

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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 CONVERTIBLE NOTES  
AND  
ISSUE OF CONVERTIBLE NOTE CONSTITUTING  
A CONNECTED TRANSACTION**

**Placing Agent to the Placing**



**結好證券有限公司**  
**GET NICE SECURITIES LIMITED**

**PLACING OF CONVERTIBLE NOTES**

On 7 November 2013 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent has conditionally agreed to place, on a best effort basis, over a period of 60 days from the date of the Placing Agreement, the Placing Convertible Notes up to an aggregate principal amount of HK\$30,000,000.

Assuming all the Placing Convertible Notes are fully placed, based on the initial Conversion Price of HK\$0.33 per Conversion Share, a maximum number of 90,909,090 Conversion Shares will be issued and allotted if the conversion rights attached to the Placing Convertible Notes are exercised in full, representing approximately 36.61% of the issued share capital of the Company and approximately 26.80% of the issued share capital of the Company as enlarged by the issue and allotment of such Conversion Shares.

The Conversion Shares under the Placing Convertible Notes will be issued under the Specific Mandate to be approved by the Shareholders at the EGM.

Assuming all Placing Convertible Notes are successfully placed out, the estimated net proceeds from the issue of the Convertible Notes, after the deduction of the related expenses, will approximately be HK\$29,000,000, which are intended to be applied by the Company for the expansion of the Group's beauty, slimming and spa businesses and product distribution business in the PRC and as general working capital. The net issue price of each Conversion Share to be issued upon exercise of the Placing Convertible Notes is approximately HK\$0.319.

\* *For identification purpose only*

## **ISSUE OF CONVERTIBLE NOTE CONSTITUTING A CONNECTED TRANSACTION**

On 7 November 2013 (after trading hours), the Company and Dr. Cheung entered into the Subscription Agreement pursuant to which the Company agreed to issue, and Dr. Cheung agreed to subscribe, or procure the subscription by her nominee, for the Subscription Convertible Note in the principal amount of HK\$20,000,000.

Based on the initial Conversion Price of HK\$0.33 per Conversion Share, a maximum number of 60,606,060 Conversion Shares will be issued and allotted if the conversion rights attached to the Subscription Convertible Note are exercised in full, representing approximately 24.41% of the issued share capital of the Company and approximately 19.62% of the issued share capital of the Company as enlarged by the issue and allotment of such Conversion Shares.

As Dr. Cheung is a Director and a substantial shareholder of the Company, she is a connected person of the Company under the GEM Listing Rules. Accordingly, the Subscription constitutes a connected transaction of the Company, it is subject to the approval of the Independent Shareholders at the EGM. Dr. Cheung and her associates will abstain from voting at the EGM on the proposed resolution approving the Subscription Agreement and the transactions contemplated thereunder.

The Conversion Shares under the Subscription Convertible Note will be issued under the Specific Mandate to be approved by the Independent Shareholders at the EGM.

No application will be made for the listing of, or permission to deal in, the Convertible Notes on the Stock Exchange or any other stock exchange. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares which may fall to be allotted and issued upon conversion of the Convertible Notes.

## **PLACING OF CONVERTIBLE NOTES**

On 7 November 2013 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent has conditionally agreed to place, on a best effort basis, over a period of 60 days from the date of the Placing Agreement, the Placing Convertible Notes up to an aggregate principal amount of HK\$30,000,000.

To the best of knowledge, information and belief of the Directors having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Assuming all the Placing Convertible Notes are fully placed, based on the initial Conversion Price of HK\$0.33 per Conversion Share, a maximum number of 90,909,090 Conversion Shares will be issued and allotted if the conversion rights attached to the Placing Convertible Notes are exercised in full, representing approximately 36.61% of the issued share capital of the Company and approximately 26.80% of the issued share capital of the Company as enlarged by the issue and allotment of such Conversion Shares.

Completion of the Placing is conditional upon:

- (1) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which the Company and the Placing Agent do not reasonably object) listing of and permission to deal in the Conversion Shares to be issued upon exercise of the conversion rights attached to the Placing Convertible Notes; and
- (2) the passing by the Shareholders at the EGM of the necessary resolution approving the Placing Agreement and the transactions contemplated thereunder including but not limited to the issue and allotment of the Conversion Shares and the creation and issue of the Placing Convertible Notes.

If the above conditions precedent are not fulfilled within 10 business days from the date the Placing Agent notifies the Company that it has procured subscribers for the Placing Convertible Notes (or such later date as may be agreed between the Placing Agent and the Company), then the obligations of the parties in respect of the issue and placing of the Placing Convertible Notes shall lapse.

