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)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2007

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "EXCHANGE")

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This announcement, for which the directors (the "Directors") of Sau San Tong Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given the compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors of the Company, 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; (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.

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

* *For identification purpose only*

The Board of Directors (the "Board") of Sau San Tong Holdings Limited (the "Company") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2007, together with the comparative audited figures for the year ended 31 March 2006, as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
Turnover	3	**443,588**	358,650
Cost of sales		**(348,164)**	(276,363)
Gross profit		**95,424**	82,287
Other revenue	3	**7,408**	1,775
Selling and distribution costs		**(65,370)**	(92,359)
General and administrative expenses		**(45,505)**	(52,467)
Other operating expenses		**(7)**	(3,770)
Loss from operations		**(8,050)**	(64,534)
Finance costs		**(666)**	(144)
Gain on partial disposal of interest in a subsidiary		**—**	6,009
Loss before taxation	4	**(8,716)**	(58,669)
Taxation	5	**(7,231)**	(2,759)
Loss for the year		**(15,947)**	(61,428)
Attributable to:			
Equity holders of the Company		**(21,457)**	(59,901)
Minority interests		**5,510**	(1,527)
		(15,947)	(61,428)
Dividends	6	**—**	—
Loss per share	8		
Basic		**(3.22) cents**	(9.11) cents
Diluted		**N/A**	(9.11) cents

CONSOLIDATED BALANCE SHEET

As at 31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
Non-current assets			
Goodwill		**250**	177
Property, plant and equipment		**19,978**	23,019
Deferred tax assets		**—**	366
		20,228	23,562
Current assets			
Inventories		**15,864**	10,158
Due from minority shareholders		**10,327**	—
Prepayments, deposits and other receivables		**16,863**	17,004
Trade receivables	*9*	**24,678**	25,258
Cash and bank balances		**20,533**	21,005
		88,265	73,425
Current liabilities			
Bank borrowings		**10,110**	—
Due to a director		**5,585**	2,953
Due to minority shareholders		**—**	16,385
Trade payables	*10*	**16,312**	15,534
Obligations under finance leases		**834**	—
Deferred income		**23,415**	22,166
Other payables and accruals		**22,827**	3,620
Taxation payable		**3,470**	642
		82,553	61,300
Net current assets		**5,712**	12,125
Total assets less current liabilities		**25,940**	35,687
Non-current liabilities			
Obligations under finance leases		**232**	—
Net assets		**25,708**	35,687
Capital and reserves			
Share capital		**6,669**	6,669
Reserves		**2,403**	23,687
Equity attributable to equity holders of the Company		**9,072**	30,356
Minority interests		**16,636**	5,331
Total equity		**25,708**	35,687

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2007

	Attributable to equity holders of the Company										
	Share capital	Share premium	Merger reserve	Exchange reserves	Employee share-based compensation reserve	Statutory surplus reserve	Capital reserve	Retained profits/ (Accumulated losses)	Total	Minority interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2005	6,569	41,527	(3,652)	12	—	—	—	46,945	91,401	(42)	91,359
Placing of new shares	100	3,900	—	—	—	—	—	—	4,000	—	4,000
Share issuance costs	—	(85)	—	—	—	—	—	—	(85)	—	(85)
Equity settled share-based transactions	—	—	—	—	2,219	—	—	—	2,219	—	2,219
Loss for the year	—	—	—	—	—	—	—	(59,901)	(59,901)	(1,527)	(61,428)
Transfer	—	—	—		—	395	—	(395)	—	—	-
Exchange adjustments	—	—	—	(56)	—	4	—	—	(52)	(8)	(60)
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	—	1,963	1,963
Equity contribution by minority shareholders	—	—	—	—	—	—	—	—	—	4,945	4,945
Dividends — 2005 final dividend	—	—	—	—	—	—	—	(7,226)	(7,226)	—	(7,226)
At 31 March 2006	6,669	45,342	(3,652)	(44)	2,219	399	—	(20,577)	30,356	5,331	35,687
At 1 April 2006	6,669	45,342	(3,652)	(44)	2,219	399	—	(20,577)	30,356	5,331	35,687
Increase in capital reserve	—	—	—	—	—	—	100	—	100	95	195
(Loss)/profit for the year	—	—	—	—	—	—	—	(21,457)	(21,457)	5,510	(15,947)
Share options forfeited	—	—	—	—	(462)	—	—	462	—	—	—
Transfer	—	—	—	—	—	27	—	(27)	—	—	—
Exchange adjustments	—	—	—	55	—	18	—	—	73	236	309
Equity contribution by minority shareholders	—	—	—	—	—	—	—	—	—	5,391	5,391
Reduction in minority interests on acquisition of additional interest in a subsidiary by the Group	—	—	—	—	—	—	—	—	—	73	73
At 31 March 2007	6,669	45,342	(3,652)	11	1,757	444	100	(41,599)	9,072	16,636	25,708

Notes:

1. Corporate information

The Company was incorporated in the Cayman Islands on 21 May 2002 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares have been listed on The Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 19 November 2003.

