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## **SA SA INTERNATIONAL HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

### **Connected Transaction**

The Company and Lisbeth, the owner of the “Phillip Wain” beauty business, have entered into an agreement with Messrs. Wain and Phillips which provides for the Company to acquire all shares of Lisbeth not already owned by it pursuant to which the Company will become the owner of 100% of Lisbeth. The litigation between the parties will also be settled. The net payment to be made by the Company under the agreement is HK\$3,687,945.

On 19th February, 2003, the Company, Lisbeth and Messrs. Wain and Phillips entered into the Agreement.

Under the Agreement, inter alia:–

- all shares in Lisbeth not already owned by the Company will be transferred to the Company or its nominee so that Lisbeth will become a wholly-owned subsidiary of the Company. At present Lisbeth is owned as to approximately 58.33% by the Company and as to approximately 41.67% by Phillips;
- the Promissory Notes will be cancelled and the Expenses will be settled;
- the Service Agreement will be terminated; and
- a total of five separate legal proceedings, being the Actions, between the Company, Lisbeth and Messrs. Wain and Phillips as disclosed in the Company’s annual report for the year ended 31st March, 2002 will be settled. Details of the litigation were set out in note 31 (headed “Litigations”) to the audited consolidated accounts of the Company for the period.

The total net consideration or value to be paid by the Company under the Agreement, is HK\$3,687,945 which is less than 3% of HK\$716,989,000 (being the consolidated net tangible assets of the Company as shown in its latest unaudited consolidated financial statements for the six months ended 30th September, 2002).

Lisbeth had negative net tangible assets of approximately HK\$112,266,000 as shown in its audited consolidated financial statements for the year ended 31st March, 2002. It reported a loss before tax and dividend of HK\$35,928,000 for the year ended 31st March, 2002 and a profit before tax and dividend of HK\$4,261,000 for the year ended 31st March, 2001.

The terms of the Agreement were negotiated on an arm’s length basis and the net payment to be made by the Company was determined as part of those negotiations taking into consideration Lisbeth’s becoming a wholly owned subsidiary of the Company and the settlement of the respective claims of the parties.

The directors of the Company including the independent non-executive directors are of the opinion that the Agreement is fair and reasonable and in the interests of the Company and its shareholders.

The Agreement constitutes a connected transaction for the Company as Phillips is a substantial shareholder of Lisbeth immediately preceding the completion of the Agreement. The net sum payable by the Company to Phillips under the Agreement is less than 3 per cent of the consolidated net tangible assets of the Company as shown in its latest audited consolidated financial statements, and therefore the Agreement does not require shareholders' approval. Lisbeth is loss making.

Completion of the Agreement is expected to take place on 25th February, 2003.

In this Announcement:—

- “Actions” means the following actions in the Court of Hong Kong:—  
HCA 5190 of 2001; HCSD 30 of 2001; HCSD 31 of 2001; HCA 68 of 2002; and HCA 69 of 2002;
- “Agreement” means an agreement dated 19th February, 2003 between the Company, Lisbeth and Phillips and Wain pursuant to which, inter alia, all shares in Lisbeth not already owned by the Company will be acquired by the Company and the Actions will be settled;
- “Expenses” means certain sums owed by Wain to Lisbeth as at 31st December, 2002, in the aggregate amount of HK\$1,368,000 and certain sums owed by Phillips to Lisbeth as at 31st December, 2002, in the aggregate amount of HK\$2,964,000;
- “Lisbeth” means Lisbeth Enterprises Limited, a company owned as to approximately 58.33% by the Company incorporated in Hong Kong and the direct or indirect owner of companies operating “Phillip Wain” beauty businesses in Hong Kong and elsewhere;
- “Phillips” means Edwin John Phillips, a former director and a substantial shareholder of Lisbeth holding approximately 41.67 % of its issued Shares;
- “Promissory Notes” means two promissory notes in the aggregate sum of HK\$12,014,471.74 issued by Wain and two promissory notes in the aggregate sum of HK\$12,024,573.42 issued by Phillips in relation to indebtedness owed by a company beneficially owned by Messrs. Wain and/or Phillips to Lisbeth;
- “Service Agreement” means the service agreement dated 31st August, 2000 between Phillips and Lisbeth; and
- “Wain” means Barry Richard Wain, a former director and former substantial shareholder of Lisbeth.

By Order of the Board  
**Kwok Siu Ming, Simon**  
*Chairman*

Hong Kong, 20th February, 2003

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