



SAU SAN TONG HOLDINGS LIMITED

修身堂控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8200)

**QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS AND NINE MONTHS ENDED 31 DECEMBER 2014**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE
STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)**

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 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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This announcement, for which the directors (the “Directors”) of Sau San Tong Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement herein or in this announcement misleading.

QUARTERLY RESULTS FOR THE THREE MONTHS AND NINE MONTHS ENDED 31 DECEMBER 2014

The Board of Directors of the Company announces the unaudited consolidated financial results of the Company and its subsidiaries (the “Group”) for the three months and nine months ended 31 December 2014 together with comparative figures of the corresponding period ended in 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Turnover	2	408,569	363,887	1,109,568	1,009,665
Cost of sales		(374,350)	(314,908)	(1,011,440)	(878,692)
Gross profit		34,219	48,979	98,128	130,973
Other revenue	2	3,587	10	15,048	3,035
Selling and distribution costs		(19,011)	(18,271)	(55,562)	(56,637)
General and administrative expenses		(17,546)	(22,595)	(59,001)	(64,670)
Profit/(loss) from operations		1,249	8,123	(1,387)	12,701
Finance costs		(331)	(680)	(2,337)	(1,740)
Share of losses of joint ventures		(745)	(780)	(1,962)	(1,598)
Profit/(loss) before taxation		173	6,663	(5,686)	9,363
Income tax expenses	3	(2,448)	(2,117)	(5,861)	(5,490)
(Loss)/profit for the period		(2,275)	4,546	(11,547)	3,873
Attributable to:					
Owners of the Company		(5,479)	3,615	(17,275)	1,009
Non-controlling interests		3,204	931	5,728	2,864
		(2,275)	4,546	(11,547)	3,873
(Loss)/earnings per share	4				
Basic, HK cents		(0.43)	1.46	(2.70)	0.41
Diluted, HK cents		N/A	1.36	N/A	0.40

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE (LOSS)/INCOME (UNAUDITED)

	For the three months ended 31 December		For the nine months ended 31 December	
	2014	2013	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit for the period	<u>(2,275)</u>	<u>4,546</u>	<u>(11,547)</u>	<u>3,873</u>
Other comprehensive loss for the period:				
Items that may be reclassified subsequently to profit or loss:				
— Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	<u>(2)</u>	<u>(32)</u>	<u>(6)</u>	<u>(17)</u>
Total comprehensive (loss)/income for the period	<u><u>(2,277)</u></u>	<u><u>4,514</u></u>	<u><u>(11,553)</u></u>	<u><u>3,856</u></u>
Attributable to:				
Owners of the Company	<u>(5,477)</u>	<u>3,563</u>	<u>(17,272)</u>	<u>939</u>
Non-controlling interests	<u>3,200</u>	<u>951</u>	<u>5,719</u>	<u>2,917</u>
Total comprehensive (loss)/income for the period	<u><u>(2,277)</u></u>	<u><u>4,514</u></u>	<u><u>(11,553)</u></u>	<u><u>3,856</u></u>

Notes:

1. Basis of preparation and significant accounting policies

The results have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, which collective term include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations and Accounting Guidelines issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and also comply with the applicable disclosure provisions of The Rules Governing the Listing of Securities on the GEM of the Stock Exchange. They have been prepared under historical cost convention, except for financial assets and financial liabilities that have been measured at fair value. The principal accounting policies used in the preparation of the results are consistent with those adopted in the preparation of the annual report of the Group for the year ended 31 March 2014.

2. Turnover and other revenue

Turnover represents the invoiced value of goods supplied to customers, net of discounts, returns, value-added tax or other sales tax; service income from provision of beauty and slimming services, net of discounts and franchise fees income. The amount of each significant category of revenue recognised in turnover during the period is as follows:

	For the nine months ended 31 December	
	2014	2013
	HK\$'000	HK\$'000
Turnover		
Distribution sales of cosmetic and skin care products	1,059,073	916,482
Provision of beauty and slimming services	33,439	68,245
Provision of franchise services	16,457	23,895
Sales of health, beauty and related products	599	1,043
	<u>1,109,568</u>	<u>1,009,665</u>
Other revenue		
Referral fee income	6,842	—
Management fee income	2,929	—
Interest income	305	241
Others	4,972	2,794
	<u>15,048</u>	<u>3,035</u>

3. Income tax expense

No provision for Hong Kong Profits Tax is made for the three months and nine months ended 31 December 2014 as the companies in the Group either have sustained tax losses or have no assessable profits for Hong Kong Profits Tax purpose (three months and nine months ended 31 December 2013: Nil). Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in relevant tax countries.

