



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 2009**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF
THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)**

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. 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.

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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 in compliance with the Rules Governing the Listing of Securities on the GEM of the 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 and on the Company’s website at www.sausantong.com.

* 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 2009, together with the comparative audited figures for the year ended 31 March 2008, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

	<i>Note</i>	2009 HK\$'000	2008 HK\$'000
Turnover	3	437,916	446,821
Cost of sales		<u>(359,450)</u>	<u>(344,809)</u>
Gross profit		78,466	102,012
Other revenue	4	1,418	3,747
Other net (loss)/income		(181)	971
Selling and distribution costs		(63,081)	(63,491)
General and administrative expenses		<u>(45,186)</u>	<u>(39,106)</u>
(Loss)/profit from operations		(28,564)	4,133
Finance costs		(1,579)	(941)
Share of losses of jointly controlled entities		<u>(3,277)</u>	<u>—</u>
(Loss)/profit before taxation	5	(33,420)	3,192
Income tax expense	6	<u>(1,039)</u>	<u>(1,353)</u>
(Loss)/profit for the year		<u>(34,459)</u>	<u>1,839</u>
Attributable to:			
Equity shareholders of the Company		(30,651)	(55)
Minority interests		<u>(3,808)</u>	<u>1,894</u>
(Loss)/profit for the year		<u>(34,459)</u>	<u>1,839</u>
Dividend	7	<u>—</u>	<u>—</u>
Loss per share	9		
Basic, HK cents		<u>(3.19)</u>	<u>(0.01)</u>
Diluted, HK cents		<u>(3.19)</u>	<u>(0.01)</u>

CONSOLIDATED BALANCE SHEET*As at 31 March 2009*

	<i>Note</i>	2009 HK\$'000	2008 HK\$'000
Non-current assets			
Property, plant and equipment		26,529	22,737
Goodwill		250	250
Interests in jointly controlled entities		2,585	—
		29,364	22,987
Current assets			
Inventories		5,641	6,689
Trade receivables	<i>10</i>	34,325	35,642
Prepayments, deposits and other receivables		26,213	28,472
Amounts due from related parties		21,502	23,200
Cash and cash equivalents		29,988	50,493
		117,669	144,496
Current liabilities			
Bank loans, secured		22,546	22,131
Trade payables	<i>11</i>	14,508	15,004
Other payables and accrued charges		9,203	21,699
Amount due to a director		24,836	—
Amount due to a related party		887	—
Deferred income		15,040	18,110
Obligations under finance leases		1,141	302
Current taxation		323	197
		88,484	77,443
Net current assets		29,185	67,053
Total assets less current liabilities		58,549	90,040
Non-current liabilities			
Obligations under finance leases		791	—
Deferred tax liabilities		2,772	3,041
		3,563	3,041
NET ASSETS		54,986	86,999
CAPITAL AND RESERVES			
Share capital		9,599	9,599
Reserves		21,509	48,542
Total equity attributable to equity shareholders of the Company		31,108	58,141
Minority interests		23,878	28,858
TOTAL EQUITY		54,986	86,999

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2009

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i> (restated)
Total equity at 1 April (restated)	<u>86,999</u>	<u>25,708</u>
Net income recognised directly in equity:		
Exchange differences on translation of the financial statements of overseas subsidiaries	2,446	3,777
Net (loss)/profit for the year	<u>(34,459)</u>	<u>1,839</u>
Total recognised income and expense for the year	<u>(32,013)</u>	<u>5,616</u>
Attributable to:		
Equity shareholders of the Company	(27,033)	640
Minority interests	<u>(4,980)</u>	<u>4,976</u>
	<u>(32,013)</u>	<u>5,616</u>
Movements in equity arising from capital transactions:		
Issue of shares, net of expenses	—	48,514
Capital injection from minority shareholders	—	7,246
Realisation of capital reserve	—	(100)
Realisation of merger reserve upon disposal of a subsidiary in prior year	—	<u>15</u>
	—	<u>55,675</u>
Total equity at 31 March	<u><u>54,986</u></u>	<u><u>86,999</u></u>

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.