2. Basis of Preparation and Significant Accounting Policies

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The consolidated financial statements have been prepared in accordance with new standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include all applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

In the current year, the Group has applied, for the first time, a number of new HKFRSs issued by the HKICPA that are effective for accounting periods either beginning on or after 1 December 2005 or 1 January 2006. The adoption of the new HKFRSs has had no material effect on how the results for the current and prior accounting years are prepared and presented.

The Group has not early applied the following new standards, amendment and interpretations that have been issued but are not yet effective. The Group anticipates that the application of new standards, amendment and interpretations will have no material impact on the financial information of the Group.

HKAS 1 (Amendment)	Capital disclosures (effective for annual periods beginning on or after 1 January 2007)
HKFRS 7	Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2007)
HKFRS 8	Operating segments (effective for annual periods beginning on or after 1 January 2009)
HK(IFRIC) — Int 8	Scope of HKFRS 2 (effective for annual periods beginning on or after 1 May 2006)
HK(IFRIC) — Int 9	Reassessment of embedded derivative (effective for annual periods beginning on or after 1 June 2006)
HK(IFRIC) — Int 10	Interim financial reporting and impairment (effective for annual periods beginning on or after 1 November 2006)
HK(IFRIC) — Int 11	HKFRS 2: Group and treasury share transactions (effective for annual periods beginning on or after 1 March 2007)
HK(IFRIC) — Int 12	Service Concession Arrangements (effective for annual periods beginning on or after 1 January 2008)

3. Turnover and revenue

Turnover represents the invoiced value of goods sold, net of discounts and returns, value-added tax and sales tax, and the appropriate proportion of contract revenue from beauty and slimming services rendered, net of discounts.

Turnover and revenue consisted of:

	2007	2006
	HK$'000	*HK$'000*
Turnover		
— Provision for beauty and slimming services from slimming centers	**91,090**	77,600
— Distribution sales of cosmetic and skin care products	**348,249**	270,175
— Sales of other health and beauty products	**4,249**	10,875
	443,588	358,650
Other revenue		
— Gain on disposal of property, plant and equipment	**427**	—
— Interest income	**125**	61
— Management and consultancy fee incomes	**4,017**	407
— Others	**2,839**	1,307
	7,408	1,775
Total revenue	**450,996**	360,425

Segment information are set out in note 7 to this results announcement.

4. Loss before taxation

Loss before taxation is stated after crediting and charging the followings:

	2007	2006
	HK$'000	*HK$'000*
Crediting		
Interest income	**125**	61
Gain on partial disposal of interest in a subsidiary	**—**	6,009
Gain on disposal of property, plant and equipment	**427**	—
Management and consultancy fee incomes	**4,017**	407
Charging		
Cost of sales *(i)*	**348,164**	276,363
Depreciation		
— leased assets	**189**	—
— owned assets	**8,895**	10,276
Finance charges on obligation under finance leases	**60**	—
Impairment on amount due from a minority shareholder	**—**	3,000

Note:

(i) Cost of sales included depreciation of machinery of approximately HK$1,875,000 (2006: HK$1,319,000).

5. Taxation

No Hong Kong profits tax has been provided for the year ended 31 March 2007 as the Group did not have any assessable profit for the year (2006: Nil). PRC enterprise income tax has been provided at the rate of 33% (2006: 33%) on the estimated assessable profit of the subsidiaries operated in Mainland China.

The details of the taxation charge are as follows:

	2007	2006
	HK$'000	*HK$'000*
Hong Kong profits tax	**—**	—
PRC enterprise income tax	**6,865**	2,759
Deferred taxation	**366**	—
	7,231	2,759

6. Dividends

The Board of Directors do not recommend the payment of a dividend for the year ended 31 March 2007 (2006: Nil).

