

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in the Company, you should at once hand the Prospectus Documents to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

A copy of each of the Prospectus Documents, having attached thereto the written consent referred to under the paragraph headed "Expert and Consent" in Appendix III to this prospectus, have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies Ordinance. The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of any of the documents referred to above.

Dealings in the Shares and the Rights Shares in their nil-paid and fully-paid forms may be settled through CCASS and you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.



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)

RIGHTS ISSUE ON THE BASIS OF SIX (6) RIGHTS SHARES FOR EVERY SHARE HELD ON THE RECORD DATE

Financial Adviser to the Company



KINGSTON CORPORATE FINANCE LTD

Underwriter to the Rights Issue



KINGSTON SECURITIES LTD

The latest time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Friday, 26 November 2010. The procedures for acceptance and transfer of the Rights Shares are set out in the paragraph headed "Procedures for acceptance and payment or transfer" on pages 9 to 11 of this prospectus.

It should be noted that the Underwriting Agreement contains provisions entitling the Underwriter by notice in writing to the Company at any time before the Latest Time for Termination to terminate its obligations thereunder on the occurrence of certain events including force majeure. These events are set out under the section headed "Termination of the Underwriting Agreement" on pages 15 to 17 of this prospectus. If the Underwriter terminates the Underwriting Agreement in accordance with the terms thereof, the Rights Issue will not proceed. In addition, the Rights Issue is conditional on all conditions set out on pages 13 to 14 of this prospectus being fulfilled or waived (as applicable). If such conditions are not fulfilled or waived (as applicable) in accordance with the Underwriting Agreement on or before the times and dates specified therein, all liabilities of the parties to the Underwriting Agreement shall cease and determine save for costs and expenses incurred by the Underwriter in connection with the underwriting of the Underwritten Shares.

The Rights Shares will be dealt with in their nil-paid form on the Stock Exchange from Tuesday, 16 November 2010 to Tuesday, 23 November 2010, both days inclusive. If the Underwriter terminates the Underwriting Agreement, or the conditions of the Rights Issue are not fulfilled or waived (as applicable) on or before the times and dates specified therein, the Rights Issue will not proceed. Any Shareholder or other person dealing in the Rights Shares in their nil-paid form during the period as aforesaid will accordingly bear the risk that the Rights Issue may not become unconditional. Any Shareholder or other person contemplating selling or purchasing the Rights Shares in their nil-paid form who is in doubt about his or her position is recommended to consult his or her own professional adviser.

12 November 2010

CHARACTERISTICS OF GEM

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 Stock 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below:

2010

Despatch of the Prospectus Documents by ordinary post Friday, 12 November

First day of dealings in nil-paid Rights Shares Tuesday, 16 November

Latest time for splitting of nil-paid Rights Shares 4:30 p.m. on Thursday, 18 November

Last day of dealings in nil-paid Rights Shares Tuesday, 23 November

Latest time for acceptance of the Rights Shares
as well as application for excess Rights Shares
and payment of consideration therefor 4:00 p.m. on Friday, 26 November

Latest time for the Rights Issue and the
Underwriting Agreement to become
unconditional 4:00 p.m. on Wednesday, 1 December

Announcement of results of acceptance of the Rights Issue Thursday, 2 December

Despatch of refund cheques in respect of wholly or
partially unsuccessful excess applications by ordinary post Friday, 3 December

Despatch of certificates for fully-paid Rights Shares
by ordinary post Friday, 3 December

Commencement of dealings in fully-paid Rights Shares Tuesday, 7 December

Notes:

1. All references to time in this prospectus are references to Hong Kong time.
2. Dates or deadlines specified in this prospectus are indicative and may be extended or varied. Any changes to the above timetable will be published or notified to the Shareholders as and when appropriate.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES

If there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning in force in Hong Kong at any time before 12:00 noon on the Acceptance Date, but no longer in force after 12:00 noon, the latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same business day.

If there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning in force in Hong Kong at any time between 12:00 noon and 4:00 p.m. on the Acceptance Date, the latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares does not take place on the Acceptance Date, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

DEFINITIONS

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

| | |
|--------------------------|---|
| “Acceptance Date” | 26 November 2010 or such later date as may be agreed between the Underwriter and the Company, being the latest date for acceptance of, and payment for, the Rights Shares |
| “Announcement” | the announcement of the Company dated 6 July 2010 regarding, among other things, the Capital Reorganisation and the Rights Issue |
| “associate(s)” | has the meaning ascribed thereto under the GEM Listing Rules |
| “Board” | the board of Directors |
| “business day” | a day (excluding any Saturday, Sunday and any other public holidays) on which banks in Hong Kong are generally open for business |
| “Capital Reorganisation” | the reorganisation of the share capital of the Company as set out in the Announcement and the Circular |
| “CCASS” | the Central Clearing and Settlement System established and operated by HKSCC |
| “Circular” | the circular of the Company dated 26 July 2010 regarding, among other things, the Capital Reorganisation and the Rights Issue |
| “Companies Law” | the Companies Law (2009 Revision) of the Cayman Islands |
| “Companies Ordinance” | the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) |
| “Company” | Sau San Tong Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM |

DEFINITIONS

| | |
|------------------------------------|---|
| “connected person(s)” | has the meaning ascribed thereto under the GEM Listing Rules |
| “Consultancy Agreement” | the consultancy agreement dated 24 June 2010 entered into between the Company and the Consultant |
| “Consultant” | Wealth Capital Investment Limited, a company incorporated in the British Virgin Islands with limited liability |
| “Convertible Notes” | the two per cent. convertible notes with an aggregate principal amount of up to HK\$40,000,000 to be issued by the Company pursuant to the Placing Agreement and the Subscription Agreement |
| “Director(s)” | the director(s) of the Company |
| “Dr. Cheung” | Dr. Cheung Yuk Shan, Shirley, the Chairman of the Company and an executive Director |
| “EAF(s)” | the form(s) of application issued to the Qualifying Shareholders for application of excess Rights Shares |
| “Excluded Overseas Shareholder(s)” | those Overseas Shareholder(s) whose address(es) is/are in (a) place(s) where, the Directors, based on legal opinion(s) provided by legal adviser(s) of the Company, consider it necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Rights Shares to such Shareholder(s) |
| “GEM” | the Growth Enterprise Market of the Stock Exchange |
| “GEM Hero” | GEM Hero Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a substantial Shareholder |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM |

DEFINITIONS

| | |
|-------------------------------|---|
| “Group” | the Company and its subsidiaries |
| “HKSCC” | Hong Kong Securities Clearing Company Limited |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Shareholders” | Shareholders who are not required to abstain from voting on the relevant resolution approving the Rights Issue pursuant to the GEM Listing Rules |
| “Last Trading Day” | 23 June 2010, being the last full trading day of the Shares on the Stock Exchange immediately before the issue of the Announcement |
| “Latest Practicable Date” | 9 November 2010, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained herein |
| “Latest Time for Acceptance” | 4:00 p.m. on 26 November 2010 or such later time and/or date as may be agreed between the Underwriter and the Company, being the latest time for acceptance of, and payment for, the Rights Shares |
| “Latest Time for Termination” | 4:00 p.m. on the third business day after the Latest Time for Acceptance or such later time and/or date as may be agreed between the Underwriter and the Company, being the latest time to terminate the Underwriting Agreement |
| “Mr. Cheung” | Mr. Cheung Ka Heng, Frankie, an executive Director |
| “Options” | share options granted by the Company pursuant to the Share Option Scheme |
| “Overseas Shareholder(s)” | those Shareholder(s) with registered address(es) (as shown on the register of members of the Company on the Record Date) which is/are outside Hong Kong |
| “PAL(s)” | the renounceable provisional allotment letter(s) in respect of the Rights Issue issued to the Qualifying Shareholders |