The Company is domiciled in the Cayman Islands and has its registered office and principal place of business at Cricket Square, Hutchins Drive, P.O. Box 2681GT, Grand Cayman KY1-1111, Cayman Islands and 12th Floor, Prestige Tower, Nos. 23-25 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong respectively.

2. Basis of Preparation and Significant Accounting Policies

The consolidated financial statements for year ended 31 March 2009 comprise the Company and its subsidiaries (together referred to as “the Group”) and the Group’s interests in jointly controlled entities.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The Hong Kong Institute of Certified Public Accountants (“HKICPA”) has issued certain new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) that are first effective or available for early adoption for the current accounting period of the Group and the Company. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies applied in these financial statements for the years presented.

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2009 and which have not been adopted in these financial statements.

The following relate to matters that may be relevant to the Group’s operations and financial statements:

		Effective for accounting periods beginning on or after
HKAS 1 (Revised)	Presentation of financial statements	1 January 2009
Amendment to HKAS 27	Consolidated and separate financial statements: Cost of an investment in a subsidiary, jointly controlled entity or associate	1 January 2009
HKAS 27 (Revised)	Consolidated and separate financial statements	1 July 2009
Amendment to HKFRS 2	Share-based payment: Vesting conditions and cancellations	1 January 2009
HKFRS 3 (Revised)	Business combinations	1 July 2009
Amendments to HKFRS 7	Improving disclosures about financial instruments	1 January 2009
HKFRS 8	Operating segments	1 January 2009

3. Turnover

Turnover represents the invoiced value of goods supplied to customers, net of discounts, returns, value-added tax or other sales tax; and service income from provision of beauty and slimming services, net of discounts. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Distribution sale of cosmetic and skin care products	364,985	344,563
Provision of beauty and slimming services	70,290	99,935
Sale of other health and beauty products	2,641	2,323
	<u>437,916</u>	<u>446,821</u>

Segment information are set out in note 8 to this results announcement.

4. Other revenue

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Management and consultancy fee income	1,053	3,383
Interest income	141	276
Others	224	88
	<u>1,418</u>	<u>3,747</u>

5. (Loss)/profit before taxation

(Loss)/profit before taxation is arrived after charging:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Finance costs	1,579	941
Staff costs	44,844	45,049
Cost of inventories sold and services provided (<i>note (i)</i>)	359,450	344,809
Auditors' remuneration	747	751
Depreciation on property, plant and equipment		
— leased assets	462	329
— owned assets	10,116	7,472
Reinstatement cost of lease premises (<i>note (ii)</i>)	—	630
Impairment losses		
— trade receivables	552	362
— other receivables	3,582	—
Write-off of other receivables	2,002	—
Donation	368	164
Operating lease rentals: minimum lease payments		
— property and display locations rentals	18,987	16,708
— other equipment	175	424
	<u>175</u>	<u>424</u>

Note:

- (i) Cost of inventories and services provided includes HK\$2,243,000 (2008: HK\$1,974,000) relating to staff costs and depreciation.
- (ii) Under a tenancy agreement, a subsidiary is obligated to reinstate the leased office premises to a condition in accordance with the landlord's standard specifications. Accordingly, HK\$630,000 was paid by the subsidiary during the year ended 31 March 2008 in connection with the reinstatement of leased premises based on a surrender agreement entered into with the landlord.

Apart from the above, during the years ended 31 March 2008 and 2009, the Group had also entered into certain tenancy agreements whereas the Group is obligated to reinstate the leased office premises. However, no provision for reinstatement of leased premises is made by the Group in this regard since the magnitude of the possible reinstatement is unknown and therefore such future cost cannot be reasonably estimated.

6. Income tax expense

Taxation in the consolidated income statement represents:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Current tax — PRC Enterprise Income Tax		
Provision for the year	1,329	1,684
Under/(over)-provision in respect of prior years	53	(3,197)
	<u>1,382</u>	<u>(1,513)</u>
Deferred tax		
Origination and reversal of temporary differences	(343)	2,866
Income tax expenses	<u>1,039</u>	<u>1,353</u>

- (i) No provision for Hong Kong Profits Tax is made for 2009 (2008: HK\$Nil) as the Company and its subsidiaries sustained tax losses or have no assessable profit for Hong Kong Profits Tax purposes.
- (ii) Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rate of taxation ruling in the relevant tax jurisdictions.

