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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:
DISPOSAL OF 25% OF ISSUED SHARES OF THE TARGET AND
THE SALE DEBT
IN RETURN FOR CONSIDERATION SHARES IN THE HOLDCO**

DISPOSAL

The Board is pleased to announce that, after trading hours on 29 August 2016, the Vendor, a wholly-owned subsidiary of the Company, the Purchaser and the Holdco entered into the SP Agreement pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares, representing 25% of the issued shares of the Target, and the Sale Debt as at the Completion Date. The Consideration for the Disposal is HK\$11,568,000, which shall be satisfied by the allotment and issue by the Holdco to the Vendor (or its nominee) of 115,680,000 Consideration Shares, credited as fully paid, at an issue price of HK\$0.10 per Consideration Share at Completion.

The Target is principally engaged in property investment and legally and beneficially owns the Property. Immediately after Completion, the Target will be beneficially owned as to 75% and 25% by the Group and the Purchaser respectively and the Target will remain as a subsidiary of the Company and its financial results will continue to be consolidated with the results of the Group.

As at the date of this announcement, the Group held 106,048,000 shares of the Holdco, representing approximately 4.58% of the issued share capital of the Holdco. The Consideration Shares represent (i) 5% of the existing issued share capital of the Holdco as at the date of this announcement; and (ii) approximately 4.76% of the issued share capital of the Holdco as enlarged by the allotment and issue of the Consideration Shares immediately after Completion. Upon allotment and issue of the Consideration Shares at Completion, the Group will hold an aggregate of 221,728,000 shares of the Holdco, representing approximately 9.13% of the issued share capital of the Holdco as enlarged by the allotment and issue of the Consideration Shares immediately after Completion (assuming that there is no change in the issued share capital of the Holdco from the date of this announcement and up to the Completion Date).

* *For identification purposes only*

GEM LISTING RULES IMPLICATIONS

As one of the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of each of (i) the Disposal; and (ii) the taking up of the Consideration Shares in aggregate with the acquisition of shares of the Holdco by the Group in the past 12 months is more than 5% but all relevant percentage ratios are less than 25%, each of (i) the Disposal; and (ii) the taking up of the Consideration Shares in aggregate with the acquisition of shares of the Holdco by the Group in the past 12 months constitutes a discloseable transaction for the Company under the GEM Listing Rules and is subject to the notification and announcement requirements set out in Rule 19.34 of the GEM Listing Rules.

THE SP AGREEMENT

The Board is pleased to announce that, after trading hours on 29 August 2016, the Vendor, a wholly-owned subsidiary of the Company, the Purchaser and the Holdco entered into the SP Agreement pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares, representing 25% of the issued shares of the Target, and the Sale Debt as at the Completion Date at the Consideration of HK\$11,568,000.

Major terms of the SP Agreement are set out below.

Date:

29 August 2016

Parties:

Vendor : SAU SAN TONG HOLDINGS INC.

Purchaser : Wisdom Empire Limited (皇睿有限公司)

Holdco : the issuer of the Consideration Shares

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for the 106,048,000 shares of the Holdco, representing approximately 4.58% of the issued share capital of the Holdco, owned by the Group as at the date of this announcement, each of the Purchaser, the Holdco and their respective ultimate beneficial owners is an Independent Third Party.

Assets to be disposed of:

In accordance with the terms and conditions of the Agreement:

- (a) the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Shares, representing 25% of the issued shares of the Target as at the Completion Date, free from all encumbrances and together with all rights and benefits attaching thereto after the Completion Date; and
- (b) the Vendor has conditionally agreed to assign, and Purchaser has conditionally agreed to take an assignment of the Sale Debt, representing 25% of all amounts, including principal and interest, owing by the Target to the Vendor immediately prior to Completion, free from all encumbrances and together with all rights and benefits attaching thereto after the Completion Date.

Conditions Precedent:

Completion is subject to and conditional upon the following conditions being fulfilled (or waived by the Purchaser pursuant to the SP Agreement):

- (a) the Stock Exchange having granted the listing of, and permission to deal in, the Consideration Shares;
- (b) the Purchaser having reasonably satisfied with the results of its due diligence review on the business, financial, legal and other aspects of the Target;
- (c) the Vendor having shown good title of the Target to the Property free from all encumbrances;
- (d) (where applicable) all the notification, publication and/or shareholders' approval requirements under Chapter 19 of the GEM Listing Rules for the entering into and performance of the terms of the SP Agreement and the transactions contemplated thereunder having been fulfilled, obtained and/or complied with by the Holdco and the Company respectively;
- (e) the Vendor's Warranties remaining true and accurate and not misleading as of the Completion Date by reference to the facts and circumstances subsisting as at the Completion Date; and
- (f) all requisite consents, clearances, authorisations and approvals (or, as the case may be, the relevant waivers) in connection with the entering into and performance of the terms of the SP Agreement and the transactions contemplated thereunder having been obtained by the parties to the SP Agreement.

