

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in Sau San Tong Holdings (Cayman Islands) Limited (the “Company”), you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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SAU SAN TONG HOLDINGS (CAYMAN ISLANDS) LIMITED

修身堂控股(開曼群島)有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8200)

**NOTICE OF ANNUAL GENERAL MEETING
PROPOSED GENERAL MANDATES TO ISSUE AND
REPURCHASE SHARES
RE-ELECTION OF DIRECTORS
AND
PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION**

The notice convening the annual general meeting (“AGM”) of Sau San Tong Holdings (Cayman Islands) Limited (the “Company”) to be held at Function Room - Poplar and Willow, InterContinental Hong Kong, 18 Salisbury Road, Tsimshatsui, Kowloon, Hong Kong on Monday, 26 July 2004 at 11:00 a.m. is contained in this circular of the Company. Shareholders of the Company are advised to read the notice and to complete and return the form of proxy for use at the AGM enclosed with the circular of the Company in accordance with the instructions printed thereon.

A form of proxy for the AGM is enclosed with this circular. Whether you are able to attend or not, please complete and return the enclosed form of proxy to the branch share registrar of the Company, Standard Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. The completion and delivery of a form of proxy will not preclude you from attending and voting at the AGM in person.

This circular will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for 7 days from the date of its posting.

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

RESPONSIBILITY STATEMENT

This circular, for which the Directors of the Company 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 of the Company having made all reasonable enquires, confirm that, to the best of their knowledge and belief:

- (i) the information contained in the circular is accurate and complete in all material respects and not misleading;
- (ii) there are no other matters the omission of which would make any statement herein misleading; and
- (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“2004 Annual Report”	means the annual report of the Company for the year ended 31 March 2004
“AGM”	means annual general meeting of the Company to be convened and held at Function Room - Poplar and Willow, InterContinental Hong Kong, 18 Salisbury Road, Tsimshatsui, Kowloon, Hong Kong on Monday, 26 July 2004 at 11:00 a.m.
“Associates”	means the same definition as described under the GEM Listing Rules
“Biochem”	means Biochem Investments Limited, a company duly incorporated in the British Virgin Islands with limited liability, the entire issued share capital of Biochem is wholly owned by Miss Cheung Yuk Shan, Shirley (“Miss Cheung”), Miss Cheung is the executive director of the Company
“Company”	means Sau San Tong Holdings (Cayman Islands) Limited, a company incorporated in the Cayman Islands with limited liability
“Director(s)”	means the directors of the Company
“GEM”	means the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on the GEM
“Group”	means the Company and its subsidiaries
“HK\$”	means Hong Kong Dollars, the lawful currency of Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	means 30 June 2004, being the latest practicable date prior to the printing of this circular
“Notice”	means the notice convening the AGM
“Repurchase Mandate”	means a general mandate proposed to be granted to the Directors to exercise the power of the Company to repurchase Shares of the Company on the terms set out in the Notice of AGM
“Share(s)”	means share(s) of par value of HKD0.01 each in the capital of the Company

DEFINITIONS

“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Takeover Code”	means the Hong Kong Code on Takeovers and Mergers
“%”	means per cent



SAU SAN TONG HOLDINGS (CAYMAN ISLANDS) LIMITED

修身堂控股(開曼群島)有限公司*

(Incorporated in the Cayman Islands with limited liability)

Executive Directors:

Miss Cheung Yuk Shan, Shirley (*Chairman*)

Mr. Cheung Ka Heng, Frankie

Mr. Ho, Francis Man Kwong

Independent Non-Executive Directors:

Mr. Hong Po Kui, Martin

Mr. Li Kuo Hsing

Mr. To Kon Hung, Terence

Mr. Ho Yiu Ming

Registered Office:

Century Yard

Cricket Square

Hutchins Drive

P.O. Box 2681 GT

George Town

Grand Cayman

British West Indies

Principal Place of Business:

6th Floor

Prestige Tower

Nos. 23-25 Nathan Road

Tsimshatsui

Kowloon, Hong Kong

30 June 2004

To Shareholders of the Company

Dear Sir or Madam,

**NOTICE OF ANNUAL GENERAL MEETING
PROPOSED GENERAL MANDATES TO ISSUE AND
REPURCHASE SHARES
RE-ELECTION OF DIRECTORS
AND
PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION**

INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the AGM to be held at Function Room - Poplar and Willow, InterContinental Hong Kong, 18 Salisbury Road, Tsimshatsui, Kowloon, Hong Kong, on Monday, 26 July 2004 at 11:00 a.m. which, upon approval, would enable the Company to:-

- (a) allot, issue and deal with additional shares of the Company and to make or grant offers, agreements, options and warrants not exceeding 20% of the aggregate nominal value of the share capital of the Company in issue as at the date of passing such resolution;

* *for identification purposes only*

LETTER FROM THE BOARD OF DIRECTORS

- (b) repurchase shares not exceeding 10% of the aggregate nominal value of the shares of the Company in issue as at the date of passing such resolution;
- (c) add to the general mandate for issuing shares set out in (a) above the number of shares repurchased by the Company pursuant to the Repurchase Mandate set out in (b) above;
- (d) re-elect Directors; and
- (e) amend its articles of association in light of recent changes to the GEM Listing Rules.

PROPOSED GENERAL MANDATE TO ISSUE NEW SHARES

At the AGM, it will also be proposed, by way of ordinary resolution, that the Directors of the Company be given a general and unconditional mandate to exercise all powers of the Company to issue new shares in the Company up to 20% of the aggregate nominal value of the issued share capital of the Company on the date of the passing of the ordinary resolution (“New Issue Mandate”). In addition, it is further proposed, by way of a separate ordinary resolution, that the New Issue Mandate be extended so that the Directors of the Company be given a general mandate to issue further shares in the Company of an aggregate nominal value equal to the aggregate nominal value of the share capital of the Company repurchased under the Repurchase Mandate. Any issue of new shares in the Company is subject to approval from the Stock Exchange for the listing of and permission to deal such new shares.

PROPOSED GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, it will be proposed, by way of an ordinary resolution, that the Directors of the Company be given a general and unconditional mandate to exercise all powers of the Company to repurchase shares on the GEM of the Stock Exchange in the Company up to a maximum of 10% of the shares of the Company in issue at the date of passing the ordinary resolution.

The Repurchase Mandate, if approved, will continue in force until the conclusion of the next AGM of the Company or until revoked or varied by ordinary resolution of shareholders in general meeting prior to the next AGM.

The Company may only repurchase its shares on GEM if:

- (i) the shares proposed to be repurchased by the Company are fully paid up;
- (ii) the Company has previously sent to its shareholders the explanatory statement set out on pages 8 to 10 of this circular; and
- (iii) the shareholders of the Company have in general meeting approved the Repurchase Mandate and the relevant documents in connection therewith have been delivered to the Stock Exchange.

LETTER FROM THE BOARD OF DIRECTORS

An explanatory statement containing information relating to the Repurchase Mandate and as required pursuant to the GEM Listing Rules of the Stock Exchange, in particular Rule 13.08, is set out on pages 8 to 10 to this circular. This explanatory statement provides you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution relating to the Repurchase Mandate.

RE-ELECTION OF DIRECTORS

As at the date of this circular, the Board comprises executive directors namely Miss Cheung Yuk Shan, Shirley (Chairman), Mr. Cheung Ka Heng, Frankie and Mr. Ho, Francis Man Kwong; independent non-executive directors namely Mr. Hong Po Kui, Martin, Mr. Li Kuo Hsing, Mr. To Kon Hung, Terence and Mr. Ho Yiu Ming.

Pursuant to Article 87 of the Articles of Association, at each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number to but not greater than one third) will retire from office by rotation provided that no Director holding office as chairman and/or managing director shall be subject to retirement by rotation, or be taken into account in determining the number of Directors to retire. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Accordingly, at the AGM, Mr. Ho, Francis Man Kwong and Mr. Hong Po Kui, Martin will retire by rotation, and being eligible, offer themselves for re-election at the AGM.

