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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)

**(I) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
AND**

**(II) PROPOSED RIGHTS ISSUE OF
NOT LESS THAN 893,857,500 RIGHTS SHARES AND
NOT MORE THAN 1,171,771,134 RIGHTS SHARES OF HK\$0.01 EACH
AT HK\$0.10 PER RIGHTS SHARE ON THE BASIS OF
THREE RIGHTS SHARES FOR EVERY ONE SHARE HELD
ON THE RECORD DATE**

Financial Adviser to the Company



富強金融資本
FORTUNE FINANCIAL CAPITAL

Underwriter



結好證券有限公司
GET NICE SECURITIES LIMITED

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to increase the authorised share capital of the Company to HK\$20,000,000 divided into 2,000,000,000 Shares.

* *for identification purpose only*

PROPOSED RIGHTS ISSUE

The Board proposes to raise not less than approximately HK\$89.39 million but not more than approximately HK\$117.18 million before expenses by way of the Rights Issue to the Shareholders. The Rights Issue involves the issue of not less than 893,857,500 Rights Shares (assuming no issue of new Shares, no exercise of the Outstanding Options and the Existing Convertible Notes and no repurchase of Shares on or before the Record Date) and not more than 1,171,771,134 Rights Shares (assuming no repurchase of Shares and the subscription or conversion rights attaching to the Outstanding Options (other than the Share Options held by Mr. Cheung) and the Remaining Placing Convertible Notes are exercised in full on or before the Record Date) at the Subscription Price of HK\$0.10 per Rights Share on the basis of three (3) Rights Shares for every one (1) Share in issue on the Record Date. The Rights Shares will not be available to the Excluded Shareholders.

The Directors consider that it is in the interests of the Group and the Shareholders as a whole to strengthen the Group's financial position and to enlarge its capital base by way of the Rights Issue, which will also enable all Shareholders (other than the Excluded Shareholders) the opportunity to participate and maintain their respective pro-rata shareholding interests in the Company. As such, the Company intends to apply such net proceeds of approximately HK\$84.39 million (assuming no issue of new Shares, no exercise of the Outstanding Options and the Existing Convertible Notes and no repurchase of Shares on or before the Record Date) from the Rights Issue (i) as to approximately HK\$50.00 million for the general working capital of the Group; (ii) as to approximately HK\$3.00 million for the development of e-commerce; and (iii) as to approximately HK\$15.00 million for the marketing and promotion of the Group. The balance of the net proceeds of approximately HK\$16.39 million is for the opportunistic investment by the Group in other businesses, although no suitable targets have been identified as at the date of this announcement.

The Rights Issue is fully underwritten by the Underwriter and the terms of the Rights Issue are determined after arm's length negotiation between the Company and the Underwriter.

IRREVOCABLE UNDERTAKING

Dr. Cheung (together with Biochem Investments) is interested in aggregate of 71,654,700 Shares as at the date of this announcement, representing approximately 24.05% of the existing issued Shares, and has irrevocably undertaken to the Company and the Underwriter that (i) she will accept and will procure her nominees to accept all the Rights Shares to be provisionally allotted to her and her nominees pursuant to the Rights Issue in respect of the Shares held by her and her nominees as at the Record Date; (ii) she will not dispose of or transfer, or agree to dispose of or transfer, any Shares held by her and her wholly-owned Biochem Investments on or prior to the Record Date; (iii) she will not apply for any additional excess Rights Shares under the excess application arrangement under the Rights issue; and (iv) she will not transfer the Subscription Convertible Note to any third party and will not convert the Subscription Convertible Note into Shares on or prior to the Record Date.

As at the date of this announcement, Mr. Cheung is interested in 700,000 Shares, representing approximately 0.23% of the existing issued share capital of the Company. Mr. Cheung has irrevocably undertaken to the Company and the Underwriter that (i) he will accept all the Rights Shares to be provisionally allotted to him pursuant to the Rights Issue in respect of the Shares held by him as at the Record Date; (ii) he will not dispose of or transfer, or agree to dispose of or transfer, any Shares held by him on or prior to the Record Date; (iii) he will not apply for any additional excess Rights Shares under the excess application arrangements under the Rights Issue; and (iv) he will not exercise any of the subscription rights attached to the Share Options granted by the Company to him from the date of the Underwriting Agreement to the Record Date.

Prime Pacific has given an irrevocable undertaking in favour of the Company and the Underwriter that it will not transfer or deal with the Prime Pacific Convertible Note and will not exercise the conversion rights attaching to the Prime Pacific Convertible Note from the date of the Underwriting Agreement to the close of business on the Record Date.

The Rights Issue is fully underwritten by the Underwriter pursuant to the Underwriting Agreement other than those Rights Shares provisionally allotted to and undertaken to be subscribed by Dr. Cheung and Mr. Cheung and their respective associates.

The Rights Issue will not be available to the Excluded Shareholder(s).

The Rights Issue is conditional, inter alia, upon the fulfilment of the conditions set out under the section headed “Conditions of the Rights Issue” of this announcement. In particular, the Rights Issue is subject to the Underwriter not terminating the Underwriting Agreement in accordance with the terms set out therein. Accordingly, the Rights Issue may or may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue could not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

GEM LISTING RULES IMPLICATIONS

Since the Rights Issue will increase the issued share capital or the market capitalisation of the Company by more than 50%, in accordance with Rule 10.29(1) of the GEM Listing Rules, the Rights Issue must be made conditional on approval by the Independent Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue and the transactions contemplated thereunder.

As at the date of this announcement, there is no controlling Shareholder as defined under the GEM Listing Rules, however, Dr. Cheung, being the chairman of the Company and an executive Director and Mr. Cheung, being the executive Director and their respective associates are interested in the Shares and shall abstain from voting in favour of the Rights Issue at the EGM.