The Placing Agent undertakes to use its reasonable endeavours to procure that no Placing Convertible Notes shall be placed to any person, firm or company who is a connected person (as defined in the GEM Listing Rules) of the Company.

As at the date of this announcement, it is uncertain whether the number of placees of the Placing Convertible Notes will be more or less than six. In case the number of placees of the Placing Convertible Notes is less than six, the Company shall comply with Rules 17.30(7) of the GEM Listing Rules and disclose in an announcement the name(s) of such placee(s).

Pursuant to the terms of the Placing Agreement, the Placing Agent shall be entitled to a fee equivalent to 2% of the aggregate principal amount of the Placing Convertible Notes for which it has procured subscribers to take up the Placing Convertible Notes.

The principal terms of the Placing Convertible Notes are set out in the section headed “Principal Terms of the Convertible Notes” below.

## **ISSUE OF CONVERTIBLE NOTE CONSTITUTING A CONNECTED TRANSACTION**

On 7 November 2013 (after trading hours), the Company and Dr. Cheung entered into the Subscription Agreement pursuant to which the Company agreed to issue, and Dr. Cheung agreed to subscribe, or procure the subscription by her nominee, for the Subscription Convertible Note in the principal amount of HK\$20,000,000. Dr. Cheung will satisfy the subscription money as to the whole sum of principal amount by setting off an equivalent amount of debt owed by the Company to her.

Based on the initial Conversion Price of HK\$0.33 per Conversion Share, a maximum number of 60,606,060 Conversion Shares will be issued and allotted if the conversion rights attached to the Subscription Convertible Note are exercised in full, representing approximately 24.41% of the issued share capital of the Company and approximately 19.62% of the issued share capital of the Company as enlarged by the issue and allotment of such Conversion Shares.

As Dr. Cheung is a Director and a substantial shareholder of the Company, she is a connected person of the Company under the GEM Listing Rules. Accordingly, the Subscription constitutes a connected transaction of the Company, it is subject to the approval of the Independent Shareholders at the EGM. Dr. Cheung and her associates will abstain from voting at the EGM on the proposed resolution approving the Subscription Agreement and the transactions contemplated thereunder.

Completion of the Subscription is conditional upon:

- (1) the passing of an ordinary resolution by the Independent Shareholders to approve the Subscription Agreement and the transactions contemplated thereunder, including but not limited to, the issue of the Subscription Convertible Note and the Conversion Shares at the EGM;
- (2) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which the Company does not reasonably object) listing of and permission to deal in the Conversion Shares to be issued upon exercise of the conversion rights attached to the Subscription Convertible Note;
- (3) all necessary statutory, government and regulatory obligations having been complied with and all necessary statutory, government, regulatory and third party consents and waivers having been obtained and all filings having been made by each of the Company and Dr. Cheung; and
- (4) the Subscription Agreement not being terminated by Dr. Cheung in accordance with the terms thereof.

If the above conditions precedent are not fulfilled on or before 31 December 2013 (or such later date as may be agreed between the Dr. Cheung and the Company), then the obligations of the parties in respect of the issue and subscription of the Subscription Convertible Note shall lapse.

The principal terms of the Subscription Convertible Note are set out in the section headed “Principal Terms of the Convertible Notes” below.

## **PRINCIPAL TERMS OF THE CONVERTIBLE NOTES**

	<b>Placing Convertible Notes</b>	<b>Subscription Convertible Note</b>
Principal amount	: HK\$30,000,000	HK\$20,000,000
Interest	: 4% per annum, payable annually in arrears	2% per annum, payable annually in arrears
Maturity date	: 3 years from the date of issuance of the Placing Convertible Notes	3 years from the date of issuance of the Subscription Convertible Note
Conversion Price	: The initial Conversion Price is HK\$0.33 per Conversion Share, subject to adjustments in certain events such as share consolidation, share subdivision, capitalization issue, capital distribution, rights issue and other equity derivative issues.	

The Conversion Price represents:

- (a) a premium of approximately 6.45% to the closing price of HK\$0.31 as quoted on the Stock Exchange on the Last Trading Day; and
- (b) a premium of approximately 3.45% to the average closing price of HK\$0.319 as quoted on the Stock Exchange from 1 November 2013 to the Last Trading Day, both days inclusive, being the last five consecutive full trading days immediately before the date of this announcement.

The Conversion Price was arrived at after arm’s length negotiation between the relevant parties with reference to the market price of the Shares under the prevailing market conditions.

