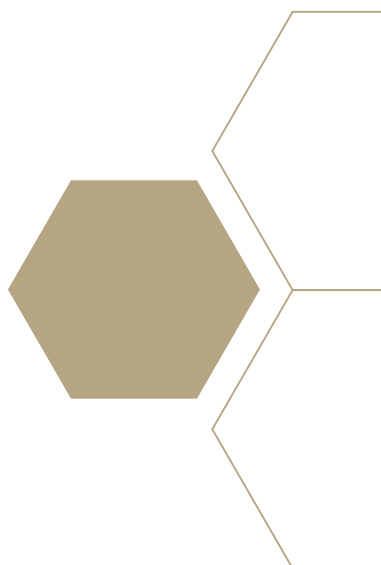




THIRD QUARTERLY REPORT
第三季度業績報告

2022



CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Main Board of the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of Sau San Tong Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement herein or in this report misleading.

QUARTERLY RESULTS FOR THE THREE MONTHS AND NINE MONTHS ENDED 31 DECEMBER 2022

The Board of Directors of the Company announces the unaudited consolidated financial results of the Company and its subsidiaries (the “Group”) for the three months and nine months ended 31 December 2022 together with comparative figures of the corresponding period ended in 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	2				
- Distribution sale of cosmetic and skin care products		319,349	397,706	876,862	1,170,328
- Provision of beauty and slimming services		13,473	21,660	31,493	52,472
- Provision of franchise services		39	93	76	122
- Sale of health, beauty and related products		739	403	1,489	1,200
- Results from investments in securities		3,850	65	(796)	16,856
- Interest income from money lending		2,966	1,515	8,828	5,618
		340,416	421,442	917,952	1,246,596
Cost of sales		(309,836)	(384,601)	(846,556)	(1,127,767)
Gross profit		30,580	36,841	71,396	118,829
Other revenue	2	623	654	5,387	1,879
Other gains or losses		650	2,308	(12,371)	4,921
Selling and distribution costs		(12,756)	(13,034)	(38,736)	(39,686)
General and administrative expenses		(14,494)	(17,086)	(44,584)	(53,618)

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2022	2021	2022	2021
		HK\$'000	<i>HK\$'000</i>	HK\$'000	<i>HK\$'000</i>
Profit/(loss) from operations		4,603	9,683	(18,908)	32,325
Finance costs		(87)	(88)	(312)	(362)
Profit/(loss) before taxation		4,516	9,595	(19,220)	31,963
Income tax expense	3	(1,990)	(2,190)	(4,007)	(6,063)
Profit/(loss) for the period		2,526	7,405	(23,227)	25,900
Attributable to:					
Owners of the Company		(273)	4,853	(27,970)	19,101
Non-controlling interests		2,799	2,552	4,743	6,799
Profit/(loss) for the period		2,526	7,405	(23,227)	25,900
		HK cents	<i>HK cents</i>	HK cents	<i>HK cents</i>
(Loss)/earnings per share	4				
Basic		(0.35)	6.47	(36.32)	25.45
Diluted		(0.35)	6.04	(36.32)	23.78

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME/(LOSS) (UNAUDITED)

	For the three months ended 31 December		For the nine months ended 31 December	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit/(loss) for the period	2,526	7,405	(23,227)	25,900
Other comprehensive income/(loss) for the period:				
<i>Item that will not be reclassified to profit or loss:</i>				
– Revaluation of property, plant and equipment upon transfer to investment property	–	3,574	–	3,574
<i>Item that may be reclassified subsequently to profit or loss:</i>				
– Exchange differences on translation of financial statements of foreign operations, net of nil tax	39	(1,011)	398	10
Total comprehensive profit/(loss) for the period	2,565	9,968	(22,829)	29,484
Attributable to:				
Owners of the Company	(713)	6,558	(24,511)	20,907
Non-controlling interests	3,278	3,410	1,682	8,577
	2,565	9,968	(22,829)	29,484

Notes:

1. Basis of preparation and significant accounting policies

The results have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, which collective term include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Exchange. They have been prepared under historical cost basis, except that the investment property and the financial instruments classified as financial assets at fair value through profit or loss are stated at their fair values. The principal accounting policies used in the preparation of the results are consistent with those adopted in the preparation of the annual report of the Group for the year ended 31 March 2022.