The independent board committee comprising all the independent non-executive Directors will be formed to recommend the Independent Shareholders in respect of the Rights Issue. An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders in relation to the Rights Issue.

GENERAL

A Circular containing, amongst other things, (i) proposed Increase in Authorised Share Capital; (ii) further information on the Rights Issue; (iii) a letter of advice from the independent financial adviser to the independent board committee on the Rights Issue; (iv) the recommendation of the independent board committee to the Independent Shareholders in relation to the Rights Issue; and (v) the notice of the EGM will be despatched to the Shareholders on or about 31 July 2014. Resolutions will be proposed at the EGM for the Shareholders or, where appropriate, the Independent Shareholders to approve the proposed Increase in Authorised Share Capital and the Rights Issue. Voting on the resolutions at the EGM will be taken by way of poll.

The Company expects to despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date. The Company will, to the extent reasonably practicable, despatch the Prospectus to the Excluded Shareholders, if any, for their information only. No PAL will be despatched to the Excluded Shareholders.

(I) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorised share capital of the Company is HK\$10,000,000 divided into 1,000,000,000 Shares, of which 297,952,500 Shares have been issued and allotted as fully paid. In order to facilitate the possible future expansion in the share capital of the Company, the Company intends to propose to the Shareholder the Increase in Authorised Share Capital. The authorised share capital of the Company will be increased to HK\$20,000,000 divided into 2,000,000,000 Shares.

Condition of the Increase in Authorised Share Capital

The Increase in Authorised Capital is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM approving the Increase in Authorised Share Capital.

(II) PROPOSED RIGHTS ISSUE

On 10 July 2014 after trading hours, the Company and the Underwriter entered into the Underwriting Agreement in relation to the underwriting arrangements in respect of the proposed Rights Issue.

Issue statistics

- Basis of the Rights Issue : Three (3) Rights Shares for every one (1) Share held on the Record Date
- Subscription Price : HK\$0.10 per Rights Share
- Number of Shares in issue as at the date of this announcement : 297,952,500 Shares
- Number of Rights Shares : Not less than 893,857,500 Rights Shares (assuming no issue of new Shares, no exercise of the Outstanding Options and the Existing Convertible Notes and no repurchase of Shares on or before the Record Date) and not more than 1,171,771,134 Rights Shares (assuming no repurchase of Shares and the subscription or conversion rights attaching to the Outstanding Options (other than the Share Options held by Mr. Cheung) and the Remaining Placing Convertible Notes are exercised in full on or before the Record Date) (*Note*)
- Number of Rights Shares underwritten by the Underwriter : All the Rights Shares other than those provisionally allotted to and undertaken to be subscribed by Dr. Cheung and Mr. Cheung, being not less than 676,793,400 Rights Shares (assuming no issue of new Shares, no exercise of the Outstanding Options and the Existing Convertible Notes and no repurchase of Shares on or before the Record Date) and not more than 954,707,034 Rights Shares (assuming no repurchase of Shares and the subscription or conversion rights attaching to the Outstanding Options (other than the Share Options held by Mr. Cheung) and the Remaining Placing Convertible Notes are exercised in full on or before the Record Date)
- Enlarged issued share capital upon completion of the Rights Issue : Not less than 1,191,810,000 Shares (assuming no issue of new Shares, no exercise of the Outstanding Options and the Existing Convertible Notes and no repurchase of Shares on or before the Record Date) and not more than 1,562,361,512 Shares (assuming no repurchase of Shares and the subscription or conversion rights attaching to the Outstanding Options (other than the Share Options held by Mr. Cheung) and the Remaining Placing Convertible Notes are exercised in full on or before the Record Date)

Aggregate nominal value of the Rights Shares : Aggregate nominal value of the Rights Shares will not be less than HK\$8,938,575 (assuming no issue of new Shares, no exercise of the Outstanding Options and the Existing Convertible Notes and no repurchase of Shares on or before the Record Date) and not more than approximately HK\$11,717,711 (assuming no repurchase of Shares and the subscription or conversion rights attaching to the Outstanding Options (other than the Share Options held by Mr. Cheung) and the Remaining Placing Convertible Notes are exercised in full on or before the Record Date)

Note:

Assuming further issue of new Shares upon full exercise of the subscription or conversion rights attaching to the Outstanding Options (other than the Share Options held by Mr. Cheung) and the Remaining Placing Convertible Notes on or before the Record Date, a total of 92,637,878 new Shares would fall to be issued. Accordingly, an additional 277,913,634 Rights Shares would be issued, in which case the maximum number of Rights Shares that may be issued by the Company pursuant to the Rights Issue will increase to 1,171,771,134.

As at the date of this announcement:

- (i) There are 15,850,000 Outstanding Options granted under the Share Option Scheme entitling the holders of the Share Options to subscribe for additional Shares, of which 2,000,000 Share Options are held by Mr. Cheung. Pursuant to the Mr. Cheung's Undertaking, Mr. Cheung has irrevocably undertaken that he will not exercise any of the subscription rights attached to the Share Options granted by the Company to him on or before the Record Date. As a result, only 13,850,000 Share Options are exercisable on or before the Record Date after taking into account the Mr. Cheung's Undertaking;
- (ii) There are Existing Convertible Notes convertible into a maximum of 151,515,150 Shares, of which the Subscription Convertible Note and the Prime Pacific Convertible Note are held by Dr. Cheung and Prime Pacific respectively. Pursuant to the Dr. Cheung's Undertaking, Dr. Cheung has irrevocably undertaken that she will not exercise any of the conversion rights attached to the Subscription Convertible Note on or before the Record Date. Pursuant to the Prime Pacific's Undertaking, Prime Pacific has irrevocably undertaken that it will not transfer or deal with the Prime Pacific Convertible Note and will not exercise the conversion rights attaching to the Prime Pacific Convertible Note on or before the Record Date. As a result, only the Remaining Placing Convertible Notes are exercisable on or before the Record Date.