Mr. HO, Francis Man Kwong, aged 50, is an executive Director. Mr. Ho is responsible for overall management and business planning of the Group's slimming centres. He has extensive experience in the management, sales and marketing field. He is responsible for general management, including sales and marketing of the Group, participating in planning, formulation and implementation of new products. Prior to joining the Group in April 2002, Mr. Ho was the general manager of Ocean Cassette Accessories Manufactory Limited, a company which engages in the manufacturing of cassette tape parts and components, for the period from September 1998 to July 2000. Mr. Ho has no relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company.

Mr. Ho has entered into a service contract with the Company for a term of three years commencing 4 November 2003 and will continue thereafter for successive term of one year unless and until terminated by not less than six months' notice in writing served by either party to the other provided that such notice period shall not expire at any time during the first 12 calendar months of the term of the appointment. Mr. Ho is entitled to a fixed basic remuneration of HK\$600,000 per year, which is based on the prevailing market rates in Hong Kong. In addition, Mr. Ho is also entitled to a discretionary bonus provided that the aggregate amount of the bonuses payable to all the Executive Directors for any financial year of the Company may not exceed 10% of the audit consolidated net profit of the Group (after taxation and minority interest but before extraordinary and exceptional items of the Group) in respect of the financial year. As at the latest Practicable Date, Mr. Ho has no interest in the shares and share options of the Company.

LETTER FROM THE BOARD OF DIRECTORS

Save as disclosed herewith, Mr. Ho and the Company are not aware of any other matters that need to be brought to the attention of holders of securities of the Company.

Mr. HONG Po Kui, Martin, aged 55, is an independent non-executive Director and has joined the Group in June 2002. He is responsible for giving advices to the board of Directors and shareholders of the Company. Mr. Hong is a practicing solicitor and a notary public in Hong Kong. He has been practicing as a solicitor of the High Court of Hong Kong for over 25 years and is the senior partner of the Messrs Lau, Chan & Ko, Solicitors. He holds a bachelor degree in science from University of New South Wales. Mr. Hong is a non-executive director of Tse Sui Luen Jewellery (International) Limited, a company listed on the Main Board of the Exchange, as well as the Chairman of The Hong Kong Football Association and the Commissioner of Hong Kong Road Safety Patrol. Mr. Hong has no relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company.

Mr. Hong has entered into a service contract with the Company for a term expiring on 31 July 2004. Mr. Hong is entitled to a monthly director fee of HK\$10,000 commencing from 19 November 2003, which is based on the prevailing market rates in Hong Kong. Save for the above, Mr. Hong is not entitled to any other remuneration. Mr. Hong has no interest in the shares and share options of the Company.

Save as disclosed herewith, Mr. Hong and the Company are not aware of any other matters that need to be brought to the attention of holders of securities of the Company.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

At the AGM, it will also be proposed, by way of special resolution, that the articles of association of the Company be amended in light of recent changes to the GEM Listing Rules to contain provisions:

- (i) requiring that the minimum seven-day period for lodgment by shareholders of the notice to nominate a director to commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than seven days before the date of such meeting;
- (ii) prohibiting directors from voting at and being counted towards the quorum of the board meeting on any matter in which any of his associates has a material interest;
- (iii) excluding the votes cast by a shareholder in contravention of a requirement or restriction under the GEM Listing Rules;
- (iv) enabling the removal by a Director at any time before the expiration of his period of office by ordinary resolution at general meeting; and
- (v) enabling the Company to send to persons entitled to the Directors' report (accompanied by the balance sheet and profit and loss account), a summary of financial statement instead, derived from the Company's annual accounts and directors' report and prepared in compliance with the listing rules, statutes, rules and regulations (where applicable).

