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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)

- (1) PROPOSED OPEN OFFER OF NOT
LESS THAN 4,799,400,000 OFFER SHARES AND
NOT MORE THAN 4,897,850,000 OFFER SHARES
ON THE BASIS OF FIVE OFFER SHARES FOR EVERY ONE SHARE
HELD ON THE RECORD DATE;
(2) INCREASE IN AUTHORISED SHARE CAPITAL;
AND
(3) RESUMPTION OF TRADING**

Financial Adviser to Sau San Tong Holdings Limited



KINGSTON CORPORATE FINANCE LIMITED

Underwriter to the Open Offer



KINGSTON SECURITIES LIMITED

PROPOSED OPEN OFFER

The Board proposes to raise not less than approximately HK\$48.0 million and not more than approximately HK\$49.0 million before expenses by way of an open offer of not less than 4,799,400,000 Offer Shares and not more than 4,897,850,000 Offer Shares at the Subscription Price of HK\$0.01 per Offer Share, by way of the Open Offer on the basis of five (5) Offer Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date and payable in full upon acceptance. Qualifying Shareholders are entitled to apply for excess Offer Shares not taken up in excess of their respective entitlements under the Open Offer. The Open Offer is only available to the Qualifying Shareholders and will not be available to the Prohibited Shareholders.

* *for identification purpose only*

To qualify for the Open Offer, Shareholders must be registered as a member of the Company on the Record Date and not be a Prohibited Shareholder. In order to be registered as a member of the Company on the Record Date, any transfer of Shares (together with the relevant share certificates) must be lodged for registration with the Registrar on or before 4:30 p.m. on Wednesday, 26 August 2009, being the Latest Lodging Date. The register of members for the Shares will be closed from Thursday, 27 August 2009 to Monday, 31 August 2009, both dates inclusive, to determine the eligibility of the Shareholders to the Open Offer.

Dr. Cheung, who is beneficially interested in 249,270,000 Shares, representing approximately 26.0% of the total issued share capital of the Company as at the date of this announcement, has irrevocably undertaken to the Company and the Underwriter, among other matters, that: (i) the Shares beneficially owned by her will remain registered in the same name or the name of her nominee(s) from the date of the Dr. Cheung's Undertaking up to the close of business on the Record Date; (ii) she will subscribe or procure the subscription in full for her entitlements under the Open Offer pursuant to the terms of the Open Offer; (iii) she will not apply any additional excess Offer Share under the excess application arrangement of the Open Offer; (iv) she will not exercise any of the 5,000,000 Share Options held by her on or before the Record Date; and (v) she will not and will procure that (so far as applicable and reasonably possible) company(ies) controlled by her will not, during the period from immediately after the execution of the Underwriting Agreement and prior to or on the date the Underwriting Agreement becoming unconditional, dispose of or transfer the beneficial interests in any of the Shares beneficially owned by her.

GEM Hero, who is beneficially interested in 144,000,000 Shares, representing approximately 15.0% of the total issued share capital of the Company as at the date of this announcement, has irrevocably undertaken to the Company and the Underwriter, among other matters, that: (i) the Shares beneficially owned by it will remain registered in the same name or the name of its nominee(s) from the date of the GEM Hero Undertaking up to the close of business on the Record Date; (ii) it will subscribe or procure the subscription in full for its entitlements under the Open Offer pursuant to the terms of the Open Offer; and (iii) it will not and will procure that (so far as applicable and reasonably possible) company(ies) controlled by it will not, during the period from immediately after the execution of the Underwriting Agreement and prior to or on the date the Underwriting Agreement becoming unconditional, dispose of or transfer the beneficial interests in any of the Shares beneficially owned by it.

The Underwriter has conditionally agreed to underwrite the Offer Shares (other than the Offer Shares agreed to be taken up by Dr. Cheung under the Dr. Cheung's Undertaking and the Offer Shares agreed to be taken up by GEM Hero under the GEM Hero Undertaking) which have not been taken up. Accordingly, the Open Offer is fully underwritten.

