, since 2011.

*Mr. Tse Joseph (“Mr. Tse”)*

Mr. Tse, aged 39, joined the Company as independent non-executive Director on 16 August 2012. He is also a member of each of the audit Committee, remuneration committee and special investigation committee of the Company. Mr. Tse has extensive experiences in finance and accounting. He holds a Bachelor of Commerce-Accounting degree from the University of New South Wales and a Master degree in Financial Management from the University of London. Mr. Tse has worked in several banks such as The Bank of East Asia, Limited and The Hongkong and Shanghai Banking Corporation Limited.

## 10. CORPORATE INFORMATION

### Board of Directors

#### *Executive Directors*

Mr. Yu Zhen Hua Johnny

Mr. Wang Shangzhong

Mr. Lee Chan Wah

#### *Independent Non-executive Directors*

Mr. Tam B Ray Billy

Mr. Chu Kin Wang Peleus

Mr. Tse Joseph

#### *Audit Committee*

Mr. Chu Kin Wang Peleus (*Committee Chairman*)

Mr. Tam B Ray Billy

Mr. Tse Joseph

#### *Remuneration Committee*

Mr. Chu Kin Wang Peleus (*Committee Chairman*)

Mr. Yu Zhen Hua Johnny

Mr. Tse Joseph

#### *Nomination Committee*

Mr. Chu Kin Wang Peleus (*Committee Chairman*)

Mr. Yu Zhen Hua Johnny

Mr. Tam B Ray Billy

### Registered office

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

<b>Head office and principal place of business in Hong Kong</b>	19/F., Prosperity Tower No. 39 Queen's Road Central Central, Hong Kong
<b>Company secretary</b>	Ms. So Man Yee 19/F., Prosperity Tower No. 39 Queen's Road Central Central, Hong Kong
<b>Authorised representatives</b>	Mr. Yu Zhen Hua Johnny and Mr. Lee Chan Wah
<b>Auditors</b>	HLB Hodgson Impey Cheng Limited Certified Public Accountants  31/F, Gloucester Tower The Landmark 11 Pedder Street Central Hong Kong
<b>Legal advisers</b>	As to Hong Kong laws: Michael Li & Co. 19/F., Prosperity Tower No. 39 Queen's Road Central Central, Hong Kong
<b>Principal share registrar and transfer office</b>	Codan Services Limited Clarendon House 2 Church Street Hamilton HM11 Bermuda
<b>Hong Kong branch share registrar and transfer office</b>	Tricor Secretaries Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
<b>Principal bankers</b>	China CITIC Bank International Limited 232 Des Voeux Road, Central, Hong Kong  Chong Hing Bank Limited Chong Hing Bank Centre, 24 Des Voeux Road, Central, Hong Kong
<b>Stock code</b>	8176
<b>Website</b>	<a href="http://www.eds-wellness.com">www.eds-wellness.com</a>

**11. PARTIES INVOLVED IN THE OPEN OFFER**

<b>The Company</b>	EDS Wellness Holdings Limited 19/F., Prosperity Tower No. 39 Queen's Road Central Central, Hong Kong
<b>Underwriter</b>	Kingston Securities Limited Suite 2801, 28th Floor One International Finance Centre 1 Harbour View Street Hong Kong
<b>Financial adviser to the Company</b>	Nuada Limited Unit 1805-08, 18/F. OfficePlus@Sheung Wan 93-103 Wing Lok Street Sheung Wan Hong Kong
<b>Legal advisers to the Company</b>	As to Hong Kong laws Michael Li & Co. 19/F., Prosperity Tower No. 39 Queen's Road Central Central, Hong Kong
<b>Reporting Accountants</b>	HLB Hodgson Impey Cheng Limited Certified Public Accountants 31/F., Gloucester Tower, The Landmark 11 Pedder Street, Central, Hong Kong
<b>Hong Kong branch share registrar and transfer office</b>	Tricor Secretaries Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong

**12. MISCELLANEOUS**

- (i) The secretary of the Company is Ms. So Man Yee ("Ms. So"). Ms. So is a member of the Hong Kong Institute of Certified Public Accountants.
- (ii) The compliance officer of the Company is Mr. Yu Zhen Hua Johnny.
- (iii) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (iv) The branch share registrar of the Company in Hong Kong is at the offices of Tricor Secretaries Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

- (v) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (vi) As at the Latest Practicable Date, save for the New Cove Undertaking, the Board had not received any information from any Substantial Shareholders (as defined under the Listing Rules) of their intention to take up the Offer Shares to be provisionally allotted or offered to them under the Open Offer.
- (vii) The business address of all Directors is 19/F, Prosperity Tower, No. 39 Queen's Road Central, Central, Hong Kong.
- (viii) The English text of the Prospectus shall prevail over the Chinese text.
- (ix) This prospectus shall be governed by and construed in accordance with the laws of Hong Kong.

### 13. EXPERT AND CONSENT

The following are the qualification of the expert who has given opinion or advice contained in the Prospectus:

Name	Qualification
HLB Hodgson Impey Cheng Limited	Certified Public Accountants

HLB Hodgson Impey Cheng Limited has given and has not withdrawn its written consent to the issue of the Prospectus with the inclusion of its report and references to its name in the form and context in which it appear.

HLB Hodgson Impey Cheng Limited does not has any shareholding in any company in the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in the Group.

HLB Hodgson Impey Cheng Limited does not have or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2013, being the date to which the latest published audited accounts of the Group were made up.

**14. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG**

A copy of this Prospectus, together with a copy of the Application Form and the written consent referred to in the paragraphs headed “Expert and Consent” in this appendix have been delivered to the Registrar of Companies in Hong Kong for registration as required by Section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance.

**15. LEGAL EFFECT**

The Prospectus Documents and all acceptance of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made pursuant hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) so far as applicable.

**16. EXPENSES**

The expenses in connection with the Open Offer, including financial advisory fees, underwriting commission, printing, registration, translation, legal and accountancy charges, registration and other related expenses, are estimated to amount to approximately HK\$3.18 million and are payable by the Company.

**17. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the principal place of business of the Company at 19/F., Prosperity Tower, No. 39 Queen’s Road Central, Central, Hong Kong during normal business hours on any weekday other than public holidays from the date of the Prospectus, up to and including the Latest Time for Acceptance:

- (i) the memorandum of continuance and bye-laws of the Company;
- (ii) the material contracts referred to in the paragraph headed “Material Contracts” to this Appendix;
- (iii) the annual reports of the Company for each of the two financial years ended 30 June 2012 and 2013;
- (iv) the third quarterly report of the Company for the nine months ended 31 March 2014;
- (v) the accountants’ report on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to the Prospectus;
- (vi) the service contracts as referred to in the paragraph headed “Directors’ service contracts” to this Appendix;

(vii) the written consent of the expert referred to in the section headed “Expert and Consent” in this Appendix; and

(viii) the Prospectus Documents.