7. Segment information

(a) Business segments

An analysis of the Group's turnover and loss attributable to equity holders of the Company by business segment is as follows:

	Distribution sales *HK$'000*	Provision for beauty and slimming services *HK$'000*	Sales of other health and beauty products *HK$'000*	Elimination *HK$'000*	Group *HK$'000*
Year ended 31 March 2007					
Turnover					
External sales	**348,249**	**91,090**	**4,249**	**—**	**443,588**
Inter-segment sales	**—**	**—**	**1,490**	**(1,490)**	**—**
Total revenue	**348,249**	**91,090**	**5,739**	**(1,490)**	**443,588**
Segment profit/(loss)	**331**	**11,973**	**(570)**		**11,734**
Unallocated corporate expenses					**(27,192)**
Unallocated corporate other revenue					**7,408**
Loss from operations					**(8,050)**
Finance costs					**(666)**
Loss before taxation					**(8,716)**
Taxation					**(7,231)**
Loss after taxation					**(15,947)**
Minority interests					**(5,510)**
Loss attributable to equity holders of the Company					**(21,457)**

	Distribution sales *HK$'000*	Provision for beauty and slimming services *HK$'000*	Sales of other health and beauty products *HK$'000*	Elimination *HK$'000*	Group *HK$'000*
Year ended 31 March 2006					
Turnover					
External sales	270,175	77,600	10,875	—	358,650
Inter-segment sales	—	—	2,540	(2,540)	—
Total revenue	270,175	77,600	13,415	(2,540)	358,650
Segment profit/(loss)	4,851	(47,360)	(8,806)		(51,315)
Unallocated corporate expenses					(14,994)
Unallocated corporate other revenue					1,775
Loss from operations					(64,534)
Finance costs					(144)
Gain on partial disposal of interest in a subsidiary					6,009
Loss before taxation					(58,669)
Taxation					(2,759)
Loss after taxation					(61,428)
Minority interests					1,527
Loss attributable to equity holders of the Company					(59,901)

(b) ***Geographical segments***

The following tables present revenue and results for the Group's geographical segments.

	Year ended 31 March 2007		
	Mainland China ***HK$'000***	**Hong Kong** ***HK$'000***	**Group** ***HK$'000***
Segment revenue			
Turnover	**393,839**	**49,749**	**443,588**
Segment profit/(loss)	**17,244**	**(5,510)**	**11,734**

	Year ended 31 March 2006		
	Mainland China *HK$'000*	Hong Kong *HK$'000*	Group *HK$'000*
Segment revenue			
Turnover	284,607	74,043	358,650
Segment profit/(loss)	569	(51,884)	(51,315)

8. Loss per share

The calculation of basic loss per share for the year ended 31 March 2007 is based on the loss attributable to equity holders of the Company of approximately HK$21,457,000 (2006: approximately HK$59,901,000) and on the weighted average number of approximately 666,900,000 (2006: approximately 657,557,000) ordinary shares in issue during the year.

No diluted loss per share has been presented for the year ended 31 March 2007 because the exercise price of the Company's share options was higher than the average market price of the share for the year. The calculation of diluted loss per share for the year ended 31 March 2006 is based on the loss attributable to equity holders of the Company of approximately HK$59,901,000 and on approximately 657,626,000 shares, being the weighted average number of ordinary shares outstanding during the year adjusted for the effects of the share options during the year.

9. Trade receivables

Credit periods given to customers ranged from 30 to 90 days. The ageing analysis of trade receivables net of impairment losses is as follows:

	2007	2006
	HK$'000	*HK$'000*
0 to 30 days	**17,323**	23,881
31 to 60 days	**3,119**	360
61 to 90 days	**3,880**	1,017
Over 91 days	**356**	—
	24,678	25,258
Represented by:		
Gross amount	**24,813**	25,386
Less: Impairment losses	**(135)**	(128)
	24,678	25,258

10. Trade payables

Credit periods given by suppliers ranged from 0 to 30 days. The ageing analysis of trade payables is as follows:

	2007	2006
	HK$'000	*HK$'000*
0 to 30 days	**14,933**	15,534
31 to 60 days	**155**	—
61 to 90 days	**83**	—
91 to 120 days	**1,141**	—
	16,312	15,534

