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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)**

**CLARIFICATION ANNOUNCEMENT  
AND  
ALTERATION TO THE UNDERWRITING AGREEMENT**

Reference is made to the Announcement in relation to the proposed Open Offer.

The Board wishes to clarify and further disclose information with respect to certain aspects disclosed in Announcement which include (i) save for Dr. Cheung and her associates, no Shareholder, including GEM Hero, is required to abstain from voting in favour of the relevant resolutions at the EGM (ii) the Directors will allocate the excess Offer Shares on a fair and equitable basis, on a pro-rata basis to the excess Offer Shares applied for by the Qualifying Shareholders; (iii) the Underwriter and the Company will take appropriate actions to ensure that upon the close of the Open Offer not less than 25% of the issued Shares will be held by the public and (iv) a footnote should have been added to the shareholding structure table in the Announcement explaining that in no event will the Underwriter and the parties acting in concert with it be beneficially interested in 30% or more in the then issued share capital of the Company.

Due to inadvertence, the footnote as in (iv) above was omitted in the Announcement and the Announcement was not submitted to the Executive for consultation before release. The Company regrets such oversight and apologises for any confusion which may have caused. The Executive has indicated that he will not take any further action against the Company in respect of such inadvertence.

On 30 July 2009, the Company and the Underwriter entered into the Supplemental Agreement pursuant to which (i) the Open Offer is also conditional upon the entering into of certain binding agreements by the Underwriter with certain places and/or sub-underwriters and (ii) in the event of the Underwriter being called upon to subscribe for or procure subscribers for the Underwritten Shares not taken up, the Underwriter shall only arrange subscription on certain conditions.

\* *for identification purpose only*

Reference is made to the announcement of Sau San Tong Holdings Limited (the “Company”) dated 23 July 2009 in relation to the proposed Open Offer of not less than 4,799,400,000 Offer Shares and not more than 4,897,850,000 Open Shares on the basis of five Offer Shares for every one Share held on the Record Date (the “Announcement”). Unless otherwise defined herein, terms used in this announcement shall have the same meanings as defined in the Announcement.

## **CLARIFICATION**

The Board wishes to clarify and further disclose that:

- (i) Under the paragraph headed “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 and any controlling Shareholders and their associates or where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors), the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolutions relation to the Open Offer. As at the date of the Announcement, Dr. Cheung, an executive Director, was interested in approximately 26% of the existing issued share capital of the Company, and she and her associates will abstain from voting in favour of the resolutions relating to the Open Offer;

As at the date of the Announcement, save for Dr. Cheung and her associates, no Shareholder, including GEM Hero, is required to abstain from voting in favour of the relevant resolutions at the EGM;

- (ii) Under the paragraph headed “Application for excess Offer Shares”, the Directors will allocate the excess Offer Shares on a fair and equitable basis, on a pro-rata basis to the excess Offer Shares applied for by the Qualifying Shareholders. However, no preference will be given to topping-up odd lots to whole board lots; and
- (iii) The Underwriter and the Company are aware of the requirement of Rule 11.23 of the GEM Listing Rules which provides that at least 25% of an issuer’s total share capital must at all times be held by the public. The Underwriter and the Company will take appropriate actions, including but not limited to, procuring independent third parties to subscribe for the Underwritten Shares not taken up, to ensure that upon the close of the Open Offer not less than 25% of the issued Shares will be held by the public.
- (iv) A footnote should have been added to the shareholding structure table in the Announcement against the name of the Underwriter explaining that in no event will the Underwriter and the parties acting in concert with it be beneficially interested in 30% or more in the then issued share capital of the Company. Due to inadvertence, the note was omitted in the Announcement and the Announcement was not submitted to the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director (the “Executive”) for consultation

before release. As a result, the Executive had made enquiries about the arrangement and obligation of the Underwriter on the Underwritten Share not taken up. A revised shareholding structure table should read as follows:

### Changes in Shareholding Structure of the Company Arising from the Open Offer

The existing shareholding structure of the Company as at the date of the 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 the 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) (Note 4)		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	<u>959,880,000</u>	<u>100.0</u>	<u>5,759,280,000</u>	<u>100.0</u>	<u>5,759,280,000</u>	<u>100.0</u>

**(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 the 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) (Note 4)		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 and a party deemed to be acting in concert with Dr. Cheung.

4. For illustration purpose only. Such scenario will never occur as the Open Offer is conditional upon, inter alia, the entering into of binding agreements by the Underwriter with certain placees and/or sub-underwriters, which shall be third parties independent of the Company and its associates, for placing and/or sub-underwriting the Offer Shares, such that (i) none of the placees and/or sub-underwriters and their respective parties acting in concert (having the meaning under the Takeovers Code) shall be interested in 10% or more of the issued share capital of the Company as enlarged by the Open Offer, and (ii) the Underwriter and parties acting in concert with it will not be beneficially interested in 30% or above of the issued share capital of the Company as enlarged by the Open Offer.

## **THE SUPPLEMENTAL AGREEMENT**

To better reflect the intention, understanding and agreement of the parties concerned, the Company and the Underwriter entered into the supplemental agreement (the “**Supplemental Agreement**”) on 30 July 2009 the effect of which is as follows: (i) one more condition precedent is added which is of the same legal effect of the other 9 conditions precedents set out on pages 6 and 7 of the Announcement that the Open Offer is also conditional upon the entering into of binding agreements by the Underwriter with certain placees and/or sub-underwriters, which shall be independent third parties of the Company and its connected persons within the meaning of the GEM Listing Rules, for placing and/or sub-underwriting the Offer Shares, such that (a) none of the placees and/or sub-underwriters and their respective parties acting in concert (having the meaning under the Takeovers Code) shall be interested in 10% or more of the issued share capital of the Company as enlarged by the Open Offer, and (b) the Underwriter will not be beneficially interested in 30% or more of the issued share capital of the Company as enlarged by the Open Offer; and (ii) in the event of the Underwriter being called upon to subscribe for or procure subscribers for the Underwritten Shares not taken up, the Underwriter shall not subscribe, for its own account, for such number of Underwritten Shares not taken up which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to 30% or above of the issued share capital of the Company as enlarged by the Open Offer; and the Underwriter shall ensure that none of the subscribers of the Underwritten Shares not taken up will become a substantial shareholder (as defined in the GEM Listing Rules) of the Company as a result of such subscription.

Save for the variations as stated above, the Underwriting Agreement shall remain in full force and effect.

## **APOLOGY FOR OVERSIGHT**

The Company posted the Announcement on the respective websites of the Stock Exchange and the Company on 23 July 2009. Such Announcement was not reviewed by the Executive as the Announcement was not submitted to the Executive for consultation before release due to our inadvertence. Without the footnote as mentioned in paragraph (iv) under the paragraph headed “Clarification”, readers of the Announcement may have viewed that the underwriting arrangement in

the Open Offer may lead to a possible general offer basing on the number of maximum Shares to be subscribed for by the Underwriter in the event that the Underwriter being called upon to subscribe for the Underwritten Shares not taken up by the Shareholders. The Company regrets such oversight and apologises for any confusion which may have caused. The Executive has indicated that he will not take any further action against the Company in respect of such inadvertence.

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

Hong Kong, 30 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.*