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SA SA INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

CONTINUING CONNECTED TRANSACTIONS

Sa Sa excluding Lisbeth Group intends to continue to sell cosmetics and related beauty products to the Lisbeth Group and Sa Sa excluding Ebeca Group intends to continue to sell cosmetics and related beauty products to and purchase cosmetics and related beauty products from the Ebeca Group. Sa Sa excluding Lisbeth Group proposes to advance the Lisbeth Loans to the Lisbeth Group. Sa Sa excluding Ebeca Group proposes to advance the Ebeca Loans to the Ebeca Group. Ebeca and Lisbeth are indirect non wholly-owned subsidiaries of the Company. The Relevant Transactions constitute continuing connected transactions under the Listing Rules.

The Company has applied to the Stock Exchange for the Waiver subject to, inter alia, the annual aggregate value of each of (i) the Lisbeth Sales and the Ebeca Sales Transactions (ii) the Ebeca Purchases Transactions (iii) the Lisbeth Loans and Ebeca Loans in each of the 2003 Financial Year, 2004 Financial Year and 2005 Financial Year not exceeding the higher of HK\$10 million or 3% of the consolidated net tangible assets of the Group as set out in the latest published financial statements of the relevant financial year. Therefore, the Relevant Transactions fall within Rule 14.25(1) of the Listing Rules and no independent shareholders approval is required.

THE RELEVANT TRANSACTIONS

The Lisbeth Sales

The Company completed the acquisition of approximately 58.33% of the issued share capital of Lisbeth on 31st August, 2000 by way of the purchase of existing shares in Lisbeth from Mr. Barry Wain and a subscription of new shares in Lisbeth pursuant to a sale and purchase and a subscription agreement both dated 31st July, 2000. Since January 2001, Sa Sa excluding Lisbeth Group sold cosmetics and related beauty products to the Lisbeth Group in the ordinary course of business of Sa Sa Group and on normal commercial terms and at rates not less favourable than those offered to independent third parties. Sa Sa Group treats the Lisbeth Group as an extension of its retail outlets in Hong Kong. As members of the Sa Sa Group, the Lisbeth Group is allowed a certain degree of flexibility with respect to its choice of suitable product mix, stocking and replenishment procedures. The total sales amount of cosmetics and related beauty products sold by Sa Sa excluding Lisbeth Group to the Lisbeth Group was approximately HK\$1,365,000 for the 2001 Financial Year. After adjusting for closing stock to account for returnable goods at the financial year end, the net sales amount was approximately HK\$686,000. The total sales amount of the cosmetics and related beauty products sold by Sa Sa excluding Lisbeth Group to Lisbeth Group was approximately HK\$2,770,000 for the 2002 Financial Year. Taking into account differences in closing stock to account for returnable goods at the financial year end, the net sales amount was

approximately HK\$2,577,000 for the 2002 Financial Year. The total sales amount of cosmetics and related beauty products sold by Sa Sa excluding Lisbeth Group to the Lisbeth Group was approximately HK\$465,000 for the first quarter of the 2003 Financial Year.

The Company took the initial view previously that the sales of cosmetic and related beauty products to the Lisbeth Group which were used and consumed by Lisbeth's customers in health clubs operated by Lisbeth Group fell within the exemption set out in Rule 14.24(1) of the Listing Rules ("Consumables"). Taking into account such Consumables and the differences in closing stock between the 2001 and 2002 Financial Year, the Lisbeth Sales exceeded the higher of HK\$ 1 million or 0.03% of the net tangible assets of the Sa Sa Group in the 2001 Financial Year in February 2002.

The Company became aware in May 2002 that the Lisbeth Sales exceeded the higher of HK\$1 million or 0.03% of the consolidated net tangible assets of the Group as set out in its latest published financial statements for the 2002 Financial Year. The Lisbeth Sales for the 2002 Financial Year requires disclosure by way of a press announcement under Rule 14.25(1) of the Listing Rules as soon as possible when the amount exceeds HK\$1 million or 0.03% of the net tangible assets of the Group for the 2001 Financial Year. The Stock Exchange has indicated that it reserves its rights to take disciplinary action against the Company in relation to the Lisbeth Sales for the 2002 Financial Year.

The principal business of the Lisbeth Group is provision of health club facilities and services to members in Hong Kong, Singapore, Malaysia and Thailand. The major type of product sold by the Lisbeth Group is skin care products. Lisbeth holds 9 health and beauty centers operated under the name of Phillip Wain in Hong Kong, Malaysia, Singapore and Thailand. There are about 500 employees being employed in these health and beauty centers. The Directors believe that Phillip Wain has a competitive edge over its competitors due to its long established history in Hong Kong and its unique market position, targeting customers from the middle income group to the high income group. The Company expects the Lisbeth Sales to continue in the future and believes that it is in the commercial interest of the Sa Sa Group to conduct the Lisbeth Sales.