11. **Subsequent event**

On 11 April 2007, the Company entered into a placing agreement and a top-up subscription agreement with Kingston Securities Limited, an independent third party, for the placing of 133,000,000 ordinary shares of the Company at the price of HK$0.16 each. The placing was completed on 17 April 2007. The details of the placing are set out in the Company's announcement dated 11 April 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 March 2007 ("the Year Under Review"), turnover amounted to approximately HK$443,588,000, representing an 24% increase from approximately HK$358,650,000 in last year. Such increase was mainly contributed by the improved performance of our slimming centres in both Hong Kong and in the People's Republic of China (the "PRC") and the contribution by Shanghai Dong Fang Ri Hua Sales Co. Ltd. ("Dong Fang"), a subsidiary of the Company since September 2005. Dong Fang is engaged in the distribution of P&G's personal care products in Shanghai and P&G's cosmetic and skin care products, including SK-II in the eastern and western part of PRC. Turnover from such distribution business amounted to approximately HK$348,249,000 during the Year Under Review (2006: approximately HK$270,175,000).

During the Year Under Review, turnover generated from all the slimming centres in Hong Kong and in the PRC amounted to approximately HK$91,090,000 (2006: approximately HK$77,600,000). Such increase was mainly contributed by the impressive performance of our slimming centres in the PRC, together with the opening of our Hangzhou centre in June 2006 and the general rebound in the local market. Such encouraging results once again provided a solid proof of customer's recognition of the Group's brand and quality.

During the Year Under Review, the Group recorded an increase of approximately HK$13,137,000 in gross profit. In addition to the improved turnover as mentioned above, the increased efficiency and the recognition of income from the provision of management consultation services (more details in the section "Outlook" below) have all contributed to such increase in gross profit.

The Group has incurred a loss attributable to equity holders of the Company of approximately HK$21,457,000. Nevertheless, such loss represented a dramatic and radical reduction of 64% when compared with a loss of approximately HK$59,901,000 in last year. In fact, those business segments with loss during the first three quarters has started to profit in the final quarter, especially the beauty and slimming services segment (including both Hong Kong and the PRC), with profit of approximately HK$1,940,000 in the final quarter. The implication is crucial as this has proved that the Group's formulated strategy during the Year under Review was correct. Such strategies included the exploring of new revenue stream such as management consultation services while adopting vigorous cost control as reflected from the substantial reduction of administrative expenses from approximately HK$52,467,000 to approximately HK$45,505,000 during the Year Under Review, notwithstanding the increased number of subsidiary.

Outlook

Slimming Centres

For Hong Kong, the Group has been aware of the market misconception that our Group provides only slimming services while in fact, the proportion of non-slimming services have accounted for increasing proportion of the Group's income. In addition to a range of comprehensive beauty and health services and the "Anti-aging program" launch in 2006, the Group has decided to launch the anaplastic cosmetology which directly inject botox tissue filler onto skins instead of conventional surgery which will cause destructive effect on skin structure. Customers can be benefited from having the desired shapes without physical pains and without side effect. With the above-mentioned advantage, the Group is optimistic on this new type of service which in turn will strengthen the profitability of the Group.

For PRC, due to economic boom in the PRC, the citizens there are more affordable and more willing to pay for beauty and health of her own. This benefit the beauty and slimming centres of our Group, as shown by our strong performance of our PRC beauty and slimming centres. As the Group expects the prosperity in the PRC will continue, the Group is actively seeking opportunities to open new beauty and slimming centres in major cities in the PRC in order to capture the untapped market.

Management Consultation Services

Being the leading beauty and slimming services provider, our Group has accumulated a wealth of experience in the management and operation of beauty and slimming centres as well as high caliber professionals from the industry. In order to capitalize its existing resources, the Group has embarked the provision of management consultation services for the setting up beauty and slimming centres.

In June 2006, the Group has entered into an agreement under which management consultation services are to be provided for the setting up of a beauty and slimming centre in Canada which was subsequently open in early October and was the focus of local and Canada media. In general, the service scope of the above agreement includes, scouting of premises, licenses application, legal and financial advises, staff training, management and operation.

In January 2007, the Group has entered into an agreement under which management consultation services are to be provided for the operation of a spa and massage centre in Shenzhen. The centre is in the preparation stage and is expected to commence its business in July 2007.

The above encouraging start has further strengthened the confidence of the Group in this kind of new business. The Group also believes that there will be an immense demand for this kind of services in the PRC since the beauty and slimming market there is still under developed with a shortage of expertise. Also, provision of this kind of services command not much overhead costs and thus contributing to a positive revenue growth to the Group.