DEFINITIONS

| | |
|-------------------------------------|---|
| “Placing” | the private placing by the Placing Agent of the Convertible Notes pursuant to the terms of the Placing Agreement |
| “Placing Agent” or “Underwriter” | Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the SFO |
| “Placing Agreement” | the placing agreement dated 5 July 2010 entered into between the Company and the Placing Agent |
| “PRC” | the People’s Republic of China |
| “Pre-Adjusted Share(s)” | ordinary share(s) of HK\$0.20 each in the share capital of the Company before the Capital Reorganisation became effective |
| “Prospectus Documents” | this prospectus, the PAL and the EAF |
| “Prospectus Posting Date” | 12 November 2010 or such later date as may be agreed between the Underwriter and the Company for the despatch of the Prospectus Documents |
| “Qualifying Shareholder(s)” | Shareholder(s), other than the Excluded Overseas Shareholder(s), whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date |
| “Record Date” | 11 November 2010, being the date for determining the entitlements of the Shareholders under the Rights Issue |
| “Registrar” | Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, being the Company’s branch share registrar in Hong Kong |
| “Rights Issue” | the issue by way of rights of 178,537,500 Rights Shares on the basis of six (6) Rights Shares for every Share held on the Record Date at the Subscription Price payable in full on acceptance |

DEFINITIONS

| | |
|--------------------------|---|
| “Rights Share(s)” | new Share(s) of HK\$0.01 each to be allotted and issued under the Rights Issue |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Share(s)” | ordinary share(s) of HK\$0.01 each in the share capital of the Company |
| “Share Option Scheme” | the share option scheme adopted by the Company on 4 November 2003 |
| “Shareholder(s)” | the shareholder(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription” | the subscription of the Convertible Notes by Dr. Cheung or her nominee pursuant to the Subscription Agreement |
| “Subscription Agreement” | the subscription agreement dated 5 July 2010 entered into between the Company and Dr. Cheung |
| “Subscription Price” | the subscription price for the Rights Shares, being HK\$0.30 per Rights Share |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers |
| “Underwriting Agreement” | the underwriting agreement dated 5 July 2010 entered into between the Company and the Underwriter in relation to the Rights Issue |
| “Underwritten Shares” | not less than 107,748,900 Rights Shares and not more than 109,475,310 Rights Shares agreed to be underwritten by the Underwriter |
| “Warrants” | the unlisted warrants to subscribe up to an aggregate amount of HK\$16,250,000 for Shares to be issued by the Company to the Consultant pursuant to the Consultancy Agreement |



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 Directors:

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

Mr. Cheung Ka Heng, Frankie

Independent non-executive Directors:

Mr. Hong Po Kui, Martin

Mr. Li Kuo Hsing

Ms. Hui Yat Lam

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:*

12th Floor, Prestige Tower

23-25 Nathan Road

Tsim Sha Tsui

Kowloon

Hong Kong

12 November 2010

To the Shareholders

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF
SIX (6) RIGHTS SHARES FOR EVERY SHARE
HELD ON THE RECORD DATE**

INTRODUCTION

On 6 July 2010, the Company announced, inter alia, that it proposed, subject to the Capital Reorganisation becoming effective, to raise not less than HK\$53.5 million and not more than HK\$54.1 million, before expenses, by way of a rights issue of not less than 178,537,500 Rights Shares and not more than 180,263,910 Rights Shares at the Subscription Price of HK\$0.30 per Rights Share on the basis of six (6) Rights Shares for every Share held on the Record Date.

* For identification purpose only

LETTER FROM THE BOARD

The Capital Reorganisation became effective on 2 November 2010 and the Rights Issue was approved by the Independent Shareholders on 18 August 2010.

The purpose of this prospectus is to set out details of the Rights Issue, including information on dealing and transfer of nil-paid Rights Shares and the procedures for acceptance of provisional allotment of Rights Shares, and certain financial and other information of the Group.

THE RIGHTS ISSUE

Issue statistics

| | | |
|--|---|---|
| Basis of the Rights Issue | : | Six (6) Rights Shares for every Share held on the Record Date |
| Subscription Price | : | HK\$0.30 per Rights Share |
| Number of Shares in issue as at the Record Date | : | 29,756,250 Shares |
| Number of Rights Shares | : | 178,537,500 Rights Shares |

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and be a Qualifying Shareholder.

In order to be registered as a member of the Company on the Record Date, any transfer of Shares (together with the relevant Share certificate(s)) must have been lodged for registration with the Registrar by no later than 4:30 p.m. on 8 November 2010.

Rights of Overseas Shareholders

The Prospectus Documents will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

According to the register of members of the Company at the close of business on the Record Date, the Company did not have any Overseas Shareholder. Therefore, there is no Excluded Overseas Shareholder for the purpose of the Rights Issue.

LETTER FROM THE BOARD

Subscription Price

HK\$0.30 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares or application for excess Rights Shares, or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 83.33% to the theoretical closing price of HK\$1.80 per Share, based on the closing price of HK\$0.18 per Pre-Adjusted Share as quoted on the Stock Exchange on the Last Trading Day and adjusted to take into account the effect of the Capital Reorganisation;
- (b) a discount of approximately 41.18% to the theoretical ex-rights price of approximately HK\$0.51 per Share, based on the closing price of HK\$0.18 per Pre-Adjusted Share as quoted on the Stock Exchange on the Last Trading Day and adjusted to take into account the effect of the Capital Reorganisation;
- (c) a discount of approximately 83.78% to the average theoretical closing price of approximately HK\$1.85 per Share, based on the average closing price of HK\$0.1852 per Pre-Adjusted Share as quoted on the Stock Exchange from 17 June 2010 to the Last Trading Day, both days inclusive, being the last five consecutive full trading days immediately before the date of the Announcement and adjusted to take into account the effect of the Capital Reorganisation; and
- (d) a discount of approximately 89.76% to the closing price of HK\$2.93 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the market price of the Shares under the prevailing market conditions. The Directors consider that the discount of the Subscription Price would encourage the Shareholders to participate in the Rights Issue and accordingly maintain their pro-rata shareholdings in the Company and participate in the future growth of the Group, and that the terms of the Rights Issue (including the rate of the underwriting commission) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Status of the Rights Shares

The Rights Shares, when fully paid and issued, will rank pari passu in all respects with the Shares then in issue, including the right to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares.

Share certificates and refund cheques

Subject to the fulfillment or waiver (as applicable) of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted on or before 3 December 2010 to those who have accepted or where applicable applied for, and paid for the Rights Shares, by ordinary post at their own risk, and refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares are also expected to be posted on or before 3 December 2010 by ordinary post to the applicants at their own risk.

Procedures for acceptance and payment or transfer

Qualifying Shareholders will find enclosed with this prospectus a PAL which entitles them to subscribe for the number of Rights Shares shown therein.

If you wish to exercise your rights to subscribe for all the Rights Shares specified in the enclosed PAL, you must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:00 p.m. on Friday, 26 November 2010. All remittances must be made in Hong Kong dollars by cheque or banker's cashier order. Cheque must be drawn on an account with, and banker's cashier order must be issued by, a licensed bank in Hong Kong and made payable to "Sau San Tong Holdings Limited — Rights Issue Account" and crossed "Account Payee Only". Such payment will constitute full acceptance of the provisional allotment on terms of the PAL and this prospectus and subject to the Memorandum and Articles of Association of the Company.

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by 4:00 p.m. on Friday, 26 November 2010, whether by the original allottee or any person in whose favour the rights have been validly transferred, the relevant assured allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for application under the EAFs by the Qualifying Shareholders.

