



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)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2015

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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; (2) there are no other matters the omission of which would make any statement herein or in this announcement misleading.

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.

* for identification purpose only

The Board of Directors (the “Board”) of Sau San Tong Holdings Limited (the “Company”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2015, together with the comparative audited figures for the year ended 31 March 2014, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2015

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Turnover	2	1,461,856	1,362,916
Cost of sales		<u>(1,335,614)</u>	<u>(1,189,750)</u>
Gross profit		126,242	173,166
Net unrealised gains on financial assets at fair value through profit or loss		86,400	—
Other revenue	3	12,791	15,996
Other net income	3	5,434	3,359
Selling and distribution costs		(80,620)	(85,050)
General and administrative expenses		<u>(97,964)</u>	<u>(85,223)</u>
Profit from operations		52,283	22,248
Finance costs	4	(4,424)	(3,647)
Share of losses of joint ventures		<u>(2,047)</u>	<u>(3,669)</u>
Profit before taxation	4	45,812	14,932
Income tax expense	5	<u>(7,818)</u>	<u>(7,287)</u>
Profit for the year		<u>37,994</u>	<u>7,645</u>
Attributable to:			
Owners of the Company		37,527	3,221
Non-controlling interests		<u>467</u>	<u>4,424</u>
Profit for the year		<u>37,994</u>	<u>7,645</u>
		<i>HK cents</i>	<i>HK cents</i> (restated)
Earnings per share	7		
— Basic		<u>3.54</u>	<u>0.55</u>
— Diluted		<u>2.93</u>	<u>0.55</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit for the year	<u>37,994</u>	<u>7,645</u>
Other comprehensive income for the year:		
Items that may be reclassified subsequently to profit or loss:		
— Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	884	1,657
— Reclassification adjustment for the cumulative exchange gain on translation of financial statements of foreign operations transferred to profit or loss upon deregistration of a subsidiary, net of nil tax	<u>(5)</u>	<u>—</u>
Other comprehensive income for the year	<u>879</u>	<u>1,657</u>
Total comprehensive income for the year	<u><u>38,873</u></u>	<u><u>9,302</u></u>
Attributable to:		
Owners of the Company	37,984	4,143
Non-controlling interests	<u>889</u>	<u>5,159</u>
	<u><u>38,873</u></u>	<u><u>9,302</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		29,581	32,626
Intangible assets		4,908	6,722
Goodwill		320	320
Interests in joint ventures		—	2,047
		<u>34,809</u>	<u>41,715</u>
Current assets			
Inventories		18,712	26,272
Financial assets at fair value through profit or loss	9	95,400	—
Trade receivables	10	139,351	154,880
Prepayments, deposits and other receivables		115,796	78,715
Amounts due from related parties		8,784	9,385
Cash and cash equivalents		182,953	99,647
		<u>560,996</u>	<u>368,899</u>
Current liabilities			
Bank loans		31,734	40,291
Trade payables	11	51,758	42,364
Other payables and accrued charges		70,315	57,075
Amount due to a director		39	730
Amounts due to joint ventures		1,854	1,896
Amounts due to related parties		—	1,511
Deferred income		11,708	17,671
Current tax payable		1,646	1,238
		<u>169,054</u>	<u>162,776</u>
Net current assets		<u>391,942</u>	<u>206,123</u>
Total assets less current liabilities		<u>426,751</u>	<u>247,838</u>
Non-current liabilities			
Convertible notes		19,290	48,324
Other long-term liability		17,786	17,102
Deferred tax liabilities		4,380	4,652
		<u>41,456</u>	<u>70,078</u>
NET ASSETS		<u><u>385,295</u></u>	<u><u>177,760</u></u>
CAPITAL AND RESERVES			
Share capital		18,211	2,980
Reserves		348,330	150,420
		<u>366,541</u>	<u>153,400</u>
Total equity attributable to owners of the Company		366,541	153,400
Non-controlling interests		18,754	24,360
		<u>18,754</u>	<u>24,360</u>
TOTAL EQUITY		<u><u>385,295</u></u>	<u><u>177,760</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Attributable to owners of the Company											Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Exchange reserve HK\$'000	Share-based payment reserve HK\$'000	Convertible notes reserve HK\$'000	The PRC statutory surplus reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
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
Changes in equity for 2014:												
Profit for the year	—	—	—	—	—	—	—	—	3,221	3,221	4,424	7,645
Other comprehensive income	—	—	—	922	—	—	—	—	—	922	735	1,657
Total comprehensive income for the year	—	—	—	922	—	—	—	—	3,221	4,143	5,159	9,302
Cancellation and expiry of share options	—	—	—	—	(2,982)	—	—	—	2,982	—	—	—
Issue of convertible notes	—	—	—	—	—	1,925	—	—	—	1,925	—	1,925
Appropriation to the PRC statutory surplus reserve	—	—	—	—	—	—	2,210	—	(2,210)	—	—	—
Issue of shares	497	21,850	—	—	—	—	—	—	—	22,347	—	22,347
Share issue expenses	—	(529)	—	—	—	—	—	—	—	(529)	—	(529)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	(4,566)	(4,566)
	497	21,321	—	922	(2,982)	1,925	2,210	—	3,993	27,886	593	28,479
At 31 March 2014	2,980	181,393	(3,637)	7,896	7,750	1,925	6,673	48	(51,628)	153,400	24,360	177,760
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
Changes in equity for 2015:												
Profit for the year	—	—	—	—	—	—	—	—	37,527	37,527	467	37,994
Other comprehensive income	—	—	—	457	—	—	—	—	—	457	422	879
Total comprehensive income for the year	—	—	—	457	—	—	—	—	37,527	37,984	889	38,873
Cancellation and expiry of share options	—	—	—	—	(623)	—	—	—	623	—	—	—
Appropriation to the PRC statutory surplus reserve	—	—	—	—	—	—	2,096	—	(2,096)	—	—	—
Conversion of convertible notes into ordinary shares	2,128	29,053	—	—	—	(711)	—	—	—	30,470	—	30,470
Issue of shares	13,103	135,850	—	—	—	—	—	—	—	148,953	—	148,953
Share issue expenses	—	(4,266)	—	—	—	—	—	—	—	(4,266)	—	(4,266)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	(6,495)	(6,495)
	15,231	160,637	—	457	(623)	(711)	2,096	—	36,054	213,141	(5,606)	207,535
At 31 March 2015	18,211	342,030	(3,637)	8,353	7,127	1,214	8,769	48	(15,574)	366,541	18,754	385,295