Assuming no conversion or subscription rights attaching to the Remaining Placing Convertible Notes and the Outstanding Options (other than the Share Options held by Mr. Cheung) are exercised on or before Record Date, the 893,857,500 nil-paid Rights Shares proposed to be provisionally allotted represent 300% of the Company's issued share capital as at the date of this announcement and approximately 75% of the Company's issued share capital as enlarged by the issue of the 893,857,500 Rights Shares.

Save as disclosed above, as at the date of this announcement, the Company has no other outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into Shares.

Subscription Price

The Subscription Price is HK\$0.10 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 77.27% to the closing price of HK\$0.440 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 77.38% to the average closing price of approximately HK\$0.442 per Share as quoted on the Stock Exchange for the five consecutive trading days ended on the Last Trading Day;
- (iii) a discount of approximately 45.95% to the theoretical ex-rights price of approximately HK\$0.185 per Share based on the closing price as quoted on the Stock Exchange on the Last Trading Day; and
- (iv) a discount of approximately 77.97% to the average closing price of approximately HK\$0.454 per Share as quoted on the Stock Exchange for the ten consecutive trading days ended on the Last Trading Day.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the financial performance and underlying value of the Company, the recent market prices of the Shares under the prevailing market conditions. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its shareholding in the Company held on the Record Date. The Board (excluding the independent non-executive Directors) considers the Subscription Price to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Qualifying Shareholders

The Company will send: (i) the Prospectus Documents to the Qualifying Shareholders; and (ii) the Prospectus, for information only, to the Excluded Shareholders.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and be a Qualifying Shareholder.

In order to be registered as members of the Company on the Record Date, Shareholders must lodge any transfer of Shares (together with the relevant share certificates) for registration with Company's branch share registrar in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Tuesday, 26 August 2014.

Closure of register of members

The register of members of the Company will be closed from Wednesday, 27 August 2014 to Tuesday, 2 September 2014, both days inclusive. No transfer of Shares will be registered during this period.

Overseas Shareholders

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

In compliance with the necessary requirements of the GEM Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any). If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), the Rights Issue will not be extended to such Overseas Shareholders. Further information in this connection will be set out in the Prospectus Documents containing, among other things, details of the Rights Issue, to be despatched to the Qualifying Shareholders as soon as practicable. The Company will send copies of the Prospectus to the Excluded Shareholders for their information only, but will not send any PAL to them.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the Excluded Shareholders. The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold entitlement of Excluded Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be undertaken by the Underwriter.

Basis of provisional allotment

The basis of the provisional allotment shall be three (3) Rights Shares for every one (1) Share in issue and held at the close of business on the Record Date, being not less than 893,857,500 Rights Shares (assuming no issue of new Shares, no exercise of the Outstanding Options and the Existing Convertible Notes and no repurchase of Shares on or before the Record Date) and not more than 1,171,771,134 Rights Shares (assuming no repurchase of Shares and the subscription or conversion rights attaching to the Outstanding Options (other than the Share Options held by Mr. Cheung) and the Remaining Placing Convertible Notes are exercised in full on or before the Record Date) at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents. Application for all or any part of a provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for.

Fractions of Rights Shares

On the basis of provisional allotment of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank pari passu with the then existing Shares in issue on the date of allotment and issue of the Rights Shares in all respects. Holders of such Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the Rights Shares.

The Rights Shares (in nil-paid and fully paid forms) will be traded in board lot of 4,000 Shares which is the same as the board lot size for trading in Shares on the Stock Exchange.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Qualifying Shareholders and for any Rights Shares provisionally allotted but not accepted.

Application for excess Rights Shares may be made by completing the Excess Application Form for application for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Board will allocate the excess Rights Shares being applied for at its discretion and on a fair and equitable basis on the following principles:

- (1) subject to the availability of excess Rights Shares, preference will be given to applications for topping-up odd-lot holdings to whole-lot holdings where it appears to the Directors that such applications are not made with the intention to abuse such mechanism; and
- (2) subject to the availability of excess Rights Shares after allocation under principle (1) above, the excess Rights Shares will be allocated to the Qualifying Shareholders based on a sliding scale with reference to the number of the excess Rights Shares applied for by them (i.e. the Qualifying Shareholders applying for a smaller number of Rights Shares will be allocated a higher percentage of the excess Rights Shares they have applied for; whereas the Qualifying Shareholders applying for a larger number of Rights Shares will be allocated a lower percentage of the excess Rights Shares they have applied for (although they will receive a greater number of Rights Shares than those applying for a smaller number)), and with board lot allocations to be made on a best effort basis.

Any Rights Shares not applied for by the Qualifying Shareholders will be taken up by the Underwriter.

Investors with their Shares held by a nominee (or which are held in CCASS) should note that the Directors will regard the nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, investors whose Shares are registered in the name of a nominee (or which are held in CCASS) should note that the aforesaid arrangement in relation to the allocation of excess Rights Shares will not be extended to them individually. Beneficial owners with their Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date. Investors whose Shares are held by a nominee (or which are held in CCASS) and who would like to have their names registered on the register of members of the Company, must lodge all necessary documents with Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, the Hong Kong Branch Registrars on or before 4:30 p.m. on Tuesday, 26 August 2014 (the register of members of the Company will be closed from Wednesday, 27 August 2014 to Tuesday, 2 September 2014, both dates inclusive).

As at the date of this announcement, save for the irrevocable undertakings given by Dr. Cheung and Mr. Cheung to take up all the Rights Shares to be offered to them and, where applicable, their respective nominees under the Rights Issue, the Board has not received any information from any substantial Shareholders of their intention to take up the Rights Shares allotted or to be provisionally allotted to them.