The Open Offer is subject to the satisfaction of certain conditions as described under the section headed "Conditions of the Open Offer". In particular, it is subject to the Underwriter not terminating the Underwriting Agreement (see the section headed "Termination of the Underwriting Agreement" below) on or before the third Business Day following the Latest Acceptance Date. Accordingly, the Open Offer may or may not become unconditional and may or may not proceed. Investors' attention is drawn to the section headed "Warning of the risks of dealing in Shares" below.

Shareholders and potential investors are advised to exercise caution when dealings in the Shares up to the date when the conditions of the Open Offer are fulfilled.

INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorised share capital of the Company is HK\$15,000,000, consisting of 1,500,000,000 Shares, of which 959,880,000 Shares have been issued. In order to facilitate the Open Offer and future expansion of the Group, the Board proposes to increase the authorised share capital of the Company from HK\$15,000,000 divided into 1,500,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares by creating an additional 8,500,000,000 Shares.

The proposed increase in authorised share capital of the Company is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM. The increase in the authorized share capital is not conditional upon the Open Offer.

GENERAL

The Independent Board Committee comprising of all the non-executive Directors has been established by the Company to advise the Independent Shareholders on the terms of the Open Offer. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, amongst other things, (i) further details of the Open Offer and the Capital Increase; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Open Offer; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Open Offer; and (iv) a notice of the EGM will be despatched to the Shareholders as soon as practicable in accordance with the requirement of the GEM Listing Rules.

Subject to, among other things, the Open Offer and the increase in the authorised share capital being approved at the EGM, the Prospectus or Prospectus Documents, where appropriate, containing further information on the Open Offer will be despatched to the Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 2:30 p.m. on 21 July 2009 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 24 July 2009.

PROPOSED OPEN OFFER

Issue statistics

Basis of the Open Offer:	Five (5) Offer Shares for every one (1) Share held on the Record Date
Subscription Price:	HK\$0.01 per Offer Share
Number of Shares in issue as at the date of this announcement:	959,880,000 Shares
Number of Offer Shares:	Not less than 4,799,400,000 Offer Shares but not more than 4,897,850,000 Offer Shares
Number of Offer Shares undertaken to be taken up by Dr. Cheung:	1,246,350,000 Offer Shares
Number of Offer Shares undertaken to be taken up by GEM Hero:	720,000,000 Offer Shares
Number of Offer Shares underwritten by the Underwriter:	Not less than 2,833,050,000 Offer Shares and not more than 2,931,500,000 Offer Shares, being the number of the aggregate Offer Shares less the number of Offer Shares undertaken to be taken up by Dr. Cheung under the Dr. Cheung's Undertaking and the number of Offer Shares undertaken to be taken up by GEM Hero under the GEM Hero Undertaking

As at the date of this announcement, the Company has 24,690,000 Share Options outstanding. The Share Options entitle the holders thereof to subscribe for an aggregate of 24,690,000 new Shares at various exercise prices ranging from HK\$0.487 per Share to HK\$0.534 per Share (all subject to adjustments). Dr. Cheung has irrevocably undertaken to the Company and the Underwriter that she will not exercise any of the 5,000,000 Share Options held by her on or before the Record Date. On this basis, the remaining Share Options in respect of 19,690,000 Shares may be exercised on or prior to the Record Date.

Save as disclosed above, the Company has no other options, warrants or other securities convertible into or giving rights to the holders thereof to subscribe for the Shares as at the date of this announcement.

Subscription Price

The Subscription Price for the Offer Shares is HK\$0.01 per Offer Share, payable in full when a Qualifying Shareholder accepts his/her/its assured entitlement under the Open Offer.

The Subscription Price represents:

- (i) a discount of approximately 83.87% to the closing price of HK\$0.062 per Share on the Last Trading Date;
- (ii) a discount of approximately 83.44% to the average closing price of HK\$0.0604 per Share for the five (5) consecutive trading days up to and including the Last Trading Date; and
- (iii) a discount of approximately 46.52% to the theoretical price of HK\$0.0187 per Share based on the closing price of HK\$0.062 as quoted on the Stock Exchange on the Last Trading Date.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the prevailing market price of the Shares and the financial requirements of the Company. The Directors consider that the discount would encourage Shareholders to participate in the Open Offer and accordingly maintain their shareholdings in the Company and participate in the future growth of the Group. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors consider the Subscription Price is fair and reasonable and in the interest of the Group and the Shareholders as a whole.