2. Revenue and other revenue

Revenue represents the invoiced value of goods supplied to customers, net of discounts, returns, value added tax or other sales taxes; service income from provision of beauty and slimming services, net of discounts; franchise income; net gains or losses on financial assets at fair value through profit or losses and interest income from provision of money lending service. The amount of each significant category of revenue recognised during the period is as follows:

	For the nine months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
Revenue		
Distribution sale of cosmetic and skin care products	876,862	1,170,328
Provision of beauty and slimming services	31,493	52,472
Provision of franchise services	76	122
Sale of health, beauty and related products	1,489	1,200
Results from investments in securities	(796)	16,856
Interest income from money lending	8,828	5,618
	917,952	1,246,596

For the nine months ended
31 December

	2022	2021
	HK\$'000	HK\$'000
Other revenue		
Bank interest income	889	1,003
Dividend income	378	226
Government subsidies	2,434	–
Others	1,686	650
	5,387	1,879

3. Income tax expense

On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No.7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong profits tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Under the Law of the People’s Republic of China (the “PRC”) on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

Taxation in the consolidated statement of profit or loss (unaudited) represents:

	For the nine months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
Hong Kong profits tax	537	179
PRC enterprise income tax	3,470	5,884
	4,007	6,063

4. (Loss)/earnings per share

	For the three months ended 31 December		For the nine months ended 31 December	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Loss)/profit				
(Loss)/profit attributable to owners of the Company, used in the basic and diluted (loss)/earnings per share calculation	(273)	4,853	(27,971)	19,099

Shares

Weighted average number of ordinary shares in issue, used in the basic (loss)/earnings per share calculation	78,842,031	75,049,354	77,021,546	75,049,354
Dilution effect of share options	–	5,253,458	–	5,253,458

Weighted average number of ordinary shares in issue, used in the diluted earnings per share calculation	78,842,031	80,302,812	77,021,546	80,302,812
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The assumed exercise of the outstanding share options for the three months ended 31 December 2022 and nine months ended 31 December 2022 has anti-dilutive effect and has therefore been excluded from the above calculation.

5. Consolidated statement of changes in equity

Attributable to owners of the Company

	Share capital	Share premium	Merger reserve	Exchange reserve	Share-based payment reserve	The PRC statutory surplus reserve	Revaluation reserve	Other reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2022	750	787,794	(3,637)	5,297	2,224	24,725	3,574	28,055	(41,339)	807,443	12,567	820,010
Change in equity for the period:												
Profit for the year	-	-	-	-	-	-	-	-	(27,970)	(27,970)	4,743	(23,227)
Other comprehensive income/(loss)	-	-	-	3,460	-	-	-	-	-	3,460	(3,061)	399
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(12,604)	(12,604)
Consideration shares issued for the acquisition of a property	38	4,134	-	-	-	-	-	-	-	4,172	-	4,172
At 31 December 2022	788	791,928	(3,637)	8,757	2,224	24,725	3,574	28,055	(69,309)	787,105	1,645	788,750
At 1 April 2021	750	787,794	(3,637)	3,563	2,224	24,725	-	28,055	(43,198)	800,276	8,008	808,284
Change in equity for the period:												
Profit for the year	-	-	-	-	-	-	-	-	19,101	19,101	6,799	25,900
Other comprehensive (loss)/income	-	-	-	(1,768)	-	-	3,574	-	-	1,806	1,778	3,584
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(9,212)	(9,212)
At 31 December 2021	750	787,794	(3,637)	1,795	2,224	24,725	3,574	28,055	(24,097)	821,163	7,373	828,566

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 31 December 2022 (2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the nine months ended 31 December 2022 (the “Period Under Review”), the Group’s revenue amounted to approximately HK\$917,952,000 representing a decrease of approximately 26% from approximately HK\$1,246,596,000 in the corresponding period in last year. The decrease was mainly due to the decrease in the distribution sales of cosmetic and skin care products from Shanghai Dong Fang Ri Hua Sales Co. Ltd. (“Dong Fang”) from approximately HK\$1,170,328,000 in the corresponding period in last year to approximately HK\$876,862,000 in the Period Under Review and the decrease of revenue generated from the provision of beauty and slimming services from approximately HK\$52,472,000 in last year to approximately HK\$31,493,000 in the Period Under Review, representing a decrease of 40%. Further, the net losses of approximately HK\$796,000 in the Period Under Review from the investments in the Hong Kong stock market and unlisted equity fund resulted in the decrease of the Group’s revenue, compared with the net gain of approximately HK\$16,856,000 in the corresponding period in last year.

The decrease of the Group’s revenue was offset slightly by the increase of revenue generated from the interest income from money lending from approximately HK\$5,618,000 in the corresponding period in last year to approximately HK\$8,828,000 in the Period Under Review, representing an increase of 57%.

