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)

SUPPLEMENTAL ANNOUNCEMENT TO 2019 ANNUAL REPORT AND 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 annual report of the Company for the financial year ended 31 March 2019 (the "**2019 Annual Report**") published on 28 June 2019. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Prospectus and the 2019 Annual Report.

USE OF PROCEEDS FROM THE RIGHTS ISSUE

The board (the "**Board**") of directors (the "**Directors**") of the Company would like to provide shareholders of the Company and potential investors with further information for the paragraph headed "Use of Proceeds" under the section headed "Management Discussion and Analysis" in the 2019 Annual Report:

Use of net proceeds	Total planned amount to be used	Actual amount utilised up to 31 March 2018	Actual amount utilised during the year ended 31 March 2019	Actual amount utilised up to 31 March 2019	Unutilised balance as at 31 March 2019	Expected timeline for unutilised proceeds as at 31 March 2019
	HK$' million	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	
Acquisition of commercial and residential properties situated in the PRC and Hong Kong	174	16	—	16	158	By 30 September 2020

* *For identification purpose only*

Use of net proceeds	Total planned amount to be used	Actual amount utilised up to 31 March 2018	Actual amount utilised during the year ended 31 March 2019	Actual amount utilised up to 31 March 2019	Unutilised balance as at 31 March 2019	Expected timeline for unutilised proceeds as at 31 March 2019
	HK$' million	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	
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	40	—	40	—	—
Renovation of offices and shops in the PRC and Hong Kong	60	6	1	7	53	By 30 September 2020
Development of securities investment business	30	30	—	30	—	—
General working capital	28	—	—	—	28	By 30 September 2020
Total	**352**	**112**	**1**	**113**	**239**	

SHARE OPTION SCHEME

In addition to the information provided in the paragraph headed "Share Option Scheme" under the section headed "Directors' Report" in the 2019 Annual Report, the Board would like to provide the following further information in respect of the share options outstanding as at 31 March 2019 and share options granted during the year ended 31 March 2019:

Date of grant	Closing price of the shares immediately before the date of grant	Vesting period
10 March 2016	HK$1.040 *(note 1)*	immediately vested upon the date of grant
31 August 2018	HK$0.296 *(note 2)*	immediately vested upon the date of grant

Notes:

1. Have been adjusted due to the share consolidation of every two issued and unissued shares of HK$0.01 each into one share of HK$0.02 each, which became effective from 23 September 2016 and the share consolidation of every eight issued and unissued shares of HK$0.02 each into one share of HK$0.16 each, which became effective from 11 June 2019 (the "**2019 Share Consolidation**").

2. Have been adjusted due to the 2019 Share Consolidation.

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$222.9 million. 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, the utilised amount of the Net Proceeds, the unutilised amount of the Net Proceeds, the remaining balance of the Net Proceeds after the Reallocation and the expected timeline for utilising the unutilised Net Proceeds as at the date of this announcement are set out as follows:

Use of Net Proceeds	Original allocation of the Net Proceeds *HK$' million*	Utilised amount of the Net Proceeds up to the date of this announcement *HK$' million*	Unutilised amount of the Net Proceeds as at the date of this announcement *HK$' million*	Remaining balance of the Net Proceeds after the Reallocation *HK$' million*	Expected timeline for unutilised Net Proceeds as at the date of this announcement *(Note)*
Acquisition of commercial, industrial and residential properties situated in the PRC and Hong Kong (the "**Properties Acquisition**")	174	16	158	100	Approximately HK$20 million by 31 December 2020 and approximately HK$80 million by 30 June 2021
Repayment of the outstanding amount due to Dr. Cheung Yuk Shan, Shirley under the Convertible Note	20	20	—	—	—
Development of the Group's money lending business	40	40	—	38	By 30 June 2021
Renovation of offices and shops in the PRC and Hong Kong	60	7	53	53	By 30 September 2021
Development of securities investment business	30	30	—	—	—
General working capital of the Group and/or investment opportunities	28	16.1	11.9	31.9	By 30 September 2021
Total	**352**	**129.1**	**222.9**	**222.9**	

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 first quarterly report of the Company for the three months ended 30 June 2020, the outbreak of the Coronavirus Disease 2019 (the "**Covid-19**") and a series of mandatory quarantine measures have influenced the operating environment and consumer sentiments. Hence, the performance of the Group was unavoidably affected. In light of current market conditions, the Board considers that it will be essential for the Group to cautiously control the pace, scale and scope of the Properties Acquisition given the uncertainties casted by the Covid-19 pandemic and the global economic and financial markets. 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$100 million will be allocated for the Properties Acquisition.

In view of the adverse impact of the outbreak of the Covid-19 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$31.9 million will be allocated as general working capital for its existing business operations to mitigate the impact of the Covid-19 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.

Furthermore, according to the annual report of the Company for the financial year ended 31 March 2020, the money lending business generated interest income of approximately HK$14.0 million for year ended 31 March 2020, representing an increase of approximately 14.8% from the corresponding period in 2019. In addition, loan portfolio of the Group's money lending business expanded from approximately HK$93.4 million as at 31 March 2019 to approximately HK$132.5 million as at 31 March 2020. In view of the performance of the Group's money lending business, the Board resolved that the unutilised Net Proceeds of approximately HK$38 million will be allocated for accelerating the development of the Group's money lending business with the view of generating stable income stream to the Group.

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, 14 September 2020

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. Au Siu Lun.

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.