Conditions of the Open Offer

The Open Offer is conditional upon the following conditions being fulfilled:

- (1) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies Ordinance not later than the Prospectus Posting Date;
- (2) the obtaining of the approval of the Independent Shareholders by way of poll at the EGM for, among others, the Open Offer;
- (3) the obtaining of the approval of the Shareholders by way of poll at the EGM for the Capital Increase;

- (4) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Prohibited Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date;
- (5) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares by no later than the first day of their dealings;
- (6) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement;
- (7) the obligations of the Underwriter becoming unconditional and the Underwriting Agreement is not terminated in accordance with its terms;
- (8) compliance with and performance of all undertakings and obligations of Dr. Cheung under the Dr. Cheung's Undertaking; and
- (9) compliance with and performance of all undertakings and obligations of GEM Hero under the GEM Hero Undertaking.

The conditions precedents are incapable of being waived. If the conditions precedents are not satisfied in whole or in part by the Company by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

Status of the Offer Shares

The Offer Shares, when allotted, issued and fully-paid, will rank pari passu with the Shares in issue on the date of allotment and issue of the Offer Shares in all respects. Holders of such Offer Shares will be entitled to receive full future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares. Dealings in fully-paid Offer Shares will be subject to the payment of stamp duty in Hong Kong.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to Qualifying Shareholders and (ii) the Prospectus, for information only, with the Overseas Letter to the Prohibited Shareholders.

To qualify for the Open Offer, the Shareholder must be registered as a member of the Company on the Record Date and not be a Prohibited Shareholder.

In order to be registered as a member of the Company on the Record Date, Shareholders must lodge any transfers of the Shares (with the relevant share certificate(s)) with the Registrar, Tricor Standard Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on the Latest Lodging Date.

Closure of register of members

The Company's register of members will be closed from Thursday, 27 August 2009 to Monday, 31 August 2009 (both dates inclusive), for the purpose of, among other things, establishing entitlements to the Open Offer. No transfer of Shares will be registered during this period.

Rights of Overseas Shareholders

If, at the close of business on the Record Date, a Shareholder's address on the register of members of the Company is in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Open Offer as the Prospectus Documents are not expected to be registered and/or filed under the applicable securities legislation of any jurisdictions other than Hong Kong. The Board will make enquiries as to whether the issue of Offer Shares to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory bodies or stock exchanges pursuant to the GEM Listing Rules. If, after making such enquiries, the Board is of the opinion that it would be necessary or expedient not to offer the Offer Shares to such Overseas Shareholders, the Open Offer will not be available to such Overseas Shareholders. Accordingly, the Open Offer will not be extended to the Prohibited Shareholders. The results of the enquiries and the basis of exclusion of the Overseas Shareholders will be included in the Prospectus.

The Company will send the Overseas Letter together with the Prospectus, for information only, to the Prohibited Shareholders (if any) and will not send any Application Form under the Open Offer to the Prohibited Shareholders.

Fractional entitlement to the Offer Shares

Given the Open Offer is made on the basis of five Offer Shares for every one Share held on the Record Date, there will be no fraction of Offer Shares.

Application for excess Offer Shares

The Application Form will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to accept the Offer Shares as shown therein subject to payment in full by the Latest Acceptance Time.

Qualifying Shareholders shall be entitled to apply for excess Offer Shares by completing the Application Form and lodging the same with a separate remittance for the excess Offer Shares being applied with Tricor Standard Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai,

Hong Kong by not later than the Latest Acceptance Time. The Directors will allocate the excess Offer Shares on a fair and equitable basis. However, no preference will be given to topping-up odd lots to whole board lots. Shareholders or potential investors should note that the number of excess Offer Shares which may be allocated to them may be different where they make applications for excess Offer Shares by different means, such as making applications on their own names rather than through nominees who also hold Shares for other Shareholders/investors. Shareholders and investors should consult their professional advisers if they are in any doubt as to whether they should register their shareholding in their own names and apply for the excess Offer Shares themselves.

Share certificates for the fully-paid Offer Shares

Subject to the fulfillment of the conditions of the Open Offer, share certificates for all fully-paid Offer Shares are expected to be posted to the Qualifying Shareholders who have accepted and applied for (where appropriate) and fully paid for on acceptance on or before 23 September 2009 at their own risk.

