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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 COMMERCIAL PREMISES**

**THE LEASE RENEWAL**

The Board announces that on 1 April 2023, the Tenant, an indirect non-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 commencing on 1 April 2023 and ending on 31 March 2026 (both days inclusive).

Pursuant to HKFRS 16, the tenancy of the Premises is recognised as a right-of-use asset for an amount of approximately HK\$5.84 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 1 April 2023, the Tenant, an indirect non-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 commencing on 1 April 2023 and ending on 31 March 2026 (both days inclusive) with an extension option for four months for the purpose of office.

## THE LEASE RENEWAL

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

Date	:	1 April 2023
Parties	:	(i) the Landlord (ii) the Tenant
Premises	:	No. 4, 2 <sup>nd</sup> Lane, Suide Road, Shanghai
Term	:	from 1 April 2023 to 31 March 2026 (both days inclusive)
Total aggregated value of consideration payment	:	Approximately RMB5,125,000 (equivalent to approximately HK\$5,843,000) based on the discounted cash flow in aggregate (exclusive of service charges, Government rent, rates and management fee) during the term from 1 April 2023 to 31 March 2026
Rental payment	:	The monthly rent payment is approximately RMB154,000 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 RMB322,592 being equivalent to two months rent, building management fee and Government rate

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\$5.84 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 in PRC with limited liability and is an indirect non-wholly owned subsidiary of the Company. The Tenant is principally engaged in the distribution sales of cosmetic and skin care products in PRC.

### **The Landlord**

Shanghai Zhong Ya City Construction and Development Company Limited is a company incorporated in PRC with limited liability. The principal activity of the Landlord is property investment. 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 has been leasing the Premises as the principal place of business of the Tenant in the past pursuant to the previous lease agreement which was due to expiration.

In evaluating the options of renewal of the existing tenancy or leasing a new premise, the Directors consider that the Premises are located in the prime location in Shanghai, which is easily accessible by various transportation and staying would have saved the renovation cost and the expenditure on relocation. As such, the Directors are of the opinion that the Lease Renewal is in favour of the Group's future development and it is probable that the extension option is exercised.

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”	Shanghai Zhong Ya City Construction and Development Company Limited (being the unofficial English translation of 上海中亞城市建設綜合開發公司), a company incorporated in PRC with limited liability. The principal activity is property investment
“Lease Renewal”	a lease renewal agreement entered into between the Landlord and the Tenant on 1 April 2023 in relation to the lease of the Premises
“PRC”	the People’s Republic of China
“Premises”	No. 4, 2 <sup>nd</sup> Lane, Suide Road, Shanghai with a total area of approximately 3,987 square metres
“RMB”	Renminbi, the lawful currency of PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenant”	Shanghai Dong Fang Ri Hua Sales Company Limited (上海東紡日化銷售有限公司), a company incorporated in PRC with limited liability and indirect non-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, 3 April 2023

*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 Mr. Lau Wai Leung, Alfred, Mr. Au Siu Lun and Ms. Tsang Tsz Nok, Aleen.*

*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](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*