Health and Beauty Products

During the past years, the Group's ability to introduce innovative and quality products has earned a leading status in the Hong Kong market. Besides Hong Kong, the Group is planning the distribution of health and beauty products to the major cities in the PRC, with satisfactory progress. The management believes by leveraging on "Sau San Tong" brand name and the customer confidence built up over the prior years, these health and beauty products will be well received in the market bringing forth an additional revenue stream for the Group.

Distribution Business in the PRC

In September 2006, the SKII brand was being challenged by the PRC authority in the using of chromium and neodymium which can cause skin allergies and other health problems. The PRC government has subsequently announced that small amounts of such elements will not cause harms to human. Unfortunately, the pace of recovery of SK-II sales is not as fast as the Group expected which limited the level of profit derived from Dong Fang during the Year Under Review. However, the Group firmly believed that the pace of recovery was solely limited by short-term psychological barriers so that SK-II will resume it's position in the PRC market soon. Looking forward, as the PRC market continues to boom showing immense potential for P&G products, the management anticipates the revenues generated from the distribution business will experience further growth and will in turn provide the Group with stable source of income.

Capital structure, liquidity and financial resources

Cash and bank balances as at 31 March 2007 were approximately HK$20,533,000 compared to approximately HK$21,005,000 as at 31 March 2006. The Group's gearing ratio of 43% (2006: zero) was based on the total of bank borrowings and obligations under finance leases of approximately HK$11,176,000 and the net assets of the Group of approximately HK$25,708,000.

As at 31 March 2007, the Group's liability was approximately HK$82,785,000, compared to approximately HK$61,300,000 as at 31 March 2006. Such liability are intended to be financed by internal resources of the Group.

Treasury policy

The Group adopts a conservative approach towards its treasury policies. The Group evaluates the financial condition of its customers regularly so as to reduce the credit risk. The average outstanding days of the Group's accounts receivable was maintained at below 90 days. To manage liquidity risk, the Group closely monitors the Group's liquidity position to ensure the liquidity structure of the Group's assets, liabilities and commitments and to ensure that the Group can meet its funding requirements.

Foreign Exchange Exposure

Since the Group's assets and liabilities, revenue and payments are mainly denominated in Hong Kong Dollars and Renminbi, the Groups considers that there was no significant exposure to foreign exchange fluctuations.

Net Assets

As at 31 March 2007, the Group's net assets amounted to approximately HK$25,708,000 compared to approximately HK$35,687,000 as at 31 March 2006. Except for those assets charged in the obligations under finance lease, there are no other charges on the Group's assets as at 31 March 2007.

Contingent Liabilities

As at 31 March 2007, the Company had given a corporate guarantee to a finance company in respect of the finance lease facilities of approximately HK$1,748,000 granted to a subsidiary. As at 31 March 2006, a subsidiary had given a corporate guarantee to a bank in respect of banking facilities of approximately RMB1,500,000 granted to a shareholder of this subsidiary. This guarantee was subsequently released in November 2006. Save as disclosed above, there were no other material contingent liabilities.

Employee Information

As at 31 March 2007, the Group had 433 employees (2006: around 500 employees). During the year, the Group's total staff costs amounted to approximately HK$40,201,000 (2006: approximately HK$45,343,000). Pursuant to the share option scheme adopted by the Company, share options have been granted to eligible participants to subscribe for shares in the Company under the terms and conditions stipulated therein.

The Group's remuneration policies are formulated on the basis of the performance and experience of individual employee and are in line with local market practices where the Group operates. In addition to salary, the Group also offers to its employees other fringe benefits including provident fund and medical benefits. The Group has a share option scheme whereby qualified participants may be granted options to acquire shares of the Company. There is an aggregate of 30,090,000 outstanding options to subscribe for 30,090,000 shares of the Company pursuant to the share option scheme as at 31 March 2007.

Significant Investments and Acquisitions

In June 2006, the Group established a beauty and slimming centre in Hangzhou ("Hangzhou Centre"), a wholly owned foreign enterprise, for a term of 10 years. Hangzhou Centre's registered capital is HK$3.5 million. The Group has injected capital of approximately HK$0.5 million up to 31 March 2007 and the remaining are expected to be injected within the coming financial year.

