

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 EXISTING SHARES
AND SUBSCRIPTION OF NEW SHARES
UNDER GENERAL MANDATE
AND
UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS**

Placing Agent



結好證券有限公司
GET NICE SECURITIES LIMITED

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES

On 14 March 2014 (after trading hours), the Vendors entered into (i) the Placing Agreement with the Placing Agent; and (ii) the Subscription Agreement with the Company. Pursuant to the Placing Agreement, the Placing Agent has agreed to place, on best efforts basis, to not less than six independent places for up to an aggregate of 49,658,750 Shares at a price of HK\$0.45 per Placing Share, for and on behalf of the Vendors. Pursuant to the Subscription Agreement, the Vendors have conditionally agreed to subscribe for such number of new Shares as is equal to the number of Placing Shares successfully placed by the Placing Agent at a price of HK\$0.45 per Subscription Share. The final number of Subscription Shares to be subscribed by and issued to each of the Vendors shall equal to the number of Shares held by her/it and successfully placed in the Placing.

The Placing is unconditional, but the completion of Subscription is subject to (i) the completion of the Placing; and (ii) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant the listing of and permission to deal in the Subscription Shares. If such conditions are not fulfilled, the Subscription will not proceed.

The total number of 49,658,750 Placing Shares represents 20% of the entire issued share capital of the Company of 248,293,750 Shares as at the date of this announcement and approximately 16.67% of the Company's entire issued share capital as enlarged by the Subscription. The net proceeds from the Subscription of approximately HK\$21.8 million (assuming the Placing Shares are fully placed) will be used for general working capital of the Group.

UNUSUAL PRICE AND VOLUME MOVEMENTS

The Board has noted the increase in the trading price and trading volume of the Shares today (14 March 2014). The Board confirms that, save as disclosed herein, it is not aware of any reasons for these price and volume movements or of any information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the SFO.

THE PLACING AGREEMENT

- Date: 14 March 2014 (after trading hours).
- Vendors: Dr. Cheung and Biochem, a party acting in concert with her, held an aggregate of 71,654,700 Shares, representing approximately 28.86% of the total issued share capital of the Company as at the date of this announcement.
- Dr. Cheung is personally interested in 40,322,700 Shares, representing approximately 16.24% of the total issued share capital of the Company as at the date of this announcement.
- Biochem owns 31,332,000 Shares, representing approximately 12.62% of the total issued share capital of the Company as at the date of this announcement.
- Placing Agent: Get Nice Securities Limited. The Placing Agent and its ultimate beneficial owners are Independent Third Parties.
- Places: The Placing Shares will be placed to not less than six places (which will be independent individual, corporate and/or institutional investors) and their ultimate beneficial owners will be Independent Third Parties. It is expected that no placee will become a substantial Shareholder (as such term is defined in the GEM Listing Rules) immediately following completion of the Placing and the Subscription. If the number of placees shall be less than six, the Company will issue a further announcement in accordance with the GEM Listing Rules.
- Number of Placing Shares: Up to 49,658,750 Shares, to be placed by the Placing Agent on a best efforts basis. Assuming the Placing Shares are fully placed, the Placing Shares represents approximately 20% of the entire issued share capital of the Company of 248,293,750 Shares as at the date of this announcement and approximately 16.67% of the Company's entire issued share capital as enlarged by the Subscription.

The nominal value of the Placing Shares is HK\$496,587.50.

Placing Price: HK\$0.45 per Placing Share. The Placing Price was agreed after arm's length negotiations between the Company and the Placing Agent, with reference to, among other things, the recent trading price of the Shares on GEM. The net price per Placing Share is HK\$0.44. The Placing Price represents:

- (a) a discount of approximately 10% to the closing price of HK\$0.500 per Share as quoted on the GEM on 14 March 2014, being the date of the Placing Agreement; and
- (b) a discount of approximately 8.35% to the average closing price of HK\$0.491 per Share as quoted on the GEM for the last 5 full trading days of the Shares immediately before the date of the Placing Agreement.

Placing Commission: The Placing Agent will receive a placing commission of 2.0% on the gross proceeds of the Placing.

Completion of the Placing: The Placing is unconditional and completion of the Placing is expected to take place on or before 21 March 2014 (or such other date as the Vendors and the Placing Agent may agree in writing).