LETTER FROM THE BOARD

If you wish to transfer all of your rights to subscribe for the Rights Shares provisionally allotted to you under the PAL to one person or persons as joint holders, you and the person(s) to or through whom you are transferring such rights must complete and sign the PAL in accordance with the instructions printed thereon, and the transferee(s) must then lodge the PAL intact, together with a remittance by cheque or banker's cashier order for the full amount payable on acceptance, with the Registrar so as to be received by no later than 4:00 p.m. on Friday, 26 November 2010. All remittances must be made in Hong Kong dollars and by cheque or banker's cashier order. Cheque must be drawn on an account with, and banker's cashier order must be issued by, a licensed bank in Hong Kong and made payable to "Sau San Tong Holdings Limited — Rights Issue Account" and crossed "Account Payee Only". It should be noted that Hong Kong stamp duty is payable in connection with the transfer of your rights to subscribe for the relevant Rights Shares.

If you wish to accept only part of your provisional allotment without renouncing the balance thereof, or transfer part of your rights to subscribe for the Rights Shares provisionally allotted to you, or transfer your rights to more than one person (not as joint holders), the original PAL must be surrendered and lodged with the Registrar by no later than 4:30 p.m. on Thursday, 18 November 2010 and the Registrar will cancel the original PAL and issue new PALs in the denominations required. The new PALs will be available for collection at the office of the Registrar after 9:00 a.m. on the second business day after the surrender of the original PAL.

The PAL contains further information regarding the procedures to be followed if Qualifying Shareholders wish to accept only part of their provisional allotment or if they wish to renounce part of their provisional allotment.

All cheques and banker's cashier orders will be presented for payment immediately upon receipt and all interest earned on such monies, if any, will be retained for the benefit of the Company. Completion and return of the PAL together with a cheque or banker's cashier order in payment for the Rights Shares accepted will constitute a warranty by the subscriber that the cheque or banker's cashier order will be honoured on first presentation. If any cheque or banker's cashier order is dishonoured on first presentation, the PAL is liable to be rejected, and in that event the provisional allotment and all rights given pursuant to it will be deemed to have been declined and will be cancelled. No receipt will be issued in respect of any application received.

If the conditions of the Rights Issue are not fulfilled or waived (as applicable) by 4:00 p.m. on Wednesday, 1 December 2010, the Rights Issue will not proceed and any subscription monies received in respect of acceptance of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid

LETTER FROM THE BOARD

form shall have been validly transferred without interest by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or other persons on or before Friday, 3 December 2010.

Application for excess Rights Shares

Qualifying Shareholders may apply for any Rights Shares provisionally allotted but not accepted.

If you wish to apply for any Rights Shares in addition to your provisional allotment under the Rights Issue, you must complete and sign the enclosed EAF as indicated therein and lodge it, together with a separate remittance by cheque or banker's cashier order for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar by no later than 4:00 p.m. on Friday, 26 November 2010. All remittances must be made in Hong Kong dollars and by cheque or banker's cashier order. Cheque must be drawn on an account with, and banker's cashier order must be issued by, a licensed bank in Hong Kong and made payable to "Sau San Tong Holdings Limited — Excess Application Account" and crossed "Account Payee Only".

All cheques and banker's cashier orders will be presented for payment immediately upon receipt and all interest earned on such monies, if any, will be retained for the benefit of the Company. Completion and return of the EAF together with a cheque or banker's cashier order in payment for the excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or banker's cashier order will be honoured on first presentation. Any EAF in respect of which the accompanying cheque or banker's cashier order is dishonoured on first presentation is liable to be rejected.

The Board will allocate the excess Rights Shares at its discretion on a fair and reasonable basis, in proportion to the number of excess Rights Shares being applied for under each application and no preference will be given for topping up odd lots of shares to whole board lots.

If no excess Rights Shares are allotted to you or the number of excess Rights Shares allotted to you is less than that applied for, the entire amount of, or the surplus, application monies tendered on application (as applicable) will be refunded to you without interest by means of cheques despatched by ordinary post at your own risk on or before Friday, 3 December 2010.

LETTER FROM THE BOARD

If the conditions of the Rights Issue are not fulfilled or waived (as applicable) by 4:00 p.m. on Wednesday, 1 December 2010, the Rights Issue will not proceed and any monies received in respect of application for excess Rights Shares will be returned to the applicants without interest by means of cheques despatched by ordinary post at the risk of such applicants on or before Friday, 3 December 2010.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques for amounts due, will be sent by ordinary post at the risk of the persons entitled thereto to their registered addresses as shown on the register of members of the Company.

Application for listing

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements will be made to enable the Rights Shares in both their nil-paid and fully-paid forms to be admitted to CCASS. You should seek the advice of your stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect your rights and interests.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms (both in board lots of 4,000), which are registered in the branch register of members of the Company in Hong Kong, will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and any other applicable fees and charges in Hong Kong.

Irrevocable undertakings

As at the Latest Practicable Date, Dr. Cheung together with her nominee held an aggregate of 7,478,100 Shares and GEM Hero held an aggregate of 4,320,000 Shares. Each of them has undertaken to the Company and the Underwriter, among others, that (i) she/it will not, and will procure that her/its nominee(s) not to, dispose of or transfer, or agree to dispose of or transfer, any Shares held by her/it before the Record Date; and (ii) she/it will, and will procure her/its nominee(s) to, subscribe in full for all the Rights Shares which she or it will be entitled under the Rights Issue. In addition, Dr. Cheung has undertaken that she will not apply for any excess Rights Shares under the excess application arrangement under the Rights Issue.

Further, Dr. Cheung and Mr. Cheung, each holding Options to subscribe for 105,089 Shares in the Company, have undertaken to the Company and the Underwriter that they will not exercise any of the subscription rights attached to the Options granted by the Company to them before the Record Date.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (a) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies Ordinance not later than the Prospectus Posting Date;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Excluded Overseas Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (c) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms by no later than their first day of dealings;

LETTER FROM THE BOARD

- (d) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination;
- (e) the passing of the necessary resolution by the Shareholders at an extraordinary general meeting of the Company to approve the Capital Reorganisation;
- (f) the passing of the necessary resolution by the Independent Shareholders at an extraordinary general meeting of the Company to approve the Rights Issue;
- (g) the Capital Reorganisation having become effective;
- (h) compliance with and performance by the Company of all the undertakings and obligations under the terms of the Underwriting Agreement;
- (i) compliance with and performance by Dr. Cheung of all undertakings and obligations contained in her undertaking as more particularly described in the paragraph headed “Irrevocable undertakings” above;
- (j) compliance with and performance by GEM Hero of all undertakings and obligations contained in its undertaking as more particularly described in the paragraph headed “Irrevocable undertakings” above; and
- (k) compliance with and performance by Mr. Cheung of all undertakings and obligations contained in his undertaking as more particularly described in the paragraph headed “Irrevocable undertakings” above.

If any of the conditions precedent is not satisfied or waived (other than conditions (a) to (g) which cannot be waived) by the Latest Time for Termination (or such other time and/or date as stipulated in such conditions) or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate and no party shall have any claim against the other save for all reasonable costs and expenses incurred by the Underwriter in connection with the underwriting of the Rights Shares and any antecedent breaches.

As at the Latest Practicable Date, conditions (e), (f) and (g) had been fulfilled.