Notes:

1. Basis of preparation

The consolidated financial statements for year ended 31 March 2015 comprise the Company and its subsidiaries (together the “Group”) and the Group’s interests in joint ventures.

The measurement basis used in the preparation of consolidated financial statements is the historical cost basis except that the financial instruments classified as financial assets at fair value through profit or loss are stated at their fair values.

The Hong Kong Institute of Certified Public Accountants (“HKICPA”) has issued a number of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and one new Interpretation that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group’s consolidated financial statements:

Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32.

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash-generating unit whose recoverable amount is based on fair value less costs of disposal.

The above amendments do not have significant impact on the Group’s consolidated financial statements.

The Group has not applied any new or revised HKFRSs that is not yet effective for the current accounting period.

2. Turnover

Turnover represents the invoiced value of goods supplied to customers, net of discounts, returns, value added tax or other sales taxes; 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 year is as follows:

	2015	2014
	<i>HK\$’000</i>	<i>HK\$’000</i>
Distribution sale of cosmetic and skin care products	1,398,485	1,241,842
Provision of beauty and slimming services	42,977	89,509
Provision of franchise services	6,113	8,494
Sale of health, beauty and related products	14,281	23,071
	<u>1,461,856</u>	<u>1,362,916</u>

Segment information are set out in note 8 to this results announcement.

3. Other revenue and net income

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Other revenue		
Referral fee income	8,703	10,562
Management fee income	3,734	5,097
Interest income	348	328
Others	6	9
	<u>12,791</u>	<u>15,996</u>
Other net income		
Subsidy income from the PRC government	2,964	2,685
Net loss on disposal of property, plant and equipment	(379)	(209)
Net foreign exchange gain	2,306	28
Net foreign exchange gain: reclassified from equity on deregistration of a subsidiary	5	—
Others	538	855
	<u>5,434</u>	<u>3,359</u>

4. Profit before taxation

Profit before taxation is arrived after charging:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
(a) Finance costs:		
Interest on bank loans	1,904	2,140
Interest on convertible notes	1,836	849
Interest on other long-term liability	684	658
	<u>4,424</u>	<u>3,647</u>
(b) Other items:		
Staff costs	78,220	81,439
Cost of inventories sold and services provided*	1,335,614	1,189,750
Auditors' remuneration	1,532	1,497
Amortisation of intangible assets	1,814	1,664
Depreciation of property, plant and equipment	9,385	8,278
Provision for impairment losses on		
— trade receivables	63	132
— other receivables	270	1,191
Write off of		
— other receivables	9,931	—
— deposits paid	1,458	—
— amount due from a related party	6,321	—
Operating lease rentals: minimum lease payments		
— property rentals	25,200	26,545
	<u>25,200</u>	<u>26,545</u>

* Cost of inventories sold and services provided includes HK\$1,339,000 (2014: HK\$1,201,000) relating to staff costs and depreciation, which amount is also included in the respective total amounts disclosed separately above for each of these types of expenses.

5. Income tax in the consolidated statement of profit or loss

Taxation in the consolidated statement of profit or loss represents:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current tax – PRC Enterprise Income Tax		
Provision for the year	8,261	7,766
Overprovision in respect of prior years	<u>(135)</u>	<u>(668)</u>
	<u>8,126</u>	<u>7,098</u>
Deferred tax		
Origination and reversal of temporary differences	<u>(308)</u>	<u>189</u>
Income tax expense	<u><u>7,818</u></u>	<u><u>7,287</u></u>

No provision for Hong Kong Profits Tax is made for 2015 (2014: HK\$Nil) as the companies in the Group either have sustained tax losses or have no assessable profits for Hong Kong Profits Tax purposes. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in relevant countries.

