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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)

CHANGE IN USE OF PROCEEDS

References are made to (i) the prospectus (the “**Prospectus**”) of Sau San Tong Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 9 February 2017, in relation to, among others, the Rights Issue; and (ii) the announcement of the Company dated 14 September 2020 in relation to the change of use of proceeds (the “**announcement in 2020**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Prospectus and the announcement in 2020.

CHANGE IN USE OF PROCEEDS

As at the date of this announcement, the Company has unutilised net proceeds from the Rights Issue (the “**Net Proceeds**”) of approximately HK\$135.8 million. The board of directors (the “**Director(s)**”) of the Company (the “**Board**”) has resolved to change the proposed use of the unutilised Net Proceeds (the “**Reallocation**”). Details of the original allocation of the Net Proceeds, revised allocation of unutilised Net Proceeds as at 14 September 2020, unutilised amount of the Net Proceeds as at the date of this announcement, remaining balance of the Net Proceeds after the reallocation and revised allocation of unutilised Net Proceeds are set out as follows:

* For identification purpose only

Use of Net Proceeds	Original	Revised	Utilised	Remaining	Revised	Expected timeline
	allocation	allocation of	amount of the	balance of the		
	of the Net	unutilised Net	Net Proceeds	Net Proceeds	allocation of	for unutilised Net
	Proceeds	Proceeds as at	as at the	as at the	unutilised Net	Proceeds as at
		14 September	date of this	date of this	Proceeds	the date of this
		2020	announcement	announcement		announcement (<i>Note</i>)
	<i>HK\$' million</i>					
Acquisition of commercial, industrial and residential properties situated in the PRC and Hong Kong (the "Properties Acquisition")	174	116	20.4	95.6	37.6	By 31 December 2025
Repayment of the outstanding amount due to Dr. Cheung Yuk Shan, Shirley under the Convertible Note	20	20	20	–	–	–
Development of the Group's money lending business	40	78	78	–	–	–
Renovation of offices and shops in the PRC and Hong Kong	60	60	19.8	40.2	30.2	By 31 December 2025
Development of securities investment business	30	30	30	–	–	–
General working capital of the Group and/or investment opportunities	28	48	48	–	68	By 31 December 2025
Total	352	352	216.2	135.8	135.8	

Note:

The expected timelines for utilising the remaining Net Proceeds is based on the best estimation of the present and future business market situations made by the Group. It may be subject to further change based on the future development of the market conditions.

REASONS FOR THE CHANGE IN 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, sale of other health and beauty products, investments in securities and money lending business.

As disclosed in the Interim report of the Company for the nine months ended 30 September 2023, the Company recorded a loss for the period amounted to approximately HK\$25,753,000. The Board believes that the primary task of the Group is still to mitigate the ongoing uncertainty in the operating environment. In light of the global economic situation and industry adjustment fluctuations, including sustained high inflation and high uncertainty in future interest rate trends, the Board considers that it will be essential for the Group to cautiously control the pace, scale and scope of the Properties Acquisition. The Board considers that it is appropriate and prudent to apply part of the amount of the remaining unutilised Net Proceeds previously allocated for the Properties Acquisition to other purposes of the Group's businesses. After the Reallocation, the unutilised Net Proceeds of approximately HK\$37.6 million will be allocated for the Properties Acquisition.

In view of the adverse impact of the industry adjustment fluctuation coupling with the challenges encountered by the Group in its business operations, such as increasing costs of sales, rising salaries and inflating rentals, the Board resolved that the unutilised Net Proceeds of approximately HK\$68 million will be allocated as general working capital for its existing business operations and to provide buffer to the Group to cope with future economic uncertainties and to capture potential business and/or investment opportunities which may arise from time to time in a timely manner.

Having considered the above, the Directors are of the view that the Reallocation will enable the Group to deploy its financial resources more efficiently to meet the operation and development needs of the Company and support the daily business of the Group and is in the interest of the Company and the Shareholders as a whole.

The Board will continuously assess the plans for use of the unutilised Net Proceeds, and may revise or amend such plans where necessary to cope with the changing market conditions and strive for better business performance of the Group.

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

Hong Kong, 30 November 2023

As at the date of this announcement, the Board comprises executive directors namely Mr. Mui Wai Sum and Mr. Lei Nelson; independent non-executive directors namely Mr. Lau Wai Leung, Alfred, Mr. Au Siu Lun and Ms. Tsang Tsz Nok Aleen.

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 Listed 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.