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The Underwriting Agreement

- Date : 5 July 2010
- Underwriter : Kingston Securities Limited. As at the Latest Practicable Date, the Underwriter did not hold any Shares and Best China Limited, being an associate of the Underwriter, was interested in 259,000 Shares. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.
- Number of Rights Shares agreed to be underwritten by the Underwriter : The Underwriter has agreed to underwrite not less than 107,748,900 Underwritten Shares and not more than 109,475,310 Underwritten Shares, subject to the terms and conditions of the Underwriting Agreement
- Commission : 2.5% of the aggregate Subscription Price of the maximum number of Underwritten Shares

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination:

- (a) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
- (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or

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- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (b) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction of trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (c) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Group as a whole, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of the Company or a major subsidiary of it or the destruction of any material asset of the Group; or
- (d) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which in the absolute opinion of the Underwriter may materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
- (e) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (f) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Rights Issue; or

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- (g) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than 10 consecutive business days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

Reasons for the Rights Issue and use of proceeds of the Rights Issue

As the PRC economy continues to soar, the demand for high-end beauty and skin care products and beauty services in the PRC also rises. With a view to bringing better returns to the Shareholders, the Group is actively seeking opportunities to expand its beauty, slimming and spa businesses in the PRC. The entering into of the Consultancy Agreement marks the first step towards such goal. Details in relation to the Consultancy Agreement are set out in the Circular.

The Group currently has six slimming and beauty centres in the PRC including two in Beijing, two in Shanghai, one in Shenzhen and one in Hangzhou. Apart from expanding these existing operations, the Group also plans to open new slimming and beauty centres in other cities of the PRC which will offer a range of comprehensive body slimming, weight management, and body and facial treatment services to its customers. In addition, the Group will expand its product distribution network in the PRC, firstly by launching its products in affiliated outlets of the Consultant (which are expected to be not less than 100 in number) and secondly by establishing its own franchise stores under the "Sau San Tong" brand name. The Board believes that the Rights Issue will enable the Group to strengthen its capital base and enhance its financial position to prepare for such growth.

Since the Rights Issue will allow the Qualifying Shareholders to maintain their shareholdings in the Company, the Board considers raising capital through the Rights Issue is in the interest of the Company and the Shareholders as a whole.

The estimated net proceeds of the Rights Issue will be approximately HK\$50 million (equivalent to net price of each Rights Share of approximately HK\$0.28). The Company intends to apply such net proceeds as to approximately HK\$7 million for expanding the Group's existing operations in the PRC, as to approximately HK\$10 million for opening new slimming and beauty centres in the PRC, as to approximately HK\$23 million for expanding the Group's product distribution network in the PRC (including launching products in affiliated outlets of the Consultant and establishing its own franchise stores) and as to the remaining balance as general working capital of the Group.

Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the tax implications of the holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms, or exercising any right attached thereto. It is emphasised that none of the Company, its Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms.

Warning

The Rights Shares will be dealt with in their nil-paid form on the Stock Exchange from Tuesday, 16 November 2010 to Tuesday, 23 November 2010, both days inclusive. If the Underwriter terminates the Underwriting Agreement, or the conditions of the Rights Issue are not fulfilled or waived (as applicable) on or before the times and dates specified therein, the Rights Issue will not proceed. Any Shareholder or other person dealing in the Rights Shares in their nil-paid form during the period as aforesaid will accordingly bear the risk that the Rights Issue may not become unconditional. Any Shareholder or other person contemplating selling or purchasing the Rights Shares in their nil-paid form who is in doubt about his or her position is recommended to consult his or her own professional adviser.

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SHAREHOLDING IN THE COMPANY

For illustration purposes only, the shareholding structure of the Company as at the Latest Practicable Date and immediately before and after the Rights Issue, the exercise of the conversion rights under the Convertible Notes and the exercise of the subscription rights under the Warrants is as follows:

| | As at the Latest Practicable Date | | Immediately after the Rights Issue (all Rights Shares are subscribed by the Qualifying Shareholders) | | | | Immediately after the Rights Issue (none of the Rights Shares are subscribed by the Qualifying Shareholders other than Dr. Cheung and her associates and GEM Hero) (Note 2) | | | | Immediately after the Rights Issue and full conversion of the Convertible Notes (all Rights Shares are subscribed by the Qualifying Shareholders) (Note 1) | | | | Immediately after the Rights Issue and full conversion of the Convertible Notes (none of the Rights Shares are subscribed by the Qualifying Shareholders other than Dr. Cheung and her associates and GEM Hero) (Notes 1 and 2) | | | | Immediately after the Rights Issue, full conversion of the Convertible Notes and full exercise of the Warrants (none of the Rights Shares are subscribed by the Qualifying Shareholders other than Dr. Cheung and her associates and GEM Hero) (Notes 1 and 2) | | | | | | | |
|--|-----------------------------------|---------------|--|---------------|--------------------|---------------|---|---------------|--------------------|---------------|--|---------------|--------------------|---------------|---|---------------|--------------------|---------------|--|---------------|--------------------|---------------|--------------------|---------------|--------------------|---------------|
| | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % | | | | | | |
| Shareholders | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dr. Cheung and her associates | 7,478,100 | 25.13 | 52,346,700 | 25.13 | 52,346,700 | 25.13 | 92,346,700 | 32.03 | 92,346,700 | 32.03 | 92,346,700 | 30.49 | 92,346,700 | 30.49 | 92,346,700 | 30.49 | 92,346,700 | 30.49 | 92,346,700 | 30.49 | 92,346,700 | 30.49 | 92,346,700 | 30.49 | 92,346,700 | 30.49 |
| GEM Hero | 4,320,000 | 14.52 | 30,240,000 | 14.52 | 30,240,000 | 14.52 | 30,240,000 | 10.49 | 30,240,000 | 10.49 | 30,240,000 | 9.98 | 30,240,000 | 9.98 | 30,240,000 | 9.98 | 30,240,000 | 9.98 | 30,240,000 | 9.98 | 30,240,000 | 9.98 | 30,240,000 | 9.98 | 30,240,000 | 9.98 |
| The Underwriter | — | — | — | — | 107,748,900 | 51.73 | — | — | 107,748,900 | 37.37 | — | — | 107,748,900 | 35.57 | — | — | 107,748,900 | 35.57 | — | — | 107,748,900 | 35.57 | — | — | 107,748,900 | 35.57 |
| Placees of the Placing Convertible Notes | — | — | — | — | — | — | 40,000,000 | 13.88 | 40,000,000 | 13.88 | 40,000,000 | 13.21 | 40,000,000 | 13.21 | 40,000,000 | 13.21 | 40,000,000 | 13.21 | 40,000,000 | 13.21 | 40,000,000 | 13.21 | 40,000,000 | 13.21 | 40,000,000 | 13.21 |
| The Consultant | — | — | — | — | — | — | — | — | — | — | 14,583,333 | 4.82 | 14,583,333 | 4.82 | — | — | 14,583,333 | 4.82 | — | — | 14,583,333 | 4.82 | — | — | 14,583,333 | 4.82 |
| Other public Shareholders | 17,958,150 | 60.35 | 125,707,050 | 60.35 | 17,958,150 | 8.62 | 125,707,050 | 43.60 | 17,958,150 | 6.23 | 125,707,050 | 41.50 | 17,958,150 | 5.93 | 17,958,150 | 5.93 | 125,707,050 | 41.50 | 17,958,150 | 5.93 | 125,707,050 | 41.50 | 17,958,150 | 5.93 | 125,707,050 | 41.50 |
| Total | 29,756,250 | 100.00 | 208,293,750 | 100.00 | 208,293,750 | 100.00 | 288,293,750 | 100.00 | 288,293,750 | 100.00 | 302,877,083 | 100.00 | 302,877,083 | 100.00 | 302,877,083 | 100.00 | 302,877,083 | 100.00 | 302,877,083 | 100.00 | 302,877,083 | 100.00 | 302,877,083 | 100.00 | 302,877,083 | 100.00 |

Notes:

1. Dr. Cheung currently has no intention to convert the Convertible Notes to the extent that such conversion will trigger a general offer for all the securities of the Company (other than those already owned or agreed to be acquired by Dr. Cheung and her concert parties) under the Takeovers Code. In the event that a general offer is triggered as a result of the conversion of the Convertible Notes, Dr. Cheung will comply with the relevant requirements under the Takeovers Code and the GEM Listing Rules.
2. This scenario is for illustrative purpose only and will never occur. Pursuant to the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for or procure subscribers to subscribe for any of the Underwritten Shares not taken up by the Qualifying Shareholders (“**Untaken Shares**”):
 - (a) the Underwriter shall not subscribe, for its own account, for such number of the Untaken Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 19.9% of the voting rights of the Company upon the completion of the Rights Issue; and

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- (b) the Underwriter shall use all reasonable endeavours to ensure that each of the subscribers of the Untaken Shares procured by it (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Directors or chief executive of the Company or substantial Shareholders or their respective associates; and (ii) save for the Underwriter itself and its associates, shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10.0% or more of the voting rights of the Company upon completion of the Rights Issue.