LETTER FROM THE BOARD OF DIRECTORS

Amendments have also been proposed to allow notice of meetings for shareholders and directors to be given by, inter alia, electronic means. In addition, the Directors proposed to amend the Articles of Association to enable the removal of a director by ordinary resolution (rather than a special resolution) to provide the Company with greater flexibility. This proposed amendment to the removal of director is allowed under the relevant Cayman Laws applicable to the Company. It should be noted, however, that any removal of a director would be without prejudice to any claim which the director may have for damages for breach of any service contract which he has with the Company.

In addition, the Directors propose that the abovementioned proposed amendments to Articles of Association of the Company, consolidating all the changes to be passed by the shareholders of the Company at the AGM, be adopted in replacement of the existing Articles of Association with effect from the passing of Resolution No. 7 of the Notice of AGM.

THE AGM

The following are the details of the AGM:

Date : Monday, 26 July 2004

Time : 11:00 a.m.

Venue : Function Room - Poplar and Willow, InterContinental Hong Kong, 18 Salisbury Road, Tsimshatsui, Kowloon, Hong Kong

A form of proxy for the AGM is enclosed with this circular. Whether or not you intend to be present at the AGM, you are requested to complete the form of proxy and return it to the branch share registrar of the Company, Standard Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the meeting. The completion of a form of proxy will not preclude you from attending and voting at the meeting in person.

Under the Articles of Association, at any general meeting a resolution put to the vote of the meeting is to be decided on a show of hands unless (before or on the declaration of the result of the show of hands) a poll is demanded by the Chairman or at least one member. Where a poll is demanded, subject to any rights or restrictions for the time being lawfully attached to any class of shares, every person present at such meeting shall have one vote for each share of which such person is the holder or for which such person holds a proxy. Where a vote is taken by poll, each person present and entitled to vote shall be furnished with a ballot paper on which such person shall record his or her vote in such manner as shall be determined at the meeting having regard to the nature of the question on which the vote is taken, and each ballot paper shall be signed or initialled or otherwise marked so as to identify the voter and the registered member in the case of a proxy. At the conclusion of the poll, the ballot papers shall be examined and counted by a committee of not less than two members or proxy members appointed by the Chairman for the purpose and the result of the poll shall be declared by the Chairman.

LETTER FROM THE BOARD OF DIRECTORS

RECOMMENDATION

The Directors are of the opinion that the proposals referred to in this circular are in the best interests of the Company and its shareholders and recommend you to vote in favour of the resolutions relating to the general mandates to be proposed at the AGM.

Yours faithfully,
By Order of the Board
Sau San Tong Holdings (Cayman Islands) Limited
Cheung Yuk Shan, Shirley
Chairman

This is an explanatory statement given to all shareholders of the Company relating to a resolution to be proposed at the AGM authorizing the Repurchase Mandate.

This explanatory statement contains all the information required pursuant to Rule 13.08 and other relevant provisions of the GEM Listing Rules which is set out as follows:

1. EXERCISE OF THE REPURCHASE MANDATE

If the Repurchase Mandate was exercised in full, on the basis of 537,000,000 shares in issue as at the Latest Practicable Date, could result in up to 53,700,000 shares to be repurchased by the Company during the period up to the conclusion of the next AGM of the Company, the expiration of the period within which the next AGM of the Company is required by any applicable law or the articles of association of the Company to be held or when the Repurchase Mandate is revoked or varied by an ordinary resolution by the shareholders in general meeting, whichever is the earliest.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and its shareholders for the Directors to have a general authority from shareholders to enable the Company to repurchase shares in the market. Repurchases of shares will only be made when the Directors believe that such a repurchase will benefit the Company and its shareholders. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per share.

3. FUNDING OF REPURCHASES

Any repurchases will only be funded out of funds of the Company legally available for the purposes in accordance with its memorandum and articles of association of the Company and the laws of the Cayman Islands.

4. EFFECT OF EXERCISE OF THE REPURCHASE MANDATE

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the Annual Report 2004) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. DISCLOSURE OF INTERESTS

None of the Directors and, to the best of their knowledge, having made all reasonable enquiries, none of their respective associates, have any present intention, if the Repurchase Mandate is exercised, to sell any shares to the Company or its subsidiaries.