Application for listing

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as may be 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.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy and any other applicable fees and charges in Hong Kong.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue as set out in the section headed “Conditions of the Rights Issue” below, share certificates for all fully-paid Rights Shares and refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be sent by ordinary post to the Qualifying Shareholders and unsuccessful applicants who have accepted and applied for (where appropriate), and paid for the Rights Shares in accordance with the timetable as set out in the section “EXPECTED TIMETABLE” in this announcement at their own risk. Each Shareholder will receive one share certificate for all allotted Rights Shares.

Conditions of the Rights Issue

The Rights Issue is conditional upon:

- (a) the passing by the Shareholders at the EGM of an ordinary resolution to approve the Increase in Authorised Share Capital by no later than the Prospectus Posting Date;
- (b) 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 all the Rights Shares (in their nil-paid and fully-paid forms) by no later than the Prospectus Posting Date;

- (c) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting, to the extent reasonably practicable, of the Prospectus for information purposes only to the Excluded Shareholders;
- (d) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms of the Underwriting Agreement on or before the Latest Time for Termination;
- (e) 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 (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and otherwise in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (f) the passing by no later than the Prospectus Posting Date by the Independent Shareholders at the EGM of all necessary resolution(s) to approve the Rights Issue;
- (g) compliance with and performance of all undertakings and obligations of Prime Pacific under the Prime Pacific's Undertaking;
- (h) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement;
- (i) compliance with and performance of all undertakings and obligations of Dr. Cheung under the Dr. Cheung's Undertaking; and
- (j) compliance with and performance of all undertakings and obligations of Mr. Cheung under the Mr. Cheung's Undertaking.

The Company shall use all reasonable endeavours to procure the fulfilment of the conditions set out above by 19 September 2014 and in particular shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may be necessary in connection with the listing of the Rights Shares.

The Company shall make application to the Stock Exchange for the listing of and permission to deal in all the Rights Shares, in their nil-paid and fully-paid forms.

Conditions (a) to (g) (both inclusive) are incapable of being waived. The Underwriter may waive conditions (h) to (j) set out above (both inclusive) in whole or in part by written notice to the Company.

If the above conditions are not satisfied and/or waived in whole or in part by the Underwriter by 4:00 p.m. on 19 September 2014 or such later date or dates as the Underwriter may agree with the Company in writing, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise.

(III) UNDERWRITING ARRANGEMENTS

Underwriting Agreement

Date:

10 July 2014

Underwriter:

Get Nice Securities Limited

Number of the Underwritten Shares:

Not less than 676,793,400 Rights Shares (assuming no issue of new Shares, no exercise of the Outstanding Options and the Existing Convertible Notes and no repurchase of Shares on or before the Record Date) and not more than 954,707,034 Rights Shares (assuming no repurchase of Shares and the subscription or conversion rights attaching to the Outstanding Options (other than the Share Options held by Mr. Cheung) and the Remaining Placing Convertible Notes are exercised in full on or before the Record Date).

Underwriting commission:

The Underwriter will charge commission of 2.50% of the aggregate Subscription Price of the Underwritten Shares for which the Underwriter has agreed to subscribe.

Subscription Price:

HK\$0.10 per Rights Share

The Rights Issue is fully underwritten by the Underwriter pursuant to the Underwriting Agreement, other than those Rights Shares provisionally allotted to and undertaken to be subscribed by Dr. Cheung and Mr. Cheung and their respective associates.

The underwriting commission was determined after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market rate. The Directors (including independent non-executive Directors) consider that the terms of the Underwriting Agreement (including the underwriting commission) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Save as the Prime Pacific Convertible Note which is held by Prime Pacific as at the date of this announcement, to the best of the Director's knowledge, information and belief, having made all reasonable enquiries, the Underwriter, its ultimate beneficial owner and its associates are third parties independent of, and not connected with, the Company and its connected persons (as defined in the GEM Listing Rules).

Irrevocable Undertakings

Dr. Cheung (together with Biochem Investments) is interested in aggregate of 71,654,700 Shares as at the date of this announcement, representing approximately 24.05% of the existing issued Shares, and has irrevocably undertaken to the Company and the Underwriter that (i) she will accept and will procure her nominees to accept all the Rights Shares to be provisionally allotted to her and her nominees pursuant to the Rights Issue in respect of the Shares held by her and her nominees as at the Record Date; (ii) she will not dispose of or transfer, or agree to dispose of or transfer, any Shares held by her and her wholly-owned Biochem Investments on or prior to the Record Date; (iii) she will not apply for any additional excess Rights Shares under the excess application arrangement under the Rights issue; and (iv) she will not transfer the Subscription Convertible Note to any third party and will not convert the Subscription Convertible Note into Shares on or prior to the Record Date.

As at the date of this announcement, Mr. Cheung is interested in 700,000 Shares, representing approximately 0.23% of the existing issued share capital of the Company. Mr. Cheung has irrevocably undertaken to the Company and the Underwriter that (i) he will accept all the Rights Shares to be provisionally allotted to him pursuant to the Rights Issue in respect of the Shares held by him as at the Record Date; (ii) he will not dispose of or transfer, or agree to dispose of or transfer, any Shares held by him on or prior to the Record Date; (iii) he will not apply for any additional excess Rights Shares under the excess application arrangements under the Rights Issue; and (iv) he will not exercise any of the subscription rights attached to the Share Options granted by the Company to him from the date of the Underwriting Agreement to the Record Date.

As at the date of this announcement, Prime Pacific holds the Prime Pacific Convertible Note which is convertible into 12,121,212 Shares. Prime Pacific has given an irrevocable undertaking in favour of the Company and the Underwriter that it will not transfer or deal with the Prime Pacific Convertible Note and will not exercise the conversion rights attaching to the Prime Pacific Convertible Note from the date of the Underwriting Agreement to the close of business on the Record Date.