Under the PRC tax law, profits of the Group's subsidiaries in the PRC derived since 1 January 2008 is subject to withholding income tax at rates of 5% or 10% upon the distribution of such profits to foreign investors or companies incorporated in Hong Kong or for other foreign investors, respectively. Pursuant to the grandfathering arrangements of the PRC tax law, dividends receivable by the Group from PRC subsidiaries in respect of the undistributed profits derived prior to 31 December 2007 are exempt from the withholding income tax.

At 31 March 2015 and 2014, no deferred tax liabilities have been recognised in respect of tax that would be payable on the unremitted profits of the PRC subsidiaries derived since 1 January 2008 as the directors of the Company is in a position to control the dividend policies of the PRC subsidiaries and no distribution of such profits is expected to be declared from the PRC subsidiaries in the foreseeable future.

6. Dividend

The Directors do not recommend the payment of a dividend for the year ended 31 March 2015 (2014: HK\$Nil).

7. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately HK\$37,527,000 (2014: HK\$3,221,000) and the weighted average number of ordinary shares of approximately 1,059,425,000 shares (2014 (restated): 580,622,000 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2015 '000	2014 '000
Issued ordinary shares at 1 April	695,223	579,353
Effect of rights issue	254,416	—
Effect of conversion of convertible notes	76,518	—
Effect of issue of shares under placings	33,268	1,269
	<u>1,059,425</u>	<u>580,622</u>

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 March 2015 is based on the profit attributable to owners of the Company of approximately HK\$39,363,000 and the weighted average number of ordinary shares of 1,341,658,000 shares, calculated as follows:

(i) Profit attributable to owners of the Company (diluted)

	<i>HK\$'000</i>
Profit attributable to owners of the Company	37,527
After tax effect of effective interest in the liability component of convertible notes	<u>1,836</u>
Profit attributable to owners of the Company (diluted)	<u>39,363</u>

(ii) Weighted average number of ordinary shares (diluted)

	<i>'000</i>
Weighted average number of ordinary shares at 31 March 2015	1,059,425
Effect of conversion of convertible notes	<u>282,233</u>
Weighted average number of ordinary shares (diluted) at 31 March 2015	<u>1,341,658</u>

The assumed exercise of the outstanding share options has anti-dilutive effect and has therefore been excluded from the above calculation.

The diluted earnings per share for the year ended 31 March 2014 is the same as the basic earnings per share as the assumed exercise of the outstanding share options and convertible notes has anti-dilutive effect.

8. Segment reporting

Information regarding the Group's reportable segments as provided to the Group's executive Directors for the purposes of resource allocation and assessment of segment performance for the year is set out below.

(a) Segment results, assets and liabilities

	Distribution sale of cosmetic and skin care products		Investment in securities		Provision of beauty and slimming services		Franchise operations		Sale of health, beauty and related products		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
Reportable segment revenue from external customers	1,398,485	1,241,842	—	—	42,977	89,509	19,569	30,195	825	1,370	1,461,856	1,362,916
Reportable segment results	25,005	27,999	86,330	—	(41,485)	1,891	(7,875)	(1,094)	156	595	62,131	29,391
Unallocated corporate expenses											(9,848)	(7,143)
Profit from operations											52,283	22,248
Finance costs											(4,424)	(3,647)
Share of losses of joint ventures											(2,047)	(3,669)
Profit before taxation											45,812	14,932
Income tax expense											(7,818)	(7,287)
Profit for the year											37,994	7,645
Provision for impairment losses on												
— Trade receivables	63	132	—	—	—	—	—	—	—	—	63	132
— Other receivables	—	—	—	—	270	1,191	—	—	—	—	270	1,191
Write off of												
— Other receivables	—	—	—	—	6,907	—	3,024	—	—	—	9,931	—
— Deposits paid	—	—	—	—	1,458	—	—	—	—	—	1,458	—
— Amount due from a related party	—	—	—	—	6,321	—	—	—	—	—	6,321	—
Amortisation of intangible assets	—	—	—	—	1,814	1,664	—	—	—	—	1,814	1,664
Depreciation of property, plant and equipment	1,443	1,699	—	—	7,414	5,708	499	832	—	2	9,356	8,241
Segment assets												
— Property, plant and equipment	3,319	3,631	—	—	25,615	27,825	613	1,107	—	—	29,547	32,563
— Intangible assets	—	—	—	—	4,908	6,722	—	—	—	—	4,908	6,722
— Interests in joint ventures	—	—	—	—	—	2,047	—	—	—	—	—	2,047
— Financial assets at fair value through profits or loss	—	—	95,400	—	—	—	—	—	—	—	95,400	—
— Other assets	232,311	206,806	25,941	—	125,249	104,181	19,857	16,801	741	703	404,099	328,491
Unallocated corporate assets											61,851	40,791
Total assets											595,805	410,614
Segment liabilities	(127,705)	(117,963)	—	—	(22,192)	(30,921)	(14,542)	(10,908)	—	(2)	(164,439)	(159,794)
Unallocated corporate liabilities											(46,071)	(73,060)
Total liabilities											(210,510)	(232,854)
Additions to segment non-current assets	1,203	1,739	—	—	5,330	10,736	—	465	—	—	6,533	12,940

(b) Geographical information

The Group's revenue from external customers and information about its non-current assets by geographical locations are as follows:

	The PRC		Hong Kong		Total	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue from external customers	1,437,519	1,301,368	24,337	61,548	1,461,856	1,362,916
Non-current assets	23,386	24,487	11,423	17,228	34,809	41,715

(c) Major customers

During the year ended 31 March 2015, two customers (2014: two) with whom transactions exceeded 10% of the Group's revenue. Revenue from distribution sale of cosmetic and skin care products to these customers in the PRC is set out below:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Customer A	314,390	215,021
Customer B	242,458	269,461

9. Financial assets at fair value through profit or loss

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Listed equity securities held-for-trading at fair value in Hong Kong (<i>note</i>)	95,400	—

Note: The fair values of listed equity securities are determined based on the quoted market closing price available on the GEM of the Exchange at the end of the reporting period. As at 31 March 2015, the Group held 30,000,000 shares, representing 3.13% in the issued share capital in Kwan On Holdings Limited, which was incorporated in the Cayman Islands with limited liability with its shares listed on the GEM of the Exchange (stock code: 8305).

10. Trade receivables

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade receivables	140,115	155,574
Less: allowance for doubtful debts	(764)	(694)
	139,351	154,880

The following is an ageing analysis of trade receivables (net of allowance for doubtful debts):

	2015 HK\$'000	2014 <i>HK\$'000</i>
Neither past due nor impaired	<u>120,425</u>	<u>148,247</u>
Less than 1 month past due	11,749	1,645
1 to 2 months past due	744	2,207
More than 2 months but less than 4 months past due	2,700	578
More than 4 months but less than 12 months past due	959	1,674
More than 12 months past due	<u>2,774</u>	<u>529</u>
Amounts past due	<u>18,926</u>	<u>6,633</u>
	<u>139,351</u>	<u>154,880</u>

Management has a credit policy in place and the exposure to the credit risk is monitored on an ongoing basis. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are usually due within 30 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

11. Trade payables

Included in trade payables are trade creditors with the following ageing analysis as of the end of the reporting period:

	2015 HK\$'000	2014 <i>HK\$'000</i>
Due within 1 month or on demand	<u>51,758</u>	<u>42,364</u>

12. Events after the reporting period

- (a) On 22 May 2015, the Group entered into a sales and purchase agreement with an independent third party to acquire a property situated in Hong Kong for a cash consideration of HK\$45,576,000.
- (b) Subsequent to the end of the reporting period, the Group sold all of its equity securities held as at 31 March 2015 at approximately HK\$56,274,000, resulting in a fair value loss on financial assets at fair value through profit or loss of approximately HK\$39,126,000 to be recognised in next financial year.
- (c) On 12 June 2015, Creative Time Investments Limited, a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with an individual third party (the "Vendor") for the acquisition of the entire equity interest in I Pro Skin Care Centre Limited ("iPro") and all debts owed by iPro to the Vendor for a cash consideration of HK\$18,000,000. iPro is a company incorporated in Hong Kong with limited liability and is principally engaged in the operation of a beauty centre for the provision of slimming and beauty services in Hong Kong.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In 2014, our core markets in Hong Kong and the People Republic of China (the “PRC”) performed less than spectacular, where economic performance was below expectations albeit a modest but steady growth pace, dampening both private consumption and traveler expenditures. Increasing cost of sales including rentals further aggravated the operating landscape. Stepping into 2015, with a weak start to the year and the US interest rates on the cards, outlook for the local economy continued to be fogged as the US Federal Reserve again and again left the door open for delaying the timing and speed of the expected raise of policy rates, which might spark further bouts of volatility in the economies globally.

Heedless of the unfavorable operating conditions in which it operates, the Group recorded a satisfactory performance in the year ended 31 March 2015 (the “Year Under Review”). A turnover amounting to approximately HK\$1,461,856,000 was recorded, representing an increase of 7.3% from approximately HK\$1,362,916,000 of the previous year. The main driver for the increase was the continued remarkable growth in the distribution sales of our Shanghai Dong Fang Ri Hua Sales Co. Ltd. (“Dong Fang”). Turnover from Dong Fang increased by 12.6% to approximately HK\$1,398,485,000 during the Year Under Review (2014: approximately HK\$1,241,842,000). The management is confident that the revenues generated from the distribution business will continue to grow and generate stable and sizeable revenue to the Group, as an increasing disposable income for vast swathes of the Chinese population supported the consumption on more high-end products. With a tilt towards the distribution business in face of the current unfavourable environment for the segment, our beauty, slimming and spa centres in Hong Kong and in the PRC delivered a less amiable performance during the Year Under Review. Turnover generated from all our beauty, slimming and spa centres amounted to approximately HK\$42,977,000 (2014: approximately HK\$89,509,000), whereas the franchise cooperation business made a contribution of HK\$19,569,000 to the turnover of the Group (2014: HK\$30,195,000).

Profit for the year amounted to approximately HK\$37,994,000 for the Year Under Review (2014: HK\$7,645,000). Profit attributable to owners of the Company showed a remarkable increase from HK\$3,221,000 of the previous year to HK\$37,527,000 during the Year Under Review. The increases were mainly attributable to our new securities investments business, which brought along net unrealised gains on financial assets at fair value through profit or loss of HK\$86,400,000 for the Year Under Review (2014: nil).

