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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 —
ACQUISITION OF RIGHT-OF-USE ASSETS
LEASE RENEWAL OF BEAUTY PARLOUR PREMISES**

THE LEASE RENEWAL

The Board announces that on 20 November 2020, the Tenant, a direct wholly-owned subsidiary of the Company, entered into the Lease Renewal with the Landlord, an Independent Third Party, in respect of the Premises for a term of one year and six months commencing on 15 November 2020 and ending on 14 May 2022 (both days inclusive) for the use of beauty parlour premises.

Pursuant to HKFRS 16, the tenancy of the Premises is recognised as a right-of-use asset for an amount of approximately HK\$3.9 million, which is calculated with reference to the present value of the aggregated lease payments to be made under the Lease Renewal.

IMPLICATIONS UNDER THE GEM LISTING RULES

Given the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of the Lease Renewal is more than 5% but less than 25%, the Lease Renewal constitutes a discloseable transaction of the Company under the GEM Listing Rules and is subject to reporting and announcement requirements of Chapter 19 of the GEM Listing Rules.

BACKGROUND

The Board announces that on 20 November 2020, the Tenant, a direct wholly-owned subsidiary of the Company, entered into the Lease Renewal with the Landlord, an Independent Third Party, in respect of the Premises for a term of one year and six months commencing on 15 November 2020 and ending on 14 May 2022 (both days inclusive) for the use of beauty parlour premises.

* *For identification purpose only*

THE LEASE RENEWAL

Details of the principal terms of the Lease Renewal are set out below:

Date	:	20 November 2020
Parties	:	(i) the Landlord (ii) the Tenant
Premises	:	13th Floor, Century Square, 1-13 D'Aguilar Street, Central, Hong Kong
Term	:	from 15 November 2020 to 14 May 2022 (both days inclusive)
Rent free period	:	from 15 November 2020 to 28 November 2020 (both days inclusive)
Total aggregated value of consideration payment	:	HK\$3,897,133 in aggregate (exclusive of service charges, Government rent, rates and management fee) during the term from 15 November 2020 to 14 May 2022

HK\$223,135 per month for the period from 15 November 2020 to 14 August 2021; and HK\$235,306 per month for the period from 15 August 2021 to 14 May 2022, exclusive of service charges, government rent, rates and Tenant's outgoing.

The Tenant shall be responsible for Government rent, rates and management fee during the term.

The rent under the Lease Renewal was determined after arm's length negotiations between the Landlord and the Tenant, taking into consideration of the prevailing market price of comparable premises in the vicinity of the Premises.

Rental deposit	:	a rental deposit of HK\$827,628 and HK\$864,411 for the period from 15 November 2020 to 14 August 2021 and for the period from 15 August 2021 to 14 May 2022 respectively, being equivalent to the aggregated monthly rent and the management fee for three months
Stamp duty	:	the stamp duty shall be borne equally by the Landlord and the Tenant

The payment of the monthly rent, the rental deposit and the stamp duty will be funded by the internal resources of the Group.

RIGHT-OF-USE ASSETS

Pursuant to HKFRS 16, the tenancy of the Premises is recognised as a right-of-use asset for an amount of approximately HK\$3.9 million, which is calculated with reference to the present value of the aggregated lease payments to be made under the Lease Renewal.

INFORMATION OF THE PARTIES

The Company

The Company is an investment holding company. 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.

The Tenant

The Tenant is a company incorporated under the laws of Hong Kong with limited liability and is a direct wholly-owned subsidiary of the Company. The Tenant is principally engaged in the provision of beauty and slimming services from slimming centres.

The Landlord

Harson Investment Limited is a company incorporated under the laws of Hong Kong with limited liability. The principal activity of the Landlord is investment holding. To the best of the Directors' knowledge, information and belief, each of the Landlord and its ultimate beneficial owners is an Independent Third Party.

REASONS FOR AND BENEFITS OF THE LEASE RENEWAL

The Group is currently leasing its beauty parlour premises in Central and the lease expires on 14 November 2020. In evaluating the options of renewal of tenancy, the Directors consider that (i) the Premises is located in the heart of the commercial zone in Hong Kong Island which is a well-developed central business district; and (ii) the monthly rental per square feet of gross floor area of the Premises is lower than the existing contract terms. The Directors consider it is beneficial to enter into the Lease Renewal for use of beauty parlour premises, which can lower the cost of operation and promote the growth of the business of the Group.

The terms of the Lease Renewal were determined after arm's length negotiations between the parties and with reference to the prevailing market price of comparable premises in the vicinity of the Premises. The entering into of the Lease Renewal is necessary for continuing the business operation of the Group and is in the ordinary and usual course of business of the Group. Therefore, the Board considers that the terms of the Lease Renewal are on normal commercial terms and fair and reasonable and the entering into of the Lease Renewal is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

Given the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of the Lease Renewal is more than 5% but less than 25%, the Lease Renewal constitutes a discloseable transaction of the Company under the GEM Listing Rules and is subject to reporting and announcement requirements of Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Company”	Sau San Tong Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the GEM
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	a third party independent of the Company and the connected persons of the Company
“Landlord”	Harson Investment Limited, a company incorporated under the laws of Hong Kong with limited liability
“Lease Renewal”	a lease renewal agreement entered into between the Landlord and the Tenant on 20 November 2020 in relation to the lease of the Premises

“Premises”	13th Floor, Century Square, 1-13 D’ Aguilar Street, Central, Hong Kong
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenant”	Sau San Tong Medical Cosmetology Healthy Trim Institute Limited, a company incorporated under the laws of Hong Kong with limited liability and direct wholly-owned subsidiary of the Company

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

On Behalf of the Board
Sau San Tong Holdings Limited
Mui Wai Sum
Executive Director

Hong Kong, 20 November 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: (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 in this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” 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.