The Purchaser may waive the conditions precedent (b), (c) and (e) above at any time on or before 30 September 2016 (or such later date as agreed between the Vendor and the Purchaser) in whole or in part by notice in writing to the Vendor. Save as aforesaid, none of the above conditions precedent is capable of being waived.

If any of the conditions precedent (a) to (f) above is not fulfilled (or not waived by the Purchaser) on or before 30 September 2016 (or such later date as agreed between the Vendor and the Purchaser), all rights and obligations of the parties to the SP Agreement shall cease and terminate (save and except for those relating to confidentiality and other general matters which shall continue to have full force and effect) and none of the parties to the SP Agreement shall have any claim against the other save for claim (if any) in respect of such continuing clauses or any antecedent breach of the terms of the SP Agreement.

Consideration

The Consideration for the sale and purchase of the Sale Shares and the assignment of the Sale Debt shall be HK\$11,568,000, of which,

- (a) the consideration of the Sale Shares shall be HK\$25; and
- (b) the consideration of the Sale Debt shall be HK\$11,567,975.

The Consideration shall be satisfied by the allotment and issue by the Holdco to the Vendor (or its nominee) of 115,680,000 Consideration Shares, credited as fully paid, at an issue price of HK\$0.10 per Consideration Share at Completion.

The Consideration (including the consideration for the Consideration Shares) was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to the preliminary valuation of the Property of HK\$50,000,000 as at 18 August 2016 conducted by an independent valuer and the audited consolidated net asset value of the Holdco of approximately HK\$242,807,000 as at 31 March 2016.

Consideration Shares

The Consideration Shares represent (i) 5% of the existing issued share capital of the Holdco as at the date of this announcement; and (ii) approximately 4.76% of the issued share capital of the Holdco as enlarged by the allotment and issue of the Consideration Shares immediately after Completion (assuming that there is no change in the issued share capital of the Holdco from the date of this announcement and up to the Completion Date).

The issue price of HK\$0.10 per Consideration Share represents:

- (i) a premium of approximately 16.28% over the closing price of HK\$0.0860 per share of the Holdco as quoted on the Stock Exchange on the date of the SP Agreement;
- (ii) a premium of approximately 11.61% over the average closing price of HK\$0.0896 per share of the Holdco as quoted on the Stock Exchange for the last five consecutive trading days of shares of the Holdco immediately prior to the date of the SP Agreement; and
- (iii) a premium of approximately 9.65% over the average closing price of HK\$0.0912 per share of the Holdco as quoted on the Stock Exchange for the last 15 consecutive trading days of share of the Holdco immediately prior to the date of the SP Agreement.

The issue price per Consideration Share of HK\$0.10 was arrived at after arm's length negotiations between the Vendor and the Purchaser with reference to the net asset value per share of the Holdco of approximately HK\$0.105 as at 31 March 2016. The Directors consider that the Consideration and the issue price of the Consideration Shares are fair and reasonable and on normal commercial terms.

Completion

Completion will take place on the Completion Date.

The Group will not receive any cash proceeds as a result of the Disposal.

Immediately after Completion, the Target will be beneficially owned as to 75% and 25% by the Group and the Purchaser respectively and the Target will remain as a subsidiary of the Company and its financial results will continue to be consolidated with the results of the Group.

As at the date of this announcement, the Group held 106,048,000 shares of the Holdco, representing approximately 4.58% of the issued share capital of the Holdco. Upon allotment and issue of the Consideration Shares at Completion, the Group will hold an aggregate of 221,728,000 shares of the Holdco, representing approximately 9.13% of the issued share capital of the Holdco as enlarged by the allotment and issue of the Consideration Shares immediately after Completion (assuming that there is no change in the issued share capital of the Holdco from the date of this announcement and up to the Completion Date).

INFORMATION ABOUT THE TARGET

The Target is a company incorporated in Hong Kong with limited liability and principally engaged in property holding. The Target legally and beneficially owns the Property. The Property is currently leased to a subsidiary of the Company for a term of two years commencing from 1 September 2016 at a monthly rental of HK\$50,000 and will be occupied for providing slimming and beauty services.

The summary of certain audited financial information of the Target for the two years ended 31 March 2016 is as follows:

	For the year ended 31 March 2016	For the year ended 31 March 2015
	(Audited)	(Audited)
	<i>HK\$</i>	<i>HK\$</i>
Net loss before taxation	506,555	3,255
Net loss after taxation	506,555	3,255

The audited total asset value and net liabilities of the Target as at 31 March 2016 were approximately HK\$49,859,000 and approximately HK\$8,516,000 respectively.

As at the date of this announcement, a sum of HK\$58,384,963.02 (including principal and interest) was owed by the Target to the Vendor.

Upon Completion, the Sale Debt, representing 25% of all amounts (including principal and interest) due from the Target to the Vendor immediately prior to Completion, will be assigned to the Purchaser. The Target will remain owing 75% of the shareholders' loan to the Group, and such percentage corresponds with the Group's effective equity interest in the Target upon Completion.

