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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)

**DISCLOSEABLE TRANSACTION –
DEEMED DISPOSAL OF 20% INTEREST IN
A WHOLLY-OWNED SUBSIDIARY**

DISCLOSEABLE TRANSACTIONS

The Board is pleased to announce that on 28 December 2012 (after trading hours), Bravo Media, a direct wholly-owned subsidiary of the Company, Beauty University, a direct wholly-owned subsidiary of Bravo Media and an indirect wholly-owned subsidiary of the Company, and the Company have entered into an Investment Agreement with Merit Wise.

Pursuant to the Investment Agreement, amongst other things, Merit Wise shall inject HK\$20,000,000 into Beauty University and following the making of the Investment, Beauty University shall allot (i) 20 Shares to Merit Wise, which comprises 20% of the entire issued share capital of Beauty University, and (ii) 79 Shares to Bravo Media, which comprises 79% of the entire issued share capital of Beauty University.

Before the Shares Allotment, the entire issued share capital of Beauty University comprises 1 Share of HK\$1 and held by Bravo Media. Immediately after the completion of the Shares Allotment, the equity interest of Beauty University will be held as to 80% by Bravo Media and 20% by Merit Wise.

LISTING RULES IMPLICATION

The entering into of the Investment Agreement constitutes a deemed disposal of Beauty University by the Company under Rule 19.29 of the GEM Listing Rules.

As all the applicable Relevant Ratios, except the Assets Ratio which is less than 5%, in respect of the transaction contemplated under the Investment Agreement are more than 5% but less than 25%, pursuant to Chapter 19 of the GEM Listing Rules, the entering into of the Investment Agreement constitutes a discloseable transaction and is therefore only subject to the reporting and announcement requirements as set out in Chapter 19 of the GEM Listing Rules and does not require Shareholders' approval.

* *For identification purpose only*

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Before the Shares Allotment, the entire issued share capital of Beauty University comprises 1 Share of HK\$1 and held by Bravo Media. Immediately after the completion of the Shares Allotment, the equity interest of Beauty University will be held as to 80% by Bravo Media and 20% by Merit Wise.

The material terms and details to the Investment Agreement are set out below.

Investment Agreement

Date: 28 December 2012

Parties:

1. Bravo Media, a direct wholly-owned subsidiary of the Company;
2. Merit Wise;
3. Beauty University, a direct wholly-owned subsidiary of Bravo Media, and an indirect wholly-owned subsidiary of the Company; and
4. the Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, each of Merit Wise and its ultimate beneficial owner is an independent third party who is independent of the Group and its connected persons.

Business scope of Beauty University:	Operating and maintaining a proprietary internet platform to promote and sell slimming, beauty and health related services and products. The platform aggregates information on the slimming, beauty and health related services and products, and also the information on the services providers, to enable customers to make informed, cost-effective bookings at their own choices.
Initial issued share capital structure of Beauty University:	Prior to the making of the Investment and the completion of the Shares Allotment, Bravo Media holds the entire issued share capital of Beauty University.
Amount of the Investment Sum and timing of the injection of the Investment Sum:	<p>On or before 15 January 2013, Merit Wise shall pay an aggregate amount of HK\$20,000,000 as equity contribution into Beauty University by wire transfer of immediately available fund to a bank account in Hong Kong designated by Beauty University.</p> <p>The value of the Investment Sum was determined after arm's length negotiations between the parties with reference to the costs incurred by Beauty University up to 30 September 2012 (according to its audited financial statements prepared under the Hong Kong Financial Reporting Standards) and the future estimated costs to be incurred by Beauty University in the development of its proprietary internet platform.</p>
Shares Allotment:	<p>Upon the payment of the Investment Sum by Merit Wise, Merit Wise and Bravo Media shall respectively subscribe, and Beauty University shall issue and allot, 20 Shares and 79 Shares to Merit Wise and Bravo Media respectively on the Completion Date.</p> <p>The BM Subscribed Shares and the MW Subscribed Shares when issued and fully paid will rank pari passu in all respects with the existing Shares.</p> <p>Immediately after the completion of the Shares Allotment, the net asset value of the BM Subscribed Shares and MW Subscribed Shares shall be HK\$15,992,000 and HK\$3,998,000 respectively.</p>
Issued share capital structure after the Shares Allotment:	After the completion of the Shares Allotment, the equity interests of Beauty University will be held as to 80% by Bravo Media (80 Shares) and 20% by Merit Wise (20 Shares). Beauty University will remain as an indirect subsidiary of the Company following completion of the Shares Allotment.

