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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 EXISTING SHARES,  
SUBSCRIPTION OF NEW SHARES,  
AND  
RESUMPTION OF TRADING**

**Placing agent**



**東方滙財證券有限公司**  
**ORIENT SECURITIES LIMITED**

**Orient Securities Limited**

On 12 July 2007, the Vendor entered into (i) the Placing Agreement with the Placing Agent; and (ii) the Subscription Agreement with the Company. Pursuant to the Placing Agreement, the Placing Agent has agreed to place, on best efforts basis, to not less than six independent places for up to 159,980,000 Shares at a price of HK\$0.18 per Placing Share, for and on behalf of the Vendor. Pursuant to the Subscription Agreement, the Vendor has conditionally agreed to subscribe for such number of new Shares as is equal to the number of Placing Shares successfully placed by the Placing Agent at a price of HK\$0.18 per Subscription Share.

The Placing is unconditional, but the completion of Subscription is subject to (i) the completion of the Placing; (ii) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant the listing of and permission to deal in the Subscription Shares and (iii) the Executive of SFC granting a waiver to the Vendor and parties acting in concert with it from any obligation to make a general offer under Rule 26 of the Hong Kong Code on Takeovers and Mergers arising from the Vendor entering into the Placing and Subscription. If such conditions are not fulfilled, the Subscription will not proceed.

The maximum number of 159,980,000 Placing Shares represents 20.00% of the entire issued share capital of the Company of 799,900,000 Shares as at the date of this announcement and approximately 16.67% of the Company's entire issued share capital as enlarged by the Subscription. The net proceeds from the Subscription of approximately HK\$28 million (assuming the Placing Shares are fully placed) will be used for general working capital of the Group.

\* *For identification purpose only*

Trading in the Shares on the Stock Exchange was suspended at the request of the Company from 2:30 p.m. on 12 July 2007 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 16 July 2007.

## **THE PLACING AGREEMENT**

- Date:** 12 July 2007.
- Vendor:** Biochem Investments Limited, a company incorporated in the British Virgin Islands with limited liability. The Vendor owns 293,200,000 Shares, representing approximately 36.65% of the Company as at the date of this announcement.
- Placing Agent:** Orient Securities Limited. The Placing Agent and its ultimate owners are Independent Third Parties.
- Placees:** The Placing Shares will be placed to not less than six placees (which will be independent individual, corporate and/or institutional investors) and their ultimate beneficial owners will be Independent Third Parties. It is expected that no placee will become a substantial Shareholder (as such term is defined in the GEM Listing Rules) immediately following completion of the Placing and the Subscription.
- Number of Placing Shares:** Up to 159,980,000 Shares, to be placed by the Placing Agent on best efforts basis. Assuming the Placing Shares are fully placed, the Placing Shares represents 20.00% of the entire issued share capital of the Company of 799,900,000 Shares as at the date of this announcement and approximately 16.67% of the Company's entire issued share capital as enlarged by the Subscription.

The nominal value of the Placing Shares is HK\$1,599,800.

Placing Price: HK\$0.18 per Placing Share. The Placing Price was agreed after arm's length negotiations between the Company and the Placing Agent, with reference to, among other things, the recent trading price of the Shares on GEM. The net price per Placing Share is HK\$0.1755. The Placing Price represents:

- (a) a discount of approximately 17.43% to the closing price of HK\$0.213 per Share as quoted on the GEM on 12 July 2007, being the last trading day of the Shares immediately before the date of the Placing Agreement on 12 July 2007;
- (b) a discount of approximately 16.67% to the average closing price of HK\$0.218 per Share as quoted on the GEM for the last 5 trading days of the Shares immediately before the date of Placing Agreement on 12 July 2007; and
- (c) a discount of approximately 16.55% to the average closing price of HK\$0.216 per Share as quoted on the GEM for the last 10 trading days of the Shares immediately before the date of Placing Agreement on 12 July 2007.

Placing Commission: The Placing Agent will receive a placing commission of 2.5% on the gross proceeds of the Placing.

Completion of the Placing: The Placing is unconditional and completion of the Placing is expected to take place on or before 17 July 2007 (or such other date as the Vendor and the Placing Agent may agree in writing).

#### **THE SUBSCRIPTION AGREEMENT:**

Date: 12 July 2007.

Subscriber: The Vendor.

Number of Subscription Shares: The Company will issue such number of new Shares to the Vendor as is equal to the number of Placing Shares successfully placed by the Placing Agent pursuant to the Placing. Assuming the Placing Shares are fully placed, the Company will issue 159,980,000 Subscription Shares to the Vendor, representing approximately 20.00% of the entire issued share capital of the Company of 799,900,000 Shares as at the date of this announcement and approximately 16.67% of the Company's entire issued share capital as enlarged by the Subscription.

