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## **SA SA INTERNATIONAL HOLDINGS LIMITED**

**莎莎國際控股有限公司**

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 178)**

### **Discloseable Transaction Renewal of Lease of Warehouse Premises**

The Board announces that on 1 November 2021 (after trading hours), the Tenant (a wholly-owned subsidiary of the Company) signed Leasing Proposal 1 and Leasing Proposal 2 made by the Landlord (being an Independent Third Party) for the lease renewal of the Warehouse Premises.

As one of the applicable percentage ratios (as defined in the Listing Rules) for the lease transactions under Leasing Proposal 1 and Leasing Proposal 2 in aggregate is more than 5% but less than 25%, the transactions contemplated under Leasing Proposal 1 and Leasing Proposal 2 in aggregate constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under the Listing Rules.

#### **Introduction**

The Board announces that on 1 November 2021, the Tenant (a wholly-owned subsidiary of the Company) signed Leasing Proposal 1 and Leasing Proposal 2 made by the Landlord (being an Independent Third Party) for the lease renewal of the Warehouse Premises.

#### **Leasing Proposals**

Principal terms of Leasing Proposals are as follows:

Date: 1 November 2021 (Leasing Proposal 1 and Leasing Proposal 2 are signed together)

Parties: Landlord: ATL Logistics Centre Hong Kong Limited (an Independent Third Party)

Tenant: Sa Sa Cosmetic Company Limited, a wholly-owned subsidiary of the Company

Warehouse Premises:	Gridlines 5001E-5015E & 5001W-5012W (Module 1/2 E5-E11, W7-W11) on 5/F, ATL Logistics Centre B
Gross floor area:	212,744 square feet approximately
Rent:	HK\$16.50 per square feet (approximately HK\$3,510,276 per month) exclusive of management fee, Government rates, Government rent, utility charges and all other outgoings which are to be borne by the Tenant, payable in advance on or before the 1 <sup>st</sup> day of each calendar month
Security Deposit:	HK\$20,778,020.00 (comprising of five (5) months' rent, management fee, Government rates and rent)
Term:	Leasing Proposal 1: fixed term of forty-eight (48) months from 1 April 2022 to 31 March 2026 (both days inclusive)  Leasing Proposal 2: fixed term of twelve (12) months from 1 April 2026 to 31 March 2027 (both days inclusive) with an option to renew for a further twenty-four (24) months from 1 April 2027 to 31 March 2029 at the then prevailing open market rent
Rent-free period:	Nine (9) months and Twelve (12) days from 1 November 2022 to 31 March 2023 (both days inclusive) and from 1 November 2023 to 12 March 2024 (both days inclusive)  The Tenant shall be responsible for the management fee, Government rates, Government rent, utility charges and all other outgoings during such rent-free period
Total consideration :	The total consideration payable under the respective fixed terms of Leasing Proposal 1 and Leasing Proposal 2, taking into account the rent-free period, amounts to approximately HK\$177.7 million, which will be satisfied by internal resources of the Group.

The rent payable under Leasing Proposal 1 and Leasing Proposal 2 are determined after arm's length negotiations between the Tenant and the Landlord, taking into consideration the prevailing market rent for comparable premises in nearby vicinity. The Landlord and the Tenant will enter into formal tenancy agreements in respect of the leasing under Leasing Proposal 1 and Leasing Proposal 2.

### **The Right-Of-Use Assets**

The value of the right-of-use assets under Leasing Proposal 1 and Leasing Proposal 2 in aggregate to be recognised by the Group according to HKFRS 16 amounts to approximately HK\$167.7 million, representing the present value of the lease payments payable under the respective fixed terms of Leasing Proposal 1 and Leasing Proposal 2 in aggregate, taking into account the rent-free period.

### **Information of the Company and the Tenant**

The principal activity of the Company is investment holding, while the Tenant Sa Sa Cosmetic Company Limited, its wholly-owned subsidiary, is principally engaged in retailing and wholesaling of cosmetic products.

