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SAU SAN TONG HOLDINGS LIMITED

修身堂控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8200)

**DISCLOSEABLE TRANSACTION IN RELATION TO
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF
THE TARGET COMPANY AND ASSIGNMENT OF
THE SHAREHOLDER'S LOAN INVOLVING THE ISSUE OF
CONSIDERATION SHARES UNDER GENERAL MANDATE**

THE ACQUISITION

The Board is pleased to announce that on 3 April 2019 (after trading hours), the Purchaser, the Company and the Vendor entered into the Agreement, pursuant to which, the Vendor has conditionally agreed to sell the Sale Shares and to assign the Shareholder's Loan to the Purchaser, and the Purchaser has conditionally agreed to acquire the Sale Shares and take up the assignment of the Shareholder's Loan at the total Consideration of HK\$20,000,000, which will be satisfied by the issue and allotment of the Consideration Shares at the Issue Price of HK\$0.037 per Consideration Share by the Company to the Vendor upon Completion.

Upon Completion, the Group will be interested in the entire issued share capital of the Target Company and the Target Company will become an indirect wholly-owned subsidiary of the Company and accordingly, the financial information of the Target Company will be consolidated into the accounts of the Company.

GEM LISTING RULES IMPLICATIONS

As some of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition exceed 5% but all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements, but is exempt from shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

* For identification purpose only

INTRODUCTION

The Board is pleased to announce that on 3 April 2019 (after trading hours), the Purchaser, the Company and the Vendor entered into the Agreement, pursuant to which, the Vendor has conditionally agreed to sell the Sale Shares and to assign the Shareholder's Loan to the Purchaser, and the Purchaser has conditionally agreed to acquire the Sale Shares and take up the assignment of the Shareholder's Loan at the total Consideration of HK\$20,000,000, which will be satisfied by the issue and allotment of the Consideration Shares at the Issue Price of HK\$0.037 per Consideration Share by the Company to the Vendor upon Completion.

THE AGREEMENT

The principal terms of the Agreement are set out below:

Date

3 April 2019 (after trading hours)

Parties

- (i) the Vendor (as vendor);
- (ii) the Purchaser (as purchaser); and
- (iii) the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party as at the date of this announcement.

Assets acquired

The Sale Shares, representing the entire issued share capital of the Target Company. The Shareholder's Loan, representing all sums for which the Target Company is indebted to the Vendor as at the Completion Date, the outstanding amount of which is HK\$17,095,748 as at the date of the Agreement.

Consideration

The Consideration for the sale and purchase of the Sale Shares and the assignment of the Shareholder's Loan shall be an aggregate sum of HK\$20,000,000, which shall be apportioned as follows:

- (a) the consideration for the sale and purchase of the Sale Shares shall be an amount calculated by deducting the Loan Consideration (as defined below) from the Consideration; and
- (b) the consideration for the assignment of the Shareholder's Loan shall be equal to the face value of the Shareholder's Loan (the "**Loan Consideration**").

The Consideration of HK\$20,000,000 shall be satisfied by the issue and allotment of the Consideration Shares at the Issue Price of HK\$0.037 per Consideration Share by the Company to the Vendor (or its nominee which the consent from the Purchaser has been obtained) upon Completion.

The Consideration was arrived at based on normal commercial terms after arm's length negotiations among the Purchaser, the Company and the Vendor and was determined with reference to among others, (i) the preliminary valuation of the Property of HK\$20,500,000 as at 15 March 2019 (the "**Valuation**") prepared by an independent valuer; and (ii) the reasons for and benefits of the Acquisition as stated under the section headed "Reasons for and benefits of the Acquisition" below.

The Consideration represents a discount of approximately 2.4% to the Valuation.

In view of the above, the Directors consider that the Consideration is fair and reasonable.

Conditions precedent

Completion shall be conditional upon:

- (a) the Target Company is the registered owner and in possession of the Property on Completion;
- (b) the Purchaser having completed and is satisfied with the results of the due diligence review and investigation on the Target Company and the Property under relevant clause as set out in the Agreement, including without limitation the existing state, condition and structure of the Property and the Existing Non-Compliance;
- (c) the Vendor has proven and given good title to the Property at their own cost in accordance with Sections 13 and 13A of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong) on Completion;

- (d) the representations, warranties, and undertakings contained in the Agreement remaining true and accurate and not misleading in any material respect as given as of the date of the Agreement and at all times up to and including the Completion Date;
- (e) the Listing Committee of the Stock Exchange having granted approval for the listing of, and permission to deal in, the Consideration Shares; and
- (f) all necessary consents, authorisations, approval, licence, permission, order (or, as the case may be, relevant waiver or exemption) in connection with the Agreement and the transactions contemplated thereby having been obtained by the respective parties to the Agreement (including but not limited to, the necessary consent from the Stock Exchange).