No connected person (as defined in the GEM Listing Rules) has notified the Company that they have a present intention to sell shares to the Company if the Repurchase Mandate is exercised.

6. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of the Cayman Islands.

7. TAKEOVERS CODE CONSEQUENCES

If as a result of a repurchase of shares, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result, a shareholder, or a group of shareholders acting in concert, depending on the level of increase in the shareholder's interests, may obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. The Directors are not aware of any consequences which could arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

As at the Latest Practicable Date, Biochem, which is a controlling shareholder of the Company, held approximately 54.72% of the shares issued by the Company. Upon exercise in full of the Repurchase Mandate, the percentage shareholding of Biochem in the Company shall increase from approximately 54.72% to 60.80%. As at the Latest Practicable Date, the Directors are not aware of any consequences for Biochem under the Takeovers Code as a result, solely for the Directors exercising the Repurchase Mandate in full.

8. SHARE PURCHASE MADE BY THE COMPANY

No repurchases of securities have been made by the Company in the previous six months, whether on the Stock Exchange or otherwise.

9. CONNECTED PERSON

No connected person (as defined in the GEM Listing Rules) has notified the Company that it has a present intention to sell shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the shareholders.

10. SHARE PRICES

The highest and lowest prices at which the shares were traded on the GEM during each of the previous months from the first day of dealings in the shares on GEM to the Latest Practicable Date were as follows:

	Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2003		
November	0.710	0.670
December	0.660	0.475
2004		
January	0.540	0.485
February	0.680	0.485
March	0.630	0.520
April	0.560	0.490
May	0.490	0.390



SAU SAN TONG HOLDINGS (CAYMAN ISLANDS) LIMITED

修身堂控股(開曼群島)有限公司*

(Incorporated in the Cayman Islands with limited liability)

NOTICE IS HEREBY GIVEN THAT the annual general meeting (the “Annual General Meeting”) of the shareholders of Sau San Tong Holdings (Cayman Islands) Limited (the “Company”) will be held at Function Room - Poplar and Willow, InterContinental Hong Kong, 18 Salisbury Road, Tsimshatsui, Kowloon, Hong Kong on Monday, 26 July 2004 at 11:00 a.m. for the following purposes:

1. to receive and consider the audited financial statements and the reports of the directors of the Company (“Directors”) and auditors for the year ended 31 March, 2004;
2. to re-elect Directors and authorize the board of directors to fix the Director’s remuneration;
3. to re-appoint auditors and authorize the Directors to fix their remuneration;

ORDINARY RESOLUTIONS

4. to consider and, if thought fit, pass the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (c) of this resolution, and pursuant to the Rules Governing the Listing of Securities on The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (“Stock Exchange”), the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a rights Issue (as hereinafter defined); or (ii) the grant or exercise of any option under the share option scheme of the Company or any other issue of shares or rights to acquire shares of the Company; or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any

* *for identification purposes only*

NOTICE OF ANNUAL GENERAL MEETING

existing warrants of the Company or any existing securities of the Company which carry rights to subscribe for or are convertible into shares of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

- (d) for the purpose of this resolution, “Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, or any applicable law of the Cayman Islands to be held; and
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.

“Rights Issue” means an offer of shares in the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the Directors to holders of shares in the Company on the register on a fixed record date in proportion to their holdings of shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which any be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, or any recognized regulatory body or any stock exchange applicable to the Company).”

5. to consider and, if thought fit, pass the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase its shares on the GEM or any other stock exchange on which the shares of the Company may be listed and recognized by The Securities and Futures Commission of Hong Kong (“Securities and Futures Commission”) and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission, the Stock Exchange or of any other stock exchange as amended from time to time and all applicable laws in this regards be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the aggregate nominal amount of shares of the Company authorized to be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purpose of this resolution, “Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, or any applicable law of the Cayman Islands to be held; and
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”

6. to consider and, if thought fit, pass the following resolution as an ordinary resolution:

“**THAT** conditional upon resolutions no. 4 and 5 above being passed, the unconditional general mandate granted to the Directors to allot, issue and deal with additional shares and to make or grant offers, agreements and options which might require the exercise of such powers pursuant to resolution no. 4 above be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to resolution no. 5 above, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of the said resolution.”