THE SUBSCRIPTION AGREEMENT

Date: 14 March 2014 (after trading hours).

Subscribers: The Vendors.

Number of Subscription Shares: The Company will issue such number of new Shares to the Vendors as is equal to the number of Placing Shares successfully placed by the Placing Agent pursuant to the Placing. Assuming the Placing Shares are fully placed, the Company will issue 49,658,750 Subscription Shares to the Vendors, representing approximately 20% of the entire issued share capital of the Company of 248,293,750 Shares as at the date of this announcement and approximately 16.67% of the Company's entire issued share capital as enlarged by the Subscription. The final number of Subscription Shares to be subscribed by an issued to each of the Vendors shall equal to the number of Shares held by her/it and successfully placed in the Placing.

The nominal value of the Subscription Shares is HK\$496,587.50.

- Subscription Price:** HK\$0.45 per Subscription Share. Subject to the Subscription being completed, the Company will bear the costs and expenses in connection with the Placing and the net proceeds from the Subscription is estimated to be approximately HK\$21.8 million (assuming the Placing Shares are fully placed). As a result, the net price per Subscription Share will be approximately HK\$0.44.
- General Mandate:** The Subscription Shares will be issued pursuant to the General Mandate. As a result, the issue of the Subscription Shares is not subject to further Shareholders' approval. Pursuant to the General Mandate, the maximum number of new Shares that the Company is authorized to allot and issue is 49,658,750 Shares. From the conclusion of the annual general meeting of the Company on 23 September 2013 to the date of this announcement, no new Shares have been allotted and issued by the Company under the General Mandate.
- Ranking of Subscription Shares:** The Subscription Shares, when issued and fully paid, will rank pari passu among themselves and with Shares in issue at the time of issue and allotment of the Subscription Shares.
- Conditions to the Subscription:** The Subscription is conditional upon the following conditions:
- (a) completion of the Placing having occurred pursuant to the terms of the Placing Agreement; and
 - (b) the approval for listing of and permission to deal in all the Subscription Shares being granted by the Listing Committee of the Stock Exchange (and such permission and listing not subsequently being revoked prior to the delivery of the definitive Share certificate(s) representing the Subscription Shares);
- Application will be made by the Company to the Listing Committee of the Stock Exchange to grant approval for the listing of, and permission to deal in, the Subscription Shares.
- Completion of the Subscription:** Subject to the satisfaction of all the conditions set out above, the Subscription is expected to be completed within fourteen days from the date of the Placing Agreement (i.e. 28 March 2014) or such later time and/or such other date as the Vendors and the Company may agree in writing.
- If the Subscription is to be completed after 28 March 2014, it will constitute a connected transaction under the GEM Listing Rules and require compliance with all the relevant requirements under Chapter 20 of the GEM Listing Rules, including but not limited to the issue of a separate announcement and approval of the independent Shareholders.

EFFECT OF THE PLACING AND THE SUBSCRIPTION ON SHAREHOLDING

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

	Existing shareholding as at the date of this announcement		Assuming all the outstanding options have been exercised and full conversion of the outstanding existing convertible notes (Note 3) (Note 4)		Shareholding after the Placing but immediately prior to the Subscription		Shareholding after the Placing but immediately prior to the Subscription and assuming all the outstanding options have been exercised and full conversion of the outstanding existing convertible notes		Shareholding after the Placing and the Subscription		Shareholding after the Placing and the Subscription and assuming all the outstanding options have been exercised and full conversion of the outstanding existing convertible notes	
	No. of Shares	% of shareholding (approximately)	No. of Shares	% of shareholding (approximately)	No. of Shares	% of shareholding (approximately)	No. of Shares	% of shareholding (approximately)	No. of Shares	% of shareholding (approximately)	No. of Shares	% of shareholding (approximately)
Vendors												
— Dr. Cheung (Note 1)	40,322,700	16.24%	100,928,760	24.13%	15,493,325	6.24%	76,099,385	18.19%	40,322,700	13.53%	100,928,760	21.57%
— Biochem (Note 1)	31,332,000	12.62%	31,332,000	7.49%	6,502,625	2.62%	6,502,625	1.55%	31,332,000	10.52%	31,332,000	6.69%
Mr. Cheung Ka Heng, Frankie (Note 2)	700,000	0.28%	2,700,000	0.64%	700,000	0.28%	2,700,000	0.65%	700,000	0.23%	2,700,000	0.58%
Sub-total for Dr. Cheung and parties acting in concert with her (Note 1)	72,354,700	29.14%	134,960,760	32.26%	22,695,950	9.14%	85,302,010	20.39%	72,354,700	24.28%	134,960,760	28.84%
Optionholders	—	—	16,540,000	3.95%	—	—	16,540,000	3.95%	—	—	16,540,000	3.53%
Placees of the convertible notes	—	—	90,909,090	21.73%	—	—	90,909,090	21.73%	—	—	90,909,090	19.42%
Placees	—	—	—	—	49,658,750	20.00%	49,658,750	11.87%	49,658,750	16.67%	49,658,750	10.61%
Other public Shareholders	175,939,050	70.86%	175,939,050	42.06%	175,939,050	70.86%	175,939,050	42.06%	175,939,050	59.05%	175,939,050	37.60%
Total	248,293,750	100.00%	418,348,900	100.00%	248,293,750	100.00%	418,348,900	100.00%	297,952,500	100.00%	468,007,650	100.00%