During the Period Under Review, the gross profit was approximately HK\$71,396,000, representing a decrease of 40% from approximately HK\$118,829,000 in the corresponding period in last year. The cost of sales decreased from approximately HK\$1,127,767,000 in the corresponding period last year to HK\$846,556,000 in the Period Under Review, which was in line with revenue and the general and administrative expense decreased from approximately HK\$53,618,000 in the corresponding period in last year to HK\$44,584,000 in the Period Under Review. The Group also recorded approximately HK\$10,802,000 exchange gain arising from the appreciation of Hong Kong dollar in the Period Under Review.

The Group recorded the loss attributable to owners of the Company amounted to approximately HK\$27,970,000 in the Period Under Review compared to the gain attributable to owners of the Company amounted to approximately HK\$19,101,000 in the corresponding period in last year.



OUTLOOK

Beauty, Slimming and Spa Centres

During the Period Under Review, the slower Hong Kong and PRC economic growth and the threat of US-China trade war have negative impact on consumer confidence. In addition, the outbreak of the COVID-19 and a series of mandatory quarantine measures affected the operating environment and consumer sentiments in a certain extent. During the Period Under Review, the pandemic was brought under control. The mandatory quarantine measures were loosened gradually. On the one hand, the economy began to recover. On the other hand, local citizens had been allowed to travel abroad with less restrictions. The overall effect to the Group's performance was less optimistic since the local citizens flocked to foreign countries. And the foreign visitors still had certain restrictions to travel to Hong Kong. The revenue generated from the beauty, slimming and spa centres in Hong Kong decreased by approximately 40% from approximately HK\$52,472,000 in the corresponding period in last year to approximately HK\$31,493,000 during the Period Under Review.

The Group has a long history in the operation of beauty, slimming and spa centres in Hong Kong and the PRC. With extensive experience in the industry and committed efforts for innovations, the Group has continuously introduced sophisticated services and products of the highest quality for its customers, winning the long-term favour of its customers for its beauty and slimming products and services while successfully establishing brand advantages and customer loyalty. To further fortify its leading position in the industry, the Group has introduced a number of new beauty, slimming and anti-ageing treatments and machineries from time to time.

As the first listed beauty and slimming company in Hong Kong, the Group has consistently uphold the principles of quality products, professional services and honest operation. Backed by the strengths of the brand, the Group has won numerous awards over the years and enjoys sound reputation in Hong Kong and the PRC. It was strongly trusted by its customers. With increasingly intensive market competition, some industry players have resorted to all possible means including dishonest sales methods to secure their market shares. Coupled with various beauty and slimming incidents during recent years and seriously weak and outdated government supervision, customer confidence has been impaired. This, however, has at the same time encouraged the customer demand for quality beauty and slimming services. Maintaining the strategy of winning with quality, the Group will continue to leverage on its professional and outstanding beauty and slimming technologies, bring its brand visibility to the full play, and operate with honest and honour, in order to win over the consumers' trust, secure a wider business coverage in the high-end market and thereby realise sustainable growth and return.



Distribution Business in the PRC

Product distribution in the PRC is another core business of the Group and is carried out by the Group's subsidiary, Dong Fang. Dong Fang is one of the top three distributors of P&G in the greater China in terms of average sales in the PRC, and is the top distributor in the East China area. It is responsible for the overall distribution coverage in the Shanghai region and provides supply and sales services to its customers via various channels, including online platforms, electrical appliances merchants, department stores channel, local modernised retail malls, supermarkets, small-sized supermarkets, convenient stores, maternity stores and cosmetic stores headquartered or regionally headquartered in Shanghai. Products involved include OLAY skincare, Head & Shoulders, Vidal Sassoon, Pantene, Rejoice, Pampers, Crest, Safeguard, Whisper, Ariel, Oral-B and Gillette. Moreover, the Company is responsible for the SK-II business in East and West China areas, covering Shanghai city, Zhejiang Province, Jiangsu Province, Anhui Province, Henan Province, Shanxi Province, Sichuan Province and Chongqing city. In the Period Under Review, the revenue of the distribution business decreased to approximately HK\$876,862,000 (2021: approximately HK\$1,170,328,000). The COVID-19 continued to influence the economy in the PRC. The government implemented strict zero-tolerance approach to COVID-19 including entry restrictions, and a varied length of quarantine period across different provinces. A surge in local coronavirus cases and containment measures hit businesses and consumer sentiment. The economic activities were unavoidably affected. After having control of this wave of pandemic, the government loosened the zero-tolerance policy since December. The local residents and foreign visitors have been allowed to travel with less restriction. The Group expects the sales performance could be rebounded in the foreseeable future.