Put Option: In the event that Beauty University fails to procure the listing of the Shares or the listing of the shares of an entity holding the business of Beauty University on an internationally recognised stock exchange with the market capitalisation size of such listing of not less than HK\$200,000,000 on or before the fifth anniversary of the signing of the Investment Agreement, Merit Wise shall have the right, but not an obligation, to request the Company to purchase all of the Shares then held by Merit Wise for HK\$20,000,000 within the Put Option Notice Period. If the Company fails to purchase all of the Shares then held by Merit Wise for HK\$20,000,000 within the Put Option Notice Period, then Bravo Media and/or the Company shall be obligated to take up and fulfill Beauty University's obligations in relation to the Put Option Right under the Investment Agreement within 90 days from the end of the Put Option Notice Period.

REASONS FOR ENTERING INTO THE INVESTMENT AGREEMENT

The Board holds positive view of the prospects of promoting and selling of slimming, beauty and health products and services via internet platform and hence, considers that the Investment Agreement would allow strategic cooperation with Shikumen Capital Group to jointly develop Beauty University, enabling the Group to maintain the potential profit upon completion of the development of the platform while lowering the capital commitment required for the development. The lower capital commitment, together with the cash inflow to be brought to the Group by the disposal, is expected to enhance the financial flexibility of the Group for future development and investment opportunities.

The Directors, including the independent non-executive Directors, have considered the terms of the Investment Agreement and are of the opinion that the same are on normal commercial terms, are concluded in the ordinary and usual course of business of the Group, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL INFORMATION OF BEAUTY UNIVERSITY

As at 30 September 2012, the audited net liabilities of Beauty University under the Hong Kong Financial Reporting Standards was approximately HK\$10,000.

A summary of the audited net loss (before and after taxation and extraordinary items) of Beauty University under the Hong Kong Financial Reporting Standards for the period from 9 July 2012 (date of incorporation) to 30 September 2012 is shown as follows:

	For the period from 9 July 2012 (date of incorporation) to 30 September 2012 HK\$'000 (audited)
Turnover	—
Loss before taxation	10
Loss after taxation	10
Net liabilities	10

FINANCIAL EFFECTS OF THE INVESTMENT AGREEMENT ON BEAUTY UNIVERSITY AND USE OF PROCEEDS

The reduction in the Company's percentage equity interest in Beauty University due to the Shares Allotment will not result in a loss of control of Beauty University by the Company. Hence, no gain or loss will be recorded by the Company on the deemed disposal according to Hong Kong Financial Reporting Standards.

It is expected that approximately 52% of the net proceeds are intended to be used by Beauty University to repay shareholders' loans advanced by the Company for the setting up of the business and the proprietary internet platform of Beauty University. The other approximately 48% of the net proceeds are intended to be used as working capital of Beauty University.

LISTING RULES IMPLICATIONS

The transaction contemplated under the Investment Agreement constitutes a deemed disposal of Beauty University by the Company under Rule 19.29 of the GEM Listing Rules.

As all the applicable Relevant Ratios, except the Assets Ratio which is less than 5%, in respect of the transaction contemplated under the Investment Agreement are more than 5% but less than 25%, pursuant to Chapter 19 of the GEM Listing Rules, the entering into of the Investment Agreement constitutes a discloseable transaction and is therefore only subject to the reporting and announcement requirements as set out in Chapter 19 of the GEM Listing Rules and does not require Shareholders' approval.

