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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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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)

### REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES

**Independent financial adviser to the independent board committee  
and the independent shareholders of the Company**

VINCO 城高

**Grand Vinco Capital Limited**

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A letter from the independent board committee of the Company (the “Independent Board Committee”) is set out on page 9 of this circular. A letter from Vinco, the independent financial adviser to the Independent Board Committee and the independent shareholders of the Company, is set out on pages 10 to 15 of this circular.

A notice convening an extraordinary general meeting (the “EGM”) of the Company to be held at 12th Floor, Prestige Tower, 23-25 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong, on Friday, 6 July 2007 is set out on pages 17 to 20 of this circular.

Whether or not you are able to attend the EGM, you are advised to read the notice and to complete and return the enclosed form of proxy, in accordance with the instructions printed thereon, to the Hong Kong branch share registrar and transfer office of the Company, Standard Registrars Limited, at Level 28, Three Pacific Place, 1 Queen’s Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting. The completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjourned meeting in person if you so wish.

*This circular will remain at [www.hkgem.com](http://www.hkgem.com) on the “Latest company announcements” page of the GEM website for at least 7 days from the date of its posting.*

21 June 2007

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## CHARACTERISTIC OF GEM

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**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 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 in order to obtain up-to-date information on GEM-listed issuers.**

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## CONTENTS

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	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	3
<b>Letter from the Independent Board Committee</b> .....	9
<b>Letter from the Independent Financial Adviser</b> .....	10
<b>Appendix — Procedures by which Shareholders may demand a poll at the EGM</b> .....	16
<b>Notice of EGM</b> .....	17

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## DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 24 July 2006 at which the Shareholders approved, among other matters, the Current General Mandate
“associates”	have the same meaning as ascribed in the GEM Listing Rules
“Biochem”	means Biochem Investments Limited, 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 (“Dr. Cheung”), an executive director of the Company
“Board”	the board of Directors, including all independent non-executive Directors
“Company”	Sau San Tong Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares are listed on GEM
“Current General Mandate”	the general mandate approved at the AGM authorising the Directors to allot and issue Shares of up to 20% of the share capital of the Company in issue on the date of the passing of the relevant ordinary resolution, which was 24 July 2006
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 12th Floor, Prestige Tower, 23-25 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Friday, 6 July 2007 at 11:00 a.m. to consider and, if appropriate, to approve the ordinary resolutions contained in the notice of the meeting which are set out on pages 17 to 20 of this circular
“GEM”	the Growth Enterprises Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

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## DEFINITIONS

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“Independent Board Committee”	an independent committee of the Board, comprising all independent non-executive Directors, to advise the Independent Shareholders as to the fairness and reasonableness of the grant of the New General Mandate
“Independent Financial Adviser”	Vinco being independent financial adviser to the Independent Board Committee and the Independent Shareholders
“Independent Shareholders”	Shareholders other than Biochem, Dr. Cheung and their respective associates
“Latest Practicable Date”	20 June 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“New General Mandate”	the general mandate proposed to be granted to the Directors at the EGM to allot, issue and otherwise deal with additional Shares not exceeding 20% of the share capital of the Company in issue on the date of the passing of the relevant ordinary resolution
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Top-Up Placing”	the top-up placing arrangement by the Company, details of which are set out in the announcement dated 11 April 2007
“Vinco”	Grand Vinco Capital Limited, a licensed corporation under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
“HK\$”	Hong Kong dollars, the lawfully currency of Hong Kong
“%”	per cent.

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## LETTER FROM THE BOARD

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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)**

*Executive Director:*

Dr. Cheung Yuk Shan, Shirley (*Chairman*)

Mr. Cheung Ka Heng, Frankie

Mr. Lee Man Kwong

*Independent non-executive Directors:*

Mr. Ho Yiu Ming

Mr. Hong Po Kui, Martin

Mr. Li Kuo Hsing

*Registered Office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place  
of business in Hong Kong:*

6th Floor, Prestige Tower

23-25 Nathan Road

Tsim Sha Tsui

Kowloon

Hong Kong

21 June 2007

*To the Shareholders*

Dear Sir or Madam,

### **REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES**

#### **INTRODUCTION**

The purpose of this circular is to provide you with information relating to (i) the proposed grant of the New General Mandate; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders on the proposed grant of the New General Mandate; (iii) the recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the proposed grant of the New General Mandate; and (iv) the notice of EGM, at which the necessary resolutions will be proposed to the Independent Shareholders to consider and, if thought fit, approve the New General Mandate by way of poll.

