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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)

PROPOSED SHARE CONSOLIDATION

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The Board proposes to implement the Share Consolidation on the basis that every two (2) issued and unissued Shares of HK\$0.01 each will be consolidated into one (1) Consolidated Share of HK\$0.02 each.

GENERAL

The Circular containing, among other things, further details of the Share Consolidation; and the notice of the EGM will be despatched to the Shareholders on or before Monday, 5 September 2016.

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Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each, of which 3,642,271,908 Shares have been allotted and issued as fully paid or credited as fully paid. Upon the Share Consolidation becoming effective, on the basis that the Company does not allot, issue or repurchase any Shares prior thereto, the authorised share capital of the Company shall become HK\$100,000,000 divided into 5,000,000,000 Consolidated Shares of HK\$0.02 each, of which 1,821,135,954 Consolidated Shares will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank pari passu in all respects with each other.

* for identification purpose only

As at the date of this announcement, the Company has (i) 13,788,600 outstanding share options under the share option scheme adopted by the Company on 4 November 2003 to subscribe for 13,788,600 new Shares and there are 72,845,438 outstanding share options under the share option scheme adopted by the Company on 24 February 2016 to subscribe for 72,845,438 new Shares and (ii) convertible notes with outstanding principal amount of HK\$20,000,000 which is convertible into 147,058,823 Shares upon conversion in full. The Directors will determine any adjustments required to be made in respect the above as a result of the Share Consolidation. The Company will make further announcement about the adjustments in due course.

Save for the aforesaid, the Company has no other outstanding options, warrants or securities in issue which are convertible or exchangeable into the Shares.

Conditions Precedent to the Share Consolidation

The Share Consolidation is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM;
- (ii) the Listing Division of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

The Share Consolidation will become effective on the next Business Day immediately following the fulfillment of the above conditions.

Listing Application

An application will be made by the Company to the Listing Division of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares in issue and to be in issue upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated 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 Consolidated 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

None of the Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares will be disregarded and not issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

Odd lots arrangement and matching services

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint a securities firm to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the Circular.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed.

Free exchange of Consolidated Shares' certificates and trading arrangement

Subject to the Share Consolidation becoming effective, Shareholders may, on or after Friday, 23 September 2016 until Tuesday, 1 November 2016 (both days inclusive), submit share certificates for the Shares to the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange, at the expense of the Company, for new share certificates of the Consolidated Shares (on the basis of two (2) Shares for one (1) Consolidated Share). Thereafter, certificates of Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever the number of certificates cancelled/issued is higher. After 4:00 p.m. on Friday, 28 October 2016, existing share certificates for the Shares will only remain effective as documents of title and may be exchanged for certificates for Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

The colour of the new share certificates for the Consolidated Shares will be announced by the Company in due course.

REASONS FOR THE SHARE CONSOLIDATION

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. In view of (i) the recent trading prices of the Shares; and (ii) intention of the Company to conduct a fund raising activity by way of placing of new shares under general mandate (the “**Possible Placing**”), the Board considers that the Share Consolidation would enable the Company to comply with the trading requirements under the GEM Listing Rules and is beneficial to and in the interests of the Company and the Shareholders as a whole.

Save as the Possible Placing, as at the date of this announcement, the Company does not have any plan, arrangement, understanding, intention, negotiation (either concluded or in process) on any potential fund raising activities which will involve issue of equity securities of the Company.

EXPECTED TIMETABLE

Set out below is the expected timetable for the implementation of the Share Consolidation:

Event	2016
Expected date of despatch of the Circular with notice and form of proxy of the EGM	Monday, 5 September
Latest date and time for lodging forms of proxy for the EGM	11:30 a.m. Tuesday, 20 September
Date and time of the EGM	11:30 a.m. Thursday, 22 September
Announcement of voting result of the EGM.	Thursday, 22 September
Effective date of the Share Consolidation	Friday, 23 September
Dealing in the Consolidated Shares commences.	9:00 a.m. Friday, 23 September
Original counter for trading in the Shares in board lots of 40,000 Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. Friday, 23 September
Temporary counter for trading in the Consolidated Shares in board lots of 20,000 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. Friday, 23 September
First day for free exchange of existing share certificates for new share certificates for the Consolidated Shares	Friday, 23 September

Original counter for trading in the Consolidated Shares in board lots of 40,000 Consolidated Shares (in the form of new share certificates) re-opens	9:00 a.m. Friday, 7 October
Parallel trading in the Consolidated Shares (in the form of new share certificates and existing share certificates) commences	9:00 a.m. Friday, 7 October
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares	9:00 a.m. Friday, 7 October
Temporary counter for trading in board lots of 20,000 Consolidated Shares (in the form of existing share certificates) closes	4:00 p.m. Friday, 28 October
Parallel trading in the Consolidated Shares (in the form of new share certificates and existing share certificates) ends	4:00 p.m. Friday, 28 October
Designated broker ceases to stand in the market to provide matching services for sale and purchase of odd lots of the Consolidated Shares	4:00 p.m. Friday, 28 October
Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares	Tuesday, 1 November

Note:

All times and dates in this announcement refer to Hong Kong local times and dates. Shareholders should note that the dates and deadlines specified in this announcement for events in the timetable for the Share Consolidation is subject to the satisfaction of all the conditions of the Share Consolidation, including without limitation, the approval of the Share Consolidation by Shareholders at the EGM, and is therefore for indicative purpose only.

In the event that any special circumstances arise, the Board may extend, or make adjustment to, the timetable if it considers appropriate. Any extension or adjustment to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

GENERAL

The Share Consolidation is conditional upon, inter alia, the convening of the EGM for Shareholders to consider and, if thought fit, passing the resolutions to approve, inter alia, the Share Consolidation. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders are required to abstain from voting on the resolution in relation to the Share Consolidation to be proposed at the EGM.

The Circular containing, among other things, further details of the Share Consolidation; and the notice of the EGM will be despatched to the Shareholders on or before Monday, 5 September 2016.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday and Sunday) on which licensed banks are generally open for business more than five hours in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular of the Company to be despatched to the Shareholders to provide, among other things, further details regarding the Share Consolidation
“Company”	Sau San Tong Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the GEM
“Consolidated Share(s)”	Share(s) of HK\$0.02 each in the issued share capital of the Company immediately following the Share Consolidation
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Share Consolidation
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Share Consolidation”	the consolidation of every two (2) issued and unissued Shares of par value of HK\$0.01 each into one (1) Consolidated Share of par value of HK\$0.02 each

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 22 August 2016

As at the date of this announcement, the Board comprises executive directors namely Dr. Cheung Yuk Shan, Shirley (Chairman) and Mr. Mui Wai Sum; non-executive director namely Mr. Takashi Togo; independent non-executive directors namely Mr. Hong Po Kui, Martin, Ms. Hui Yat Lam and Ms. Chiu Kam Hing, Kathy.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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.