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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)

**INSIDE INFORMATION —
MEMORANDUM OF UNDERSTANDING RELATING TO
POSSIBLE ACQUISITION OF THE TARGET**

This announcement is made pursuant to Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions.

The Board is pleased to announce that after trading hours on 22 January 2015, the Vendor entered into the MOU with the Company in relation to the Possible Acquisition of the entire issued share capital of the Target by the Company.

The MOU (save for provisions relating to cost, exclusivity, confidentiality and certain miscellaneous provisions) is non-legally binding in nature. **As such, the Possible Acquisition may or may not proceed.**

The Possible Acquisition as contemplated under the MOU, if materialised, may constitute a notifiable transaction of the Company under the GEM Listing Rules. The Company will make further announcement(s) as and when appropriate and comply with all other applicable requirements under the GEM Listing Rules in this regard.

This announcement is made by Sau San Tong Holdings Limited (“**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (“**GEM Listing Rules**”) and the Inside Information Provisions (as defined in the GEM Listing Rules).

THE MOU

The board (“**Board**”) of directors (“**Directors**”) of the Company is pleased to announce that after trading hours on 22 January 2015, an individual independent third party (“**Vendor**”), as potential vendor, and the Company, as potential purchaser, entered into a memorandum of understanding (“**MOU**”) in relation to the possible sale and purchase (“**Possible Acquisition**”) of the entire issued

* *for identification purpose only*

share capital of a company incorporated in Hong Kong with limited liability and principally engaged in the operation of a beauty center for the provision of slimming and beauty services in Hong Kong (“**Target**”).

Completion of the Possible Acquisition will be subject to the fulfillment and/or waiver (if applicable) of all conditions which are to be set out in the definitive agreement (“**Definitive Agreement**”) to be entered into between the parties.

The MOU (save for provisions relating to cost, exclusivity, confidentiality and certain miscellaneous provisions) is non-legally binding in nature. **As such, the Possible Acquisition may or may not proceed.**

Proposed consideration

Pursuant to the MOU, the consideration for the Possible Acquisition is expected to be in the region of HK\$20,000,000 and shall be subject to further negotiation by the parties. The Company, in view of the expected funding requirements of the Target having taken regard of its size of operation, intends to make capital injection of approximately HK\$10,000,000 to the Target by way of shareholder’s loan(s) after completion of the Possible Acquisition.

Due Diligence

Pursuant to the MOU, the Company (and its agents and/or advisers) shall be entitled to assess and review the records and affairs of the Target for the purpose of due diligence exercise.

Exclusivity

The Company and the Vendor have agreed upon an exclusivity period from the date of the MOU up to (and inclusive of) 19 July 2015 or such longer period as the parties thereto may agree in writing (“**Exclusivity Period**”), during which the Vendor shall not discuss, negotiate or enter into any contract or agreement with or give any undertaking in favour of any third party for the purpose of frustrating or impeding the furtherance of the Possible Acquisition; and the parties thereto shall negotiate, in good faith, for the terms of the Definitive Agreement.

Termination

The MOU shall be automatically terminated upon the earlier of (i) the expiry of the Exclusivity Period; or (ii) the Definitive Agreement having been entered into between the Vendor and the Company (or its nominee).

REASONS FOR, AND BENEFITS OF, THE POSSIBLE 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 and sales of other health and beauty products.

As part of the continuing strategy of the Group to strengthen its market leading position in the beauty and slimming industry, the Group is eager to seize the market opportunities for mergers and acquisitions of other beauty and slimming centres in Hong Kong and/or overseas. The Board believes that the Possible Acquisition, if materialised, offers a good opportunity for the Group to further expand its market presence in Hong Kong and to maximise shareholders' return. The Board is of the view that the terms of the MOU are fair and reasonable and the Possible Acquisition is in the interests of the Company and shareholders of the Company as a whole.

GENERAL

The Possible Acquisition as contemplated under the MOU, if materialised, may constitute a notifiable transaction of the Company under the GEM Listing Rules. The Company will make further announcement(s) as and when appropriate and comply with all other applicable requirements under the GEM Listing Rules in this regard.

The Board would like to emphasise that no legally binding agreement in relation to the Possible Acquisition has been entered into by the Group with any party as at the date of this announcement (save as to certain provisions of the MOU regarding cost, exclusivity, confidentiality and certain miscellaneous matters). As the Possible Acquisition may or may not be materialised, shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

On behalf of the Board
Sau San Tong Holdings Limited
Cheung Yuk Shan, Shirley
Chairman

Hong Kong, 22 January 2015

As at the date of this announcement, the Board comprises executive Directors namely Dr. Cheung Yuk Shan, Shirley (Chairman), Mr. Cheung Ka Heng, Frankie and Mr. Mui Wai Sum; independent non-executive Directors namely Mr. Hong Po Kui, Martin, Mr. Li Kuo Hsing, 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: (1) the information contained in this announcement 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 this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the Growth Enterprise Market 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.