INFORMATION ABOUT THE HOLDCO GROUP

The Holdco, a company incorporated in the Cayman Islands and whose shares are listed on GEM, is principally engaged in investment holding and the Holdco Group is principally engaged in (i) design, manufacture and sale of mattresses and soft bed products in the People's Republic of China and export of mattresses to overseas markets; (ii) securities investment in Hong Kong; (iii) property investment; and (iv) money lending.

The Holdco had audited consolidated net loss before tax and after tax of approximately HK\$6,819,000 and HK\$8,678,000 for the year ended 31 March 2015 and those of approximately HK\$7,648,000 and HK\$6,347,000 for the year ended 31 March 2016.

The audited consolidated total asset value and net asset value of the Holdco as at 31 March 2016 were approximately HK\$294,136,000 and approximately HK\$242,807,000 respectively.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE SP AGREEMENT

The Group is principally engaged in the (i) provision of beauty and slimming services from slimming centres; (ii) distribution sales of cosmetic and skin care products; (iii) sale of other health and beauty products; and (iv) investment in securities.

The Directors believe that the Disposal could enhance the liquidity and financial flexibility of the Company by changing the holding of property investment into liquid securities.

Having considered the factors as mentioned above, the Directors (including independent non-executive Directors) are of the view that the Disposal and the terms of the SP Agreement (including the consideration for the Consideration Shares) are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

FINANCIAL IMPACT OF THE DISPOSAL

As at the date of this announcement, the Target is an indirect wholly-owned subsidiary of the Company. The financial results and financial positions of the Target are consolidated with the financial statements of the Company. Immediately upon Completion, the Company's interest in the Target will reduce from 100% to 75% and the Target will remain as a subsidiary of the Company. Accordingly, the financial results and financial positions of the Target will continue to be consolidated with the financial statements of the Company after Completion. As the effect of the Disposal will not result in a loss of the Company's control over the Target, the Disposal will be accounted for as an equity transaction and will not result in the recognition of any gain or loss in profit or loss.

GEM LISTING RULES IMPLICATIONS

As one of the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of each of (i) the Disposal; and (ii) the taking up of the Consideration Shares in aggregate with the acquisition of shares of the Holdco by the Group in the past 12 months is more than 5% but all relevant percentage ratios are less than 25%, each of (i) the Disposal; and (ii) the taking up of the Consideration Shares in aggregate with the acquisition of shares of the Holdco by the Group in the past 12 months constitutes a discloseable transaction for the Company under the GEM Listing Rules and is subject to the notification and announcement requirements set out in Rule 19.34 of the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning No.8 or above or a “black” rainstorm warning is hoisted at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business
“BVI”	the British Virgin Islands
“Company”	Sau San Tong Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“Completion”	completion of the Disposal in accordance with the terms and conditions of the SP Agreement
“Completion Date”	the fifth Business Day after the last outstanding conditions precedent under the SP Agreement (other than the condition precedent which is only capable of being fulfilled upon Completion) shall have been fulfilled or waived (or such other date as the Purchaser and the Vendor shall agree in writing) on which Completion shall take place
“Consideration”	the sum of HK\$11,568,000, being the total consideration for the Disposal
“Consideration Shares”	115,680,000 new ordinary shares to be allotted and issued, credited as fully paid, by the Holdco at an issue price of HK\$0.10 per Consideration Share at Completion to settle the Consideration in full
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares and the assignment of the Sale Debt in accordance with the terms and conditions of the SP Agreement
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Holdco”	Jia Meng Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on GEM (Stock Code: 8101)
“Holdco Group”	The Holdco and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	a party who is a third party independent of the Company and its connected persons and their respective associates (as defined in the GEM Listing Rules)
“Property”	the whole fifth floor of CFC TOWER (中福商業大廈) at No. 28 Mody Road, Kowloon, Hong Kong
“Purchaser”	Wisdom Empire Limited (皇睿有限公司), a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Holdco. The Purchaser is principally engaged in investment holding
“Sale Debt”	25% of all amounts, including principal and interest, owing by the Target to the Vendor immediately prior to Completion
“Sale Shares”	25 ordinary shares of the Target, representing 25% of the issued shares of the Target as at the Completion Date
“Shareholder(s)”	shareholder(s) of the Company
“SP Agreement”	the sale and purchase agreement dated 29 August 2016 entered into among the Vendor, the Purchaser and the Holdco in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Sau San Tong Investment Holdings Limited (修身堂投資控股有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Vendor”	SAU SAN TONG HOLDINGS INC., a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company. The Vendor is principally engaged in investment holding

“Vendor’s Warranties” the representations, warranties and undertakings or indemnities made or given by the Vendor under the SP Agreement

“%” per cent.

By order of the Board
Sau San Tong Holdings Limited
Cheung Yuk Shan, Shirley
Chairman

Hong Kong, 29 August 2016

As at the date of this announcement, the Board comprises executive directors namely Dr. Cheung Yuk Shan, Shirley (Chairman) and Mr. Mui Wai Sum; non-executive director namely Mr. Takashi Togo; independent non-executive directors namely Mr. Hong Po Kui, Martin, Ms. Hui Yat Lam and Ms. Chiu Kam Hing, Kathy.

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.sausantong.com.