\* For identification purposes only

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## LETTER FROM THE BOARD

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### **CURRENT GENERAL MANDATE**

At the AGM, Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Current General Mandate to issue not more than 133,380,000 Shares, being 20% of the aggregate nominal amount of the issued share capital of the Company of 666,900,000 Shares as at the date of passing of the resolution.

During the period from the grant of the Current General Mandate up to the Latest Practicable Date, the Current General Mandate has been utilised as to 133,000,000 Shares in association with the issue of new Shares on 11 April 2007, pursuant to the Top-Up Placing, representing approximately 99.72% of the aggregate number of Shares which may be allotted and issued under the Current General Mandate. Please refer to the Company's announcement dated 11 April 2007 for further details regarding the Top-Up Placing.

### **PROPOSED GRANT OF NEW GENERAL MANDATE**

At the EGM, ordinary resolutions will be proposed to the Independent Shareholders that:

- (i) the Directors be granted the New General Mandate to allot and issue Shares not exceeding 20% of the share capital of the Company in issue as at the date of passing of the relevant ordinary resolution; and
- (ii) the New General Mandate be extended to Shares repurchased by the Company pursuant to the repurchase mandate granted to the Directors at the AGM.

The Company has not refreshed the Current General Mandate since the AGM. The New General Mandate proposed will last 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 memorandum and articles of association of the Company or any other applicable laws to be held; and
- (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors under the New General Mandate.

The issued share capital of the Company was 666,900,000 Shares on the date of the AGM. Other than the issue of 133,000,000 new Shares upon completion of the Top-Up Placing on 11 April 2007, there is no further allotment and issue of Shares. Please refer to the announcement of the Company dated 11 April 2007 for further details of the Top-Up Placing.

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## LETTER FROM THE BOARD

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As a result of the issue of aforementioned new Shares, as at the Latest Practicable Date, the Company has an aggregate of 799,900,000 Shares in issue representing an increase of 133,000,000 Shares from the date on which the AGM was held. On the basis that no further Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the EGM, the Company would be allowed under the New General Mandate to allot and issue up to 159,980,000 Shares.

### **REASONS FOR THE NEW GENERAL MANDATE**

The Group is principally engaged in the provision of beauty and slimming services from slimming centres, distribution sales of comestic and skin care products and sale of other health and beauty products.

As explained in the paragraph headed “Current General Mandate” above, the Current General Mandate has been utilised as to 133,000,000 Shares, being approximately 99.72% of the aggregate number of Shares which may be allotted and issued under the Current General Mandate.

In view of the substantial increase of the issued share capital of the Company since the AGM, the Board considers that granting of the New General Mandate is in the best interests of the Company and the Shareholders as a whole in maintaining the financial flexibility necessary for the Group’s future business development. The Board considers equity financing to be an important avenue of resources to the Group since it does not create any interest paying obligations on the Group. In appropriate circumstances, the Group will also consider other financing methods such as debt financing or internal cash resources to fund its future business development. The Board is now proposing to seek the approval of Independent Shareholders at the EGM of the New General Mandate such that should future funding needs arise or attractive terms for investment in the Shares become available from potential investors, the Board will be able to respond to the market and such investment opportunities promptly because fund raising exercise pursuant to a general mandate provides the Company a more simple and less lead time process than other types of fund raising exercises and to avoid the uncertainties in such circumstances that specific mandate may not be obtained in a timely manner.

