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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**

**Financial adviser to the Company**



**THE ACQUISITION**

The Board is pleased to announce that on 18 July 2022 (after trading hours), the Purchaser (a direct wholly-owned subsidiary of 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\$5,200,000, which will be satisfied by discharging of the Listco Loan indebted to the Group by the Vendor amounting to approximately HK\$1,028,000 and the issue and allotment of 3,792,677 Consideration Shares at the Issue Price of HK\$1.10 by the Company to the Vendor amounting to approximately HK\$4,172,000.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and accordingly, the financial results of the Target Company will be consolidated into the financial statements of the Group.

**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.

## **INTRODUCTION**

The Board is pleased to announce that on 18 July 2022 (after trading hours), the Purchaser (a direct wholly-owned subsidiary of 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\$5,200,000, which will be satisfied by discharging of the Listco Loan indebted to the Group by the Vendor amounting to approximately HK\$1,028,000 and the issue and allotment of 3,792,677 Consideration Shares at the Issue Price of HK\$1.10 by the Company to the Vendor amounting to approximately HK\$4,172,000.

## **THE AGREEMENT**

The principal terms of the Agreement are set out below:

### **Date**

18 July 2022 (after trading hours)

### **Parties**

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

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 approximately HK\$4,251,000 as at the date of this announcement.

As at the date of this announcement, the only asset of the Target Company is the Property.

## **Consideration**

The Consideration of HK\$5,200,000 shall be paid and satisfied in the following manner:

- (i) discharge of the Listco Loan in the total outstanding amount of approximately HK\$1,028,000 indebted to the Group by the Vendor; and
- (ii) the remaining Consideration of approximately HK\$4,172,000 by the issue and allotment of 3,792,677 Consideration Shares at the Issue Price of HK\$1.10 per Consideration Share by the Company to the Vendor upon Completion.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to, among others, (i) the preliminary valuation of the Property of HK\$5,400,000 as at 20 June 2022 (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 3.70% to the Valuation.

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

## **Listco Loan**

On 4 October 2018, the Vendor and Sun Fung Capital Limited (being a subsidiary of the Company) entered into a loan agreement (which was supplemented on 4 December 2018) pursuant to which Sun Fung Capital Limited granted the Vendor a loan in principal amount of HK\$2,000,000 with an interest rate of 12% per annum. As at the date of this announcement, the total outstanding amount of the Listco Loan was approximately HK\$1,028,000.

## **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;
- (c) 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;

- (d) the GEM Listing Committee of the Stock Exchange having granting the listing of, and permission to deal in, the Consideration Shares;
- (e) all necessary consents, licences and approvals from the shareholders, bankers, financial institutions and regulators required to be obtained on the part of the Vendor in respect of the Agreement and the transactions contemplated thereby having been obtained and remain in full force and effect; and
- (f) all necessary consents, licences and approvals from the shareholders, bankers, financial institutions and regulators required to be obtained on the part of the Purchaser and the Company in respect of the Agreement and the transactions contemplated thereby having been obtained and remain in full force and effect.

The Purchaser and the Vendor shall use its reasonable endeavours to procure that all conditions above are satisfied on or before 8 August 2022 (the “**Long Stop Date**”). The Purchaser may at its sole discretion waive any of the above conditions (b) and (c) by notice in writing to the Vendor.

If the above conditions are not fulfilled or waived before the Long Stop Date (or such other date as the parties may agree in writing), the Agreement shall lapse and become null and void and the parties shall be released from all obligations thereunder save for liabilities for any antecedent breaches thereof.

### **Completion**

Completion shall take place within three (3) Business Days after fulfilment or waiver (as the case may be) of all the aforesaid conditions precedent to, or such other date as the parties to the Agreement may agree in writing.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and accordingly, the financial results of the Target Company will be consolidated into the financial statements of the Group.

## **THE CONSIDERATION SHARES**

The Consideration Shares will be issued at the Issue Price of HK\$1.10 per Share, which represents:

- (i) a discount of approximately 3.51% to the closing price per Share of HK\$1.140 as quoted on the Stock Exchange on 18 July 2022, being the date of the Agreement;
- (ii) a discount of approximately 0.72% to the average closing price per Share of approximately HK\$1.108 as quoted on the Stock Exchange for the five (5) consecutive trading days immediately preceding the date of the Agreement; and
- (iii) a discount of approximately 4.51% to the average closing price per Share of approximately HK\$1.152 as quoted on the Stock Exchange for the ten (10) 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.