Termination of the Underwriting Agreement

If prior to the Latest Time for Termination (provided that if the date of the Latest Time for Termination shall be a 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):

- (a) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:

- (i) the introduction of any new 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
 - (ii) 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, financial, economic, currency market 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
 - (iii) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
 - (iv) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, 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
 - (v) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
 - (vi) the commencement or taking by any third party of any litigation or claim or other action against any member of the Group which is or might be material to the Group taken as a whole; or
- (b) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, on Hong Kong or other jurisdiction relevant to the Group or any member of the Group and a change in currency conditions for the purpose of this Clause includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the absolute opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (c) the Prospectus when published contain 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 in the absolute opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a prudent investor not to accept the Rights Shares provisionally allotted to it;

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.

Upon giving any of such notice, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine and the Company shall, save for reasonable legal fees and other reasonable out-of-pocket expenses of the Underwriter, not be liable to pay to the Underwriter any fees under the Underwriting Agreement. Rescission or termination of the Underwriting Agreement shall be without prejudice to any rights of any party in respect of any breach by the other prior to such rescission or termination of the Underwriting Agreement. If the Underwriter exercises such right, the Rights Issue will not proceed.

(IV) CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

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 Rights Issue are set out below for illustrative purpose only:

Assuming no issue of new Shares, no exercise of the Outstanding Options and the Existing Convertible Notes and no repurchase of Shares on or before the Record Date:

	(i) as at the date of this announcement		(ii) upon completion of the Rights Issue and assuming all Rights Shares are taken up by Qualifying Shareholders		(iii) upon completion of the Rights Issue and assuming no Qualifying Shareholder (other than Dr. Cheung, Mr. Cheung and Biochem Investments) takes up the Rights Shares (note 4)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Shareholders						
Dr. Cheung (note 1)	40,322,700	13.53	161,290,800	13.53	161,290,800	13.53
Biochem Investments (note 1)	31,332,000	10.52	125,328,000	10.52	125,328,000	10.52
Mr. Cheung (note 2)	700,000	0.23	2,800,000	0.23	2,800,000	0.23
Public shareholders						
The Underwriter	—	—	—	—	676,793,400	56.79
Other public shareholders	225,597,800	75.72	902,391,200	75.72	225,597,800	18.93
Total	297,952,500	100.00	1,191,810,000	100.00	1,191,810,000	100.00

Assuming no repurchase of Shares and the Outstanding Options (other than the Share Options held by Mr. Cheung) and the Remaining Placing Convertible Notes are exercised in full on or before the Record Date:

	(i) immediately before completion of the Rights Issue		(ii) upon completion of the Rights Issue and assuming all Rights Shares are taken up by Qualifying Shareholders		(iii) upon completion of the Rights Issue and assuming no Qualifying Shareholder (other than Dr. Cheung, Mr. Cheung and Biochem Investments) takes up the Rights Shares (note 4)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Shareholders						
Dr. Cheung (note 1)	40,322,700	10.32	161,290,800	10.32	161,290,800	10.32
Biochem Investments (note 1)	31,332,000	8.02	125,328,000	8.02	125,328,000	8.02
Mr. Cheung (note 2)	700,000	0.18	2,800,000	0.18	2,800,000	0.18
Public shareholders						
The Underwriter	—	—	—	—	954,707,034	61.11
Share Options holders other than Mr. Cheung	13,850,000	3.55	55,400,000	3.55	13,850,000	0.89
Holder of Remaining Placing Convertible Notes (note 3)	78,787,878	20.17	315,151,512	20.17	78,787,878	5.04
Other public shareholders	225,597,800	57.76	902,391,200	57.76	225,597,800	14.44
Total	390,590,378	100.00	1,562,361,512	100.00	1,562,361,512	100.00

Notes:

- (1) Biochem Investments, holding 31,332,000 Shares as at the date of this announcement, is a company wholly-owned by Dr. Cheung. Dr. Cheung has irrevocably undertaken to the Company and the Underwriter that (i) she will accept and will procure her nominees to accept all the Rights Shares to be provisionally allotted to her and her nominees pursuant to the Rights Issue in respect of the Shares held by her and her nominees as at the Record Date; (ii) she will not dispose of or transfer, or agree to dispose of or transfer, any Shares held by her and her wholly-owned Biochem Investments prior to the Record Date; (iii) she will not apply for any additional excess Rights Shares under the excess application arrangement under the Rights issue; and (iv) she will not transfer the Subscription Convertible Note to any third party and will not convert the Subscription Convertible Note into Shares on or prior to the Record Date.
- (2) Mr. Cheung is an executive Director and also the elder brother of Dr. Cheung. Mr. Cheung is interested in 700,000 Shares as at the date of this announcement and has undertaken to the Company and the Underwriter that (i) he will accept all the Rights Shares to be provisionally allotted to him pursuant to the Rights Issue in respect of the Shares held by him as at the Record

Date; (ii) he will not dispose of or transfer, or agree to dispose of or transfer, any Shares held by him prior to the Record Date; (iii) he will not apply for any additional excess Rights Shares under the excess application arrangements under the Rights Issue; and (iv) he will not exercise any of the subscription rights attached to the Share Options granted by the Company to him from the date of the Underwriting Agreement to the Record Date.