Note 1: Dr. Cheung is personally interested in 40,322,700 Shares and beneficially interested in 31,332,000 Shares through Biochem which representing approximately 16.24% and 12.62% respectively of the issued share capital of the Company as at the date of this announcement.

Note 2: Mr. Cheung Ka Heng, Frankie, being an executive Director of the Company and a party deemed to be acting in concert with Dr. Cheung.

Note 3: As at the date of this announcement, there are outstanding options to subscribe for 18,540,000 Shares under the Company's share option scheme adopted on 4 November 2003. In addition, there are convertible notes in an aggregate principal amount of HK\$50,000,000 as at the date of this announcement. Based on the initial conversion price of HK\$0.33 per Conversion Share, the convertible notes entitle their holders to subscribe for 151,515,150 Shares. Save as disclosed above, there was no other options, warrants, derivatives or other securities that are convertible into Shares.

Note 4: Dr. Cheung has no intention to convert the 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 convertible note, Dr. Cheung will comply with the relevant requirements of the Takeover Code and the GEM Listing Rules.

As at the date of this announcement, Dr. Cheung and her concert parties own 72,354,700 Shares, representing approximately 29.14% (assuming no outstanding options are exercised and no conversion of the outstanding existing convertible notes) of the existing issued share capital of the Company. Assuming the Placing Shares are fully placed, the shareholdings of Dr. Cheung and her concert parties will be reduced to approximately 9.14% (assuming no outstanding options are exercised and no conversion of the outstanding existing convertible notes) immediately after the Placing and will then be increased to approximately 24.28% (assuming no outstanding options are exercised and no conversion of the outstanding existing convertible notes) immediately upon the completion of the Subscription.

As at the date of this announcement, Dr. Cheung and her concert parties own 134,960,760 Shares, representing approximately 32.26% (assuming all outstanding options have been exercised and full conversion of the outstanding existing convertible notes) of the existing issued share capital of the Company. Assuming the Placing Shares are fully placed, the shareholdings of the Dr. Cheung and her concert parties will be reduced to approximately 20.39% (assuming all outstanding options have been exercised and full conversion of the outstanding existing convertible notes) immediately after the Placing and will then be increased to approximately 28.84% (assuming all outstanding options have been exercised and full conversion of the outstanding existing convertible notes) immediately upon the completion of the Subscription.

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

The Group is principally engaged in the provision of beauty and slimming services from slimming centres, distribution sales of cosmetic and skin care products and sales of other health and beauty products.

In view of the current market conditions, the Directors consider that the Placing and the Subscription represent a good opportunity to broaden the shareholder base and capital base of the Company and to raise capital for the Company for its future potential business developments. The Directors consider the terms of the Placing Agreement and the Subscription Agreement to be fair and reasonable and in the interest of the Group and the Shareholders as a whole.