Subscription Price:	HK\$0.18 per Subscription Share. Subject to the Subscription being completed, the Company will bear the costs and expenses in connection with the Placing and the net proceeds from the Subscription is estimated to be approximately HK\$28 million (assuming the Placing Shares are fully placed). As a result, the net price per Subscription Share will be approximately HK\$0.1755.
General Mandate:	The Subscription Shares will be issued pursuant to the general mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the Company's extraordinary general meeting held on 6 July 2007. The general mandate has not been utilized prior to entering into the Placing Agreement and Subscription Agreement.
Ranking of Subscription Shares:	The Subscription Shares, when issued and fully paid, will rank pari passu among themselves and with Shares in issue at the time of issue and allotment of the Subscription Shares.
Conditions to the Subscription:	<p>The Subscription is conditional upon the following conditions:</p> <ul style="list-style-type: none"> <li>(A) completion of the Placing having occurred pursuant to the terms of the Placing Agreement;</li> <li>(B) the listing of and permission to deal in all the Subscription Shares being granted by the Listing Committee of the Stock Exchange (and such permission and listing not subsequently being revoked prior to the delivery of the definitive Share certificate(s) representing the Subscription Shares);</li> <li>(C) the Executive granting to the Vendor and parties acting in concert with it (if any) a waiver of any obligation to make a general offer under Rule 26 of the Takeovers Code in connection with the Placing and Subscription.</li> </ul> <p>Application will be made to the Stock Exchange to grant approval for the listing of and permission to deal in the Subscription Shares. Application has also been made to the SFC to grant a waiver to the Vendor and its concert parties from any obligation to make a general offer under Rule 26 of the Hong Kong Code on Takeovers and Mergers arising pursuant to the Vendor entering into the Placing and Subscription.</p>
Completion of the Subscription:	Subject to the satisfaction of all the conditions set out above, the Subscription is expected to be completed within fourteen days from the date of the Placing Agreement (i.e. 26 July 2007) or such later time and/or such other date as the Vendor and the Company may agree in writing)

## EFFECT OF THE PLACING AND THE SUBSCRIPTION ON SHAREHOLDING

The shareholdings in the Company immediately before the completion of the Placing, immediately after completion of the Placing but before completion of the Subscription, and immediately after completion of both Placing and the Subscription are and will be as follows:

	Existing shareholding as at the date of this announcement		Assuming all the outstanding options have been exercised		Shareholding after the Placing but immediately prior to the Subscription		Shareholding after the Placing but immediately prior to the Subscription and assuming all the outstanding options have been exercised		Shareholding after the Placing and the Subscription		Shareholding after the Placing and the Subscription assuming all the outstanding options have been exercised	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Vendor ( <i>Note 1</i> )	293,200,000	36.65%	293,200,000	35.56%	133,220,000	16.65%	133,220,000	16.16%	293,200,000	30.55%	293,200,000	29.78%
Dr. Cheung Yuk Shan, Shirley ( <i>Note 1</i> )	81,070,000	10.14%	86,070,000	10.44%	81,070,000	10.14%	86,070,000	10.44%	81,070,000	8.45%	86,070,000	8.74%
Mr Cheung Ka Heng, Frankie ( <i>Note 2</i> )	–	–	5,000,000	0.60%	–	–	5,000,000	0.60%	–	–	5,000,000	0.51%
Sub-total for the Vendor and parties acting in concert with it ( <i>Note 1</i> )	374,270,000	46.79%	384,270,000	46.60%	214,290,000	26.79%	224,290,000	27.20%	374,270,000	38.99%	384,270,000	39.03%
Optionholders	–	–	14,690,000	1.78%	–	–	14,690,000	1.78%	–	–	14,690,000	1.49%
Placees	–	–	–	–	159,980,000	20.00%	159,980,000	19.40%	159,980,000	16.67%	159,980,000	16.25%
Other public Shareholders	425,630,000	53.21%	425,630,000	51.62%	425,630,000	53.21%	425,630,000	51.62%	425,630,000	44.34%	425,630,000	43.23%
<b>Total</b>	<b>799,900,000</b>	<b>100.00%</b>	<b>824,590,000</b>	<b>100.00%</b>	<b>799,900,000</b>	<b>100.00%</b>	<b>824,590,000</b>	<b>100.00%</b>	<b>959,880,000</b>	<b>100.00%</b>	<b>984,570,000</b>	<b>100.00%</b>

*Note 1:* Dr. Cheung Yuk Shan, Shirley, the chairman of the Company and an executive Director, is personally interested in 81,070,000 Shares and beneficially interested in 293,200,000 Shares through the Vendor which representing approximately 10.14% and 36.65% respectively of the issued share capital of the Company as at the date of this announcement.

*Note 2:* Mr. Cheung Ka Heng, Frankie, is an executive Director of the Company and is the elder brother of Dr. Cheung Yuk Shan, Shirley.

