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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)

CONNECTED TRANSACTION DISPOSAL OF A SUBSIDIARY

On 6 December 2004, SST China, a wholly owned subsidiary of the Company, and PIL, entered into the Agreement, pursuant to which SST China has agreed to dispose of 50% of the issued share capital of SST (Shanghai) Development to PIL at a cash consideration of HK\$4 million. The disposal will record a gain of approximately HK\$4 million. The share transfer will be completed on or before 17 December 2004 and the sale proceeds will be settled on or before 31 December 2004.

PIL and SST China each own 50% interests in SST Shanghai, which operated a slimming centre in Shanghai, the PRC, and thus PIL is a connected person of the Company as defined under the GEM Listing Rules.

As the Agreement constitutes a connected transaction and the Percentage Ratios (where applicable) under the Agreement exceeds 0.1% but less than 2.5%, the connected transaction is exempt from the independent shareholders' approval requirement under Rule 20.32 of GEM Listing Rules but subject to reporting and announcement requirements set out in Rules 20.45 to 20.47 of GEM Listing Rules.

On 6 December 2004, SST China, a wholly owned subsidiary of the Company, and PIL, entered into the Agreement, pursuant to which SST China has agreed to dispose of 50% of the issued share capital of SST (Shanghai) Development to PIL at a cash consideration of HK\$4 million. The share transfer will be completed on or before 17 December 2004 and the sale proceeds will be settled on or before 31 December 2004. The sale proceeds will be reinvested by the Group to further expand the slimming business in Shanghai, the PRC.

PIL and SST China each own 50% interests in SST Shanghai, which operated a slimming centre in Shanghai, the PRC, and thus PIL is a connected person of the Company as defined under the GEM Listing Rules.

As the Agreement constitutes a connected transaction and the Percentage Ratios (where applicable) under the Agreement exceeds 0.1% but less than 2.5%, the connected transaction is exempt from the independent shareholders' approval requirement under Rule 20.32 of GEM Listing Rules but subject to reporting and announcement requirements set out in Rules 20.45 to 20.47 of GEM Listing Rules.

THE AGREEMENT

Date: 6 December 2004

Parties: (1) SST China
(2) PIL

Interests being disposed of: 50% shareholdings of SST (Shanghai) Development
Consideration: HK\$4 million, which was arrived at after arm's length negotiation between the two parties with reference to Sau San Tong's brand name and expertise in operating slimming business and the future prospect of slimming business in the PRC.

INFORMATION ON SST (SHANGHAI) DEVELOPMENT

SST (Shanghai) Development is a company incorporated in the British Virgin Islands on 4 October 2004 and is wholly and beneficially owned by SST China. SST (Shanghai) Development is an investment holding company and has not carried on any business activities since its incorporation. The purpose to incorporate SST (Shanghai) Development is to further expand the slimming business in Shanghai, the PRC.

Based on the management account of SST (Shanghai) Development, the unaudited net losses of SST (Shanghai) Development was HK\$7,335, representing business registration fee, formation expenses as well as search, filing and secretarial fee, for the period from 4 October 2004 to 15 November 2004 and the unaudited net tangible liabilities of SST (Shanghai) Development as at 15 November 2004 was HK\$7,257.

REASONS FOR THE DISPOSAL

PIL is a connected person of the Company as defined under the GEM Listing Rules. PIL is the first partner of the Group to operate the slimming business in Shanghai, the PRC through SST Shanghai. As the cooperation is satisfactory, PIL is considered by the Directors as a suitable business entity to cooperate to further expand the slimming business in Shanghai, the PRC in the future. Hence, the Company agreed to transfer 50% shareholdings of SST (Shanghai) Development to PIL at a cash consideration of HK\$4 million. The disposal will record a gain of approximately HK\$4 million after deducting the relevant investment cost incurred by the Group. After completion, SST (Shanghai) Development will still be accounted for as a subsidiary of the Group. The board of SST (Shanghai) Development will be comprised of 4 directors, 2 directors from SST China and 2 directors from PIL, with the chairman appointed by SST China.

INFORMATION OF THE COMPANY

The Company was incorporated in the Cayman Islands on 21 May 2002 and its shares are listed on the GEM since 19 November 2003. The Group is principally engaged in the health and beauty business of (i) the sale of a range of health and beauty products and (ii) the provision of a wide range of health and beauty services with emphasis on weight management at its slimming centres.

INFORMATION OF PIL

PIL is incorporated in Hong Kong with limited liability and is a wholly owned subsidiary of LT International Holdings Limited, which is an investment holding company and incorporated in the British Virgin Islands with limited liability. PIL did not carry out any other business except for the investment in slimming business together with the Group in Shanghai, the PRC.

The Directors (including the independent non-executive Directors) confirm that the disposal was negotiated on an arm's length basis and agreed on normal commercial terms between the relevant parties and that the terms of the Agreement are fair and reasonable so far as the shareholders of the Company are concerned and are in the interest of the Company and its shareholders as a whole.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Agreement”	means the agreement entered into between SST China and PIL on 6 December 2004 for the disposal of 50% shareholdings in SST (Shanghai) Development by SST China to PIL
“Board”	means the board of Directors of the Company
“Company”	means Sau San Tong Holdings Limited, a company incorporated in the Cayman Islands and whose shares are listed on GEM
“Director(s)”	means the director(s) of the Company
“GEM”	means the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“Group”	means the Company and its subsidiaries
“HK\$”	means Hong Kong Dollars, the lawful currency of the Hong Kong

“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China
“PIL”	means Pentium Investment Limited, a limited liability company incorporated in Hong Kong, which is a substantial shareholder of SST Shanghai, a non-wholly owned subsidiary of the Company, and hence is a connected person of the Company as defined under the GEM Listing Rules
“PRC”	means the People’s Republic of China
“SST China”	means Sau San Tong China Holdings Limited, a limited liability company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company
“SST Shanghai”	means Sau San Tong (Shanghai) Limited, a limited liability company incorporated in the British Virgin Islands. It is equally owned by PIL and SST China
“SST (Shanghai) Development”	means Sau San Tong (Shanghai) Development Limited, a limited liability company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company

Made by the order of the Board, the directors of the Company collectively and individually accept responsibility for the accuracy of this announcement.

By Order of the Board
Sau San Tong Holdings Limited
Cheung Yuk Shan, Shirley
Chairman

Hong Kong, 7 December 2004

As at the date of this announcement, 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, Mr. Ho Yiu Ming and Mr. Cheng Shing Lung, Edwin.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors, have 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; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on the bases and assumptions that are fair and reasonable.

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* For identification purpose only