The details of the taxation charge are as follows:

	For the nine months ended 31 December	
	2014	2013
	HK\$'000	HK\$'000
Hong Kong profits tax	—	—
PRC enterprise income tax	<u>5,861</u>	<u>5,490</u>
	<u>5,861</u>	<u>5,490</u>

4. (Loss)/earnings per share

The calculation of basic (loss)/earnings per share for the three months and the nine months ended 31 December 2014 are based on the unaudited loss attributable to owners of the Company of approximately HK\$5,479,000 and HK\$17,275,000 respectively (2013: profit of approximately HK\$3,615,000 and HK\$1,009,000 respectively) and on the weighted average number of ordinary shares of approximately 1,277,995,629 and 638,823,038 shares in issue during the respective periods (three months and nine months ended 31 December 2013: on the weighted average number of ordinary shares of 248,293,750 shares).

The diluted loss per share for the three months and nine months ended 31 December 2014 is the same as the basic loss per share as the assumed exercise of the outstanding share options and convertible notes has anti-dilutive effect. The calculation of diluted earnings per share for the three months and the nine months ended 31 December 2013 are based on the unaudited profit attributable to owners of the Company of approximately HK\$3,615,000 and HK\$1,009,000 respectively and on approximately 266,409,692 and 254,354,356 shares, being the weighted average number of ordinary shares outstanding during the respective periods.

5. Condensed consolidated statement of changes in equity

	Attributable to owners of the Company											
	Share capital <i>HKS '000</i>	Share premium <i>HKS '000</i>	Merger reserve <i>HKS '000</i>	Exchange reserve <i>HKS '000</i>	Share-based payment reserve <i>HKS '000</i>	Convertible notes reserve <i>HKS '000</i>	The PRC statutory surplus reserve <i>HKS '000</i>	Other reserve <i>HKS '000</i>	Accumulated losses <i>HKS '000</i>	Total <i>HKS '000</i>	Non-controlling interests <i>HKS '000</i>	Total equity <i>HKS '000</i>
At 1 April 2014	2,980	181,393	(3,637)	7,896	7,750	1,925	6,673	48	(51,628)	153,400	24,360	177,760
Change in equity for the period:												
Issue of shares	8,938	80,447	—	—	—	—	—	—	—	89,385	—	89,385
Share issue expenses	—	(4,091)	—	—	—	—	—	—	—	(4,091)	—	(4,091)
Conversion of convertible notes into shares	2,128	27,872	—	—	—	(1,005)	—	—	—	28,995	—	28,995
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	(6,485)	(6,485)
(Loss)/profit for the period	—	—	—	—	—	—	—	—	(17,275)	(17,275)	5,728	(11,547)
Other comprehensive income/(loss)	—	—	—	3	—	—	—	—	—	3	(9)	(6)
At 31 December 2014	14,046	285,621	(3,637)	7,899	7,750	920	6,673	48	(68,903)	250,417	23,594	274,011
At 1 April 2013	2,483	160,072	(3,637)	6,974	10,732	—	4,463	48	(55,621)	125,514	23,767	149,281
Change in equity for the period:												
Profit for the period	—	—	—	—	—	—	—	—	1,009	1,009	2,864	3,873
Other comprehensive (loss)/income	—	—	—	(70)	—	—	—	—	—	(70)	53	(17)
At 31 December 2013	2,483	160,072	(3,637)	6,904	10,732	—	4,463	48	(54,612)	126,453	26,684	153,137

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 31 December 2014 (2013: Nil).

MAJOR EVENTS

On 10 July 2014, the Company announced to propose to increase the authorised share capital of the Company to HK\$20,000,000 divided into 2,000,000,000 Shares.

On 10 July 2014, the Company announced to propose to raise not less than approximately HK\$89.39 million but not more than approximately HK\$117.18 million, before expenses, by way of rights issue to the Shareholders of not less than 893,857,500 Rights Shares and not more than 1,171,771,134 Rights Shares at the subscription Price of HK\$0.10 per Rights Share on the basis of three (3) Rights Shares for every one (1) Share in issue on the Record Date (the “Rights Issue”).

The Rights Issue has been successfully completed. Dealings in the Rights Shares, in the fully paid form, have been commenced on the Exchange at 9:00 am on Monday, 29 September 2014.

Further details of the Rights Issue have been disclosed in the announcements of the Company dated 10 July 2014, 16 July 2014, 31 July 2014, 21 August 2014 and 25 September 2014, the circular of the Company dated 6 August 2014 and the prospectus of the Company dated 3 September 2014.