### **Number of Consideration Shares**

The Consideration Shares comprising 3,792,677 Shares represent (i) approximately 5.05% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 4.81% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming there will be no change in the share capital of the Company prior to the Completion).

### **Ranking**

The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects with the Shares in issue.

### **Mandate to issue the Consideration Shares**

The Consideration Shares will be allotted and issued pursuant to the General Mandate. Under the General Mandate, the Directors are allowed to allot and issue up to 20% of the total number of the issued Shares. The maximum number of Shares that can be issued under the General Mandate is 15,009,870 Shares. As at the date of this announcement, the Company has not allotted and issued any Shares pursuant to the General Mandate and the General Mandate is sufficient for the allotment and issue of the Consideration Shares.

## Application for listing

An application will be made by the Company to the Stock Exchange 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	
	Number of Shares	Approximate % (Note)	Number of Shares	Approximate % (Note)
Yau Chung Chung	10,979,000	14.63	10,979,000	13.93
Public Shareholders	64,070,354	85.37	64,070,354	81.26
Vendor	–	–	3,792,677	4.81
Total	<u>75,049,354</u>	<u>100</u>	<u>78,842,031</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 British Virgin Islands with limited liability and is wholly-owned by the Vendor. The Target Company is a property investment holding company and its only asset is the Property.

The Target Company is the sole legal and beneficial owner of the Property. The Property is located in Kwai Chung, Hong Kong, which is an industrial unit with a gross area of approximately 1,101 square feet. As at the date of this announcement, the Property is not subject to any tenancy.

## FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below are the financial information of the Target Company for the period from the incorporation date (i.e. 9 November 2020) to 31 March 2021, the financial year ended 31 March 2022 and the period from 1 April 2022 to 30 June 2022 as extracted from the management account of the Target Company:

	<b>For the financial year ended 31 March 2022 (Unaudited) HK\$</b>	<b>For the period from 1 April 2022 to 30 June 2022 (Unaudited) HK\$</b>
Revenue	–	–
Net profit/(Net loss) before taxation	(140,495)	900,000
Net profit/(Net loss) after taxation	(140,495)	900,000

For the period from 9 November 2020 to 31 March 2021, the unaudited revenue, net profit before and after taxation of the Target Company were nil.

As at 30 June 2022, the unaudited net assets of the Target Company was approximately HK\$1,148,505.

## 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.

The Property is intended to be held by the Group for its own use as a warehouse. To cope with the business development and expansion of the Group, the Directors consider that the purchase of the Property is beneficial to the Group by providing additional storage space for the Group.

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 18 July 2022 entered into among the Purchaser 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”	within three (3) 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\$5,200,000



“Consideration Shares”	3,792,677 new Shares to be issued to the Vendor at the Issue Price as partial settlement of the Consideration
“Director(s)”	the director(s) of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“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 21 September 2021. Under this general mandate, the Directors are allowed to allot and issue up to 15,009,870 Shares, representing 20% of the then total number of Shares on the date of passing such resolution. 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\$1.10 per Consideration Share
“Listco Loan”	all sums for which the Vendor is indebted to the Group as at the date of this announcement with the aggregate outstanding amount of approximately HK\$1,028,000
“Property”	an industrial unit located in Kwai Fung Crescent, Kwai Chung, New Territories, Hong Kong
“Purchaser”	Sky Hero Capital Limited, a company incorporated in the British Virgin Islands with limited liability, a direct wholly-owned subsidiary of the Company as at the date of this announcement
“Sale Shares”	50,000 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\$0.01 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 approximately HK\$4,251,000 as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Brilliant Step Global Limited, a company incorporated in British Virgin Islands with limited liability, which is wholly-owned by the Vendor as at the date of this announcement
“Vendor”	Wong Kui Shing Danny, a businessman and an individual who is an Independent Third Party
“%”	per cent.

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

Hong Kong, 18 July 2022

*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 Company Announcements” page of the GEM website at [www.hkgem.com](http://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](http://www.sst-holding.com).*

\* For identification purpose only