Health, Beauty and Related Products

The Group spares no efforts in keeping itself abreast of time and marching at the forefront of the market. Through heavily investing in the development and introduction of products embedding advanced technologies and safe ingredients to enrich its portfolio of health and beauty products, the Group targets to bring to its customers a wider array of sophisticated product choices. This will in turn further enhance the attraction of the brand name Sau San Tong and ensure the Group's leading market position.

Going forward, the Group will continue to launch different safe and effective products that meet the different needs of its customers, helping them to achieve beauty in a healthy way. We believe that the segment of distribution of health and beauty products will continue to make a stable contribution to the Group's results in the time ahead.



Franchise Co-Operation Business in the PRC

Building on its successful business in Hong Kong and a strong brand visibility, the Group started venturing into the enormous market in the PRC back in early 2004. The Group established the uniqueness of the brand and identified ourselves as a leader in the slimming and beauty industry. Since the efforts to developing the franchise cooperation business in full sail since December 2010, we have entered into a number of franchise co-operation contracts. The existing number of franchise co-operation shops put our brand on the top position in the beauty and slimming industry in China.

Securities Investments Business

As a move to expand its diversified business, the Group has commenced the new segment of securities investments business in 2015 to put the idle funds of the Company into long and short-term investments in listed securities in Hong Kong and other recognised securities markets in the overseas as well as wealth management products purchased from banks and other financial institutions, with a view to generate additional income outside its retail business, to widen its revenue base and minimise the risks of the Group on the overall, in order to enhance the capital use of the Company as well as the interests of the Company and its shareholders on the overall. During the Period under Review, the Group has recorded net losses on financial assets at fair value through profit and loss of approximately HK\$796,000, compared with net gains of approximately HK\$16,856,000 in the corresponding period in last year.

Money Lending Business

In 2016, the Group commenced the business segment of provision of money lending services. The Group provided both secured and unsecured loans. During the Period Under Review, the Group recorded interest income of approximately HK\$8,828,000, representing an increase of 57% from approximately HK\$5,618,000 in the corresponding period in last year. The decrease of interest income arose from the lower amount of aggregate loan principal lent to the borrowers.

USE OF PROCEEDS

The Group completed the Rights Issue on 3 March 2017 resulting in net proceeds of approximately HK\$352,000,000. Details of the use of proceeds is as follows:

Use of net proceeds	The total allocation of the net proceeds <i>HK\$ million</i>	Actual amount utilised as at 31 March 2022 <i>HK\$ million</i>	Actual amount utilised during the period ended 31 December 2022 <i>HK\$ million</i>	Actual amount utilised as at 31 December 2022 <i>HK\$ million</i>	Unutilised balance as at 31 December 2022 <i>HK\$ million</i>	Expected timeline for unutilised proceeds as at 31 December 2021 <i>(Note)</i>
Acquisition of commercial, industrial and residential properties situated in the PRC and Hong Kong ("Properties Acquisition")	116	20.4	-	20.4	95.6	By 31 December 2023
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	78	78	-	78	-	-
Renovation of offices and shops in the PRC and Hong Kong	60	11.9	3	14.9	45.1	By 31 December 2023
Development of securities investment business	30	30	-	30	-	-
General working capital of the Group and/or investment opportunities	48	48	-	48	-	-
Total	352	208.3	3	211.3	140.7	

In light of uncertain market conditions currently, the Board considers that it will be essential for the Group to cautiously control the pace, scale and scope of the Properties Acquisition and the renovation of offices and shops in the PRC and Hong Kong given the uncertainties casted by the COVID-19 pandemic and the global economic and financial markets.

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.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 December 2022, the interests or short positions of the Directors and the chief executive of the Company or their respective associates in shares and underlying shares (the "Shares") of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and/or short positions which they are deemed or taken to have under such provisions of the SFO, or which will be required, pursuant to section 352 of the SFO or as otherwise notified to the Company and the Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long position in underlying shares of the Company

Share Option Scheme

The interests in the underlying shares of the Company arise from share options granted to the Directors and the chief executive of the Company under the Company's share option scheme, details of which are as follows:

Name of director/ chief executive	Date of grant	Exercisable period	Subscription price per share	Aggregate long position in underlying shares of the Company	Approximate percentage interest in the Company's issued share capital
Mr. Mui Wai Sum	10 February 2021	10 February 2021 – 9 February 2026	HK\$0.87	750,494	1%
Mr. Chan Ka Kin	10 February 2021	10 February 2021 – 9 February 2026	HK\$0.87	750,494	1%
Mr. Takashi Togo	10 February 2021	10 February 2021 – 9 February 2026	HK\$0.87	750,494	1%
Ms. Kwan Fei Ying	10 February 2021	10 February 2021 – 9 February 2026	HK\$0.87	750,494	1%

Save as disclosed above, as at 31 December 2022, none of the Directors or chief executive of the Company or their respective associates has any personal, family, corporate or other interests or short positions in the shares of the Company or its associated corporations (within the meaning of Part XV of SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Exchange pursuant to the minimum standard of dealings by Directors and the chief executive of the Company as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, are required to be notified to the Company and the Exchange.

SHARE OPTION SCHEME

	Date of grant	Exercisable period	Subscription price per share	At 1 April 2022	Granted during the period	At 31 December 2022
Directors	10 February 2021	10 February 2021 – 9 February 2026	HK\$0.87	2,251,482	-	2,251,482
Chief Executive Officer	10 February 2021	10 February 2021 – 9 February 2026	HK\$0.87	750,494	-	750,494
Employees	10 February 2021	10 February 2021 – 9 February 2026	HK\$0.87	1,500,988	-	1,500,988
Other participant	10 February 2021	10 February 2021 – 9 February 2026	HK\$0.87	750,494	-	750,494
				5,253,458	-	5,253,458
Weighted average exercise price				HK\$0.87		HK\$0.87
Weighted average of remaining contractual life				3.87 years		3.12 years

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2022, according to the register kept by the Company pursuant to section 336 of the SFO, and so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or a chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying voting rights to vote in all circumstances at general meeting of any other member of the Group:

Long positions in shares, underlying share and debentures of the Company or its associated corporations:

Name of holder of Shares/underlying shares of the Company	Capacity	Number of shares and/or underlying shares of the Company held	Approximate percentage of the total issued share capital of the Company
Yau Chung Chung	Beneficial owner	10,979,000	13.93%

Save as disclosed above and so far as is known to the Directors or chief executive of the Company, there is no person (other than a Director or chief executive of the Company) who, as at 31 December 2022, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying rights to vote in all circumstances at general meeting of any other member of the Group.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors and Chief Executive's Interests and Short Positions in Shares" above, at no time during the Period under Review were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.



COMPETING INTERESTS

None of the Directors or substantial shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) has any interest in a business which compete or might compete with the business of the Group.

CORPORATE GOVERNANCE PRACTICES

The Company has established a formal and transparent procedure to protect the interests of the shareholders of the Company. The Company applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the Period Under Review, except that:

Code provision C.1.2 stipulates that the management shall provide all members of the Board with monthly updates. Management considers that quarterly updates and periodic instant updates when developments arising out of the ordinary business instead of monthly updates are sufficient for the Board to discharge its duties. Besides, during the Period Under Review, the Executive Directors have provided, and will continue to provide, to all Independent Non-executive Directors updates on any material changes to the position and prospects of the Company, which are considered to be sufficient to provide general updates of the Company's performance, position and prospects to the Board and allow them to give a balanced and understandable assessment of the same to serve the purpose required by the code provision C.1.2.

Code provision A2 stipulates the role of the chairman of the Board. The Company does not have the chairman of the Board and hence does not comply with code provision A2.

AUDIT COMMITTEE

The Group has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The audit committee comprises three Independent Non-executive Directors, namely, Mr. Lau Wai Leung, Alfred, Mr. Au Siu Lun and Ms. Tsang Tsz Nok, Aileen. The audit committee has reviewed the unaudited financial results of the Group for the three months and nine months ended 31 December 2022.



CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the nine months ended 31 December 2022.

On behalf of the Board
SAU SAN TONG HOLDINGS LIMITED
Mui Wai Sum
Executive Director

Hong Kong, 10 February 2023

As at the date of this report, the Board comprises Executive Directors namely Mr. Mui Wai Sum and Mr. Chan Ka Kin; Non-executive Directors namely Mr. Takashi Togo; Independent Non-executive Directors namely, Mr. Lau Wai Leung, Alfred and Mr. Au Siu Lun and Ms. Tsang Tsz Nok, Aleen.



修身堂控股有限公司
SAU SAN TONG HOLDINGS LIMITED

Room 2303, 23/F, China Insurance Group Building, 141 Des Voeux Road Central, Central, Hong Kong
香港中環德輔道中141號中保集團大廈23樓03室