The capital contribution will be funded by internal resources of the Group.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 March 2007, the interests or short positions of the Directors and the chief executive of the Company or their respective associates in shares and underlying shares (the "Shares") of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and/or short positions which they are deemed or taken to have under such provisions of the SFO, or which will be required, pursuant to section 352 of the SFO or as otherwise notified to the Company and the Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long position in shares of the Company:

Name of Director	Number of shares Corporate interests	 Personal interests	 Total	Approximate percentage of interest in the Company's issued share capital
Dr. Cheung Yuk Shan, Shirley	293,200,000 *(Note 1)*	81,070,000	374,270,000	56.12%

Note 1: The 293,200,000 Shares were held by Biochem Investments Limited ("Biochem"), a company incorporated in the British Virgin Islands with limited liability. The entire issued share capital of Biochem is wholly owned by Dr. Cheung Yuk Shan, Shirley.

Long position in underlying shares of the Company:

The interests in the underlying shares of the Company arise from share options granted to the Directors of the Company under the Company's share option scheme, details of which are as follows:

Name of Director	Date of grant	Exercisable period	Subscription price per share	Aggregate long position in underlying shares of the Company	Approximate percentage of interest in the Company's issued share capital
Dr. Cheung Yuk Shan, Shirley	10 September 2004	10 September 2004 — 3 November 2013	HK$0.512	5,000,000	0.75%
Mr. Cheung Ka Heng, Frankie	10 September 2004	10 September 2004 — 3 November 2013	HK$0.512	5,000,000	0.75%

Note 1: The above interest constitutes a long position of the Director in a physically settled equity derivative for the purpose of the SFO.

Save as disclosed above, as at 31 March 2007, none of the Directors or chief executive of the Company or their respective associates has any personal, family, corporate or other interests or short positions in the Shares of the Company or its associated (within the meaning of Part XV of SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Exchange pursuant the minimum standard of dealings by Directors of the Company as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, are required to be notified to the Company and the Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 March 2007, so far was known to any Directors or chief executive of the Company, the following interests of which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who were deemed to be directly or indirectly interested in 5% or more of the issued capital of the Company, or which were recorded in the register of interests required to be kept under Section 336 of the SFO or have notified to the Company were as follows:

Long position in Shares:

		Number of shareholding		
Substantial shareholder	**Capacity**	**Share**	**Percentage**	**Number of share options held**
Biochem	Beneficial owner	293,200,000	43.96%	—
Dr. Cheung Yuk Shan, Shirley	Beneficial owner	81,070,000	12.16%	5,000,000

Save as disclosed above, as at 31 March 2007, no person, other than the Directors of the Company and the chief executive of the Group whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Position in Shares" above, had registered an interest or short position in the share capital, underlying shares and debentures of the Company that was required to be recorded pursuant to Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors and Chief Executive's Interests and Short Positions in Shares" above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

COMPETING INTERESTS

None of the Directors or the substantial shareholders or the initial management shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) has any interest in a business which compete or might compete with the business of the Group.

CORPORATE GOVERNANCE PRACTICES

The Company has established a formal and transparent procedure to protect the interests of the shareholders of the Company. The Company applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the year, except that:

Under the code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Dr. Cheung Yuk Shan, Shirley is both the Chairman and chief executive officer of the Company. The Board is of the view that it is in the best interests of the Group to have Dr. Cheung, who is the founder of the Group with vast and solid experience in the beauty sector, to perform the dual role so that the Board can have the benefit of a chairman who is knowledgeable about the business of the Group and is most capable to guide discussions and brief the Board in a timely manner on pertinent issues. With Dr. Cheung being the chief executive officer, the Group can also benefit from having strong connection and network in the beauty market.

Full details in respect of the compliance with Appendix 15 and 16 of the GEM Listing Rule in the form of a "Corporate Governance Report" will be included in the annual report for the year ended 31 March 2007.

AUDIT COMMITTEE

The Group has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The audit committee comprises three Independent Non- Executive Directors, namely Mr. Hong Po Kui, Martin, Mr. Li Kuo Hsing and Mr. Ho Yiu Ming. The audit committee has reviewed the audited financial results of the Group for the year ended 31 March 2007.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

On behalf of the Board
Sau San Tong Holdings Limited
Cheung Yuk Shan, Shirley
Chairman

Hong Kong, 20 June 2007

As at the date of this announcement, the Board comprises Executive Directors namely Dr. Cheung Yuk Shan, Shirley (Chairman), Mr. Cheung Ka Heng, Frankie, Mr. Lee Man Kwong; Independent Non-Executive Directors namely Mr. Hong Po Kui, Martin, Mr. Li Kuo Hsing and Mr. Ho Yiu Ming.