ADJUSTMENT TO THE SUBSCRIPTION PRICE OF THE OUTSTANDING OPTIONS

The completion of the Rights Issue may lead to adjustments to the exercise price and/or the number of Shares which may be issued upon exercise of the Options. The Company will notify the holders of the Options by way of announcement regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and such adjustments will be certified by an independent financial adviser.

FUND RAISING ACTIVITIES OF THE COMPANY

The following table summarises the fund raising activities undertaken by the Company in the 12 months immediately preceding the date of the Announcement:

| Date of announcement | Transaction | Net proceeds raised | Intended use of proceeds | Actual use of proceeds |
|----------------------|--|------------------------------|--|--|
| 23 July 2009 | Open offer of 4,799,400,000 shares of HK\$0.01 each in the share capital of the Company at the subscription price of HK\$0.01 per share offered on the basis of five offer shares for every one share held | Approximately HK\$46 million | For repayment of debts and as general working capital of the Company and for financing its operations and activities for expanding its existing beauty, slimming and spa businesses and developing the growing beauty product distribution business in order to improve its financial position and to enrich and diversify its business, bringing better returns to the Shareholders | Approximately HK\$20 million was used for repayment of debts and the remaining balance has been utilised as general working capital of the Company |

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| Date of announcement | Transaction | Net proceeds raised | Intended use of proceeds | Actual use of proceeds |
|----------------------|--|-------------------------------|---|---|
| 11 January 2010 | Top-up placing of 191,970,000 shares of HK\$0.01 each in the share capital of the Company at the placing price of HK\$0.02 per share | Approximately HK\$3.6 million | As general working capital of the Company | The proceeds have been utilised as general working capital of the Company |

RISK FACTORS

There are certain risks involved in the Group's operations and the same are set out below for the Shareholders' and prospective investors' attention:

- (a) risks relating to the Group's normal course of business;
- (b) risks relating to health and beauty products sales;
- (c) risks relating to competition;
- (d) risks relating to the global market;
- (e) risks relating to the Group's reliance on major suppliers; and
- (f) risks relating to health epidemics.

Risks relating to the Group's normal course of business

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business.

Risks relating to health and beauty product sales

The health and beauty product market is highly fragmented. The customers are tempted to shift their choices and preferences whenever there are new products launched or induced by various marketing and pricing campaigns of different brands. The Group's business may be adversely affected by such operating environment.

In addition, the Group may be subject to product liability claim arising from the use of its products. A successful product liability claim brought against the Group or a requirement to participate in any product recall may have a material adverse effect on the Group's businesses and financial results. The Group's reputation may also be adversely affected if any such claims are made.

Risks relating to competition

The health and beauty business is under vigorous competition throughout the world. Increased competition could result in price reduction, reduced profit margins and loss of market share, any of which could adversely affect the Group's operating results.

Risks relating to the global market

Although the Group's business is principally based in Hong Kong and the PRC, their economic conditions are susceptible to global market fluctuations as illustrated by the outbreak of the sub-prime crisis in the United States in 2008. If the current market slowdown becomes more severe, long lasting and broader than currently estimated, the business operations of the Group may be materially and adversely affected.

Risks relating to the Group's reliance on major suppliers

For the years ended 31 March 2008, 2009 and 2010, purchases by the Group from the top five suppliers amounted to approximately 93.37%, 99.51% and 86.42% of the Group's costs of sales respectively, and purchases by the Group from the largest supplier included therein amounted to approximately 88.52%, 97.11% and 80.33% respectively. In the event that the Company is unable to secure further purchases from any of these suppliers and the Company cannot find comparable substitutes, the Group's operations may be adversely affected.

Risks relating to health epidemics

The Group's business operations, similar to all other consumer businesses in Hong Kong and the PRC, are to a large extent subject to the general economic conditions, the level of domestic consumption and aggregate spending in Hong Kong and the PRC. The outbreak of human swine flu in 2009 and the severe acute respiratory syndrome in 2003 caused tremendous economic loss to the affected regions and the surrounding areas.

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The recurrence of any of these epidemics or the outbreak of another severe communicable disease in Hong Kong or the PRC could result in a slowdown of the economy and disruptions to the Group's business operations and financial conditions.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this prospectus.

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

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for each of the three years ended 31 March 2008, 2009 and 2010 are disclosed in the annual reports of the Company for the years ended 31 March 2008 (pages 35 to 110), 2009 (pages 41 to 142) and 2010 (pages 42 to 138) respectively. The unaudited condensed consolidated financial statements of the Group for the six-month period ended 30 September 2010 are disclosed in the interim report of the Company for the six-month period ended 30 September 2010 (pages 2 to 10). The aforementioned annual reports and interim report of the Company are published on both the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.sausantong.com).

The auditors of the Company have not issued any qualified opinion on the Group's financial statements for the financial years ended 31 March 2008, 2009 and 2010.

2. FINANCIAL AND TRADING PROSPECTS

For the year ended 31 March 2010 (the "Year under Review"), turnover of the Group amounted to approximately HK\$470,725,000, representing an increase of 7% from approximately HK\$437,916,000 in last year. Such increase was mainly due to the remarkable growth in the distribution sales of the Group's Shanghai Dong Fang Ri Hua Sales Co. Ltd. On the other hand, even though the rivalry in the slimming and beauty industry is so intense, the Group still can manage to sustain the revenue performance of all the slimming centres in both Hong Kong and in the PRC during the Year under Review. During the Year under Review, turnover from the distribution business amounted to approximately HK\$403,222,000 (2009: approximately HK\$364,985,000), while the turnover generated from all the beauty, slimming and spa centres in Hong Kong and in the PRC amounted to approximately HK\$66,349,000 (2009: approximately HK\$70,290,000).

During the Year under Review, the Group recorded an increase of approximately HK\$3,253,000 in gross profit. The Group has incurred a loss attributable to equity holders of the Company of approximately HK\$24,957,000 (2009: approximately HK\$30,651,000). As mentioned before, the competition and the business environment of the slimming and beauty market is drastic and extreme, in order to maintain the competitive edge, 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 provision for impairment losses) totalling amount to HK\$50,957,000. Apart from the above provision, the administrative expenses have been slightly increased from approximately HK\$41,052,000 of 2009 to approximately HK\$41,571,000. Notwithstanding the significant increase in turnover, the administrative expenses are comparable to that of last year.

During the Year under Review, the jointly controlled entities of the Group made a vast turnaround in performance. The share of profits of the jointly controlled entities is approximately HK\$2,858,000 in contrast to the share of losses of approximately HK\$3,277,000 in the year 2009.