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## LETTER FROM THE BOARD

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The following table summaries the use of the Current General Mandate since the AGM:

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the Latest Practicable Date</b>
11 April 2007	Top-Up Placing	approximately HK\$20.6 million	General working capital	approximately HK\$8.7 million <i>(Note)</i>

*Note:* The HK\$8.7 million has been used as general working capital of the Group, which is consistent with the purpose as stated in the announcement dated 11 April 2007.

In view of the above, the Directors consider the grant of the New General Mandate, which may or may not be utilised, is in the best interests of the Company and the Shareholders as a whole.

### EXTRAORDINARY GENERAL MEETING

Pursuant to Rule 17.42A(1) of the GEM Listing Rules, the New General Mandate requires the approval of the Independent Shareholders at the EGM at which any of the controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolutions. As at the Latest Practicable Date, Dr. Cheung and Biochem together are holding 374,270,000 Shares, representing approximately 46.79% of the issued share capital of the Company, and will abstain from voting in favour of the relevant resolutions. The Board was advised by Dr. Cheung and Biochem that they have no intention to vote against the grant of the New General Mandate. Further, pursuant to Rule 17.47(4)(b) of the GEM Listing Rules, any vote of the Independent Shareholders at the EGM will be taken by poll and an announcement will be made after the EGM on the results of the EGM.

The notice convening the EGM is set out on pages 17 to 20 of this circular. At the EGM, ordinary resolutions will be proposed to approve the proposed grant of the New General Mandate. A form of proxy for use at the EGM is also enclosed with this circular. To be valid, the enclosed form of proxy, together with any power of attorney or other authority under which it is signed must be completed in accordance with the instructions printed thereon and delivered to the Hong Kong branch share registrar and transfer office of the Company, Standard Registrars Limited, at Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting. The completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjourned meeting in person if you so wish.

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## LETTER FROM THE BOARD

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### **INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee comprises Mr. Ho Yiu Ming, Mr. Hong Po Kui, Martin and Mr. Li Kuo Hsing, all being independent non-executive Directors, has been established to advise the Independent Shareholders on the grant of the New General Mandate.

Vinco has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the grant of the New General Mandate.

### **RECOMMENDATIONS**

The Directors consider that the refreshment of the New General Mandate is in the interest of the Company and the Shareholders as a whole and accordingly recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM for approving the grant of the New General Mandate.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the granting of the New General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and its shareholders as a whole and accordingly recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM for approving the grant of the New General Mandate.

### **GENERAL INFORMATION**

Your attention is drawn to the letter of advice from the Independent Financial Adviser set out on pages 10 to 15 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in connection with the grant of the New General Mandate and the letter from the Independent Board Committee set out on page 9 of this circular which contains its recommendation to the Independent Shareholders in relation to the grant of the New General Mandate.

Your attention is also drawn to the additional information set out in the Appendix to this circular. Please note, however, the ordinary resolutions will be voted by way of poll at the EGM as required under the GEM Listing Rules.

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## LETTER FROM THE BOARD

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### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this circular is accurate and complete in all material aspects and not misleading; (ii) there are no other matters the omission of which would make any statement in this circular misleading; (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.

Yours faithfully  
For and on behalf of the Board  
**Sau San Tong Holdings Limited**  
**Cheung Yuk Shan, Shirley**  
*Chairman*



**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)**

21 June 2007

*To the Independent Shareholders*

Dear Sir or Madam,

**REFRESHMENT OF GENERAL MANDATE  
TO ALLOT AND ISSUE SHARES**

We refer to the circular of the Company dated 21 June 2007 (the “Circular”) of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the proposed grant of the New General Mandate are fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and its shareholders as a whole. Vinco has been appointed as the independent financial adviser to advise us in this respect.

Having considered the principal reasons and factors considered by, and the advice of, the Independent Financial Adviser as set out in its letter of advice to us on pages 10 to 15 of the Circular, we are of the opinion that the grant of the New General Mandate is in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the grant of the New General Mandate by way of poll.