Beauty, Slimming and Spa Centres

The retail sector in Hong Kong showed meagre growth during the Year Under Review amidst unstable internal and external economic environments and our beauty, slimming and spa business in Hong Kong was unavoidably affected. Nevertheless the management remains confident of the prospects of the segment given our excellent service management that enables greater quality assurance. The provision of beauty and slimming services by our beauty, slimming and spa centres is targeted at the female population aged 20 to 59 in Hong Kong, which was shown to be continually on the increase and has reached 2,519,200 at the end of 2014 (provisional figure), accounting for 34.7% of the total population according to the statistics of the Census and Statistics Department. We believe there are greater potential to be unleashed from this business despite the turmoil in face.

Our provision of comprehensive high-quality beauty and slimming service in Hong Kong has earned the long-term favour of customers. The combination of procedure sophistication 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. Building on the above strengths, we believe the business will soon become a significant growth driver and made promising contribution to the Group again.

In the pursuit of excellence for its customers and to strengthen its leading market position in the beauty and slimming industry, the Group has introduced a number of innovative and sophisticated beauty, slimming and anti-ageing treatments and machineries during the Year Under Review. One of the highlights introduced during the year was the “ThermaLift”. It is a technology that was developed to help the signs of ageing skin without surgery. This procedure is non-invasive and there is no “downtime” or recuperation required. The non-surgical facelift / browlift technology uses the most advanced dual mode pulsed light and radio-frequency energy source to produce a desired cosmetic or therapeutic effect without damaging skin. ThermaLift can safely treat wrinkles around the eyes, forehead, lower face and neck.

This technology is complemented by our introduction of the “Collagen Tri-peptide Refining Treatments” which represent a highly potent series of products used to smooth out wrinkles and increase firmness through boosting collagen synthesis and strengthening the skin matrix. This powerful blend contains nano-sized active ingredients that readily penetrate into the dermis layer of the skin for long-lasting smoothing, firming, clarifying and hydrating in all skin types. The results are particularly remarkable when the products are applied with the ThermaLift machine.

Our beauty and slimming business is supported by a strong network in the PRC. On the whole, the beauty and slimming industry is at the dawn of full development, given the ever increasing consumption power of people especially in the second and third tier cities, as well as rising aspiration for personal appearance and well-being among the Chinese consumers. The rise of the new affluent class and consumers’ uplifting demand in China are seen as the main drivers behind the increasing consumption of high quality beauty and slimming products and services. Sophistication also marked the direction of development, with a multifarious range of products and services on the China market including beauty, body sculpting, cosmetics, image design, slimming and health management etc.

To capture the opportunities arising from the trend of market sophistication, we keep on focus on high-end products and services with more rosy prospects, so as to more fully leverage on the strengths of our brand name, Sau San Tong, that enjoys wide recognition, board-based clientele and strong reputation on the market. Over the years, we have successfully built our brand name in the PRC through strategically locating our beauty and slimming centres in prime locations to promote customer access, lavishing on the design and layout of our centres to create an upscale image, and heavily investing in the most advanced technologies and the training of professional beauty technicians. Our beauty and slimming centre in Sinan Mansion, Shanghai and our luxury beauty and slimming clubhouse in Shanghai Bund area both opened in 2013 have added impressive dynamics to our business in the PRC. These two centres are designed to indulge our customers with impeccable treatments and services provided by our stringently trained beauticians using our state-of-art equipment in a fantastic environment. In view of the anticipated strong demand for beauty, slimming and anti-ageing services and products in China where a

larger portion of the population moves up the economic ladder, our established presence and reputation in the PRC market will definitely form valuable assets for our efforts to go seize a bigger piece of the high-end market with the view to establish a more sustainable growth and return.

Distribution Business in the PRC

Product distribution in the PRC is another core business of the Group alongside with the provision of slimming and beauty services. Dong Fang is the largest distributor of P&G products in East China Area, with a colossal presence in Jiangsu, Zhejiang and Shanghai. Its provision of high-quality products and services in the distribution of an extensive range of P&G products under the brand names of SKII, Olay, Pantene, Head & Shoulders, Oral-B, Gillette Men, Vidal Sassoon and a number of other brands in the East and West China along the years has helped to establish a solid reputation in the industry. Other household-known names in the portfolio of Dong Fang included Crest, Clairol, and Rejoice.

Health, Beauty and Related Products

The Group understands that a strong portfolio consisted of forerunning beauty and slimming products and services supported by the most advanced technologies is one of the fundamentals to our efforts to consolidate our leading market position and to enable our strategic move to the high-end market. During the year, a number of innovative products have been launched, including the “Swiss-developed PhytoCellTec™ Argan Stem Cell Dermal Anti Treatment”. Being the first skincare in the world proven to be effective in protecting and invigorating the stem cells in the dermis layer of the skin, this product series contains multiple stem cell ingredients to rejuvenate the skin, leaving it with less wrinkles, increased firmness and elasticity. Another star product for the year was the “Haberlea Rhodopensis Skincare Series” that contains Haberlea Rhodopensis, or Resurrection Flower, which is known to survive up to several months of extreme hydration and return to life when proper moisture conditions are restored. Apart from restoring vital moisture to dry skin, this comprehensive skincare Series remarkably corrects the appearance of fine lines and wrinkles, helping to unveil a firmer, denser, sleeker & younger looking complexion.