Application for listing of the Offer Shares on the Stock Exchange

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the fully paid Offer Shares. The Offer Shares are expected to continue to be traded in the existing board lot of 10,000 Shares. Dealing in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty in Hong Kong, Stock Exchange trading fees, SFC transaction levy and other applicable fees and charges in Hong Kong.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer 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 Offer 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 trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Reasons for the Open Offer and the use of proceeds

The Group is principally engaged in the sale of a range of health and beauty products and provision of a wide range of health and beauty services with emphasis on weight management at its slimming centres.

The estimated net proceeds from the Open Offer will be not less than approximately HK\$46.2 million and not more than approximately HK\$47.9 million. The Board intends to apply the net proceeds as general working capital of the Group and for financing its operations and activities for expanding its existing businesses.

The Directors are of the view that the Open Offer is in the interest of the Company and its Shareholders as a whole as the Open Offer will strengthen the working capital position of the Company.

Undertaking given by Dr. Cheung

Dr. Cheung, who is beneficially interested in 249,270,000 Shares, representing approximately 26.0% of the total issued share capital of the Company as at the date of this announcement, has irrevocably undertaken to the Company and the Underwriter, among other matters, that: (i) the Shares beneficially owned by her will remain registered in the same name or the name of her nominee(s) from the date of the Dr. Cheung's Undertaking up to the close of business on the Record Date; (ii) she will subscribe or procure the subscription in full for her entitlements under the Open Offer pursuant to the terms of the Open Offer; (iii) she will not apply any additional excess Offer Share under the excess application arrangement of the Open Offer; (iv) she will not exercise any of the 5,000,000 Share Options held by her on or before the Record Date; and (v) she will not and will procure that (so far as applicable and reasonably possible) company(ies) controlled by her will not, during the period from immediately after the execution of the Underwriting Agreement and prior to or on the date the Underwriting Agreement becoming unconditional, dispose of or transfer the beneficial interests in any of the Shares beneficially owned by her.

Undertaking given by GEM Hero

GEM Hero, who is beneficially interested in 144,000,000 Shares, representing approximately 15.0% of the total issued share capital of the Company as at the date of this announcement, has irrevocably undertaken to the Company and the Underwriter, among other matters, that: (i) the Shares beneficially owned by it will remain registered in the same name or the name of its nominee(s) from the date of the GEM Hero Undertaking up to the close of business on the Record Date; (ii) it will subscribe or procure the subscription in full for its entitlements under the Open Offer pursuant to the terms of the Open Offer; and (iii) it will not and will procure that (so far as applicable and reasonably possible) company(ies) controlled by it will not, during the period from immediately after the execution of the Underwriting Agreement and prior to or on the date the Underwriting Agreement becoming unconditional, dispose of or transfer the beneficial interests in any of the Shares beneficially owned by it.

UNDERWRITING ARRANGEMENT

Underwriting Agreement

Date:	21 July 2009
Underwriter:	Kingston Securities Limited
Basis of the Open Offer:	Five (5) Offer Shares for every one (1) Share held on the Record Date
Subscription Price:	HK\$0.01 per Offer Share payable in fully upon acceptance
Number of Offer Shares underwritten by the Underwriter:	Not less than 2,833,050,000 Offer Shares and not more than 2,931,500,000 Offer Shares, being the number of the aggregate Offer Shares less the number of Offer Shares undertaken to be taken up by Dr. Cheung under the Dr. Cheung's Undertaking and the number of Offer Shares undertaken to be taken up by GEM Hero under the GEM Hero Undertaking

The Underwriter shall be entitled to the underwriting commission of 2.5% of the aggregate Subscription Price in respect of the maximum number of Offer Shares underwritten by the Underwriter. The Company will reimburse the Underwriter reasonable legal fees and other reasonable out-of-pocket expenses of the Underwriter.