7. Dividend

The Board of Directors do not recommend the payment of a dividend for the year ended 31 March 2009 (2008: Nil).

8. 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 sale		Provision of beauty and slimming services		Sale of other health and beauty products		Inter-segment elimination		Total	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Revenue										
External sales	364,985	344,563	70,290	99,935	2,641	2,323	—	—	437,916	446,821
Inter-segment sales	—	—	—	—	—	693	—	(693)	—	—
Total revenue	<u>364,985</u>	<u>344,563</u>	<u>70,290</u>	<u>99,935</u>	<u>2,641</u>	<u>3,016</u>	<u>—</u>	<u>(693)</u>	<u>437,916</u>	<u>446,821</u>
Segment result	<u>1,919</u>	<u>3,142</u>	<u>(26,926)</u>	<u>17,494</u>	<u>(287)</u>	<u>(2,280)</u>			<u>(25,294)</u>	<u>18,356</u>
Unallocated corporate expenses									(6,373)	(19,063)
Unallocated corporate other revenue									<u>3,103</u>	<u>4,840</u>
(Loss)/profit from operations									(28,564)	4,133
Finance costs									(1,579)	(941)
Share of losses of jointly controlled entities									<u>(3,277)</u>	<u>—</u>
(Loss)/profit before taxation									(33,420)	3,192
Taxation									<u>(1,039)</u>	<u>(1,353)</u>
(Loss)/profit after taxation									<u><u>(34,459)</u></u>	<u><u>1,839</u></u>

(b) Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical locations of customers. The following tables present revenue for the Group's geographical segments.

	The PRC		Hong Kong		Total	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Revenue from external customers	<u><u>391,918</u></u>	<u><u>383,167</u></u>	<u><u>45,998</u></u>	<u><u>63,654</u></u>	<u><u>437,916</u></u>	<u><u>446,821</u></u>

9. Loss per share

The calculation of basic loss per share for the year ended 31 March 2009 is based on the loss attributable to equity holders of the Company of approximately HK\$30,651,000 (2008: approximately HK\$55,000) and on the weighted average number of 959,880,000 (2008: approximately 906,421,475) ordinary shares in issue during the year.

No diluted loss per share has been presented for the year ended 31 March 2009 and 2008 since the effect of the outstanding share options as at 31 March 2009 and 2008 is anti-dilutive.

10. Trade receivables

Included in trade receivables are trade receivables (net of allowance for doubtful debts) with the following ageing analysis as of the balance sheet date:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Current	<u>31,976</u>	<u>30,689</u>
Less than 1 month past due	1,505	4,518
1 to 2 months past due	67	136
More than 2 months but less than 4 months past due	75	46
More than 4 months but less than 12 months past due	379	186
More than 12 months past due	<u>323</u>	<u>67</u>
Amounts past due	<u>2,349</u>	<u>4,953</u>
	<u>34,325</u>	<u>35,642</u>

Trade receivables are due within 30 to 90 days from the date of billing.

Trade receivables	35,018	35,968
Less: allowance for doubtful debts	<u>(693)</u>	<u>(326)</u>
	<u>34,325</u>	<u>35,642</u>

11. Trade payables

Included in trade payables are trade creditors with the following ageing analysis as of the balance sheet date:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Due within 1 month or on demand	14,416	14,347
Due after 1 month but within 3 months	84	644
Due after 3 months but within 12 months	<u>8</u>	<u>13</u>
	<u>14,508</u>	<u>15,004</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 March 2009 (“the Year Under Review”), turnover amounted to approximately HK\$437,916,000, representing a slight decrease of 2% from approximately HK\$446,821,000 in last year. Such decrease was mainly due to the drop of sales of our slimming centres in both Hong Kong and in the People’s Republic of China (the “PRC”) under such extreme business environment. However, due to the contribution from distribution sales by Shanghai Dong Fang Ri Hua Sales Co. Ltd. (“Dong Fang”) has a satisfactory growth, the adverse impacts to the Group’s turnover has been significantly compensated. During the Year Under Review, turnover from such distribution business amounted to approximately HK\$364,985,000 (2008: approximately HK\$344,563,000), while the turnover generated from all the beauty, slimming and spa centres in Hong Kong and in the PRC amounted to approximately HK\$70,290,000 (2008: approximately HK\$99,935,000).