Moving ahead, we will continue to source and develop new products and treatments supported by cutting-edge technologies and made with safe ingredients in order to cater to the needs of our customers. It is anticipated that the product sales segment will remain one major driver to steam the Group’s development in the years to come.

Franchise Co-operation Business in the PRC

The Group started venturing into the PRC market in 2004 upon seeing the immense potential of this new market. To succeed, we knew that we would need to establish our foothold in the industry and gain a considerable share of the market ahead of our counterparts, or in other words, in a relatively short period of time. The franchise co-operation model was considered a most suitable means to our ends, and it has enabled the Group to swiftly build an extensive network of franchise co-operate shops, capture a sizeable market size and establish a strong brand presence in the PRC upon its initial entry into the China market and over the years. In the future, we will continue to leverage on this successful business model and further expand our network of franchise co-operate beauty and slimming shops with the objective of further consolidating our brand presence and market position.

18 new franchise co-operate beauty and slimming shops have been added to our extensive network during the Year Under Review. As at 31 March 2015, more than 160 franchise cooperation contracts have been signed.

BeautyU Online Booking Platform

Determined to tap into the virgin market of internet selling in the beauty and slimming industry in PRC, we have launched BeautyU (www.beautyu.com), the first online beauty and slimming service booking platform in PRC in October 2012. This online shopping website was designed to free our customers from the annoyance of traditional exhausting hard-selling and prepayment practice, and was warmly welcomed by retail customers who wanted to make bookings online in accordance with their own needs. This platform of internet selling continued to perform well over the past years in terms of attracting retail customers, as well as soliciting beauty and slimming service providers to join. We believe the website will continue to be a valuable asset to the Group.

Securities Investments Business

In March 2015, the Board announced the intention of the Group to commence a new business segment of investment in securities, which might include long-term and short-term investments in listed securities in Hong Kong and other recognised securities markets in the overseas as well as wealth management products purchased from banks and other financial institutions, with a view to enhancing the value of the shares of the Company and will therefore be in the interest of the Company and its shareholders as a whole. The Board is of the view that the securities investments business will diversify the income stream of the Group and broaden its revenue base. It is expected that the securities investments business may also improve the capital usage efficiency of the Company and generate additional investment returns on the idle funds of the Company.

Outlook

The Group's core beauty and slimming business has remained in a difficult operating environment in the past year as the Hong Kong economic growth recorded meagre growth at a rate lower than the average rate of the past decade for the third consecutive year. Consumer demand was suppressed by austerity measures posed by the Central Government and macro-economic uncertainties, but with the Central Government's commitment to restructure the economy from a growth spearheaded by the infrastructure and investment industries to one driven by domestic demand and services sector, the PRC economy is anticipated to embark on a more sustainable growth path in 2015. Globally, economic activities have shown clearer indications of a more upbeat trend. Moving forward, the management remains optimistic about the Group's prospects in the principal markets of Hong Kong and the PRC and will continue to strive for stable growth through cost control efforts and stringent quality assurance measures for its services and products. The Group is also actively training its teams of talents to maintain a consistent service level across its beauty, slimming and spa centres in different region.

Our securities investments business recently established has contributed outstanding results for the year, opening an additional source of investment returns on the idle funds of the Company. While the Group remains principally focused on the beauty and slimming business, the new segment is a proven success to diversify the income stream, broaden the revenue base and optimise the capital usage efficiency. Our

portfolio will comprise meticulously selected investments in listed securities in Hong Kong and other recognised securities markets in the overseas, as well as wealth management products purchased from banks and other financial institutions.

Corporate Social Responsibility

As a leader in the beauty and slimming industry, the Group intends to lead the way in enhancing the safety level of the sector. We have always attached great importance to the safety of our services and products and exercises stringent quality control on its products. The machines and materials used in our treatment services have passed vigorous safety tests and attained international safety standards.

Awards

Widely recognised and highly praised for its outstanding products and services, the Group was proud to receive “My Favorite Wellness Treatment 2015 — Beauty & Slimming Centre Category” by Jessica Magazine” and is honoured to be the “Caring Company” for seven consecutive years.

Charity

Devoted to pursue the perfection of physical beauty, we equally believe in the beauty of the heart and spare ourselves no effort to support charity initiatives. Regular charity donations and certain volunteer initiatives are performed during the year.

Capital Structure, Liquidity and Financial Resources

Cash and bank balances as at 31 March 2015 were approximately HK\$182,953,000 compared to approximately HK\$99,647,000 as at 31 March 2014. Gearing ratio of the Group was 8.2% (2014: 22.7%), based on total of bank borrowings of approximately HK\$31,734,000 (2014: approximately HK\$40,291,000) and the net assets of approximately HK\$385,295,000 (2014: approximately HK\$177,760,000). As at 31 March 2015, liability of the Group amounted to approximately HK\$210,510,000 (2014: approximately HK\$232,854,000), including account payables and other payables of approximately HK\$122,073,000 (2014: approximately HK\$99,439,000) arising mainly from the daily operations of our subsidiary, Dong Fang, deferred income of approximately HK\$11,708,000 (2014: approximately HK\$17,671,000), and bank borrowings of approximately HK\$31,734,000 (2014: approximately HK\$40,291,000) arising mainly from the trading activities of Dong Fang. The liability is intended to be financed by internal resources of the Group. The liquidity ratio of the Group represented by a ratio of current assets over current liabilities was 3.32:1 (2014: 2.27:1), reflecting the adequacy of financial resources.