To the best of the Directors' knowledge, information and belief, the Underwriter and its ultimate beneficial owners are Independent Third Parties.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination (provided that for the purposes of Underwriting Agreement if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

- (1) in the absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:

- (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
 - (3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
 - (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
 - (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
 - (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Open Offer; or

- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the announcement in respect of the Open Offer or the Prospectus Documents or other announcements or circulars in connection with the Open Offer,
- (8) the Prospectus when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter is material to the Group as a whole upon completion of the Open Offer and is likely to affect materially and adversely the success of the Open Offer,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (i) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (ii) any specified event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

WARNING OF THE RISK OF DEALING IN SHARES

The Shareholders and potential investors of the Company should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the paragraph headed "Termination of the Underwriting Agreement" above). Accordingly, the Open Offer may or may not proceed.

The Shareholders and potential investors of the Company should therefore exercise extreme caution when dealings in the Shares, and if they are in any doubt about their positions, they should consult their professional advisers.

The Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from Tuesday, 25 August 2009 and that dealings in Shares will take place while the conditions to which the Underwriting Agreement is subject to remain unfulfilled. Any Shareholder or other person dealings in the Shares up to the date on which all conditions to which the Open Offer is subject to are fulfilled (which is expected to be on Monday, 21 September 2009), will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed.

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE OPEN OFFER

The existing shareholding structure of the Company as at the date of this announcement and the shareholding structure of the Company immediately upon completion of the Open Offer are set out below for illustration purpose only:

(i) assuming no exercise of the outstanding Share Options before the Record Date

Shareholders	As at the date of this announcement		Immediately after completion of the Open Offer (assuming no Qualifying Shareholders (other than Dr. Cheung and GEM Hero) shall take up his/her/its entitlements under the Open Offer)		Immediately after completion of the Open Offer (assuming all Qualifying Shareholders shall take up his/her/its entitlements under the Open Offer)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Dr. Cheung (Note 1)	249,270,000	26.0	1,495,620,000	26.0	1,495,620,000	26.0
GEM Hero (Note 2)	144,000,000	15.0	864,000,000	15.0	864,000,000	15.0
Mr. Cheung Ka Heng, Frankie (Note 3)	—	0.0	—	0.0	—	0.0
<i>Public Shareholders</i>						
The Underwriter	—	0.0	2,833,050,000	49.2	—	0.0
Share Options holders other than Dr. Cheung and Mr. Cheung Ka Heng, Frankie	—	0.0	—	0.0	—	0.0
Other public Shareholders	566,610,000	59.0	566,610,000	9.8	3,399,660,000	59.0
Total	959,880,000	100.0	5,759,280,000	100.0	5,759,280,000	100.0

(ii) assuming the exercise of the outstanding Share Options (except the 5,000,000 Share Options held by Dr. Cheung) in full before the Record Date.

Shareholders	As at the date of this announcement		Immediately after completion of the Open Offer (assuming no Qualifying Shareholders (other than Dr. Cheung and GEM Hero) shall take up his/her/its entitlements under the Open Offer)		Immediately after completion of the Open Offer (assuming all Qualifying Shareholders shall take up his/her/its entitlements under the Open Offer)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Dr. Cheung (Note 1)	249,270,000	26.0	1,495,620,000	25.4	1,495,620,000	25.4
GEM Hero (Note 2)	144,000,000	15.0	864,000,000	14.7	864,000,000	14.7
Mr. Cheung Ka Heng, Frankie (Note 3)	—	0.0	5,000,000	0.1	30,000,000	0.5
<i>Public Shareholders</i>						
The Underwriter	—	0.0	2,931,500,000	49.9	—	0.0
Share Options holders other than Dr. Cheung and Mr. Cheung Ka Heng, Frankie	—	0.0	14,690,000	0.2	88,140,000	1.5
Other public Shareholders	566,610,000	59.0	566,610,000	9.7	3,399,660,000	57.9
Total	<u>959,880,000</u>	<u>100.0</u>	<u>5,877,420,000</u>	<u>100.0</u>	<u>5,877,420,000</u>	<u>100.0</u>

Notes:

- Interests in 249,270,000 Shares comprise of 100,070,000 Shares directly held by Dr. Cheung and 149,200,000 Shares held by Biochem Investments Limited which is wholly owned by Dr. Cheung.
- These shares are held by GEM Hero Investments Limited of which the entire issued capital is beneficially owned by Mr. Chung Kwok Cheung.
- Mr. Cheung Ka Heng, Frankie, being an executive Director of the Company.