## Information of the Landlord

To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, the Landlord: (i) owns and operates ATL Logistics Centre, where the Warehouse Premises are located; (ii) its principal activities are the operation of cargo handling and storage facilities; (iii) its ultimate beneficial owners are Goodman Limited (a company listed on the Australian Securities Exchange, stock code: GMG), DP World Limited (believed to be associated with the Government of Dubai), NWS Holdings Limited (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited, stock code:659) and Central Development Limited (a public company incorporated in Hong Kong).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Landlord and its ultimate beneficial owners is an Independent Third Party.

## Reasons for the Leasing Proposals

The Tenant has been leasing the Warehouse Premises from the Landlord as logistics centre for the Group's Hong Kong, Macau and on-line business since 2017. The Company considers that it would be beneficial to renew the leasing of the Warehouse Premises to avoid potential disruption and parallel running of two logistics centre during the transitional period, as well as the costs and resources in identifying, renovating and relocating to alternative premises.

The terms of the Leasing Proposals (including the rent) were determined after arm's length negotiations between the Tenant and the Landlord and with reference to the prevailing market rent of comparable premises in the vicinity. The Board considers that the terms of the Leasing Proposals are on normal commercial terms, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## Implications under Listing Rules

In accordance with HKFRS 16 "Leases", the Group will recognise the present value of the lease payments under the respective fixed terms of Leasing Proposal 1 and Leasing Proposal 2 in aggregate as right-of-use assets in its consolidated financial statements. The lease transactions under Leasing Proposal 1 and Leasing Proposal 2 are transactions involving acquisition of assets as defined under Rule 14.04(1)(a) of the Listing Rules.

As one of the applicable percentage ratios (as defined in the Listing Rules) for the lease transactions under Leasing Proposal 1 and Leasing Proposal 2 in aggregate is more than 5% but less than 25%, the transactions contemplated under Leasing Proposal 1 and Leasing Proposal 2 in aggregate constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under the Listing Rules.

## Definitions

"Board"	board of directors of the Company
"Company"	Sa Sa International Holdings Limited (stock code: 178), a company incorporated in Cayman Islands with limited liability whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited

“Connected Person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	directors of the Company
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	third party independent of the Company and its Connected Persons (as defined under the Listing Rules)
“Landlord”	ATL Logistics Centre Hong Kong Limited, a company incorporated in Hong Kong with limited liability
“Leasing Proposal 1”	the leasing proposal for the lease renewal of the Warehouse Premises with a fixed term of forty-eight (48) months commencing on 1 April 2022 made by the Landlord and signed by the Tenant on 1 November 2021
“Leasing Proposal 2”	the leasing proposal for the lease renewal of the Warehouse Premises with a fixed term of twelve (12) months commencing on 1 April 2026 and an option to renew for a further twenty-four (24) months from 1 April 2027 made by the Landlord and signed by the Tenant on 1 November 2021
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Warehouse Premises”	Gridlines 5001E-5015E & 5001W-5012W (Module 1/2 E5-E11, W7-W11) on 5/F, ATL Logistics Centre B
“Tenant”	Sa Sa Cosmetic Company Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of the Company

By order of the board of directors  
**Sa Sa International Holdings Limited**  
**KWOK Siu Ming Simon**  
*Chairman and Chief Executive Officer*

Hong Kong, 1 November 2021

As at the date of this announcement, the directors of the Company are:

***Executive Directors***

Dr KWOK Siu Ming Simon, *SBS, JP* (Chairman and Chief Executive Officer)

Dr KWOK LAW Kwai Chun Eleanor, *BBS, JP* (Vice-chairman)

Dr LOOK Guy (Chief Financial Officer)

Ms KWOK Sze Wai Melody, *MH*

***Non-executive Director***

Ms LEE Yun Chun Marie-Christine

***Independent non-executive Directors***

Ms KI Man Fung Leonie, *GBS, SBS, JP*

Mr TAN Wee Seng

Mr CHAN Hiu Fung Nicholas, *MH, JP*