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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)**

### **PLACING OF NEW SHARES UNDER GENERAL MANDATE AND RESUMPTION OF TRADING**

**Placing Agent**



**SOUTH CHINA SECURITIES LIMITED**

#### **SUMMARY**

##### **The Placing**

On 27 February 2006, the Company entered into the Placing Agreement with the Placing Agent. Pursuant to the Placing Agreement, the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis 10,000,000 Placing Shares at a price of HK\$0.4 per Placing Share. All of the Placing Shares have been fully placed as at the date of this announcement.

The Placing Shares represent approximately 1.52% of the Company's existing issued share capital of 656,900,000 Shares and approximately 1.50% of its issued share capital of 666,900,000 Shares as enlarged by the Placing.

The Placing Price of HK\$0.4 represents (i) a premium of approximately 73.91% to the closing price of the Shares of HK\$0.23 as quoted on the Stock Exchange on 27 February 2006, being the last trading day before the date of this announcement; and (ii) a premium of approximately 66.67% to the average closing price per Share of HK\$0.24 as quoted on the Stock Exchange for the last five trading days immediately before and including 27 February 2006.

The gross proceeds from the Placing will be HK\$4 million and the net proceeds of approximately HK\$3.9 million will be applied for general working capital purpose.

\* For identification purpose only

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Placing is conditional upon the Stock Exchange granting the listing of and permission to deal in the Placing Shares.

### **Suspension and resumption of trading**

At the request of the Company, dealings in the Shares on the Stock Exchange were suspended with effect from 9:30 a.m. on 28 February 2006 pending for the release of this announcement.

Application has been made for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 1 March 2006.

## **THE PLACING AGREEMENT**

### **Date**

27 February 2006

### **Issuer**

The Company

### **Placing Agent**

South China Securities Limited, which is independent of the Company, any director, chief executive, substantial shareholder (as defined in the GEM Listing Rules) or management shareholder (as defined in the GEM Listing Rules) of the Company or any of its subsidiaries or their respective associates (as defined in the GEM Listing Rules).

### **Placee**

As advised by the Placing Agent, the placee is Wonder Plan Holdings Limited which was identified by the Placing Agent. Wonder Plan Holdings Limited is an indirect wholly-owned subsidiary of Hongkong Chinese Limited, a company listed on the Stock Exchange. To the best of the knowledge and belief of the Company, Wonder Plan Holdings Limited and Hongkong Chinese Limited are independent of the Company, any director, chief executive, substantial shareholder (as defined in the GEM Listing Rules) or management shareholder (as defined in the GEM Listing Rules) of the Company or any of its subsidiaries or their respective associates (as defined in the GEM Listing Rules). To the best of the knowledge and belief of the Company, Wonder Plan Holdings Limited will not become a substantial shareholder (as defined in the GEM Listing Rules) of the Company immediately after the Placing.

### **Number of Placing Shares**

10,000,000 new Shares representing approximately 1.52% of the Company's existing issued share capital of 656,900,000 Shares and approximately 1.50% of its issued share capital of 666,900,000 Shares as enlarged by the Placing.

## **Placing Price**

The Placing Price of HK\$0.4 represents (i) a premium of approximately 73.91% to the closing price of the Shares of HK\$0.23 as quoted on the Stock Exchange on 27 February 2006, being the last trading day before the date of this announcement; and (ii) a premium of approximately 66.67% to the average closing price per Share of HK\$0.24 as quoted on the Stock Exchange for the last five trading days immediately before and including 27 February 2006.

Based on the closing price per Share of HK\$0.23 as quoted on the Stock Exchange on 27 February 2006, the market price for the Placing Shares was approximately HK\$2.3 million.

After taking into consideration of the costs and expenses in relation to the Placing, the net price of each Placing Share is approximately HK\$0.39 per Share.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **Basis of the Placing**

The Placing Agent will place the Placing Shares on a best endeavours basis. All the Placing Shares have been fully placed as at the date of this announcement.

## **Ranking of the Placing Shares**

The Placing Shares, when fully paid and issued, will rank pari passu in all respects among themselves and with all other Shares in issue as at the date of allotment and issue.

## **Mandate to issue the Placing Shares**

The Placing Shares will be allotted and issued pursuant to the general mandate granted to the Directors at the Company's annual general meeting held on 25 July 2005 to allot, issue and deal with securities in the Company up to a total of 131,380,000 Shares (and no part of such general mandate has been exercised by the Directors since 25 July 2005).