- (3) Prime Pacific has given an irrevocable undertaking in favour of the Company and the Underwriter that it will not transfer or deal with the Prime Pacific Convertible Note and will not exercise the conversion rights attaching to the Prime Pacific Convertible Note from the date of the Underwriting Agreement to the close of business on the Record Date. As a result, only the Remaining Placing Convertible Notes are exercisable on or before the Record Date.
- (4) This scenario is for illustrative purpose only and will not occur. Pursuant to the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for or procure subscribers to subscribe for any Underwritten Shares not taken up by Qualifying Shareholders (“**Untaken Shares**”):
 - a) the Underwriter shall not subscribe, for its own account, for such number of Untaken Shares which will result in the shareholding of it and parties acting in concert with it in the Company to exceed 19.9% of the voting rights of the Company upon completion of the Rights Issue and shall take such steps such that the Company can comply with its obligations under the GEM Listing Rules to maintain the public float of the Company; and
 - b) the Underwriter shall use its best endeavours to ensure that each of the subscribers of the Untaken Shares procured by it (i) shall be third parties independent of and not connected with the directors, chief executive or substantial shareholders of the Company or their subsidiaries or any of their respective close associates; (ii) is not parties acting in concert with the Underwriter or any connected persons (as defined in the GEM Listing Rules) of the Company or any of their respective close associates; and (iii) will not subscribe for the Untaken Shares to the extent that an obligation to make a mandatory general offer will arise under the Takeovers Code or that he/she/it will become substantial shareholders of the Company under the GEM Listing Rules as a result of such subscription.

(V) REASONS FOR THE RIGHTS ISSUE AND THE USE OF 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.

The estimated net proceeds of the Rights Issue will be between approximately HK\$84.39 million (equivalent to net price of approximately HK\$0.094 per Rights Share) (assuming no issue of new Shares, no exercise of the Outstanding Options and the Existing Convertible Notes and no repurchase of Shares on or before the Record Date) and HK\$111.68 million (equivalent to net price of approximately HK\$0.095 per Rights Share) (assuming no repurchase of Shares and the subscription or conversion rights attaching to the Outstanding Options (other than the Share Options held by Mr. Cheung) and the Remaining Placing Convertible Notes are exercised in full on or before the Record Date). The Company intends to apply such net proceeds from

the Rights Issue (i) as to approximately HK\$50.00 million for the general working capital of the Group; (ii) as to approximately HK\$3.00 million for the development of e-commerce; and (iii) as to approximately HK\$15.00 million for the marketing and promotion of the Group. The balance of the net proceeds of approximately HK\$16.39 million is for the opportunistic investment by the Group in other businesses, although no suitable targets have been identified as at the date of this announcement.

In the event that any Outstanding Options (other than the Share Options held by Mr. Cheung) and the Remaining Placing Convertible Notes are exercised on or before the Record Date resulting in an increase in the net proceeds from the Rights Issue, our intended uses of net proceeds set out above will be increased on a pro-rata basis.

The Board believes that the Rights Issue will enable the Group to strengthen its capital base and enhance its financial position to prepare for its business development. Since the Rights Issue will allow the Qualifying Shareholders to maintain their respective pro-rata shareholding interests in the Company and continue to participate in the future development of the Company should they wish to, the Board considers raising capital through the Rights Issue is in the interest of the Company and the Shareholders as a whole.

The Directors (excluding the independent non-executive Directors) consider that the terms and conditions of the Rights Issue (and transactions contemplated thereunder) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

(VI) FUND RAISING EXERCISE OF THE COMPANY DURING THE PAST 12 MONTHS

Date of announcement	Fund raising activity	Net proceeds (approximately)	Intended use of proceeds	Actual use of Proceeds
14 March 2014	Placing of Shares And Subscription of New Shares under General Mandate	HK\$21.8 million	For general working capital for the Group	Approximately HK\$14.9 million has been utilised as at the date of this announcement for general working capital for the Group and the remaining balance will be utilised as intended
7 November 2013	Placing of Convertible Notes	HK\$29 million	For the expansion of the Group's beauty, slimming and spa business and product distribution business in the PRC and as general working capital	Fully utilised as intended as at the date of this announcement

Note:

For details of the abovementioned fund raising exercises, please refer to the Company's announcements dated 7 November 2013 and 14 March 2014 respectively.

Save as abovementioned, the Company had not conducted any other fund raising exercise in the past twelve months immediately preceding the date of this announcement.

(VII) EXPECTED TIMETABLE

Set out below is the expected timetable for the implementation of the Rights Issue. The Timetable is subject to change in accordance with the terms of the Underwriting Agreement. The Company will notify the Shareholders on any changes to the expected timetable by way of announcement(s) as and when appropriate.

(HONG KONG TIME)

Expected date of despatch of the Circular, notice of the EGM
and form of proxy of the EGM Thursday, 31 July 2014

Latest time for lodging transfer of Shares in order to
qualify for attendance and voting at the EGM 4:30 p.m. on Thursday, 14 August 2014

Register of members closes
(both days inclusive) Friday, 15 August 2014 to
Thursday, 21 August 2014

Latest time for lodging form of proxy for the EGM
(not less than 48 hours prior to the time of the EGM) 12:00 noon on Tuesday,
19 August 2014

Record date for attendance and voting at the EGM Thursday, 21 August 2014

Expected date and time of the EGM 12:00 noon on Thursday, 21 August 2014

Announcement of results of the EGM Thursday, 21 August 2014

Last day of dealings in Shares on cum-rights basis Friday, 22 August 2014

First day of dealings in Shares on ex-rights basis Monday, 25 August 2014

Latest time for lodging transfer of the shares to
qualify for the Rights Issue 4:30 p.m. on Tuesday, 26 August 2014

Register of members closes
(both days inclusive) Wednesday, 27 August 2014 to
Tuesday, 2 September 2014

Record Date for Rights Issue.	Tuesday, 2 September 2014
Despatch of Prospectus Documents	Wednesday, 3 September 2014
First day of dealing in nil-paid Rights Shares	Friday, 5 September 2014
Latest time for splitting of PAL	Wednesday, 10 September 2014
Last day of dealings in nil-paid Rights Shares.	Monday, 15 September 2014
Latest time for acceptance and payment for Rights Shares and application for excess Rights Shares	4:00 p.m. on Thursday, 18 September 2014
Latest time for the termination of the Underwriting Agreement	4:00 p.m. on Friday, 19 September 2014
Announcement of results of acceptance and excess application of the Rights Issue	Thursday, 25 September 2014
Despatch of certificates for fully-paid Rights Shares and refund cheques for wholly and partially unsuccessful excess applications	Friday, 26 September 2014
Expected first day of dealings in fully-paid Rights Shares	Monday, 29 September 2014

(VIII) EFFECT OF BAD WEATHER

The Latest Time for Acceptance will be postponed if there is:

- a tropical cyclone warning signal number 8 or above, or
- a “black” rainstorm warning

in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest time for Acceptance. Instead, the Latest time for Acceptance will be rescheduled to 12:00 noon on the next Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 12:00 noon. If the Latest Time for Acceptance is postponed in accordance with the foregoing, the dates mentioned in the section headed “EXPECTED TIMETABLE” in this announcement may be affected. An announcement will be made by the Company in such event.