During the Year Under Review, the Group recorded a decrease of approximately HK\$23,546,000 in gross profit. The Group has incurred a loss attributable to equity holders of the Company of approximately HK\$30,651,000 (2008: approximately HK\$55,000). As mentioned before, the global economic meltdown which induced by the US financial crisis is the main reason of the backsliding performance. In order to weather the storm, the Group strengthened its existing policy of exercising tight control over all its costs, and reducing these wherever possible. During the Year Under Review, the administrative expenses (including impairment and write off of receivables) totalling amount to HK\$45,186,000. Apart from these expenses, the administrative expenses has been reduced from approximately HK\$39,106,000 of 2008 to approximately HK\$39,050,000.

Being the leading beauty and slimming service provider, Sau San Tong is able to withstand the short term set back by refreshing change and diversification of business and continue to be the leader of the industry providing the most quality and professional services to its customers.

Outlook

We expect the existing slowdown in the global economy will continue until late of 2009. This will offer challenges but also unique opportunities for our businesses. The Group is financially strong and we have no investments in derivatives, bonds or structured financial products. Facing with extreme business environment, we are now actively developing new ideas and exploring new business opportunities, and we are highly confident to ride through it. Since we are well positioned to take advantage of this situation, the economic climate offers potential new opportunities which could enhance our growth and profitability in medium to long term.

Beauty, Slimming and Spa Centres

For Hong Kong, the Group providing not only slimming services but also a variety of non-slimming services. In addition to a range of comprehensive beauty and health services and the successfully launch of “Lipolaser Slimming treatment” and “Gold Facial” in the past, the Group foresee the mainstream trend of cosmetological technology as the way in beauty and skincare, we will continuously seek for and draw the newest and most innovative way of cosmetology treatment. This year, the Group has launched a most innovative technological cosmetic treatment, the Cell Regeneration Program. It uses the

PhytoCellTec™ technology to abstract the precious Phyto Stem cells from a rare species of plants from high altitude, revise your skin age for a youthful visage. Moreover, we have also launched the “M.Nano Cavitation slimming treatment”, “Placenta Cell renewal facial treatment” and “HA+ Hyaluronic Moisture treatment”, and which are highly appreciated by our customers. 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 and the more awareness of health, the citizens there are more affordable and more willing to pay for beauty and health of her own. This benefit our beauty, slimming and spa centres, as shown by our strong performance of our PRC beauty, slimming and spa centres. As the Group expects the prosperity in the PRC will continue, the Group is actively seeking opportunities to open new beauty, slimming and spa centres in major cities in the PRC and the distribution of beauty products in order to capture the untapped market.

During the Year Under Review, the Group has entered into a joint venture agreement to form a jointly controlled entity to set up one of the beauty, slimming and spa centres in Beijing.

In late 2008, the Group introduced the innovative idea of “One-stop” Online Booking to all our customers around the World. Customers can book over 100 different types of treatments via our Company’s website. They can select the date, time, location and treatment all on their own needs and even to pay via our online payment system. The newly launched service can fulfill the customer’s reluctance to exhausting hard-selling strategy and prepayment practice, and we firmly believe this will bring the beauty and slimming industry to new era.

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, slimming and spa 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, slimming and spa centres.

During the Year Under Review, our Group partnered New World Group and Sinolink Group to develop clubhouses and spa beauty centres for luxury estates in PRC. Benefit from their years of experience in real estate market and our reputation in beauty and slimming industry, it will become a new stream of income in future.

The Group is confident 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

Apart from provision of slimming and beauty services, another major line of business is product distribution. We distribute mainly P&G personal care, cosmetic and skin care products, such as SK-II, Olay, etc. and also Gillette Men and Philips Lighting products. With the Group's great effort, the sales of SK-II and Olay are very encouraging during the Year Under Review. Besides, during the Year Under Review, we also distribute certain world famous brands of prestige fragrances, such as, Dunhill, BOSS, Gucci, ESCADA, etc. We believe that with the increasing variety of products, it will bring sizeable revenue for the Group in near future. Looking forward, as the PRC market continues to boom showing immense potential for high-end 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 2009 were approximately HK\$29,988,000 compared to approximately HK\$50,493,000 as at 31 March 2008. The Group's gearing ratio of 45% (2008: 26%) was based on the total of bank borrowings and obligations under finance leases of approximately HK\$24,478,000 and the net assets of the Group of approximately HK\$54,986,000.