The Ebeca Sales Transactions and Ebeca Purchases Transactions

The Company completed the acquisition of 55% of the registered capital of Ebeca on 1st July, 2001 pursuant to agreements dated 8th February, 2001. The principal business of the Ebeca Group is the wholesaling and retailing of cosmetics and related beauty products in PRC, provision of beauty salon services to customers in the PRC and the running of a beauty school in the PRC. The major types of products sold by Ebeca consists of skin care, fragrance and make-up products. Sa Sa excluding Ebeca Group started selling and purchasing cosmetics and related beauty products to and from Ebeca Group since September 2001. During the period from September 2001 to March 2002, Sa Sa excluding Ebeca Group sold cosmetics and related beauty products to and purchased cosmetics and related beauty products from the Ebeca Group in the ordinary course of business of Sa Sa Group on normal commercial terms and at rate not less favourable than those offered to independent third parties, the total sales and purchase amount being approximately HK\$578,000 and HK\$635,000 respectively. The total sales amount of cosmetics and related beauty products sold by Sa Sa excluding Ebeca Group to the Ebeca Group was approximately HK\$376,000 for the first quarter of the 2003 Financial Year. The total purchase amount of cosmetics and related beauty products purchased by Sa Sa excluding Ebeca Group from the Ebeca Group was approximately HK\$45,000 for May 2002 and no purchases were made in April and June 2002. Similar to the Lisbeth Sales, Sa Sa Group treats the Ebeca Group as an extension of its retail operations in the PRC. As members of the Sa Sa Group, the Ebeca Group is allowed a certain degree of flexibility with respect to its choice of suitable product mix, stocking and replenishment procedures.

The Company expects that the Ebeca Sales Transactions and Ebeca Purchases Transactions would continue in the future and believes it is in the commercial interest of the Sa Sa Group to conduct the Ebeca Sales Transactions and Ebeca Purchases Transactions.

The Directors also noted that the revenue arising from the Ebeca Sales Transactions and Ebeca Purchases Transactions have positively contributed to the overall earnings base of the Sa Sa Group. Despite the keen competition within the cosmetic retail industry in Hong Kong and the PRC, the Directors are of the view that the outlook and future prospects of the cosmetic retail industry business in Hong Kong and the PRC are positive. As such, the Directors are of the opinion that it is in the interest of the Group to continue the present Ebeca Sales Transactions and Ebeca Purchases Transactions.

The Lisbeth Loans

Reference is made to the Company's connected transactions announcement dated 13th June, 2002. An aggregate amount of loans of approximately HK\$6,077,000 was advanced on 11th June, 2002 by Sa Sa excluding Lisbeth Group to the Lisbeth Group to support the business of the Lisbeth Group, which loans are repayable on demand. The interest rates charged for the Lisbeth Loans are as follows:–

Lender	Borrower	Rate
Sa Sa Cosmetic Company Limited	Lisbeth	prime lending rate quoted from time to time by the Hongkong & Shanghai Banking Corporation Limited
Sa Sa Cosmetic Co. (S) Pte. Ltd.	Phillip Wain International (Singapore) Pte. Ltd. (a wholly-owned subsidiary of Lisbeth)	prime lending rate quoted from time to time by the Hongkong & Shanghai Banking Corporation Limited
Hong Kong Sa Sa (M) Sdn. Bhd.	Phillip Wain (M) Sdn. Bhd. (a wholly-owned subsidiary of Lisbeth)	base lending rate quoted from time to time by Malayan Banking Berhad

Other than such amounts, no other funds have yet been advanced to Lisbeth.

Sa Sa excluding Lisbeth Group intend to continue to provide financial support to the Lisbeth Group on normal commercial terms to support the businesses of the Lisbeth Group at the prime rate (or equivalent) quoted by one of the local major banks.

The main purpose of the Lisbeth Loans is to take advantage of the lower costs of borrowing (as there are no transaction costs, set up fees or similar expenses charged by financial institutions) so as to contain the Group's overall operating costs in order to remain competitive. The Directors believe that provision of the Lisbeth Loans is necessary in order to better serve its customers and maintain its excellent relationship with its customers. The Company is of the view that the provision of Lisbeth Loans is justified in terms of costs and time saving. As such, the Directors consider the provision of Lisbeth Loans to be in the ordinary and usual course of business of the Company and in the interest of the Company.