(IX) GEM LISTING RULES IMPLICATIONS

Since the Rights Issue will increase the issued share capital or the market capitalisation of the Company by more than 50%, in accordance with Rule 10.29(1) of the GEM Listing Rules, the Rights Issue must be made conditional on approval by the Independent Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue and the transactions contemplated thereunder.

As at the date of this announcement, there is no controlling Shareholder as defined under the GEM Listing Rules, however, Dr. Cheung, being the chairman of the Company and an executive Director and Mr. Cheung, being the executive Director and their respective associates are interested in the Shares and shall abstain from voting in favour of the Rights Issue at the EGM.

The independent board committee comprising all the independent non-executive Directors will be formed to recommend the Independent Shareholders in respect of the Rights Issue. An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders in relation to the Rights Issue.

(X) WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND RIGHTS SHARES IN NIL-PAID FORM

If the Underwriting Agreement is terminated by the Underwriter on or before the Latest Time for Termination or does not become unconditional, the Rights Issue will not proceed. The Rights Issue is subject to the satisfaction of conditions as described under the section headed “Conditions of the Rights Issue” above.

In particular, it is subject to the Underwriter not exercising its right to terminate the Underwriting Agreement (see the section headed “Termination of the Underwriting Agreement” above) on or before the Latest Time for Termination. Accordingly, the Rights Issue may or may not become unconditional and may or may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue could not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

(XI) ADJUSTMENTS IN RELATION TO THE EXISTING CONVERTIBLE NOTES AND SHARE OPTIONS

As at the date of this announcement, there are (i) Existing Convertible Notes with outstanding principal amount of HK\$50,000,000 and (ii) Outstanding Options to subscribe for 15,850,000 new Shares.

As a result of the Rights Issue, the conversion price of Shares which would fall to be issued upon exercise of the conversion rights attached to the Existing Convertible Notes may be adjusted in accordance with the terms and conditions of the Existing Convertible Notes. The Company will make further announcements on the appropriate adjustments (if any) and the date they are expected to take effect in due course.

Pursuant to the Share Option Scheme, in the event of any alteration in the share capital of the Company by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision, or reduction of capital, the exercise price per Share at which the holders of the Outstanding Options may subscribe for Shares upon the exercise of the Share Options and the number of the Outstanding Options shall be adjusted. Therefore, after the Rights Issue becoming effective, the exercise price and number of the Outstanding Options will be affected. The Company will engage the auditors of the Company or a financial adviser in accordance with the terms of the Share Option Scheme and the supplementary guidance on adjustments to the exercise price and number of share options under the GEM Listing Rule requirements issued by the Stock Exchange to certify in writing as to the adjustments (if any) required to be made in respect of the Outstanding Options as a result of the Rights Issue. Further announcement will be made in relation thereto.

Save as aforesaid, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the date of this announcement.

(XII) GENERAL

A Circular containing, amongst other things, (i) proposed Increase in Authorised Share Capital; (ii) further information on the Rights Issue; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee on the Rights Issue; (iv) the recommendation of the independent board committee to the Independent Shareholders in relation to the Rights Issue; and (v) the notice of the EGM will be despatched to the Shareholders on or about 31 July 2014. Resolutions will be proposed at the EGM for the Shareholders or, where appropriate, the Independent Shareholders to approve the proposed Increase in Authorised Share Capital and the Rights Issue. Voting on the resolutions at the EGM will be taken by way of poll.

The Company expects to despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date. The Company will, to the extent reasonably practicable, despatch the Prospectus to the Excluded Shareholders, if any, for their information only. No PAL will be despatched to the Excluded Shareholders.

DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“associate(s)”	has the meaning ascribed to it in the GEM Listing Rules;
“Biochem Investments”	Biochem Investments Limited, a company incorporated in the British Virgin Islands with limited liability and the entire issued share capital of which is wholly-owned by Dr. Cheung;
“Board”	the board of directors of the Company or a duly authorised committee thereof;
“Business Day”	a day on which banks in Hong Kong are generally open for business (other than a Saturday, Sunday or public holiday and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon);
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“Circular”	the circular, which will contain the EGM Notice to Shareholders proposed to be despatched to Shareholders;
“close associate(s)”	has the meaning ascribed to it in the GEM Listing Rules;
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong, as amended or supplemented from time to time;
“Company”	Sau San Tong Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the GEM;
“Director(s)”	the director(s) of the Company;
“Dr. Cheung”	Dr. Cheung Yuk Shan, Shirley, being the chairman of the Company and an executive Director;

“Dr. Cheung’s Undertaking”	the irrevocable undertaking given by Dr. Cheung in favour of the Company and the Underwriter on 10 July 2014 pursuant to which Dr. Cheung undertook not to, inter alia, dispose of or transfer, or agree to dispose of or transfer, any Shares held by her and Biochem Investments from the date of the Underwriting Agreement to the Record Date;
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of approving, inter alia, the Increase in Authorised Share Capital and the Rights Issue;
“Excess Application Form”	the form of application for excess Rights Shares;
“Excluded Shareholder(s)”	Overseas Shareholders to whom the Directors, based on legal opinions provided by legal advisers, consider it necessary or expedient not to offer the Rights Shares 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;
“Existing Convertible Notes”	collectively, the Placing Convertible Notes and the Subscription Convertible Note;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Committee”	has the meaning ascribed to it in the GEM Listing Rules;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“Group”	the Company and its subsidiaries;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Increase in Authorised Share Capital”	the increase in the authorised share capital of the Company from HK\$10,000,000 divided into 1,000,000,000 Shares to HK\$20,000,000 divided into 2,000,000,000 Shares by the creation of 1,000,000,000 new Shares to be proposed at the EGM;