EXPECTED TIMETABLE

The expected timetable for the Open Offer is set out below:

Despatch of circular to the Shareholders for increase of authorised share capital and the Open Offer	Friday, 14 Aug
Last day of dealings in Shares on a cum-entitlement basis	Monday, 24 Aug
First day of dealings in Shares on an ex-entitlement basis	Tuesday, 25 Aug
Latest time for lodging transfer of Shares in order to qualify for the Open Offer	4:30 p.m. on Wednesday, 26 Aug
Register of members of the Company closes for determining the entitlements under the Open Offer (both dates inclusive)	Thursday, 27 Aug – Monday, 31 Aug
Latest time for lodging forms of proxy for the EGM ^{Note}	Saturday, 29 Aug
Record Date	Monday, 31 Aug
EGM	Monday, 31 Aug
Announcement of results of EGM to be published on the Stock Exchange website	Monday, 31 Aug
Register of members of the Company re-opens	Tuesday, 1 Sep
Despatch of the Prospectus Documents	Tuesday, 1 Sep
Latest time for acceptance of and payment for Offer Shares	4:00 p.m. on Wednesday, 16 Sep
Latest time for the Open Offer to become unconditional	4:00 p.m. on Monday, 21 Sep
Announcement of results of acceptance of the Open Offer to be published on the Stock Exchange website	Tuesday, 22 Sep
Despatch of refund cheques in respect of unsuccessful applications for the Offer Shares	Wednesday, 23 Sep
Despatch of share certificates for Offer Shares	Wednesday, 23 Sep
Commencement of dealings in Offer Shares	Friday, 25 Sep

All times stated above refer to Hong Kong times. Dates stated in the timetable are indicative only and may be extended or varied. Any changes to the expected timetable for the Open Offer will be announced as appropriate.

Note: Latest time for lodging forms of proxy for the EGM will be 48 hours before the time of the EGM or any adjourned meeting.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR OFFER SHARES

The latest time for acceptance of and payment for Offer Shares will not take place if there is:

- a tropical cyclone warning signal number 8 or above, or
 - a “black” rainstorm warning
- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Wednesday, 16 September 2009. Instead the latest time of acceptance of and payment for the Offer Shares will be extended to 5:00 p.m. on the same Business Day;
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Wednesday, 16 September 2009. Instead the latest time of acceptance of and payment for the Offer Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Offer Shares does not take place on the Latest Acceptance Date, the dates mentioned in this section headed “Expected timetable” may be affected. An announcement will be made by the Company in such event as soon as practicable.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorised share capital of the Company is HK\$15,000,000, consisting of 1,500,000,000 Shares, of which 959,880,000 Shares have been issued. In order to facilitate the Open Offer and future expansion of the Group, the Board proposes to increase the authorised share capital of the Company from HK\$15,000,000 divided into 1,500,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares by creating an additional 8,500,000,000 Shares.

The proposed increase in the authorised share capital of the Company is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM. The increase in the authorized share capital is not conditional upon the Open Offer.

FUNDS RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

During the past twelve months immediately preceding the date of this announcement, the Company has not conducted any fund raising activities.

GEM LISTING RULES IMPLICATION ON THE OPEN OFFER

The Open Offer

As the Open Offer will increase the issued share capital and the market capitalisation of the Company by more than 50% within the 12 months period immediately preceding the date of this announcement, pursuant to Rule 10.39 of the GEM Listing Rules, the Open Offer must be made conditional on approval by independent Shareholders at the EGM. Dr. Cheung and GEM Hero, as substantial shareholders of the Company, and their respective associates shall abstain from voting on the relevant resolutions relating to the Open Offer at the EGM.

As at the date of this announcement, save for Dr. Cheung, no Shareholder is required to abstain from voting in favour of the relevant resolutions at the EGM.

The Increase in Authorised Share Capital

The increase in the authorised share capital is subject to the Shareholders' approval at the EGM by way of poll.

General

The Independent Board Committee comprising of all the non-executive Directors has been established by the Company to advise the Independent Shareholders on the terms of the Open Offer. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, amongst other things, (i) further details of the Open Offer and the Capital Increase; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Open Offer; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Open Offer; and (iv) a notice of the EGM will be despatched to the Shareholders as soon as practicable in accordance with the requirement of the GEM Listing Rules.

