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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)

PROPOSED SHARE CONSOLIDATION

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The Board proposes to implement the Share Consolidation on the basis that every eight (8) issued and unissued Shares of par value of HK\$0.02 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$0.16 each.

GENERAL

The EGM will be convened and held for the Shareholders to consider, if thought fit, approve, among other things, the Share Consolidation. No Shareholders are required to abstain from voting on the resolution in relation to the Share Consolidation to be proposed at the EGM.

The Circular containing, among other things, further details of the Share Consolidation together with a notice of the EGM will be despatched to the Shareholders on or before 21 May 2019.

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Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$400,000,000 divided into 20,000,000,000 Shares of HK\$0.02 each, of which 5,463,407,862 Shares have been allotted and issued as fully paid or credited as fully paid. Upon the Share Consolidation becoming effective, on the basis that the Company does not allot, issue or repurchase any Shares prior thereto, the authorised share capital of the Company shall become HK\$400,000,000 divided into 2,500,000,000 Consolidated Shares of HK\$0.16 each, of which 682,925,982 Consolidated Shares will be in issue.

* For identification purpose only

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank pari passu in all respects with each other. Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares will not be allocated to the Shareholders who may otherwise be entitled.

Conditions Precedent to the Share Consolidation

The Share Consolidation is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM;
- (ii) the Listing Committee granting the approval for listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
- (iii) the compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and the GEM Listing Rules to effect the Share Consolidation.

The Share Consolidation will become effective on the next Business Day immediately following the fulfillment of the above conditions.

Listing Application

An application will be made by the Company to the Listing Committee for the listing of, and the permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

No part of the equity or debt securities of the Company is listed or dealt in on any other stock exchanges other than the Stock Exchange and no such listing or permission to deal in is being or is currently proposed to be sought.

OTHER ARRANGEMENTS

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of existing share certificates held by such holder.

Odd lots arrangement and matching services

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint a securities firm to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the Circular.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed.

Free exchange of Consolidated Shares' certificates and trading arrangement

Subject to the Share Consolidation becoming effective, Shareholders may, on or after Tuesday, 11 June 2019 until Thursday, 18 July 2019 (both days inclusive) between 9:00 a.m. and 4:30 p.m. on any Business Day, submit the existing share certificates for the Shares to the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong to exchange, at the expense of the Company, for new share certificates of the Consolidated Shares (on the basis of eight (8) Shares for one (1) Consolidated Share).

Thereafter, existing share certificates of Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each existing share certificate for the Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever the number of certificates cancelled/ issued is higher. The colour of the new share certificates for the Consolidated Shares will be announced by the Company in due course.

After 4:00 p.m. on Tuesday, 16 July 2019, existing share certificates for the Shares will only remain effective as documents of title and may be exchanged for certificates for Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

Adjustments in relation to other securities of the Company

As at the date of this announcement, there are outstanding Share Options for subscription of an aggregate of 327,802,718 Shares under the Share Option Scheme. The Share Consolidation may lead to adjustments to the exercise price of the outstanding Share Options and/or the number of Consolidated Shares which may fall to be issued upon exercise of the outstanding Share Options. The Company will make further announcement(s) on such adjustments as and when appropriate.

Save for the aforesaid, the Company has no other outstanding options, warrants or securities in issue which are convertible or exchangeable into Shares as at the date of this announcement.

REASONS FOR THE SHARE CONSOLIDATION

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 3 July 2018 has further stated that (i) market price of the Shares at a level less than HK\$0.1 will be considered as trading at extremity as referred to under Rule 17.76 of the GEM Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

Based on the closing price of HK\$0.025 per Share as at the date of this announcement, the value of each board lot of 40,000 Shares was HK\$1,000 (the “**Existing Value**”). In view of the recent trading prices of the Shares at a level less than HK\$0.1 and the Existing Value being less than HK\$2,000, the proposed Share Consolidation will increase the nominal value of the Shares and would bring about a corresponding upward adjustment in the trading price per board lot of the Consolidated Shares on the Stock Exchange. As such, it would (i) enable the Company to comply with the trading requirements under the GEM Listing Rules; and (ii) reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction costs for each securities trade.

Assuming the Share Consolidation had become effective, based on the closing price of HK\$0.025 per Share (equivalent to the theoretical closing price of HK\$0.2 per Consolidated Share) as at the date of this announcement, the theoretical value of each board lot of 40,000 Consolidated Shares would be HK\$8,000.

The Board considers that the Share Consolidation would maintain the trading amount for each board lot at a reasonable level in order to attract more investors. The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group nor result in change in the relative rights of the Shareholders.