On 17 December 2014, the Company entered into the GM Placing Agreement with the Placing Agent to which the Placing Agent agreed to place, on a best effort basis, not less than six places to subscribe for a maximum of 59,560,000 GM Placing Shares at a price of HK\$0.143 per GM Placing Share. The GM Placing has been successfully completed on 7 January 2015.

On 17 December 2014, the Company entered into the SM Placing Agreement with the Placing Agent to which the Placing Agent agreed to place, on a best effort basis, not less than six places to subscribe for a maximum of 357,000,000 SM Placing Shares at a price of HK\$0.143 per SM Placing Shares.

Further details of the GM Placing and SM Placing have been disclosed in the announcements of the Company dated 17 December 2014 and 7 January 2015, the circular of the Company dated 30 January 2015.

On 22 January 2015, the Company entered into the MOU with the Vendor in relation to the Possible Acquisition of the entire issued share capital of the Target by the Company.

Further details of the MOU have been disclosed in the announcement of the Company dated 22 January 2015.

CONVERTIBLE NOTE(S)

In respect of the Placing Convertible Notes issued on 20 December 2013, all of the notes with principal amount of HK\$30,000,000 were converted into ordinary shares on 20 November 2014, 26 November 2014 and 27 November 2014. Accordingly, a total of 212,765,954 shares of HK\$0.01 each was issued on the conversions.

Up to the date of this announcement, the Subscription Convertible Note in the principal amount of HK\$20,000,000 has not yet been converted.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the nine months ended 31 December 2014 (the “Period Under Review”), the Group’s turnover amounted to approximately HK\$1,109,568,000, representing an increase of 9.89% from approximately HK\$1,009,665,000 in the corresponding period in last year. Such increase was mainly due to the remarkable growth in the distribution sales of our Shanghai Dong Fang Ri Hua Sales Co. Ltd. (“Dong Fang”). During the Period Under Review, turnover from the distribution business increased by 15.56% to approximately HK\$1,059,073,000 (2013: approximately HK\$916,482,000).

Notwithstanding the challenging market conditions encountered during the Period Under Review, the turnover generated from provision of beauty and slimming services amounted to approximately HK\$33,439,000 (2013: approximately HK\$68,245,000), representing a decrease of 51% as compared to that of the corresponding period in last year. During the Period Under Review, the franchise co-operation business contributed HK\$16,457,000 turnover to the Group (2013: HK\$23,895,000).

During the Period Under Review, the Group recorded a decrease of approximately HK\$32,845,000 in gross profit and has generated loss attributable to owners of the Company of approximately HK\$17,275,000 (2013: profit of approximately HK\$1,009,000). The results is mainly due to a receding performance of the beauty and slimming segment under a shift of business focus to high-end products and services with a lower margin but more rosy prospects.

OUTLOOK

Beauty, Slimming and Spa Centers

Impacted by the meagre growth in the Hong Kong economy, the retail sector showed retarded growth during the Period Under Review. Other unfavorable operating factors such as high rentals and increases in other costs of sale also persisted. While our beauty, slimming and spa business in Hong Kong was unavoidably affected by these factors, it has nevertheless shown relatively strong resilience against sluggish economy growth. This was attributable to our excellent service management that enables greater quality assurance. Our long history of beauty and slimming service provision in Hong Kong has also gained the long-term favour of customers. The combination of attentive standardisation and sophistication of service procedures with effective customer-oriented marketing measures such as special trial packages has enabled the provision of competitive products and services that meet the demand and consumption pattern of its target customers.

Successful branding is another advantage enjoyed by the Group. Given that consumers of beauty industry products and services tend to be brand loyal and share what works for them with their peers, we have been combining our extensive experience in the industry with a meticulously managed product and service portfolio that is able to outshine our counterparts and consolidate the strong reputation for our cosmetic and skincare products as well as beauty and slimming services, gaining strong and lasting support and faith from its customers. In an effort to further strengthen its leading market position in the beauty and slimming industry, the Group has introduced a number of innovative beauty, slimming and anti-ageing treatments, one of the highlights introduced was the “Raylife AW” from Germany that intertwines radiofrequency, acoustic waves and pulsed light. The application of different technologies at the same time guarantees better results and the resolution of any aesthetic problem from evening of skin tone and anti-ageing to body sculpting and stimulation of tissue renewal. Another introduction was “Cryojet” from Korea that utilises the cool dermal penetration technology to achieve enhanced penetration of active ingredients, or slimming effect through targeted destruction of fat cells. Without using needles and therefore without causing any pain, it can also be applied in activating the self-protection mechanism of the skin through stimulating the circulation to the treatment area for immediate skin rejuvenation.