Subject to, among other things, the Open Offer and the Capital Increase being approved at the EGM, the Prospectus or Prospectus Documents, where appropriate, containing further information on the Open Offer will be dispatched to the Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 2:30 p.m. on 21 July 2009 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 24 July 2009.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Application Form(s)”	the application form for use by the Qualifying Shareholders to apply for the Offer Shares in relation to their respective entitlement and the excess Offer Shares under the Open Offer
“associates”	has the meaning ascribed to this term under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	means any day (excluding a Saturday) on which banks generally are open for business in Hong Kong during normal working hours
“Capital Increase”	the proposed increase in authorised share capital of the Company from HK\$15,000,000 divided into 1,500,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Sau San Tong Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company at which resolution(s) will be proposed to consider, and, if thought fit, to approve the Open Offer and Capital Increase
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Hero”	GEM Hero Investments Limited, a company incorporated in the British Virgin Islands holding 144,000,000 Shares as at the date of this announcement and is wholly beneficially owned by Mr. Chung Kwok Cheung
“GEM Hero Undertaking”	the irrevocable undertaking given by GEM Hero in favour of the Company and the Underwriter, further details of which are set out in the paragraph headed “Undertaking given by GEM Hero” in this announcement

“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Company comprising three independent non-executive Directors formed to give advice to the Independent Shareholders in respect of the Open Offer
“Independent Shareholders”	Shareholders other than Dr. Cheung and her associates
“Last Trading Date”	21 July 2009, being the last trading day of the Shares prior to the release of this announcement
“Latest Acceptance Date”	being 4:00 p.m. 16 September 2009 or such other date and/or time as the Underwriter and the Company may agree as the latest date for acceptance and payment in respect of provisional entitlement under the Open Offer
“Latest Lodging Date”	being 4:30 p.m. 26 August 2009 or such other date and/or time as the Underwriter and the Company may agree as the latest time for lodging transfer of Shares in order to be qualified for the Open Offer
“Latest Time for Termination”	being 4:00 p.m. on the third Business Day after the Latest Acceptance Date or such later time or date as may be agreed between the Underwriter and the Company, being the latest time to terminate the Underwriting Agreement
“Dr. Cheung”	Dr. Cheung Yuk Shan, Shirley, the chairman of the Company
“Dr. Cheung Undertaking”	the irrevocable undertaking given by Dr. Cheung in favour of the Company and the Underwriter, further details of which are set out in the paragraph headed “Undertaking given by Dr. Cheung” in this announcement
“Offer Share(s)”	Not less than 4,799,400,000 new Shares and not more than 4,897,850,000 to be allotted and issued pursuant to the Open Offer

“Open Offer”	the proposed open offer on the basis of five (5) Offer Shares for every one (1) Share to the Qualifying Shareholders pursuant to the terms and conditions of the Underwriting Agreement
“Overseas Letter”	a letter from the Company to the Prohibited Shareholders explaining the circumstances in which the Prohibited Shareholders are not permitted to participate in the Open Offer
“Overseas Shareholder(s)”	the Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose registered address(es) as shown on such register is(are) outside Hong Kong
“Prohibited Shareholders”	Overseas Shareholders, to whom the Directors, based on legal opinions provided by legal advisers and on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place, consider it necessary or expedient not to offer the Offer Shares
“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus and the Application Form
“Prospectus Posting Date”	1 September 2009 or such later date as the Underwriter may agree in writing with the Company
“Qualifying Shareholder(s)”	the Shareholder(s), other than the Prohibited Shareholder(s), whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	31 August 2009 (or such later date as the Underwriter may agree with the Company), being the date by reference to which entitlements to the Open Offer will be determined
“Registrar”	Tricor Standard Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, being the Company’s Hong Kong branch share registrar

“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Option(s)”	the share option(s) granted under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	subscription price of HK\$0.01 per Offer Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriter”	Kingston Securities Limited, a licensed corporation to carry on business in Type 1 regulated activity under the Securities and Futures Ordinance
“Underwriting Agreement”	the underwriting agreement dated 21 July 2009 entered into among the Company and the Underwriter in relation to the Open Offer
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 23 July 2009

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

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.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page and the website of the Company for at least 7 days from the date of its publication.