As at 31 March 2009, the Group's liability was approximately HK\$92,047,000, compared to approximately HK\$80,484,000 as at 31 March 2008. It includes account payables and other payables approximately HK\$23,711,000 (2008: approximately HK\$36,703,000), mainly for the daily operations of our subsidiary — Dong Fang, deferred income approximately HK\$15,040,000 (2008: approximately HK\$18,110,000) and bank borrowings approximately HK\$22,546,000 (2008: approximately HK\$22,131,000), bank borrowings is also for Dong Fang trading activities. Such liability is intended to be financed by internal resources of the Group. The liquidity ratio of the Group represented by a ratio of current assets over current liabilities was 1.33:1 (31 March 2008: 1.87:1), reflecting the adequacy of financial resources.

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 2009, the Group's net assets amounted to approximately HK\$54,986,000 compared to approximately HK\$86,999,000 as at 31 March 2008. There are no charges on the Group's assets as at 31 March 2009.

Contingent Liabilities

As at 31 March 2009, the Company has issued a corporate guarantee amounting to RMB15,000,000 (equivalent to approximately HK\$17,033,000) (2008: RMB15,000,000 (equivalent to approximately HK\$16,618,000)) to a bank in respect of banking facilities granted to, a subsidiary as 51% owned by the Group. In March 2009, a customer instigated a legal proceedings against a subsidiary, as 51% owned by the Group, for a non-performance of a sale contract by that subsidiary and claimed for the recovery of full payment of the goods plus interest payment and the associated legal costs incurred by the customer totalling RMB1,090,000 (equivalent to approximately HK\$1,238,000).

Employee Information

As at 31 March 2009, the Group had 431 employees (2008: around 413 employees). During the year, the Group's total staff costs amounted to approximately HK\$44,844,000 (2008: approximately HK\$45,049,000). 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 24,690,000 outstanding options to subscribe for 24,690,000 shares of the Company pursuant to the share option scheme as at 31 March 2009.

Significant Investments and Acquisitions

There were no significant acquisitions and disposals of investments by the Group during the Year Under Review.

Future Plan

Going forward, in addition to the continual improvement of the operation performance of the existing beauty, slimming and spa centres. Besides, the Group will invest more resources on beauty product distribution business in order to enrich and diversify our business, bringing profits to our shareholders.

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

As at 31 March 2009, 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 Directors	Number of shares			Approximate Percentage of Interest in the Company's issued share capital
	Corporate Interests	Personal Interests	Total	
Dr. Cheung Yuk Shan, Shirley	149,200,000 (Note 1)	100,070,000	249,270,000	25.97%

Note 1:

The 149,200,000 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:

Share Option Scheme

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 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	0.52%
Mr. Cheung Ka Heng, Frankie	10 September 2004	10 September 2004 — 3 November 2013	HK\$0.512	5,000,000	0.52%

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 2009, 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 to 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 2009, so far as 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:

Substantial shareholder	Capacity	Number of shareholding		Number of share options held
		Share	Percentage	
Biochem	Beneficial owner	149,200,000	15.54%	—
Dr. Cheung Yuk Shan, Shirley	Beneficial owner	100,070,000	10.43%	5,000,000
GEM Hero Investments Limited	Beneficial owner	144,000,000	15.00%	—

Saved as disclosed above, as at 31 March 2009, 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, has 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 substantial 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 2009.

AUDIT COMMITTEE

The Group has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. Details of the role and work performed by the committee are set out in “Corporate Governance Report” in this annual report. The audit committee has reviewed the annual financial results of the Group for the year ended 31 March 2009.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Director on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. 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, 25 June 2009

As at the date of this announcement, the Board comprises Executive Directors namely Dr. Cheung Yuk Shan, Shirley (Chairman), Mr. Cheung Ka Heng, Frankie; Independent Non-Executive Directors namely Mr. Hong Po Kui, Martin, Mr. Li Kuo Hsing and Ms. Hui Yat Lam.