The Chinese beauty and slimming industry is generally speaking at the beginning of its fully developed phase, benefited by growing household income and rising awareness of personal appearance and wellbeing among Chinese consumers. The rise of the new affluent class and consumers’ uplifting demand in China have been the main factors to drive the consumption of high quality beauty and slimming products and services, which were seen as daily necessities for many and more. The urbanisation process and the sprouting of new business areas and malls as a result are further accelerating the consumption power with the tier-two and tier-three cities become the “rising battlefields” for the industry. The China market is also seeing growing sophistication, with a highly versatile range of products and services are available including beauty, body sculpting, cosmetics, image design, slimming and health management etc.

Market sophistication also favoured the dominance of the higher end market by Sau San Tong which enjoys strong brand recognition and quality reputation. Our beauty and slimming centres are situated in prime locations in the PRC with convenient customer access and attractive design and layout and we pride ourselves in using the best of professional beauty technicians and the most up-to-date modern technologies. Our established presence and reputation in the PRC market will undoubtedly facilitate our expansion efforts to generate sustainable growth and return.

In view of the lack of related expertise in the PRC market, we have capitalised on our strong team of high caliber professionals, as well as our wealth of know-hows in the management and operation of beauty, slimming and spa centres to provide management consultation services, which proved invaluable to our customers and continued to enjoy a high demand.

Distribution Business in the PRC

Paralleled to the provision of slimming and beauty services, product distribution is another core business of the Group in the PRC. Dong Fang is the biggest distributor of P&G products in East China Area, with a major presence in Jiangsu, Zhejiang and Shanghai. Over the years, Dong Fang has established strong reputation in the industry with its high-quality products and services in the distribution of a wide range of P&G products under the brand names of SKII, Olay, Pantene, Head & Shoulders, Oral-B, Gillette Men, Vidal Sassoon, Wella, Sebastian, Clairol, SP and a number of other brands in the Eastern and Western China. Also, Dong Fang is authorised by P&G as the sole distributor to distribute its world recognised brands of high-end luxury fragrances, including Gucci, Dolce & Gabbana, Hugo, BOSS, and Lacoste in the PRC (excluding departmental store channel).

Health and Beauty Products

Looking to enrich its portfolio of beauty and slimming products and services and thereby securing its leading position on the market, the Group invests in the development and introduction of new and innovative products that cater to the needs and demands of its customers. A number of innovative products have been launched, including Syn-ake Prodna 4D mask that represses contraction of facial muscles to effectively smooth out wrinkles, fine lines and expression lines, while preventing the formation of wrinkles. Another star product was Sau San Tong Ultra Reshaping Waist Trio that combines massage oil, waist patch and body lotion for rapid slimming effect through getting rid of stubborn fat, boosting metabolism and circulation, effectively alleviating swelling, while at the same time moisturises the skin around the waist.

Looking forward, the Group will continue to launch new products that feature advanced technologies, innovative and environmental safety ingredients. We believe that the product sales segment will continue to make significant contribution to the Group's results in the future.

Franchise Co-operation Business in the PRC

The Group started to tap in the PRC market in 2004 upon seeing the vast potential market in the PRC. Apart from setting up numerous points of sales in the PRC, we have sought to capture a sizeable market share and establish its brand presence in a short time through the franchising co-operation model, which we believed to be the most efficient way. After initial setbacks, this segment has started to gain a stable foothold in the PRC market and we are looking forward to further enhancing our brand presence through continuous expansion of our network of franchise co-operate beauty and slimming shops in the future.

BeautyU Online Booking Platform

Since its launch in October 2012, BeautyU (www.beautyu.com), the first online beauty and slimming service booking platform in the PRC continued to enjoy big success in soliciting beauty and slimming service providers to join, and attracting retail customers to making bookings online in accordance with their own needs. This website allows customers to enjoy shopping online without annoyed by the traditional exhausting hard-selling and prepayment practice. In leading the way of internet selling in the industry, we believe the website will bring the beauty and slimming industry to a new era and prove to be a valuable asset to the Group.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 December 2014, the interests or short positions of the Directors and the chief executive of the Company or their respective associates in shares and underlying shares (the "Shares") of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and/or short positions which they are deemed or taken to have under such provisions of the SFO, or which will be required, pursuant to section 352 of the SFO or as otherwise notified to the Company and the Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long position in shares of the Company

Name of Director	Number of shares			Approximate percentage of interest in the Company's issued share capital
	Corporate interests	Personal interests	Total	
Dr. Cheung Yuk Shan, Shirley	125,328,000 (Note 1)	161,290,800	286,618,800	20.40%
Mr. Cheung Ka Heng, Frankie	—	2,800,000	2,800,000	0.20%

Note 1: The 125,328,000 shares were held by Biochem Investments Limited (“Biochem”), a company incorporated in the British Virgin Islands with limited liability. The entire issued share capital of Biochem is wholly owned by Dr. Cheung Yuk Shan, Shirley.