Independent Board Committee

**Ho Yiu Ming Hong Po Kui, Martin Li Kuo Hsing**

*Independent non-executive Directors*

\* For identification purposes only

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter of advice from Grand Vinco Capital Limited to the Independent Board Committee and the Independent Shareholders in connection with the refreshment of the proposed New General Mandate, which has been prepared for the purpose of incorporation in this circular:*



**Grand Vinco Capital Limited**  
Unit 4909-4910, 49/F., The Center  
99 Queen's Road Central, Hong Kong

21 June 2007

*To the Independent Board Committee and the Independent Shareholders of  
Sau San Tong Holdings Limited*

Dear Sirs,

### **REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES**

#### **INTRODUCTION**

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the proposed New General Mandate, details of which are set out in the "Letter from the Board" in the circular (the "Circular") issued by the Company to the Shareholders dated 21 June 2007 of which this letter forms part. Capitalized terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

In accordance with Rule 17.42A of the GEM Listing Rules, the proposed New General Mandate requires the approval of the Independent Shareholders at which Dr. Cheung Yuk Shan, Shirley, the chairman and executive director of the Company, and her associates shall abstain from voting at the EGM. As at the Latest Practicable Date, Dr. Cheung Yuk Shan, Shirley was interested in as to approximately 46.79% of the entire issued share capital of the Company after the Top-up Placing. Voting of the Independent Shareholders at the EGM shall be taken by poll according to Rule 17.47 (4) (b) of the GEM Listing Rules.

The New General Mandate will, if granted, remain effective until the earliest of: (i) the conclusion of next annual general meeting of the Company; (ii) the expiration of the period within the next annual general meeting of the Company is required by the memorandum and articles of association of the Company or any other applicable laws to be held and (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors under the New General Mandate.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Independent Board Committee, comprising Mr. Hong Po Kui, Martin, Mr. Li Kuo Hsing, and Mr. Ho Yiu Ming, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the terms of the proposed New General Mandate are fair and reasonable so far as the Independent Shareholders are concerned and whether the proposed New General Mandate is in the interests of the Company and the Shareholders as a whole.

### **BASIS OF OUR OPINION AND RECOMMENDATION**

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the proposed New General Mandate and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

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# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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## PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the proposed New General Mandate, we have considered the principal factors and reasons set out below:

### Background of and reasons for the proposed New General Mandate

The Group is principally engaged in the provision of beauty and slimming services from slimming centres, distribution sales of cosmetic and skin care products and sales of other health and beauty products.

The Current General Mandate was granted to the Directors to allot and issue shares at the AGM held on 24 July 2006 pursuant to the GEM Listing Rules. As announced on 11 April 2007, 133,000,000 Shares have been issued and allotted pursuant to the Top-up Placing under the Current General Mandate. As at the Latest Practicable Date, 380,000 Shares remained unutilized, representing approximately 0.28% of the Current General Mandate.

The Board proposed to pass an ordinary resolution at the EGM to approve the proposed New General Mandate in accordance with Rule 17.42A of the GEM Listing Rules to allow flexibility to issue any additional new Shares so that the Directors would be granted to allot and issue not exceeding 20% of the issued share capital of the Company as at the date of the EGM. The proposed New General Mandate will be in force when it is approved by the Independent Shareholders at the EGM.

### Fund raising activities in the past 12 months

The following table summarizes the information relating to the Company's fund raising activities in the past 12 months:

Date of Announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
11 April 2007	Top-up placing of 133,000,000 Shares	Approximately HK\$20.6 million	As the general working capital of the Company	Approximately HK\$8.7 million

The unaudited bank balances and cash of the Group was approximately HK\$17.4 million as at 30 September 2006 according to the 2006 interim report of the Group. As announced on 11 April 2007, the Company raised approximately HK\$20.6 million as working capital through a Top-up Placing of 133,000,000 new Shares and as stated in the letter from the Board of this Circular, approximately HK\$8.7 million was used as intended as at the Latest Practicable Date. The Directors confirmed that the existing cash resources of the Group are sufficient for

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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it to conduct its daily operations and the Group has sufficient working capital to meet its present requirements. However, there is no certainty that such cash resources will be adequate for possible acquisition of appropriate investments that may be identified by the Company in the future. In the event that the Group identifies a suitable investment opportunity and does not have sufficient cash resources on hand, and it fails to obtain loans on terms which the Directors consider acceptable to the Group or raise funds from the equity capital market, or it cannot find other alternatives to finance the acquisition of such investment opportunity in a timely manner, the Group may lose its bid in an otherwise favourable investment.