The Company will bear all costs and expenses of approximately HK\$0.5 million in connection with the Placing and the Subscription. The net proceeds of approximately HK\$21.8 million from the Subscription will be used for general working capital for the Group.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The following table summarizes the information relating to the Company's fund raising activities in the 12 months immediately preceding the date of this announcement:

Date of Activity	Transaction	Net proceeds raised (approximately)	Completed	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
7 November 2013 (being the date of announcement of placing of convertible notes)	Placing of convertible notes in an aggregate principal amount of HK\$30,000,000 with the initial conversion price of HK\$0.33 per Conversion Share, and issue of convertible note constituting a connected transaction in the principal amount of HK\$20,000,000 with the initial conversion price of HK\$0.33 per Conversion Share.	Approximately HK\$29 million	Yes	For repayment of debts and as general working capital of the Company and for financing its operations and activities for expanding its existing beauty, slimming and spa businesses and product distribution business in PRC.	Approximately HK\$11 million was used for repayment of debts, approximately HK\$12 million have been utilized as general working capital of the Company and approximately HK\$4 million for the expansion of Group's beauty, slimming and spa businesses and product distribution business in PRC.

UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS

This announcement is made pursuant to Rule 17.10 of the GEM Listing Rules and Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the SFO.

The Board has noted the increase of the trading price and trading volume of the shares of the Company today (14 March 2014). Having made such enquiry with respect to the Company as is reasonable in the circumstances, we confirm that, save as disclosed herein, we are not aware of any reasons for these trading price and trading volume movements or of any information which must be announced to avoid a false market in the Company's securities, or of any inside information that needs to be disclosed under Part XIVA of the SFO.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

This announcement is made by the order of the Company. The Board collectively and individually accepts responsibility for the accuracy of this announcement.

DEFINITIONS

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

- “acting in concert” has the meaning ascribed thereto under the Takeover Code and Code on Share Repurchases;
- “Biochem” Biochem Investments Limited, a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of Biochem is wholly owned by Dr. Cheung;
- “Board” board of Directors;
- “Company” Sau San Tong Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM;
- “Conversion Share(s)” those new Share(s) to be issued by the Company upon exercise of the conversion rights attached to the convertible notes;
- “Director(s)” director(s) of the Company;
- “Dr. Cheung” Dr. Cheung Yuk Shan, Shirley, the Chairman of the Board, an executive Director and a substantial shareholder of the Company;
- “Group” the Company and its subsidiaries;
- “GEM” the Growth Enterprise Market of the Stock Exchange;
- “GEM Listing Rules” the Rules Governing the Listing of Securities on GEM;
- “General Mandate” the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting on 23 September 2013 to allot and issue new Shares in the Company up to 49,658,750 Shares, representing 20% of the aggregate nominal value of the issued share capital of the Company on the date of passing of the ordinary resolution;
- “Hong Kong” the Hong Kong Special Administrative Region of PRC;

“Independent Third Party(ies)”	an independent third party, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, who is independent of, and not connected with the Company, its associates (as defined under the GEM Listing Rules) and its connected persons (as defined under the GEM Listing Rules) and who are independent of, and not connected with, nor acting in concert with the Vendors or any of their concert parties;
“Placing”	the placing of the Placing Shares by the Vendors, through the Placing Agent, pursuant to the Placing Agreement;
“Placing Agent”	Get Nice Securities Limited, a licensed corporation under 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 entered into between the Vendors and the Placing Agent dated 14 March 2014 (after trading hours) in relation to the Placing;
“Placing Price”	HK\$0.45 per Placing Share;
“Placing Shares”	up to an aggregate of 49,658,750 Shares beneficially owned by the Vendors and to be placed pursuant to the Placing Agreement;
“PRC”	the People’s Republic of China;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Future Ordinance (Chapter 571 of Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscription for the Subscription Shares by the Vendors pursuant to the Subscription Agreement;
“Subscription Agreement”	the conditional subscription agreement entered into between the Company and the Vendors dated 14 March 2014 (after trading hours) in relation to the Subscription;

“Subscription Price”	HK\$0.45 per Subscription Share;
“Subscription Shares”	Shares to be subscribed by the Vendors pursuant to the Subscription Agreement;
“Takeover Code”	the Hong Kong Code on Takeovers and Mergers;
“Vendors”	Dr. Cheung and Biochem;
“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, 14 March 2014

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 for at least 7 days from the date of its posting and on the Company’s website at www.sausantong.com.