The Purchaser may, at its absolute discretion, waive any of the conditions of the Agreement (the “**Conditions**”) at any time by notice in writing to the Vendor.

Completion

Subject to the fulfillment (or waiver) of the Conditions, Completion shall take place on the Completion Date at 4:30 p.m. when all (but not part) of the events regarding obligations of the Vendor and the Purchaser on Completion as stipulated in the Agreement shall occur.

Upon Completion, the Group will be interested in the entire issued share capital of the Target Company and the Target Company will become an indirect wholly-owned subsidiary of the Company and accordingly, the financial information of the Target Company will be consolidated into the accounts of the Company.

Termination

(a) Termination by the Purchaser

Without prejudice to any other remedies available to the Purchaser, if any of the Conditions is not fulfilled (or waived) on or before 30 April 2019; or the requirements of the obligations of the Vendor on Completion as stipulated in the Agreement are not complied with in any respect by the Vendor on the Completion Date, the Purchaser may:

- (i) proceed to Completion so far as practicable and in any case without prejudice to its rights under the Agreement;
- (ii) postpone Completion to a date (being a Business Day) falling not more than fourteen (14) days after the date set for Completion; or

- (iii) terminate the Agreement without liability to the Purchaser whereupon and from such date the provisions of the Agreement (other than those related to announcements, confidentiality and governing law which shall remain in full force and effect) shall have no effect and the Purchaser shall be released from any further obligations without any liability save as to any antecedent breach and without prejudice to any accrued rights and remedies of the Purchaser.

(b) Termination by the Vendor

Without prejudice to any other remedies available to the Vendor, if the requirements of the obligations of the Purchaser on Completion as stipulated in the Agreement are not complied with in any respect by the Purchaser on the Completion Date, the Vendor may terminate the Agreement without liability to the Vendor whereupon and from such date the provisions of the Agreement (other than those related to announcements, confidentiality and governing law which shall remain in full force and effect) shall have no effect and the Vendor shall be released from any further obligations without any liability save as to any antecedent breach and without prejudice to any accrued rights and remedies of the Vendor.

THE CONSIDERATION SHARES

The Consideration Shares will be allotted and issued at the Issue Price, credited as fully paid. The Consideration Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, on the record date which falls on or after the date of such allotment and issue.

The Issue Price represents:

- (i) a premium of approximately 23.3% over the closing price per Share of HK\$0.030 as quoted on the Stock Exchange on 3 April 2019, being the date of the Agreement;
- (ii) a premium of approximately 23.3% over the average closing price per Share of approximately HK\$0.030 as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the date of the Agreement; and
- (iii) a premium of approximately 23.3% over the average closing price per Share of approximately HK\$0.030 as quoted on the Stock Exchange for the ten consecutive trading days immediately preceding the date of the Agreement.

The Issue Price was arrived at after arm's length negotiations among the Purchaser, the Company and the Vendor with reference to the prevailing market price of the Shares and the current market conditions. The Directors consider the Issue Price is fair and reasonable.

The Consideration Shares represent approximately 9.9% of the number of issued Shares as at the date of this announcement and represent approximately 9.0% of the number of issued Shares as enlarged by the allotment and issue of the Consideration Shares. The Consideration Shares will be allotted and issued pursuant to the General Mandate on the date of Completion. As at the date of this announcement, no Share has been issued and allotted under the General Mandate. Accordingly, the issue of the Consideration Shares is within the limit of the General Mandate and is not subject to any approval by the Shareholders.

An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares.

EFFECT ON THE SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon Completion and the allotment and issue of the Consideration Shares:

Shareholders	As at the date of this announcement		Immediately upon Completion and the allotment and issue of the Consideration Shares	
	<i>Number of Shares</i>	<i>Approximately % (Note)</i>	<i>Number of Shares</i>	<i>Approximately % (Note)</i>
Yau Chung Chung	601,400,000	11.0	601,400,000	10.0
Public Shareholders	4,862,007,862	89.0	4,862,007,862	81.0
Vendor	—	—	540,540,540	9.0
Total	<u>5,463,407,862</u>	<u>100</u>	<u>6,003,948,402</u>	<u>100</u>

Note: Certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability and is wholly-owned by the Vendor. The principal business of the Target Company is property investment and its only asset is the Property.

The Target Company is the sole legal and beneficial owner of the Property. The Property, located at Ascot Tower, 45-47 Village Road, Happy Valley, Hong Kong, which consists of a residential unit on a floor (with saleable area of 975 square feet) with a flat roof area of approximately 1,960 square feet and a car parking space on the ground floor. As at the date of the Agreement, the Property is not subject to any tenancy.

FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below are the audited financial information of the Target Company for the period from 1 January 2015 to 31 December 2018:

**For the
period from
1 January 2015
to 31 December
2018
(audited)
HK\$**

Revenue	—
Net loss before taxation	(2,316,663)
Net loss after taxation	(2,316,663)

According to the management accounts of the Target Company, it recorded unaudited net liabilities of approximately HK\$4.3 million as at 28 February 2019.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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

Whilst the Group remains focused on the beauty and slimming business, the Group will also identify new investment opportunities, including appropriate and timely investments in securities, money lending and properties, with the objectives of generating additional return, broadening its revenue base, enhance the efficiency of capital use and further promote the performance of the Group in different areas.

According to the Hong Kong property market statistics published by the Rating and Valuation Department of Hong Kong, the price index of all classes private domestic units in Hong Kong has shown a general upward trend for the past five years which increased from 244.7 points in January 2014 to 359.5 points in January 2019, representing an increase of approximately 46.9%. The Directors are optimistic about future development of the Hong Kong property market.

In addition, having taking into account that (i) the Consideration represents a discount of approximately 2.4% to the Valuation; (ii) the Property is situated in a traditional high-end residential district with good transport network; and (iii) the willingness of the Vendor to accept the Consideration Shares for full settlement of the Consideration effectively reduces the immediate cash outflow of the Group, the Board considers that the Acquisition represents an appropriate investment opportunity.

The Group intends to hold the Property for investment purpose. The Acquisition will enable the Group to broaden its assets base and the Property may diversify the income stream of the Group and allow the Group to enjoy the capital appreciation in the long run. The Directors are of the view that the Acquisition is in line with the Group's business strategy.

Base on the foregoing, the Directors consider that the terms of the Acquisition are fair and reasonable, on normal commercial terms and the Acquisition is in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As some of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition exceed 5% but all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements, but is exempt from shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context specifies otherwise, the following defined expressions have the following meanings:

“Acquisition”	the proposed acquisition of the Sale Shares and the assignment of the Shareholder's Loan pursuant to the terms and conditions of the Agreement
“Agreement”	the sale and purchase agreement dated 3 April 2019 entered into among the Purchaser, the Company and the Vendor in relation to the Acquisition
“Board”	the board of Directors

“Business Day”	a day on which banks are generally open for business in Hong Kong, except a public holiday, Sunday and a Saturday or a day on which a tropical cyclone warning signal no.8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“Company”	Sau San Tong Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose issued Shares are listed on GEM (stock code: 8200)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Completion Date”	the fifth Business Days after the date of fulfillment (or waiver) of all the conditions precedent as set out in the Agreement or such other date (being a Business Day) as the Purchaser and the Vendor may mutually agree in writing
“Consideration”	the consideration for the Acquisition, being HK\$20,000,000
“Consideration Shares”	540,540,540 new Shares to be issued to the Vendor at an issue price of HK\$0.037 per new Share for full settlement of the Consideration
“Director(s)”	the director(s) of the Company
“Existing Non-compliance”	the order issued by the Building Authority to the Company dated 29 June 2015 under order number UBR/RB03-32/0014/12
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 24 September 2018. Under this general mandate, the Directors are allowed to allot and issue up to 1,092,681,572 Shares. As at the date of this announcement, no Share has been issued and allotted under the General Mandate
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons (having the meaning ascribed to it under the GEM Listing Rules)
“Issue Price”	HK\$0.037 per Consideration Share
“Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“Property”	a residential unit with a flat roof and a car parking space located at Ascot Tower, 45-47 Village Road, Happy Valley, Hong Kong
“Purchaser”	Profit Hunting Development Limited, a company incorporated in the British Virgin Islands with limited liability, a direct wholly-owned subsidiary of the Company
“Sale Shares”	10,000 ordinary shares of the Target Company, representing the entire issued share capital of the Target Company
“Share(s)”	ordinary share(s) with par value of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholder’s Loan”	all sums for which the Target Company is indebted to the Vendor as at the Completion Date, the outstanding amount of which is HK\$17,095,748 as at the date of the Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Earth Limited, a company incorporated in Hong Kong with limited liability, which is wholly-owned by the Vendor immediately prior to Completion
“Vendor”	an individual who to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is an Independent Third Party

“%”

per cent.

By order of the Board
SAU SAN TONG HOLDINGS LIMITED
Mui Wai Sum
Executive Director

Hong Kong, 3 April 2019

As at the date of this announcement, the Board comprises executive directors namely Mr. Mui Wai Sum and Mr. Chan Ka Kin; non-executive director namely Mr. Takashi Togo; independent non-executive directors namely Ms. Chiu Kam Hing, Kathy, Mr. Lau Wai Leung, Alfred and Mr. Roberts, Daniel William.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and 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.sst-holding.com.