- Conversion right : The holder(s) of the Convertible Notes shall have the right to convert, on any business day from the date of issue of the Convertible Notes until five (5) business days before the maturity date of the Convertible Notes the whole or part only in an integral multiple of HK\$1,000,000 of the principal amount of the Convertible Notes into Conversion Shares at the Conversion Price.
- The Conversion Shares under the Placing Convertible Notes will be issued under the Specific Mandate proposed to be sought from the Shareholders at the EGM.
- The Conversion Shares under the Subscription Convertible Note will be issued under the Specific Mandate proposed to be sought from the Independent Shareholders at the EGM.
- Ranking of Conversion Shares : The Conversion Shares shall rank pari passu in all respects with all other Shares in issue at the date on which a notice is given for the exercise of conversion rights and be entitled to all dividends and other distributions the record date of which falls on a date on or after the notice for the exercise of conversion rights is given.
- Voting : The holder(s) of the Convertible Notes will not be entitled to receive notice of, attend or vote at any meeting of the Company by reason only of it/they being the holder(s) of the Convertible Notes.
- Transferability : The Convertible Notes may be transferred to any third party. Any transfer of the Convertible Notes shall be in respect of the whole or part only in an integral multiple of HK\$1,000,000 of the outstanding principal amount of the Convertible Notes.
- In the event of any transfer of the Convertible Notes to a connected person of the Company, the transferor shall notify the Company in writing of such transfer, so that the Company will promptly notify the Stock Exchange of such transfer.
- Early redemption : At any time after the date of the issue of the Convertible Notes and before the fifth business day before the date of maturity, the Company may redeem all or part (in an integral multiple of HK\$1,000,000) of the Convertible Notes at a price equal to 100% of the face value of the part of principal amount of the Convertible Notes proposed to be redeemed together with the interest accrued thereon up to but excluding the date of redemption.
- Listing : No application will be made for the listing of, or permission to deal in, the Convertible Notes on the Stock Exchange or any other stock exchange. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares, which may fall to be allotted and issued upon conversion of the Convertible Notes.

## **REASONS FOR ENTERED INTO THE PLACING AGREEMENT AND SUBSCRIPTION AGREEMENT**

In order to expand the Group's beauty, slimming and spa businesses in the PRC and develop its growing beauty product distribution business, the Group would require additional working capital.

According to the Group's interim report for the six months ended 30 September 2013, the Company owed approximately HK\$28,650,000 to Dr. Cheung as at 30 September 2013. Such debt is repayable on demand and has been classified under current liabilities in the Group's consolidated financial statements. The Directors consider the Subscription would improve the Company's working capital position by converting a debt repayable on demand to a non-current fixed-term convertible note.

In view of the current market conditions, the Directors consider the Placing and the Subscription represent a good opportunity for the Company to raise additional working capital and improve its working capital position at relatively low cost. The Directors (excluding the independent non-executive Directors who will give their views on the Subscription after taking into consideration the advice of the independent financial adviser) consider that the terms of the Placing Agreement and the Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Assuming all Placing Convertible Notes are successfully placed out, the estimated net proceeds from the issue of the Placing Convertible Notes, after deduction of the related expenses will approximately be HK\$29,000,000, which are intended to be applied by the Company for the expansion of the Group's beauty, slimming and spa businesses in the PRC and product distribution business and as general working capital. The net issue price of each Conversion Share to be issued upon exercise of the Placing Convertible Notes is approximately HK\$0.319.

## EFFECT ON THE SHAREHOLDING IN THE COMPANY

For illustration purposes only, the shareholding structure of the Company as at the date of this announcement and immediately before and after the exercise of the conversion rights under the Convertible Notes is as follows:

	As at the date of this announcement		Immediately after full exercise of conversion rights of the Subscription Convertible Note, assuming none of the conversion rights of the Placing Convertible Notes is exercised		Immediately after full exercise of conversion rights of the Placing Convertible Notes, assuming none of the conversion rights of the Subscription Convertible Note is exercised		Immediately after full exercise of conversion rights of both the Placing Convertible Notes and the Subscription Convertible Note	
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage
<i>Substantial Shareholders:</i>								
Dr. Cheung and her associates	72,354,700	29.14%	132,960,760	43.04%	72,354,700	21.33%	132,960,760	33.25%
Placees of the Placing Convertible Notes	—	—	—	—	90,909,090	26.80%	90,909,090	22.74%
Other public Shareholders	<u>175,939,050</u>	<u>70.86%</u>	<u>175,939,050</u>	<u>56.96%</u>	<u>175,939,050</u>	<u>51.87%</u>	<u>175,939,050</u>	<u>44.01%</u>
Total	<u>248,293,750</u>	<u>100%</u>	<u>308,899,810</u>	<u>100%</u>	<u>339,202,840</u>	<u>100%</u>	<u>399,808,900</u>	<u>100%</u>

*Notes:*

Dr. Cheung has no intention to convert the Subscription Convertible Note to the extent that such conversion will trigger a general offer for all the securities of the Company (other than those already owned or agreed to be acquired by Dr. Cheung and her concert parties) under the Takeover Code. In the event that a general offer is triggered as a result of the conversion of the Subscription Convertible Note, Dr. Cheung will comply with the relevant requirements of the Takeover Code and the GEM Listing Rules.