Long position in underlying shares of the Company

Share Option Scheme

The interests in the underlying shares of the Company arise from share options granted to the Directors of the Company under the Company's share option scheme, details of which are as follows:

Name of Director	Date of grant	Exercisable period	Subscription price per share	Aggregate long position in underlying shares of the Company	Approximate percentage of interest in the Company's issued share capital
Mr. Cheung Ka Heng, Frankie	2 March 2011	2 March 2011 — 1 March 2016	HK\$0.283	4,666,666	0.33%

Note: The above interest constitutes a long position of the Director in a physically settled equity derivative for the purpose of the SFO.

Save as disclosed above, as at 31 December 2014, none of the Directors or chief executive of the Company or their respective associates has any personal, family, corporate or other interests or short positions in the shares of the Company or its associated corporations (within the meaning of Part XV of SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Exchange pursuant to the minimum standard of dealings by Directors of the Company as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, are required to be notified to the Company and the Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 December 2014, so far as known to any Directors or chief executive of the Company, the following interests of which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who were deemed to be directly or indirectly interested in 5% or more of the issued capital of the Company, or which were recorded in the register of interests required to be kept under Section 336 of the SFO or have notified to the Company were as follows:

Long position in Shares

Substantial Shareholder	Capacity	Number of shareholding	
		Share	Percentage
Dr. Cheung Yuk Shan, Shirley	Beneficial owner	161,290,800	11.48%
Biochem	Beneficial owner	125,328,000	8.92%
CNI Capital Limited (<i>Note 1</i>)	Beneficial owner	119,200,000	8.49%
Ethnocentric Investment Limited (<i>Note 1</i>)	Interest in a controlled corporation	119,200,000	8.49%
Capital VC Limited (<i>Note 1</i>)	Interest in a controlled corporation	119,200,000	8.49%

Note 1: CNI Capital Limited is a company incorporated in Hong Kong with limited liability which is wholly and beneficially owned by Ethnocentric Investment Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Capital VC Limited, a company incorporated in the Cayman Islands.

Save as disclosed above, as at 31 December 2014, no person, other than the Directors of the Company and the chief executive of the Group whose interests are set out in the section “Directors’ and Chief Executive’s Interests and Short Position in Shares” above, had registered an interest or short position in the share capital, underlying shares and debentures of the Company that was required to be recorded pursuant to Section 336 of the SFO.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading “Directors and Chief Executive’s Interests and Short Positions in Shares” above, at no time during the Period under Review were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

COMPETING INTERESTS

None of the Directors or substantial shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) has any interest in a business which compete or might compete with the business of the Group.

CORPORATE GOVERNANCE PRACTICES

The Company has established a formal and transparent procedure to protect the interests of the shareholders of the Company. The Company applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the Period Under Review, except that:

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Currently, the Company does not have a separate Chairman and Chief Executive Officer and Dr. Cheung Yuk Shan, Shirley (“Dr. Cheung”), the founder of the Group, holds both positions. The Board believes that Dr. Cheung can guide discussions and brief the Board in a timely manner on pertinent issues given her solid experience and strong connection in the beauty sector, and that vesting the roles of both Chairman and Chief Executive Officer in her provides the Group with strong and consistent leadership and allows for more effective and efficient planning and execution of long-term business strategies.

AUDIT COMMITTEE

The Group has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The audit committee comprises four Independent Non-Executive Directors, namely Mr. Hong Po Kui, Martin, Mr. Li Kuo Hsing and Ms. Hui Yat Lam and Ms. Chiu Kam Hing, Kathy. The audit committee has reviewed the unaudited financial results of the Group for the three months and nine months ended 31 December 2014.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the nine months ended 31 December 2014.

On behalf of the Board
Sau San Tong Holdings Limited
Cheung Yuk Shan, Shirley
Chairman

Hong Kong, 12 February 2015

As at the date of this announcement, the Board comprises executive Directors namely Dr. Cheung Yuk Shan, Shirley (Chairman), Mr. Cheung Ka Heng, Frankie and Mr. Mui Wai Sum; independent non-executive Directors namely Mr. Hong Po Kui, Martin, Mr. Li Kuo Hsing, Ms. Hui Yat Lam and Ms. Chiu Kam Hing, Kathy.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company's website at www.sausantong.com.