In view of the above, the Directors are of the view that the Share Consolidation is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation, and the Company does not have any concrete plan to conduct any fund raising activities in the next 12 months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund raising opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the GEM Listing Rules as and when appropriate.

EXPECTED TIMETABLE

Set out below is the expected timetable for the implementation of the Share Consolidation:

Event	2019
Expected date of despatch of the Circular and the notice of the EGM	Tuesday, 21 May
Latest date and time for lodging transfers of Shares in order to qualify for attendance and voting at the EGM.....	4:30 p.m. on Monday, 3 June
Closure of register of members of the Company for the purpose of determining members who are entitled to attend and vote at the EGM (both days inclusive)	Tuesday, 4 June to Monday, 10 June
Latest time for lodging forms of proxy for the EGM	11:00 a.m. on Saturday, 8 June
Record date for attendance and voting at the EGM.....	Monday, 10 June
Expected date and time of the EGM	11:00 a.m. on Monday, 10 June
Announcement of voting results of the EGM.....	Monday, 10 June

The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation.

Effective date of the Share Consolidation..... Tuesday, 11 June

First day for the free exchange of existing certificates of the
Shares into new share certificates of the Consolidated Shares..... Tuesday, 11 June

Commencement of dealings in the Consolidated Shares..... 9:00 a.m. on
Tuesday, 11 June

Original counter for trading in the Shares in board lots of
40,000 Shares (in the form of existing share certificates) temporarily closes 9:00 a.m. on
Tuesday, 11 June

Temporary counter for trading in the Consolidated Shares
in board lots of 5,000 Consolidated Shares
(in the form of existing share certificates) opens..... 9:00 a.m. on
Tuesday, 11 June

Original counter for trading in the Consolidated Shares in
board lots of 40,000 Consolidated Shares
(in the form of new share certificates) re-opens 9:00 a.m. on
Tuesday, 25 June

Parallel trading in the Consolidated Shares
(in the form of new share certificates and
existing share certificates) commences..... 9:00 a.m. on
Tuesday, 25 June

Designated broker starts to stand in the market to
provide matching services for odd lots of the Consolidated Shares 9:00 a.m. on
Tuesday, 25 June

Temporary counter for trading in the Consolidated Shares
in board lots of 5,000 Consolidated Shares
(in the form of existing share certificates) closes 4:00 p.m. on
Tuesday, 16 July

Parallel trading in the Consolidated Shares
(in the form of new share certificates and existing share certificates) ends 4:00 p.m. on
Tuesday, 16 July

Designated broker ceases to stand in the market
to provide matching services for sale and purchase of
odd lots of the Consolidated Shares 4:00 p.m. on
Tuesday, 16 July

Last day for free exchange of existing share certificates
for new share certificates for the Consolidated Shares Thursday, 18 July

Note:

All times and dates in this announcement refer to Hong Kong local times and dates. Shareholders should note that the dates and deadlines specified herein is subject to the satisfaction of all the conditions of the Share Consolidation, including without limitation, the approval of the Share Consolidation by the Shareholders at the EGM, and are therefore for indicative purpose only.

In the event that any special circumstances arise, such dates and deadlines may be adjusted by the Board if it considers appropriate. Any changes to the expected timetable will be published or notified to the Shareholders by way of announcement(s) on the GEM website of the Stock Exchange and on the website of the Company as and when appropriate.

GENERAL

The EGM will be convened and held for the Shareholders to consider, if thought fit, approve, among other things, the Share Consolidation. No Shareholders are required to abstain from voting on the resolution in relation to the Share Consolidation to be proposed at the EGM.

The Circular containing, among other things, further details of the Share Consolidation together with a notice of the EGM will be despatched to the Shareholders on or before 21 May 2019.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“Board”	the Board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or on which a “black” rainstorm warning is hoisted between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

“Circular”	the circular of the Company to be despatched to the Shareholders to provide, among other things, further details regarding the Share Consolidation
“Company”	Sau San Tong Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM (stock code: 8200)
“Consolidated Share(s)”	ordinary share(s) of par value of HK\$0.16 each in the share capital of the Company upon the Share Consolidation becoming effective
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Share Consolidation
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	The Listing Committee of the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company before the Share Consolidation becoming effective
“Share Consolidation”	the consolidation of every eight (8) issued and unissued Shares of par value of HK\$0.02 each into one (1) Consolidated Share of par value of HK\$0.16 each
“Share Option(s)”	share option(s) granted under the Share Option Scheme entitling the holders thereof to subscribe for Share(s)
“Share Option Scheme”	the share option scheme of the Company adopted on 23 February 2016

“Shareholder(s)”	the holder(s) of the issued Share(s) and/or the Consolidated Share(s), as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 8 May 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.