### **Financial flexibility**

The Directors believed that the granting of the New General Mandate will provide the Company with additional flexibility in deciding the source of finance for any acquisition opportunities that may arise in the future and for the purpose of raising general working capital of the Group. As at the Latest Practicable Date, the Directors confirmed that there is no proposal for any investment or acquisition of the Group, we noted that the Directors cannot perceive whether or not there will be any issue of Shares as at the Latest Practicable Date and the amount thereof and the application of such proceeds.

We consider that the granting of the New General Mandate could enhance the financing flexibility of the Company to raise capital and to strengthen the capital base of the Group, if and when required, through placing of Shares for further development of the Group. In addition, the Directors consider that if investment or acquisition opportunities arise, decisions may have to be made within a short period of time. The proposed New General Mandate would provide the Group with the maximum flexibility as allowed under the GEM Listing Rules to allot and issue new Shares to raise capital through placing of Shares as consideration for funding such potential investments and/or acquisitions in the future as and when such opportunities arise. The increased amount of capital which may be raised under the New General Mandate provides more options of financing to the Group when assessing and negotiating potential acquisitions in a timely manner.

### **Other financing alternatives**

Other than raising fund by way of issuing equity capital, the Directors will consider other financing methods such as bank financing, debt financing and funding through internal resources in order to meet its financing requirements arising from future development of the Group, depending on the then financial position, capital structure and cost of funding of the Group and the then market condition. As confirmed by the Directors, the proposed New General Mandate provides another alternative to the Directors to finance the Group's businesses and the Directors will use the method which serves the best interest of the Group. We consider that it is a sensible consideration to make reference to the then financial position of the Group in order to decide on a financing method for the future development of the Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### Potential dilution to shareholding of the Independent Shareholders

	<b>Existing shareholding as at the Latest Practicable Date</b>		<b>Shareholding after full utilization of the New General Mandate</b>	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Dr. Cheung Yuk Shan, Shirley ( <i>note 1</i> )	374,270,000	46.79%	374,270,000	38.99%
New issue under the New General Mandate	0	0.00%	159,980,000	16.67%
Other public Shareholders	<u>425,630,000</u>	<u>53.21%</u>	<u>425,630,000</u>	<u>44.34%</u>
<b>Total</b>	<b><u>799,900,000</u></b>	<b><u>100.00%</u></b>	<b><u>959,880,000</u></b>	<b><u>100.00%</u></b>

*Note:*

- Dr. Cheung Yuk Shan, Shirley, the chairman of the Company and an executive Director, is personally interested in 81,070,000 Shares and beneficially interested in 293,200,000 Shares through Biochem Investments Limited, representing approximately 10.14% and 36.65% respectively of the entire issued share capital of the Company as at the Latest Practicable Date.

For illustrative purpose, (i) assuming that the New General Mandate is approved by the Independent Shareholders at the EGM and; (ii) the New General Mandate is fully utilized, 159,980,000 Shares will be issued, representing 20% of the entire issued share capital of the Company as at the Latest Practicable Date, and approximately 16.67% of the entire issued share capital of the Company as enlarged by the Shares issued under the New General Mandate respectively.

The aggregate shareholding of the public Shareholders will decrease from approximately 53.21% to approximately 44.34% upon full utilization of the New General Mandate, a potential maximum dilution of approximately 8.87%. Taken into account that the New General Mandate (i) will provide an alternative to increase the amount of capital which may be raised under the New General Mandate; (ii) provides more options of financing to the Group for further development of its business as well as in other potential future investment and/or acquisitions as and when such opportunities arise and; (iii) the fact that the shareholding of all the Shareholders will be diluted proportionally to their respective shareholdings upon any utilization of the New General Mandate, we consider such potential maximum dilution to shareholdings of the Independent Shareholders to be justifiable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### CONCLUSION

Having taken into consideration of the above principal factors and reasons, we are of the view that the proposed New General Mandate is fair and reasonable, so far as the Independent Shareholders are concerned and that the proposed New General Mandate is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the proposed New General Mandate.