## **Condition of the Placing**

The Placing is conditional upon the Stock Exchange granting the listing of and the permission to deal in the Placing Shares.

In the event of the condition above is not fulfilled on or prior to 13 March 2006 (or such later date and time as may be agreed between the Company and the Placing Agent), the Placing Agreement shall terminate and none of the parties to the Placing Agreement shall have any claim against the other for any costs or losses (save for any prior breaches of the Placing Agreement).

## Completion of the Placing

Completion of the Placing is expected to take place on the second Business Day following the fulfilment of the condition set out in the section headed “Condition of the Placing” above (or such other date and time as the Company and the Placing Agent shall agree).

## APPLICATION FOR LISTING OF THE PLACING SHARES

Application has been made by the Company to the Stock Exchange for the granting of the listing of and permission to deal in the Placing Shares.

## CHANGES IN SHAREHOLDING INTERESTS OF THE COMPANY

The shareholding interests of the Company as at the date of this announcement and immediately after the completion of the Placing are as follows:

Name of the Shareholders	Existing		Immediately after the completion of the Placing	
	Number of Shares	%	Number of Shares	%
Biochem Investments Limited (Note 1)	293,200,000	44.63	293,200,000	43.96
Dr. Cheung Yuk Shan, Shirley	81,070,000	12.34	81,070,000	12.16
Kingwise Corporation Limited (Note 2)	21,060,000	3.21	21,060,000	3.16
Dr. Cheng Shing Lung, Edwin	5,000,000	0.76	5,000,000	0.75
Public Shareholders				
Wonder Plan Holdings Limited	–	–	10,000,000	1.50
Other public Shareholders	<u>256,570,000</u>	<u>39.06</u>	<u>256,570,000</u>	<u>38.47</u>
Total	<u>656,900,000</u>	<u>100</u>	<u>666,900,000</u>	<u>100</u>

### Notes:

1. Biochem Investments Limited is a company incorporated in the British Virgin Islands with limited liability. The entire issued share capital of Biochem Investments Limited is directly owned by Dr. Cheung Yuk Shan, Shirley, the Director.
2. Kingwise Corporation Limited is a company incorporated in Hong Kong with limited liability. Dr. Cheng Shing Lung, Edwin, the Director, owned 30% of the issued capital of Kingwise Corporation Limited.

## **REASONS FOR THE PLACING AND USE OF NET PROCEEDS FROM THE PLACING**

The Company is an investment holding company. The Group, through its subsidiaries, is principally engaged in three business segments, including the operation of slimming centres, the sales of health and beauty products and the product distribution.

The Directors believe that the Placing can strengthen the capital base of the Group.

The gross proceeds from the Placing will be HK\$4 million and the net proceeds of approximately HK\$3.9 million will be applied for general working capital purpose.

## **FUNDS RAISED BY THE COMPANY DURING THE PAST TWELVE MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT**

The Company had not conducted any fund raising exercise during the past twelve months immediately preceding the date of this announcement.

## **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, dealings in the Shares on the Stock Exchange were suspended with effect from 9:30 a.m. on 28 February 2006 pending for the release of this announcement.

Application has been made for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 1 March 2006.

## **Definitions**

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

“Business Day”	any day (excluding a Saturday) on which banks generally are open for business in Hong Kong
“Company”	Sau San Tong Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“GEM”	The Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Placing”	the placing of the Placing Shares at the Placing Price pursuant to the Placing Agreement
“Placing Agent”	South China Securities Limited, a deemed licensed corporation for type 1 regulated activities under the SFO
“Placing Agreement”	a conditional placing and underwriting agreement entered into between the Placing Agent and the Company dated 27 February 2006
“Placing Price”	HK\$0.4 per Placing Share
“Placing Shares”	10,000,000 new Shares to be placed under the Placing
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the board of Directors  
**Sau San Tong Holdings Limited**  
**Cheung Yuk Shan, Shirley**  
*Chairman*

Hong Kong, 28 February 2006

*As at the date of this announcement, the executive Directors are Dr. Cheung Yuk Shan, Shirley (Chairman), Mr. Cheung Ka Heng, Frankie, Dr. Cheng Shing Lung, Edwin whilst the independent non-executive Directors are Mr. Hong Po Kui, Martin, Mr. Li Kuo Hsing and Mr. Ho Yiu Ming.*

*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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of its posting.*