## PAST FUND RAISING EXERCISE OF THE COMPANY

The Company has not conducted any fund raising activities in the past twelve months prior to the date of this announcement.

## **GENERAL**

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.

As Dr. Cheung is a Director and a substantial shareholder of the Company, she is a connected person of the Company under the GEM Listing Rules. Accordingly, the Subscription constitutes a connected transaction of the Company, it is subject to the approval of the Independent Shareholders at the EGM. Dr. Cheung and her associates will abstain from voting at the EGM on the proposed resolution approving the Subscription Agreement and the transactions contemplated thereunder.

The Conversion Shares under the Placing Convertible Notes will be issued under the Specific Mandate to be approved by the Shareholders at the EGM.

The Conversion Shares under the Subscription Convertible Note will be issued under the Specific Mandate proposed to be sought from the Independent Shareholders at the EGM.

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders on the terms of the Subscription. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in these regards.

A circular containing, among others, (i) further details of the Placing and the Subscription; (ii) a letter of advice from the independent financial adviser to the Independent Board Committee in respect of the Subscription; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Subscription; and (iv) a notice convening the EGM, is expected to be dispatched to the Shareholders on or before 28 November 2013.

## **DEFINITIONS**

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

“associate”	has the meaning ascribed to it under the GEM Listing Rules;
“Board”	board of Directors;
“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;
“connected person(s)”	has the meaning ascribed to this term under the GEM Listing Rules;

“Conversion Price”	HK\$0.33 per Conversion Share (subject to adjustments);
“Conversion Share(s)”	those new Share(s) to be issued by the Company upon exercise of the conversion rights attached to the Placing Convertible Notes or the Subscription Convertible Note;
“Convertible Notes”	the Placing Convertible Notes and the Subscription Convertible Note;
“Directors”	directors of the Company;
“Dr. Cheung”	Dr. Cheung Yuk Shan, Shirley, the Chairman of the Board and a substantial shareholder the Company;
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of approving, among others, the Placing and the Subscription;
“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;
“HK\$”	Hong Kong dollars;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors established for the purpose of advising the Independent Shareholders in respect of the Subscription;
“Independent Shareholders”	Shareholders who are not required to abstain from voting on the relevant resolutions at the EGM pursuant to the GEM Listing Rules;
“Last Trading Day”	7 November 2013, being the last full trading day of the Shares on the Stock Exchange immediately prior to the issue of this announcement;
“Placing”	the private placing of the Placing Convertible Notes by the Placing Agent pursuant to the Placing Agreement;

“Placing Agent”	Get Nice Securities Limited, a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) permitted to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities (as defined under the SFO);
“Placing Agreement”	the placing agreement dated 7 November 2013 entered into between the Company and the Placing Agent in relation to the Placing;
“Placing Convertible Notes”	the four per cent. convertible notes of up to an aggregate principal amount of HK\$30,000,000 to be issued by the Company pursuant to the Placing Agreement;
“PRC”	People’s Republic of China;
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholders”	holder(s) of the Company’s Shares in the registers of members of the Company as from time to time;
“Specific Mandate”	the authority to issue and allot such amount of Convertible Shares to be proposed at the EGM;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscription of the Subscription Convertible Notes by Dr. Cheung or her nominee pursuant to the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 7 November 2013 entered into between Dr. Cheung and the Company in relation to the Subscription;
“Subscription Convertible Note”	the two per cent. convertible note of up to an aggregate principal amount of HK\$20,000,000 to be issued by the Company pursuant to the Subscription Agreement;
“Takeover Code”	the Hong Kong Code on Takeovers and Mergers.

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

Hong Kong, 7 November 2013

*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, Ms. Hui Yat Lam and Ms. Chiu Kam Hing, Kathy.*

*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](http://www.hkgem.com) for at least 7 days from the date of its posting and on the Company’s website at [www.sausantong.com](http://www.sausantong.com).*