“Independent Shareholders”	Shareholders who are not required to abstain from voting on the relevant resolution approving the Rights Issue pursuant to the GEM Listing Rules;
“Last Trading Day”	10 July 2014 being the last trading day immediately before the issue of this announcement;
“Latest Time for Acceptance”	4:00 p.m. on 18 September 2014 or such later time to be agreed between the Company and the Underwriter, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus;
“Latest Time for Termination”	4:00 p.m. on 19 September 2014 or such later time and/or date as may be agreed between the Underwriter and the Company, being the latest time to terminate the Underwriting Agreement;
“Mr. Cheung”	Mr. Cheung Ka Heng, Frankie, an executive Director;
“Mr. Cheung’s Undertaking”	the irrevocable undertaking given by Mr. Cheung in favour of the Company and the Underwriter on 10 July 2014 pursuant to which Mr. Cheung undertook not to, inter alia, exercise any of the subscription rights attached to the Share Options granted by the Company to him from the date of the Underwriting Agreement to the Record Date;
“Outstanding Options”	a total of 15,850,000 Share Options outstanding as at the date of this announcement, of which 2,000,000 Share Options are held by Mr. Cheung;
“Overseas Shareholder(s)”	Shareholders with registered addresses (as shown in the register of members of the Company on the Record Date) which are outside Hong Kong;
“PAL(s)”	the provisional allotment letter to be used in connection with the Rights Issue;
“Placing Convertible Notes”	the HK\$30,000,000 4% convertible notes due 2016 issued by the Company pursuant to a placing agreement (executed by the Company and the placing agent dated 20 December 2013), of which a principal amount of HK\$30,000,000 convertible into a maximum of 90,909,090 Shares remains outstanding as at the date of this announcement;

“Prime Pacific”	Prime Pacific Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Get Nice Holdings Limited which is the holding company of the Underwriter;
“Prime Pacific Convertible Note”	the HK\$4,000,000 4% convertible notes due 2016 issued by the Company to Prime Pacific, being part of the Placing Convertible Notes and are convertible into a maximum of 12,121,212 Shares;
“Prime Pacific’s Undertaking”	the irrevocable undertaking given by Prime Pacific in favour of the Company and the Underwriter on 10 July 2014 pursuant to which Prime Pacific undertook not to transfer or deal with the Prime Pacific Convertible Note and not to exercise the conversion rights attaching to the Prime Pacific Convertible Note from the date of the Underwriting Agreement to the close of business on the Record Date;
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue;
“Prospectus Documents”	the Prospectus, PAL(s) and Excess Application Form;
“Prospectus Posting Date”	3 September 2014 or such later date as may be agreed between the Underwriter and the Company for the despatch of the Prospectus Documents;
“Qualifying Shareholder(s)”	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Excluded Shareholders;
“Record Date”	2 September 2014 or such other date as may be agreed between the Company and the Underwriter for the determination of the entitlements under the Rights Issue;
“Remaining Placing Convertible Notes”	the remaining Placing Convertible Notes in the principal amount of HK\$26,000,000 convertible into a maximum of 78,787,878 Shares which are exercisable on or before the Record Date after taking into account Dr. Cheung’s Undertaking and Prime Pacific’s Undertaking;
“Rights Issue”	the proposed issue by way of rights on the basis of three (3) Rights Shares for every one (1) Share in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents;

“Rights Share(s)”	not less than 893,857,500 new Shares and not more than 1,171,771,134 new Shares proposed to be offered to Shareholders under the Rights Issue on the terms set out in the Underwriting Agreement and in the Prospectus Documents;
“Shareholder(s)”	the holder(s) of the Share(s);
“Share(s)”	ordinary shares currently having a par value of HK\$0.01 each in the capital of the Company;
“Share Option(s)”	the options granted by the Company to subscribe for Shares pursuant to the Share Option Scheme;
“Share Option Scheme”	the share option scheme approved and adopted by shareholders of the Company on 4 November 2003;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Convertible Note”	the HK\$20,000,000 2% convertible note due 2016 issued by the Company pursuant to a subscription agreement (executed by the Company and Dr. Cheung dated 20 December 2013), of which a principal amount of HK\$20,000,000 convertible into a maximum of 60,606,060 Shares remains outstanding as at the date of this announcement;
“Subscription Price”	the issue price of HK\$0.10 per Rights Share at which the Rights Shares are proposed to be offered for subscription;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“Underwriter”	Get Nice Securities Limited, a corporation licensed to carry out business in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Underwriting Agreement”	the underwriting agreement entered into between the Company and the Underwriter dated 10 July 2014 in relation to the Rights Issue;

“Underwritten Shares” up to 676,793,400 Rights Shares (assuming no issue of new Shares, no exercise of the Outstanding Options and the Existing Convertible Notes and no repurchase of Shares on or before the Record Date) and not more than 954,707,034 Rights Shares (assuming no repurchase of Shares and the subscription or conversion rights attaching to the Outstanding Options (other than the Share Options held by Mr. Cheung) and the Remaining Placing Convertible Notes are exercised in full on or before the Record Date);

“%” per cent.

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

Hong Kong, 10 July 2014

As at the date of this announcement, the Board comprises Executive Directors namely Dr. Cheung Yuk Shan, Shirley (Chairman), 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.