As at the date of this announcement, the Vendor and its concert parties own 374,270,000 Shares, representing approximately 46.79% (assuming no outstanding options are exercised) of the existing issued share capital of the Company. Assuming the Placing Shares are fully placed, the shareholdings of the Vendor and its concert parties will be reduced to approximately 26.79% (assuming no outstanding options are exercised) immediately after the Placing and will then be increased to approximately 38.99% (assuming no outstanding options are exercised) immediately upon the completion of the Subscription.

As at the date of this announcement, the Vendor and its concert parties own 384,270,000 Shares (assuming all outstanding options have been exercised), representing approximately 46.60% (assuming all outstanding options have been exercised) of the existing issued share capital of the Company. Assuming the Placing

Shares are fully placed, the shareholdings of the Vendor and its concert parties will be reduced to approximately 27.20% (assuming all outstanding options have been exercised) immediately after the Placing and will then be increased to approximately 39.03% (assuming all outstanding options have been exercised) immediately upon the completion of the Subscription.

Pursuant to Note 6 to Notes on Dispensation from Rule 26 of the Hong Kong Code on Takeovers and Mergers in respect of the Vendor entering into the Placing Agreement and the Subscription Agreement, application has been made to the SFC to grant a waiver to the Vendor and its concert parties from any obligation to make a general offer under Rule 26 of the Hong Kong Code on Takeovers and Mergers.

As at the date of this announcement, the Company has 24,690,000 outstanding options which were granted pursuant to the share option scheme of the Company adopted on 4 November 2003. Save as disclosed above, there was no other options, warrants, derivatives or other securities that are convertible into Shares.

## **REASONS FOR AND BENEFITS OF THE PLACING AND SUBSCRIPTION AND USE OF THE PROCEEDS**

The Group is principally engaged in the provision of beauty and slimming services from slimming centres, distribution sales of cosmetic and skin care products and sales of other health and beauty products. In view of the current market conditions, the Directors consider that the Placing and the Subscription represent a good opportunity to broaden the shareholders base and capital base of the Company and to raise capital for the Company for its future potential business developments. The Directors consider the terms of the Placing Agreement and the Subscription Agreement to be fair and reasonable and in the interest of the Group and the Shareholders as a whole.

The Company will bear all costs and expenses of approximately HK\$0.7 million in connection with the Placing and the Subscription. The net proceeds of approximately HK\$28 million from the Subscription will be used for general working capital for the Group.

## **EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The following table summarizes the information relating to the Company's fund raising activities in the past 12 months:

<b>Date of Announcement</b>	<b>Event</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the date of this announcement</b>
11 April 2007	Top-up placing of 133,000,000 Shares	Approximately HK\$20.6 million	As the general working capital of the Company	Approximately HK\$14.1 million have been utilized as general working capital of the Company

## **SUSPENSION AND RESUMPTION OF TRADING**

Trading in the Shares on the Stock Exchange was suspended at the request of the Company from 2:30 p.m. on 12 July 2007 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 16 July 2007.

### **DEFINITIONS:**

Unless the context otherwise requires, the following terms shall have the meanings set out below:

“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	board of Directors
“Business Day”	a day (excluding Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning number 8 or above is issued or remains issued between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon or on which a “black” rainstorm warning is issued or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
“Company”	Sau San Tong Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“Director(s)”	director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Group”	the Company and its subsidiaries
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	an independent third party, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, who is not connected with the Company and its connected persons (as defined under the GEM Listing Rules) and who are independent of and not acting in concert with the vendor or any of its concert parties

“Placing”	the placing of the Placing Shares by the Vendor, through the Placing Agent, pursuant to the Placing Agreement
“Placing Agent”	Orient Securities Limited, an Independent Third Party
“Placing Agreement”	the placing agreement entered into between the Vendor and the Placing Agent dated 12 July 2007 in relation to the Placing
“Placing Price”	HK\$0.18 per Placing Share
“Placing Shares”	a maximum of 159,980,000 Shares beneficially owned by the Vendor and to be placed pursuant to the Placing Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the Subscription Shares by the Vendor pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement entered into between the Company and the Vendor dated 12 July 2007 in relation to the Subscription
“Subscription Price”	HK\$0.18 per Subscription Share
“Subscription Shares”	Shares to be subscribed by the Vendor pursuant to the Subscription Agreement
“Vendor”	Biochem Invesments Limited, a company incorporated in the British Virgin Islands with limited liability.
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board  
**Sau San Tong Holdings Limited**  
**Dr. Cheung Yuk Shan, Shirley**  
*Chairman*

Hong Kong, 16 July 2007



*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. Lee Man Kwong; independent non-executive directors namely Mr. Hong Po Kui, Martin, Mr. Li Kuo Hsing and Mr. Ho Yiu Ming.*

*This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors, have 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 the 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.*