Yours faithfully,  
For and on behalf of  
**Grand Vinco Capital Limited**  
**Alister Chung**  
*Managing Director*

*The following sets out the procedures by which the Shareholders may demand a poll at the EGM.*

Pursuant to the articles of association of the Company, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (i) the chairman of the meeting; or
- (ii) at least three Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (iv) a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

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## NOTICE OF EGM

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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)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of Sau San Tong Holdings Limited (the “**Company**”) will be held at 12th Floor, Prestige Tower, 23-25 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Friday, 6 July 2007 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, with or without amendments, as ordinary resolutions of the Company by way of poll:

1. “**THAT**, to the extent not already exercised, the mandate to allot and issue shares of the Company given to the directors of the Company (the “**Directors**”) at the annual general meeting of the Company held on 24 July 2006 (the “**AGM**”) be and is hereby revoked (without prejudice to any valid exercise of such general mandate prior too the passing of this resolution) and replaced by the mandate **THAT**:
  - (a) subject to paragraph (c) below, pursuant to the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on the Growth Enterprises Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot and issue unissued shares (each a “**Share**”) of HK\$0.01 each in the share capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
  - (b) the approval in paragraph (a) above shall authorise 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), issued or dealt with by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) Rights Issue (as defined below); or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; or (iv) any

\* For identification purposes only

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## NOTICE OF EGM

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issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of:

- (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and
- (bb) (provided that resolution no. 2 is passed) the nominal amount of any share capital of the Company repurchased by the Company pursuant to the general mandate to repurchase Shares granted to the Directors at the AGM (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of such resolution),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

- (d) for the purposes 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 memorandum and articles of association of the Company or any other applicable laws 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, 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 on the register on a fixed record date in proportion to their then 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 may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

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## NOTICE OF EGM

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2. “**THAT** conditional upon the passing of resolution no. 1 above, the mandate granted to the Directors to exercise the powers of the Company to allot and issue the unissued Shares pursuant to resolution no. 1 above be and is hereby extended by the addition thereon of an amount representing the aggregate nominal amount of the Shares which are repurchased by the Company pursuant to and in accordance with the general mandate to repurchase Shares granted to the Directors at the AGM, provided that such additional amount shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of such resolution.”

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

Hong Kong, 21 June 2007

*Registered Office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Head office and principal place  
of business in Hong Kong:*

6th Floor, Prestige Tower  
23-25 Nathan Road  
Tsim Sha Tsui  
Kowloon  
Hong Kong

*Notes:*

1. Subject to the provisions of the articles of association of the Company, any member of the Company entitled to attend and vote at the EGM shall be entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it. A member who is the holder of two or more Shares may appoint more than one proxy to represent and vote on his/her/its behalf at the EGM. If more than one proxy is so appointed, the appointment shall specify the number of Shares in respect of which each such proxy is so appointed. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. On a poll, votes may be given either personally or by proxy.
2. A form of proxy for use at the EGM is enclosed with the circular of the Company dated 21 June 2007. Such form of proxy is also published on the website of GEM at [www.hkgem.com](http://www.hkgem.com). In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and returned, together with the power of attorney or other authority (if any) under which it is signed (or a copy which has been certified by a notary) to the Hong Kong branch share registrar and transfer office of the Company, Standard Registrars Limited, at Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting.

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## NOTICE OF EGM

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3. In the case of joint holders of Shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such Share as if he/she/it was solely entitled thereto, but if more than one of such joint holders are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.
4. Completion and return of the form of proxy shall not preclude a member of the Company from attending and voting in person at the EGM and in such event, the form of proxy shall be deemed to be revoked.
5. Pursuant to the GEM Listing Rules, the voting on ordinary resolutions at the EGM will be conducted by way of poll.