Pursuant to a rights issue made by the Company on 26 September 2014, the Company issued 893,857,500 ordinary shares of HK\$0.01 each at a subscription price of HK\$0.10 per ordinary share on the basis of three new shares for every existing share held (the “Rights Issue”), resulting in net proceeds of approximately HK\$86,017,000. Details of the Rights Issue are set out in the Company’s prospectus dated 3 September 2014.

On 7 January 2015, the Company issued 59,560,000 ordinary shares of HK\$0.01 each pursuant to a placing under general mandate at a price of HK\$0.143 per share. The net proceeds of approximately HK\$8,389,000 will be utilised for funding the potential acquisitions to be identified by the Company.

On 12 March 2015, the Company issued 357,000,000 ordinary shares of HK\$0.01 each pursuant to a placing under specific mandate at a price of HK\$0.143 per share. The net proceeds of approximately HK\$50,281,000 will be utilised for funding the potential acquisitions to be identified by the Company.

Convertible Notes

Pursuant to the subscription agreement entered into between the Company and Dr. Cheung Yuk Shan, Shirley (“Dr. Cheung”) and an ordinary resolution passed at the extraordinary general meeting held on 6 December 2013, the Company issued a convertible note in the principal amount of HK\$20,000,000 to Dr. Cheung (“Subscription Convertible Note”) on 20 December 2013. The Subscription Convertible Note is with 2% interest rate per annum and is due in 3 years from the date of issue and convertible into ordinary shares at an adjusted conversion price of HK\$0.137 per conversion share, subject to adjustments. Up to the date of this announcement, the Subscription Convertible Note has not yet been converted.

Pursuant to the placing agreement entered into between the Company and the placing agent and an ordinary resolution passed at the extraordinary general meeting held on 6 December 2013, the placing of placing convertible notes in an aggregate principal amount of HK\$30,000,000 (“Placing Convertible Notes”) were placed by the Placing Agent and issued to not fewer than six placees who are independent third parties on 20 December 2013. The Placing Convertible Notes are with 4% interest rate per annum and is due in 3 years from the date of issue and convertible into ordinary shares at an adjusted conversion price of HK\$0.141 per conversion share. The Placing Convertible Notes were converted into ordinary shares in November 2014. Accordingly, a total of 212,765,954 ordinary shares of HK\$0.01 each were issued on conversion.

Treasury Policy

The Group adopts a prudent approach towards its treasury policies. The Group evaluates the financial condition of its customers regularly to mitigate the credit risk. The average outstanding days of the Group’s accounts receivable was maintained at below 90 days. To manage the liquidity risk, the Group closely monitors its liquidity position to ensure the liquidity structure of the Group’s assets, liabilities and commitments and to ensure the fulfillment of its funding requirements. The Group has no investments in derivatives, bonds or structured financial products.

Foreign Exchange Exposure

Since the assets, liabilities, revenue and payments of the Group are mainly denominated in Hong Kong Dollars and Renminbi, the Group considers that there was no significant exposure to foreign exchange fluctuations.

Net Assets

As at 31 March 2015, the Group's net assets amounted to approximately HK\$385,295,000 compared to approximately HK\$177,760,000 as at 31 March 2014. There are no charges on the Group's assets as at 31 March 2015 and 2014.

Contingent Liabilities

As at 31 March 2015 and 2014, the Group and the Company had no material contingent liabilities.

Employee Information

As at 31 March 2015, the Group had 498 employees (2014: 527). During the year, the Group's total staff costs amounted to approximately HK\$78,220,000 (2014: approximately HK\$81,439,000).

The Group's remuneration policies are formulated on the basis of the performance and experience of individual employee and are in line with practices of local markets in which the Group operates. In addition to salary, the Group also offers to its employees other fringe benefits including share option, provident fund and medical benefits.

Share Option Scheme

The Group has a share option scheme whereby qualified participants may be granted options to acquire shares of the Company, under the terms and conditions stipulated therein, as incentives or rewards for their contributions to the Group. As at 31 March 2015 there is an aggregate of 34,486,666 outstanding options to subscribe for 34,486,666 shares of the Company pursuant to the share option scheme adopted on 4 November 2003.

Future Plan

In view of the anticipated growing demand for beauty and slimming products and services in Hong Kong and the PRC, the Group will continue to introduce new treatments and products to enrich our portfolio of services and products, but in a prudent approach for our business given the uncertain macroeconomic environment.

With the e-tail market in China gaining rapidly in size, the Group takes e-commerce as an inevitable path to success. We believe our website BeautyU online platform represents an innovative business model that can consolidate our position in the industry, serving three purposes at once: 1. improving brand visibility of our brand name Sau San Tong on the internet at relatively low cost; 2. provide a highly accessible platform to our potential partners of beauty and slimming service providers to promote entrepreneurial opportunities; and 3. enhance the experience of making purchases and bookings for our retail customers. With this unique tripartite e-commerce engine in place, we expect to enjoy a big leap in our performance as the economy turns around and other negative factors disperse.