7. to consider as special business and, if thought fit, pass, with or without modification, the following resolution as a special resolution:

“**THAT**

(A) the Articles of Association of the Company be and are hereby amended by:-

(a) inserting the following new definition of “associate” in Article 2(1):

“associate” the meaning attributed to it in the rules of the Designated Stock Exchange. ”

NOTICE OF ANNUAL GENERAL MEETING

- (b) deleting the existing definition of “Subsidiary and Holding Company” in Article 2(1) and replacing therewith the following new definition:

“Subsidiary and Holding Company” the meanings attributed to them in the rules of the Designated Stock Exchange”

- (c) re-numbering existing Article 76 as Article 76(1);

- (d) inserting the following as new Article 76(2):

“(2) Where the Company has knowledge that any Member is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.”

- (e) deleting the words “not less than seven (7) clear days but not more than fourteen (14) clear days before the date of the general meeting” in the last sentence of Article 88 and replacing therewith the following proviso:

“provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that the period for lodgment of such Notice(s) shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.”

- (f) deleting the existing Article 103 in its entirety and replacing therewith the following new Article 103:

103. (1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters namely:

- (i) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;

NOTICE OF ANNUAL GENERAL MEETING

- (ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company or any of its subsidiaries by virtue only of his/their interest in shares or debentures or other securities of the Company;
- (v) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder other than a company in which the Director and/or his associate(s) is/are beneficially interested in five (5) per cent or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or
- (vi) any proposal concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded to the employees to which such scheme or fund relates.

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- (2) A company shall be deemed to be a company in which a Director and/or his associate(s) owns five (5) per cent. or more if and so long as (but only if and so long as) he and/or his associates (either directly or indirectly) are the holders of or beneficially interested in five (5) per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his/their interest or that of any of his associates is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder.
- (3) Where a company in which a Director and/or his associate(s) holds five (5) per cent. or more is/are materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.
- (4) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or his associate(s) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director and/or his associate(s) concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.”

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- (B) new articles of association of the Company, consolidating all of the changes referred to above and in the form produced to the meeting, be and are hereby adopted with immediate effect in replacement of the existing articles of association of Company.”

By Order of the Board
Sau San Tong Holdings (Cayman Islands) Limited
Emmi Ho
Company Secretary

Hong Kong, 30 June 2004

Registered Office:

Century Yard, Cricket Square,
Hutchins Drive, P.O. Box 2681GT,
George Town, Grand Cayman,
British West Indies

Principal Place of Business:

6th Floor, Prestige Tower,
Nos. 23-25 Nathan Road,
Tsimshatsui, Kowloon,
Hong Kong

As at the date of this circular, the Board comprises executive directors namely Miss Cheung Yuk Shan, Shirley (Chairman), Mr. Cheung Ka Heng, Frankie and Mr. Ho, Francis Man Kwong; independent non-executive directors namely Mr. Hong Po Kui, Martin, Mr. Li Kuo Hsing, Mr. To Kon Hung, Terence and Mr. Ho Yiu Ming.

Notes:

1. A shareholder entitled to attend and vote at the meeting is entitled to appoint a person or persons as his or her proxy or proxies to attend and, on a poll, vote instead of him or her. A proxy need not be a shareholder of the Company.
2. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited with the Company's branch share registrar, Standard Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting and in default thereof the form or proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiry of 12 months from the date of its execution.
3. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the meeting; in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. The Register of Members of the Company will be closed from 22 July 2004 to 23 July 2004, both days inclusive, during which period no share transfers will be registered. To qualify for attendance of the annual general meeting, all transfers accompanied by the relevant share certificates of the Company must be lodged with the Company's branch share registrar, Standard Registrars Limited, Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong no later than 4:00 p.m. on 21 July 2004, for registration.