GENERAL INFORMATION ABOUT THE PARTIES

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.

Bravo Media is a direct wholly-owned subsidiary of the Company and principally engaged in investment holding. It principally holds, inter alia, Beauty University.

Beauty University is a direct wholly-owned subsidiary of Bravo Media, which, in turn, is an indirect wholly-owned subsidiary of the Company. It principally engages in operating and maintaining a proprietary internet platform to promote and sell slimming, beauty and health related services and products.

Merit Wise is a member of the Shikumen Capital Group. The Shikumen Capital Group principally engages in funds management.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Assets Ratio”	the assets ratio as set out in Rule 19.07(1) of the GEM Listing Rules
“Beauty University”	Beauty University Management Limited, a limited liability company incorporated in Hong Kong, a direct wholly-owned subsidiary of the Bravo Media and an indirectly wholly-owned subsidiary of the Company
“BM Subscribed Shares”	the 79 Shares subscribed by Bravo Media and allotted by Beauty University on the Completion Date
“Board”	the board of directors of the Company
“Bravo Media”	Bravo Media Limited, a limited liability company incorporated in the British Virgin Islands, and a direct wholly-owned subsidiary of the Company
“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
“Company’s Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company

“Completion Date”	the date on which Bravo Media and Merit Wise subscribed for the BM Subscribed Shares and MW Subscribed Shares and Beauty University issued and allotted the BM Subscribed Shares and MW Subscribed Shares in accordance with the terms and conditions under the Investment Agreement, which in any event shall not be later than 31 January 2013
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Directors”	the directors of the Company
“GEM”	the Growth Enterprise Market of 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 Dollar, the lawful currency of Hong Kong
“Investment”	the equity contribution made by Merit Wise into Beauty University contemplated under the Investment Agreement
“Investment Agreement”	the investment and shareholders’ agreement entered into between the Company, Bravo Media and Merit Wise on 28 December 2012 in respect of the transactions relating to the Investment and Shares Allotment
“Investment Sum”	the aggregate amount of HK\$20,000,000 to be injected into Beauty University by Merit Wise pursuant to the terms and conditions of the Investment Agreement
“Merit Wise”	Merit Wise Enterprises Limited, a limited liability incorporated in the British Virgin Islands, a member of the Shikumen Capital Group
“MW Subscribed Shares”	the 20 Shares subscribed by Merit Wise and allotted by Beauty University on the Completion Date
“Put Option Notice”	a written notice which may be served on Beauty University by Merit Wise to communicate its intent to exercise the Put Option Right

“Put Option Notice Period”	the notice period in which Beauty University shall purchase all of the Shares then held by Merit Wise in accordance with the Investment Agreement in the event that Merit Wise exercises the Put Option Right under the Investment Agreement, which such notice period shall be 90 days from the receipt of the Put Option Notice by Beauty University
“Put Option Right”	the put option right that may be exercised by Merit Wise to sell all of its Shares to Beauty University for HK\$20,000,000 in the event that Beauty University fails to procure the listing of the Shares or the listing of shares of an entity holding the business of Beauty University on an internationally recognised stock exchange with the market capitalisation size of such listing of not less than HK\$200,000,000 on or before the fifth anniversary of the signing of the Investment Agreement
“Relevant Ratios”	the five ratios as set out in Rule 19.07 of the GEM Listing Rules
“Share(s)”	ordinary A share(s) of HK\$1.00 each in the share capital of Beauty University
“Shareholder(s)”	holder(s) of the Company’s Shares in the registers of members of the Company as from time to time
“Shares Allotment”	the issuance and allotment of the BM Subscribed Shares and MW Subscribed Shares to Bravo Media and Merit Wise respectively by Beauty University
“Shikumen Capital Group”	a group of companies affiliated with Shikumen Capital Management (HK) Limited, a limited liability company incorporated in Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 28 December 2012

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 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 (“GEM”) of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, 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 or deceptive; and (2) there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company’s website at www.sausantong.com.