Events after the reporting period

- (a) On 22 May 2015, the Group entered into a sales and purchase agreement with an independent third party to acquire a property situated in Hong Kong for a cash consideration of HK\$45,576,000.
- (b) On 12 June 2015, Creative Time Investments Limited, a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with an individual independent third party (the “Vendor”) for the acquisition of the entire equity interest in I Pro Skin Care Centre Limited (“iPro”) and all debts owed by iPro to the Vendor for a cash consideration of HK\$18,000,000. iPro is a company incorporated in Hong Kong with limited liability and is principally engaged in the operation of a beauty centre for the provision of slimming and beauty services in Hong Kong.

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

As at 31 March 2015, 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 directors	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	15.74%
Mr. Cheung Ka Heng, Frankie	—	2,800,000	2,800,000	0.15%

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 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	0.26%

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 March 2015, 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 (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 March 2015, so far as was 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
Biochem	Beneficial owner	125,328,000	6.88%
Dr. Cheung Yuk Shan, Shirley	Beneficial owner	161,290,800	8.86%
Like Capital Limited (<i>Note 1</i>) (formerly known as CNI Capital Limited)	Beneficial owner	124,200,000	6.82%
Ethnocentric Investment Limited (<i>Note 1</i>)	Interest in a controlled corporation	124,200,000	6.82%
Capital VC Limited (<i>Note 1</i>)	Interest in a controlled corporation	124,200,000	6.82%
China Mobile Games and Entertainments Group Limited	Beneficial owner	132,656,000	7.28%

Note 1: Like 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.

Saved as disclosed above, as at 31 March 2015, 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, has 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 year 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.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this announcement, the Company has maintained a sufficient public float of more than 25% of the Company’s issued share as required under the GEM listing rules throughout the Year Under Review and up to the date of this announcement.

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 (the “Code”) contained in Appendix 15 of the GEM Listing Rules throughout the year, 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, 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.

Code provision A.2.7 stipulates that the chairman of the Board should at least annually hold meetings with the non-executive Directors (including independent non-executive Directors) without the executive Directors' presence. As Dr. Cheung, the Chairman of the Board, is also an Executive Director, the Company has deviated from this code provision as it is not applicable. Besides, the chairman of the Board considered that it was unnecessary as it would be more transparent and efficient to let the independent non-executive Directors express their views to all executive Directors in the meetings of the Board. Besides, the chairman of the Board always welcomes all independent non-executive Directors to communicate with her directly via email or phone to discuss any matters of the Company from time to time.

Code provision A.6.7 stipulates that independent non-executive directors and other non-executive directors, as equal board members, should attend general meetings of the Company and develop a balanced understanding of the views of shareholders. Mr. Hong Po Kui, Martin, Mr. Li Kuo Hsing, Ms. Hui Yat Lam and Ms. Chiu Kam Hing, Kathy, being the independent non-executive Directors, due to other unexpected important engagements, were unable to attend the annual general meeting of the Company held on 24 September 2014, and the extraordinary general meetings of the Company held on 21 August 2014 and 17 February 2015 respectively.

Code provision C.1.2 stipulates that the management shall provide all members of the Board with monthly updates. Management considers that quarterly updates and periodic instant updates when developments arising out of the ordinary business instead of monthly updates are sufficient for the Board to discharge its duties. Besides, during the Year Under Review, the executive Directors have provided, and will continue to provide, to all independent non-executive Directors updates on any material changes to the position and prospects of the Company, which are considered to be sufficient to provide general updates of the Company's performance, position and prospects to the Board and allow them to give a balanced and understandable assessment of the same to serve the purpose required by the code provision C.1.2.

CORPORATE GOVERNANCE ENHANCEMENT

Enhancing corporate governance is not simply a matter of applying and complying with the Corporate Governance Code of the Exchange but also about promoting and developing an ethical and healthy corporate culture. We will continue to review and, where appropriate, improve our current practices on the basis of our experience, regulatory changes and developments. Any views and suggestions from our Shareholders to promote and improve our transparency are also welcome.

Full details in respect of the compliance with Appendix 15 of the GEM Listing Rule in the form of a "Corporate Governance Report" will be included in the annual report for the year ended 31 March 2015.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. Details of the role and work performed by the committee are set out in “Corporate Governance Report” in the annual report for the year ended 31 March 2015. The audit committee has reviewed the consolidated financial statements of the Group for the year ended 31 March 2015.

REMUNERATION COMMITTEE

The Company has established a remuneration committee with written terms of reference in compliance with Rules 5.34 to 5.36 of the GEM Listing Rules. Details of the role and work performed by the Committee are set out in “Corporate Governance Report” in the annual report for the year ended 31 March 2015.

NOMINATION COMMITTEE

The Company has established a nomination committee with written terms of reference in compliance with the Code. Details of the role and work performed by the Committee are set out in “Corporate Governance Report” in the annual report for the year ended 31 March 2015.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Director on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. 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 year.

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

Hong Kong, 26 June 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.