By refreshing change and diversification of business, the Group continued to be the leader of the industry providing the most quality and professional services to its customers.

Looking forward, the Company expects the impacts of the Euro crisis and credit squeeze will stick around for a while. Such impact to the Group is immaterial because the Group is financially strong and has no investments in derivatives, bonds or structured financial products. During the Year under Review, tightly banking credit policy together with intense competition induce the closing down of some second tier beauty and slimming services providers. Facing with this extreme business environment, the Group is actively developing new ideas and exploring new business opportunities, and the Company is highly confident to ride through it.

3. INDEBTEDNESS

As at the close of business on 30 September 2010, being the latest practicable date for the purpose of statement of indebtedness prior to the printing of this prospectus, the Group had total borrowings of approximately HK\$31,890,000, comprising (i) secured bank loans of approximately HK\$13,626,000, (ii) obligations under finance leases of approximately HK\$363,000 and (iii) unsecured borrowings of approximately HK\$17,901,000 which included an amount due to a director of approximately HK\$17,014,000, and an amount due to a related party of approximately HK\$887,000.

The banks loans were secured by guarantees from the Company, a director, a minority shareholder and a staff member of the Group; and leasehold properties owned by certain staff members of the Group. The obligation under a finance lease of approximately HK\$200,000 was guaranteed by a related company.

As at the close of business on 30 September 2010, the Group did not have any material contingent liabilities.

On 5 July 2010, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent agreed to place, on a best effort basis, over a period of 60 days from the date the Capital Reorganisation becomes effective, Convertible Notes up to an aggregate principal amount of HK\$20,000,000. On the same date, the Company entered into the Subscription Agreement with Dr.

Cheung pursuant to which the Company agreed to issue, and Dr. Cheung agreed to subscribe, or procure the subscription by her nominee, for Convertible Note in the principal amount of HK\$20,000,000 upon the Capital Reorganisation becoming effective. Further details of these convertible note transactions have been disclosed in the Circular. On 5 November 2010, Convertible Note in principal amount of HK\$20,000,000 was issued under the Subscription Agreement. As at the date of this prospectus, no Convertible Note was issued under the Placing Agreement.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 30 September 2010, the Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

The Directors confirmed that no material changes in the indebtedness and contingent liabilities of the Group since 30 September 2010 up to and including the Latest Practicable Date.

4. WORKING CAPITAL

The Directors are satisfied after due and careful enquiry that taking into account the present internal financial resources of the Group, the available banking facilities and the net proceeds to be derived from the Rights Issue, the Placing and the Subscription, in the absence of unforeseen circumstance, the Group has sufficient working capital for its present requirements, that is for at least twelve months from the date of this prospectus.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2010, the date to which the latest published audited consolidated financial statements of the Group were made up.

6. FOREIGN EXCHANGE

The principal regulation governing foreign currency exchange in the PRC is the *PRC Regulations on Foreign Exchange* (《中華人民共和國外匯管理條例》) (first promulgated in 1996 and amended in 1997 and 2008). Under the said Regulations, the Company's PRC subsidiaries may, in respect of transactions relating to current account items, such as payment of dividends, effect payment through designated foreign exchange banks by presenting valid documents and commercial bills in accordance with the regulations issued by the State Council on the sale and purchase of foreign exchange and making payments in foreign exchange. Foreign exchange transactions under capital account, including repatriation of capital, repayment of loans and securities investment, remain to be subject to foreign exchange controls and the approval of the State Administration of Foreign Exchange.

The Company considers that, in case dividends are declared, it will have sufficient foreign exchange to pay the dividends and that it will have sufficient foreign exchange to meet its foreign exchange liabilities as they become due.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with paragraph 7.31 of the GEM Listing Rules is set out below to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group as if the Rights Issue had taken place on 30 September 2010.

This unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only, based on the judgements and assumptions of the Directors of the Company, and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group as at 30 September 2010 or any future date.

1. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED
NET TANGIBLE ASSETS OF THE GROUP

Unaudited Pro Forma Financial Information of the Group

| | Adjusted consolidated net tangible assets of the Group attributable to equity shareholders of the Company as at 30 September 2010 <i>HK\$'000</i> <i>(Note 1)</i> | Add estimated net proceeds from the Rights Issue <i>HK\$'000</i> <i>(Note 2)</i> | Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity shareholders of the Company immediately after completion of the Rights Issue <i>HK\$'000</i> |
|---|---|---|---|
| Based on 178,537,500 Rights Shares to be issued | <u>46,899</u> | <u>50,000</u> | <u>96,899</u> |
| Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity shareholders of the Company per share prior to the Rights Issue <i>(Note 3)</i> | | | <u>HK\$1.58</u> |
| Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity shareholders of the Company per share immediately after completion of the Rights Issue with 178,537,500 Rights Shares issued <i>(Note 4)</i> | | | <u>HK\$0.47</u> |

Notes:

1. It represents the unaudited consolidated net assets of the Group attributable to the equity shareholders of the Company of HK\$47,149,000 less the goodwill of HK\$250,000 as at 30 September 2010, which are extracted from the condensed consolidated balance sheet as at 30 September 2010 as set out in the published interim report of the Company for the six months ended 30 September 2010.
2. The estimated net proceeds for the Rights Issue of HK\$50,000,000 is calculated based on 178,537,500 Rights Shares to be issued at the subscription price of HK\$0.30 per Rights Share after deduction of estimated related expenses.
3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity shareholders of the Company per Share prior to completion of the Rights Issue is calculated based on HK\$46,899,000 divided by 29,756,250 shares, being the number of shares in issue as if the Capital Reorganisation had been completed on 30 September 2010.
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity shareholders of the Company per share immediately after completion of the Rights Issue is calculated based on HK\$96,899,000 divided by 208,293,750 shares, comprising 29,756,250 shares, being the number of shares in issue as if the Capital Reorganisation had been completed on 30 September 2010, and 178,537,500 Rights Shares to be issued.

2. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS TO THE DIRECTORS OF SAU SAN TONG HOLDINGS LIMITED

We report on the unaudited pro forma statement of adjusted consolidated net tangible assets of Sau San Tong Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), which has been prepared by the Directors of the Company, for illustrative purposes only, to provide information about how the proposed rights issue of the Company might have affected the financial information presented, for inclusion as Appendix II to the prospectus dated 12 November 2010 issued by the Company (the “Prospectus”). The basis of preparation of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is set out on pages 29 and 30 to the Prospectus.

Respective responsibilities of Directors of the Company and reporting accountants

It is the responsibility solely of the Directors of the Company to prepare the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

It is our responsibility to form an opinion, as required by the paragraph 7.31(7) of the GEM Rules, on the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group with the Directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been properly compiled by the Directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as disclosed pursuant to paragraph 7.31(1) of the GEM Rules.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is for illustrative purpose only, based on the judgements and assumptions of the Directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group as at 30 September 2010 or at any future date.

Opinion

In our opinion:

- a. the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been properly compiled by the Directors of the Company on the basis stated;
- b. such basis is consistent with the accounting policies of the Group; and
- c. the adjustments are appropriate for the purpose of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as disclosed pursuant to paragraph 7.31(1) of the GEM Rules.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong, 12 November 2010

Chan Kwan Ho, Edmond

Practising Certificate number P02092

1. RESPONSIBILITY STATEMENT

This prospectus, 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 the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and upon completion of the Rights Issue were and will be as follows:

| Number of Shares | Nominal value <i>HK\$</i> |
|---|-------------------------------------|
| <i>Authorised:</i> | |
| <u>1,000,000,000</u> Shares | <u>10,000,000.00</u> |
| <i>Issued and fully-paid:</i> | |
| 29,756,250 Shares in issue as at the Latest Practicable Date | 297,562.50 |
| <u>178,537,500</u> Shares to be issued pursuant to the Rights Issue | <u>1,785,375.00</u> |
| <u>208,293,750</u> Shares | <u>2,082,937.50</u> |

All the Shares in issue rank *pari passu* in all respects with each other, including, in particular, as to dividends, voting rights and return of capital. The Rights Shares, when fully paid and allotted, will rank *pari passu* in all respects with the Shares then in issue, including the right to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares.