Any increase in business generated by Lisbeth will bring benefits to the Company by way of increased revenue and any improvements in results would have a positive effect on the consolidated profit and loss account of the Group. The Directors are of the view that, taking into account (i) the Company's projection

in the revenue of Lisbeth; (ii) the possible consolidation in the health club operations; (iii) the anticipated cost control exerted by Lisbeth; (iv) the expected stable demand for Lisbeth's services; and (v) the necessity to maintain its market competitiveness, it is in the commercial interests of Sa Sa excluding Lisbeth Group to continue to grant the Lisbeth Loans to the Lisbeth Group.

The remaining shareholder of Lisbeth will not contribute its pro-rata share of the Lisbeth Loans.

The Ebeca Loans

The Company foresees that cash injection both as funds for working capital and capital expenditure are necessary to support the operations of the Ebeca Group. Therefore, the Company believes it is in the commercial interests of Sa Sa excluding Ebeca Group to grant the Ebeca Loans to Ebeca Group. The Company is in the process of negotiation with its PRC partner as to the possibility of the PRC partner making pro-rata contribution to the cash injection to Ebeca. The PRC partner holds 45% of the registered capital of Ebeca. The PRC partner is a company incorporated in the PRC held by 2 PRC individuals. Other than these two individuals acting as directors of Ebeca and holding indirectly the registered capital of Ebeca through the PRC Partner, they are otherwise independent of and not connected with the directors, chief executive and substantial shareholder of the Company and its subsidiaries or an associate (as defined in the Listing Rules) of any of them. The Ebeca Loans will be granted on normal commercial terms and at Hong Kong dollars prime lending rate as quoted by the Hong Kong and Shanghai Banking Corporation Limited from time to time. Since Sa Sa acquired an interest in Ebeca, Sa Sa excluding Ebeca Group has not yet advanced funds to the Ebeca Group previously.

As stated in the paragraph headed "Ebeca Sales Transactions and Ebeca Purchases Transactions", the Directors believe that there are opportunities in the cosmetic retail industry in the PRC as a result of PRC's accession into the WTO and the continued high GDP growth of around 7% per annum of the economy in the PRC as a whole. The Directors consider that the provision of the Ebeca Loan will enable the Group to continue tapping into the PRC cosmetic retail market by leveraging on the business expansion, the distribution network and the expanding clientele of Ebeca. In addition, the main purpose of the Ebeca Loans is to take advantage of the lower costs of borrowing so as to contain the Group's overall operating costs of operations in order to remain competitive. The Company is of the view that the provision of Ebeca Loans will be justified in terms of costs and time saving. Any increase in business generated by Ebeca will bring benefits to the Company by way of increased revenue and any improvements in results would have a positive effect on the consolidated profit and loss account of the Group. As such, the Directors consider the provision of Ebeca Loans is in the ordinary and usual course of business of the Company and in the interest of the Company.

The Directors, including the independent non-executive directors, are of the view that each of the Relevant Transactions are entered into on normal commercial terms and the terms of each of the Relevant Transactions are, in view of the business of the Group, fair and reasonable and in the best interest of the Company and its shareholders as a whole.

THE ANNUAL CAPS

The annual aggregate value of each of (i) the Lisbeth Sales and the Ebeca Sales Transactions (ii) the Ebeca Purchases Transactions (iii) the Lisbeth Loans and Ebeca Loans in each of the 2003 Financial Year, 2004 Financial Year and 2005 Financial Year will not exceed the higher of HK\$10 million or 3% of the consolidated net tangible assets of the Group as set out in the latest published financial statements of the relevant financial year.

WAIVER SOUGHT

The Company expects that the Relevant Transactions will continue on an ongoing basis and believes that it is in the commercial interests of the Sa Sa Group to enter into these Relevant Transactions. Lisbeth and Ebeca are indirect non-wholly owned subsidiaries of the Company and therefore the Relevant Transactions constitute connected transactions for the Company under the Listing Rules and will normally be subject to disclosure requirements. The Company considers it impractical to make disclosure for each of the Relevant Transactions each time as they arise. Accordingly, the Company has applied to the Stock Exchange for a waiver from strict compliance with the requirements under Rule 14.25(1) in respect of the Lisbeth Sales, the Ebeca Sales Transactions, the Ebeca Purchases Transactions, the Lisbeth Loans, the Ebeca Loans subject to the following conditions:

1. the Relevant Transactions are:
 - (a) entered into by the Sa Sa Group in the ordinary and usual course of business of Sa Sa Group;
 - (b) conducted on normal commercial terms;
 - (c) entered into on terms that are fair and reasonable so far as the shareholders are concerned; and
 - (d) entered into either:–
 - (a) in accordance with the terms of the agreements governing such transactions; or
 - (b) where there is no such agreement, on terms no less favourable than the terms available to (or from, as appropriate) independent third parties.
2. the annual value of each of (i) the Lisbeth Sales and Ebeca Sales Transactions, (ii) Ebeca Purchases Transactions and (iii) Lisbeth Loans and Ebeca Loans in each of the 2003 Financial Year, 2004 Financial Year and 2005 Financial Year will not exceed 3% of the consolidated net tangible assets of the Group as set out in the latest published financial statements of the relevant financial year.
3. brief details of the Relevant Transactions in any financial year will be disclosed in the annual report of the Company relating to that year in accordance with the requirements under Rule 14.25(1)(A) to (D) of the Listing Rules;
4. the independent non-executive directors of the Company will review the Relevant Transactions annually and confirm in the annual report of the Company of the relevant year that such transactions have been conducted in the manner as stated in paragraphs (1) and (2) above;
5. the auditors of the Company shall review annually the Relevant Transactions and will provide a letter to the Directors confirming that:
 - (a) the Relevant Transactions have been approved by the board of directors of the Company;
 - (b) the Lisbeth Sales, Ebeca Sales Transactions and Ebeca Purchases Transactions have been entered into in accordance with the pricing policies of the Company as stated in the Company's financial statements;

- (c) the annual values of the Relevant Transactions have not exceeded the relevant capped annual amounts as stipulated in paragraph (2) above;
 - (d) the Relevant Transactions are in the ordinary and usual course of business of the Sa Sa Group;
 - (e) the Relevant Transactions are on normal commercial terms; and
 - (f) the Relevant Transactions are fair and reasonable so far as the shareholders of the Company are concerned; and
6. the Company shall provide to the Stock Exchange an undertaking that, for so long as the shares of the Company are listed on the Stock Exchange, it will provide the Company's auditors with full access to its relevant records for the purpose of auditors' review of the Relevant Transactions referred in paragraph (5) above.

If any terms of the Relevant Transactions as mentioned above are altered in the future or the conditions of the Waiver (if granted by the Stock Exchange) are not met, the Company must comply with the provisions of Chapter 14 of the Listing Rules governing connected transactions unless it applies for and obtains a separate waiver from the Stock Exchange.

GENERAL

The Company is incorporated in the Cayman Islands. The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the retailing and wholesaling of a wide range of brand name cosmetic products and the provision of health club services to members in Hong Kong, Singapore, Malaysia and Thailand.

DEFINITIONS

“Company”	means Sa Sa International Holdings Limited
“Directors”	means the directors of the Company
“Ebeca”	means 深圳莎莎依貝佳實業有限公司 Shenzhen Sa Sa Ebeca Enterprise Limited, a company held indirectly as to 55% by the Company and the remaining 45% held indirectly by its PRC partners
“Ebeca Group”	means Ebeca and its subsidiaries
“Ebeca Loans”	means the advance of funds by Sa Sa excluding Ebeca Group to the Ebeca Group
“Ebeca Purchases Transactions”	means the purchase of cosmetics and related beauty products by Sa Sa excluding Ebeca Group from the Ebeca Group
“Ebeca Sales Transactions”	means the sales of cosmetics and related beauty products by Sa Sa excluding Ebeca Group to the Ebeca Group

“Lisbeth”	means Lisbeth Enterprises Limited, a company held indirectly as to 58.33% by the Company
“Lisbeth Loans”	means the advance of funds by Sa Sa excluding Lisbeth Group to the Lisbeth Group
“Lisbeth Sales”	means the sales of cosmetics and related beauty products by Sa Sa excluding Lisbeth Group to the Lisbeth Group
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“PRC”	means the People’s Republic of China
“Relevant Transactions”	means the (i) Lisbeth Sales, (ii) Ebeca Sales Transactions, (iii) Ebeca Purchases Transactions, (iv) Lisbeth Loans and (v) Ebeca Loans
“Sa Sa Cosmetic “	means Sa Sa Cosmetic Company Limited, a wholly-owned subsidiary of the Company
“Sa Sa excluding Ebeca Group”	means the Sa Sa Group excluding the Ebeca Group
“Sa Sa excluding Lisbeth Group”	means the Sa Sa Group excluding the Lisbeth Group
“Sa Sa Group”	means Sa Sa and its subsidiaries
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Waiver”	means a waiver application from strict compliance with the disclosure and shareholder approval requirements as set out in Chapter 14 of the Listing Rules in respect of the Relevant Transactions
“2001 Financial Year”	the financial year ended 31st March, 2001
“2002 Financial Year”	the financial year ended 31st March, 2002
“2003 Financial Year”	the financial year ended 31st March, 2003
“2004 Financial Year”	the financial year ended 31st March, 2004
“2005 Financial Year”	the financial year ended 31st March, 2005

By order of the Board
Kwok Siu Ming, Simon
Chairman

Hong Kong, 16th August, 2002

“Please also refer to the published version of this announcement in The Standard”.