No part of the share capital of the Company has been listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed for the Shares to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date:

- (a) there were outstanding Convertible Notes with an aggregate principal amount of HK\$20,000,000 convertible into 40,000,000 Shares at the conversion price of HK\$0.50 per Share (subject to adjustments); and
- (b) there were outstanding Options to subscribe for an aggregate of 210,178 Shares.

Save as disclosed above, the Company had no other outstanding convertible securities, options or warrants in issue which confer any right to convert into or subscribe for Shares as at the Latest Practicable Date.

3. SHARE OPTIONS

As at the Latest Practicable Date, the Company had outstanding Options entitling the holders thereof to subscribe for an aggregate of 210,178 Shares. The Options were granted by the Company to the Directors in accordance with the rules of the Share Option Scheme at a consideration of HK\$1.00 per Option and the particulars of which are set out as follows:

| Grantees | Number of underlying Shares held under Options | Exercise price per Share | Exercise period |
|-----------------|---|---|---|
| Dr. Cheung | 105,089 | HK\$24.36 | 10 September 2004 to 3 November 2013 |
| Mr. Cheung | 105,089 | HK\$24.36 | 10 September 2004 to 3 November 2013 |

Save as disclosed above, the Company did not have any outstanding options or other securities which are convertible or exchangeable into Shares as at the Latest Practicable Date.

4. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange were as follows:

| Name of Director | Number of Shares/ underlying Shares (long position) | Nature of interest | Approximate percentage of issued share capital of the Company |
|------------------|---|--------------------|---|
| Dr. Cheung | 61,119,789 ¹ | Personal | 205.40% |
| | 31,332,000 ² | Corporate | 105.30% |
| Mr. Cheung | 105,089 ³ | Personal | 0.35% |

Notes:

- The personal interest of Dr. Cheung comprises an interest in 3,002,100 issued Shares, an interest in 18,012,600 Rights Shares for which Dr. Cheung has undertaken to subscribe under the Rights Issue, an interest in 40,000,000 Shares issuable to Dr. Cheung pursuant to the Convertible Notes and an interest in 105,089 underlying Shares in respect of Options granted by the Company to Dr. Cheung pursuant to the Share Option Scheme.
- The corporate interest of Dr. Cheung comprises an interest in 4,476,000 issued Shares held by Biochem Investments Limited (“Biochem”), a company wholly owned by Dr. Cheung, and an interest in 26,856,000 Rights Shares for which Dr. Cheung has undertaken to procure Biochem to subscribe under the Rights Issue.
- The personal interest of Mr. Cheung represents an interest in 105,089 underlying Shares in respect of Options granted by the Company to Mr. Cheung pursuant to the Share Option Scheme.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they would be taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

(b) Interests of substantial shareholders

As at the Latest Practicable Date, so far as the Directors or chief executive of the Company were aware or could ascertain after reasonable enquiry, the following persons, not being a Director or chief executive of the Company, had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or had options in respect of such capital:

(i) The Company

| Name | Number of Shares/ underlying Shares (long position) | Nature of interest | Approximate percentage of issued share capital of the Company |
|--|---|--------------------|---|
| Kingston | 109,475,310 ¹ | Beneficial owner | 367.91% |
| Ms. Chu Yuet Wah ("Ms. Chu") | 109,734,310 ² | Corporate | 368.78% |
| Biochem | 31,332,000 ³ | Beneficial owner | 105.30% |
| GEM Hero | 30,240,000 ⁴ | Beneficial owner | 101.63% |
| Mr. Chung Kwok Cheung ("Mr. Chung") | 30,240,000 ⁵ | Corporate | 101.63% |

Notes:

1. The interest of Kingston represents an interest in 109,475,310 Rights Shares which Kingston has agreed to underwrite under the Underwriting Agreement.
2. The corporate interest of Ms. Chu comprises an interest in 109,475,310 Shares held by Kingston, a company owned as to 80% by Ms. Chu, and an interest in 259,000 issued Shares held by Best China Limited, a company wholly owned by Ms. Chu.
3. The interest of Biochem comprises an interest in 4,476,000 issued Shares and an interest in 26,856,000 Rights Shares for which Dr. Cheung has undertaken to procure Biochem to subscribe under the Rights Issue. Dr. Cheung is the sole director of Biochem.
4. The interest of GEM Hero comprises an interest in 4,320,000 issued Shares and an interest in 25,920,000 Rights Shares for which GEM Hero has undertaken to subscribe under the Rights Issue.
5. The corporate interest of Mr. Chung comprises an interest in 4,320,000 issued Shares held by GEM Hero, a company wholly owned by Mr. Chung, and an interest in 25,920,000 Rights Shares for which GEM Hero has undertaken to subscribe under the Rights Issue.

(ii) Other members of the Group

| Name of subsidiary | Number of shareholder | Percentage of Shareholding |
|---|---------------------------------------|-----------------------------------|
| Sau San Tong Healthy Trim Institute (Hangzhou) Ltd. | Chen Zhi Hong | 49% |
| 上海東紡日化銷售有限公司 | Skytop International Development Inc. | 39% |
| | 上海東紡寶潔產品專營有限公司 | 10% |
| Sau San Tong Healthy Trim Institute (Shenzhen) Ltd. | New Majestic Ventures Inc. | 49% |

Save as disclosed above and so far as the Directors and the chief executive of the Company were aware, as at the Latest Practicable Date, there were no other persons who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or had options in respect of such capital.

5. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP

None of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2010, the date to which the latest published audited financial statements of the Group were made up.

Save as disclosed in this prospectus and the Circular, there is no contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date in which any Director is materially interested and which is significant in relation to the business of the Group as a whole.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

7. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or substantial Shareholders or their respective associates had any interests in any business which competes or may compete with the business of the Group.

8. LITIGATION

As at the Latest Practicable Date, there was no litigation or claims of material importance pending or threatened against any member of the Group.

9. EXPERT AND CONSENT

The following is the qualification of the expert or professional adviser who has given opinion or advice which is contained in this prospectus:

| Name | Qualification |
|--|------------------------------|
| Baker Tilly Hong Kong Limited ("Baker Tilly") | Certified Public Accountants |

Baker Tilly has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its opinion and/or references to its name in the form and context in which they respectively appear.

Baker Tilly does not have:

- (a) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in any member of the Group as at the Latest Practicable Date; or
- (b) any direct or indirect interest in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2010, the date to which the latest published audited financial statements of the Group were made up.

10. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the date of this prospectus and are or may be material:

- (a) the underwriting agreement dated 21 July 2009 entered into between the Company as issuer and the Underwriter as underwriter whereby the Underwriter agreed to underwrite up to 2,931,500,000 offer shares at the subscription price of HK\$0.01 per offer share as varied and supplemented by a supplemental agreement dated 30 July 2009 entered into between the same parties;
- (b) the subscription agreement dated 11 January 2010 entered into between the Company as issuer and Biochem as subscriber whereby the Company agreed to issue, and Biochem agreed to subscribe, 191,970,000 shares of HK\$0.01 each in the share capital of the Company at the price of HK\$0.02 per subscription share;
- (c) the Consultancy Agreement;
- (d) the Underwriting Agreement;
- (e) the Placing Agreement; and
- (f) the Subscription Agreement.

11. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY**(a) Names and addresses**

| Name | Address |
|--|--|
| <i>Executive Directors</i> | |
| Dr. Cheung Yuk Shan, Shirley | 12th Floor, Prestige Tower 23-25 Nathan Road Tsim Sha Tsui, Kowloon Hong Kong |
| Mr. Cheung Ka Heng, Frankie | 12th Floor, Prestige Tower 23-25 Nathan Road Tsim Sha Tsui, Kowloon Hong Kong |
| <i>Independent non-executive Directors</i> | |
| Mr. Hong Po Kui, Martin | 12th Floor, Prestige Tower 23-25 Nathan Road Tsim Sha Tsui, Kowloon Hong Kong |
| Mr. Li Kuo Hsing | 12th Floor, Prestige Tower 23-25 Nathan Road Tsim Sha Tsui, Kowloon Hong Kong |
| Ms. Hui Yat Lam | 12th Floor, Prestige Tower 23-25 Nathan Road Tsim Sha Tsui, Kowloon Hong Kong |
| <i>Senior management</i> | |
| Mr. Tse Ching Leung | 12th Floor, Prestige Tower 23-25 Nathan Road Tsim Sha Tsui, Kowloon Hong Kong |

(b) Brief biographical details*Executive Directors*

Dr. Cheung Yuk Shan, Shirley, aged 35, is the Chairman and founder of the Group. She established the Group 10 years ago and successfully developed it to a group with over 400 staff. Dr. Cheung is responsible for the overall stewardship of the Group which includes directions and formulating strategies. Leading the Group to a new height, she achieved various accomplishments complimenting her management style and innovative promotional strategies. Dr. Cheung received the Honour Award of the “Innovative Entrepreneur of the Year 2004” of the Hong Kong district, organised by the City Junior Chamber in May 2004. In November of the same year, Dr. Cheung was awarded as one of the “100 Outstanding Women Entrepreneurs in China” by the “Women Entrepreneurs’ Association of China”. She is also one of the few awardees and one of the youngest awarded entrepreneurs. In 2006, Dr. Cheung was awarded as one of the “World Outstanding Chinese”. In 2009, she was awarded as one of the “Top Ten Most Influential Entrepreneur for China Brand Building” by The Board of Ten Influential China Brands. Furthermore, she was invited to be one of the deputy chairman of the “China Foreign Trade Council”.

Mr. Cheung Ka Heng, Frankie, aged 37, is an executive Director. He is responsible for the business development and administration of the Group. Mr. Cheung holds a master degree in business administration from Americus University of the United States. Prior to joining the Group in 2002, he was the director of Vicorp Credit Services Limited, a company which provides credit information, commencing from September 1999. Mr. Cheung was previously an executive director of Chevalier Pacific Holdings Limited, a company listed on the Main Board of the Stock Exchange. Mr. Cheung is the elder brother of Dr. Cheung Yuk Shan, Shirley.

Independent non-executive Directors

Mr. Hong Po Kui, Martin, aged 60, is an independent non-executive Director and joined the Group in June 2002. He is responsible for giving advice to the Board and the Shareholders. Mr. Hong is a practising solicitor and a notary public in Hong Kong. He has been practising as a solicitor of the High Court of Hong Kong for over 34 years and is the senior partner of Messrs. Lau, Chan & Ko, Solicitors. He holds a bachelor degree in science from the University of New South Wales. Mr. Hong is an independent non-executive director of Modern Beauty Salon Holdings Limited and Fulbond Holdings Limited, both of which are companies listed on the Main Board of the Stock Exchange, as well as the commissioner of Hong Kong Road Safety Patrol.

Mr. Li Kuo Hsing, aged 51, is an independent non-executive Director and joined the Group in June 2002. He is the Vice Chairman of the Federation of Motion Film Producers of Hong Kong Limited since 1998 and appointed member of the Election Committee for the Performing Arts sub-sector of the Legislative Council Election. Mr. Li is the founder and Chairman of Mei Ah Entertainment Group Limited, a company listed on the Main Board of the Stock Exchange.

Ms. Hui Yat Lam, aged 36, is an independent non-executive Director and joined the Group in March 2008. Ms. Hui is an associate member of Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants. Ms. Hui has over 15 years of experience in professional auditing, accounting and financial management. Ms. Hui was previously the qualified accountant and company secretary of Long Success International (Holdings) Limited, a company listed on GEM.

Senior management

Mr. Tse Ching Leung, aged 37, is the financial controller, qualified accountant and company secretary of the Group. Mr. Tse is responsible for overseeing the accounting and financial management and company secretarial functions of the Group. He is an associate member of Hong Kong Institute of Certified Public Accountants. Mr. Tse joined the Group in February 2008 and has accumulated over 15 years of accounting and auditing experience.

12. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

| | |
|---|--|
| 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 | 12 th Floor, Prestige Tower 23-25 Nathan Road Tsim Sha Tsui, Kowloon Hong Kong |
| Authorised representatives | Dr. Cheung Yuk Shan, Shirley Mr. Cheung Ka Heng, Frankie |

| | |
|---|---|
| Company secretary and qualified accountant | Mr. Tse Ching Leung |
| Compliance officer | Dr. Cheung Yuk Shan, Shirley |
| Audit Committee | Mr. Hong Po Kui, Martin Mr. Li Kuo Hsing Ms. Hui Yat Lam |
| Underwriter to the Rights Issue | Kingston Securities Limited Suite 2801, 28/F. One International Finance Centre 1 Harbour View Street, Central Hong Kong |
| Financial adviser to the Company | Kingston Corporate Finance Limited Suite 2801, 28/F. One International Finance Centre 1 Harbour View Street, Central Hong Kong |
| Legal advisers to the Company | <i>As to Hong Kong law:</i> Iu, Lai & Li 20 th Floor, Gloucester Tower The Landmark 11 Pedder Street, Central Hong Kong <i>As to Cayman Islands law:</i> Conyers Dill & Pearman 2901 One Exchange Square 8 Connaught Place Hong Kong |
| Auditors | Baker Tilly Hong Kong Limited Certified Public Accountants 12 th Floor, China Merchants Tower Shun Tak Centre 168-200 Connaught Road Central Hong Kong |

| | |
|--|--|
| Principal share registrar in the Cayman Islands | HSBC Trustee (Cayman) Limited P.O. Box 484, HSBC House 68 West Bay Road Grand Cayman, KY1-1106 Cayman Islands |
| Hong Kong branch share registrar | Tricor Standard Limited 26th Floor, Tesbury Centre 28 Queen's Road East, Wanchai Hong Kong |
| Principal bankers | Nanyang Commercial Bank Yaumatei Branch 309 Nathan Road, Kowloon Hong Kong The Bank of East Asia, Limited One Peking Branch Shop 202 & 203, L/F., One Peking 1 Peking Road Tsim Sha Tsui, Kowloon Hong Kong |

13. EXPENSES

The expenses in connection with the Rights Issue, including underwriting commission, accountancy fees, financial and legal advisory fees, printing and translation charges and the fees for the application for the listing of the Rights Shares are estimated to amount to approximately HK\$3.5 million and are payable by the Company.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 12th Floor, Prestige Tower, 23-25 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong from the date of this prospectus up to and including the Acceptance Date:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the two years ended 31 March 2009 and 31 March 2010;
- (c) the report from Baker Tilly on the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group set out in Appendix II to this prospectus;
- (d) the written consent given by Baker Tilly referred to in paragraph 9 of this Appendix;
- (e) the material contracts referred to in paragraph 10 of this Appendix;
- (f) the Circular; and
- (g) this Prospectus.

15. MISCELLANEOUS

The English text of this prospectus shall prevail over the Chinese text.