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## **SA SA INTERNATIONAL HOLDINGS LIMITED**

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

### **Connected Transaction Involving Disposal of Shares In a Subsidiary**

New Image, a wholly owned subsidiary of the Company, has on 6th March, 2003 entered into the Agreement with Forerun, a company owned by Mr. Ou and Mrs. Ou for the purpose of disposing New Image's entire shareholding in Sa Sa China for a consideration of HK\$3 million subject to certain conditions as provided in the Agreement. As Mr. Ou and Mrs. Ou are directors of Shenzhen Sa Sa Ebeca, a non-wholly owned subsidiary of the Company, the transaction constituted connected transaction under Rule 14.25(1)(a) of the Listing Rules requiring disclosure by way of a press announcement. The proceeds arising out of this transaction will form part of the Group's working capital.

On 6th March, 2003, New Image entered into the Agreement pursuant to which (i) New Image agreed to dispose of its entire shareholding in Sa Sa China to Forerun; and (ii) Forerun agreed to pay to New Image as consideration a sum of HK\$3,000,000 and to fulfil certain conditions as provided in the Agreement. The expected completion date of the Agreement is 31st March, 2003.

New Image is the sole shareholder of Sa Sa China which in turn has 55% interest in Shenzhen Sa Sa Ebeca. Forerun is a company owned by Mr. Ou and Mrs. Ou who are shareholders of Ebeca, a PRC company having 45% interest in Shenzhen Sa Sa Ebeca. Mr. Ou and Mrs. Ou are also directors of Shenzhen Sa Sa Ebeca. The entering into and performance of the Agreement constitute a connected transaction of the Company under the Listing Rules.

As the total consideration or value of the transaction is HK\$3,000,000 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), no shareholders' approval is required for such connected transaction. Details of the connected transaction will be included in the Company's annual report and accounts for the year ending 31st March, 2003.

Sa Sa China had negative net tangible assets of approximately HK\$31,635,000 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\$5,325,000 for the year ended 31st March, 2002 and a loss before tax and dividend of HK\$123,000 for the period ended 31st March, 2001.

The proceeds arising out of this transaction will form part of the Group's working capital.

## THE AGREEMENT

- Date: 6th March, 2003
- Parties: (a) New Image  
(b) Forerun
- Subject Matter: New Image will dispose of its entire shareholding in Sa Sa China to Forerun, a company owned by Mr. Ou and Mrs. Ou, upon Forerun complying with certain conditions set forth in the Agreement. These conditions include, inter alia, the change of name of Sa Sa China and Shenzhen Sa Sa Ebeca in order that these companies will no longer be associated with the Company. Forerun shall also procure all the Company's logo to be removed from all signage and promotional material of Shenzhen Sa Sa Ebeca on or before 31st March, 2003.
- Consideration: The consideration for the sale of shares in Sa Sa China is HK\$3,000,000, which will be paid by Forerun to New Image on or before 31st March, 2003.
- Basis: The consideration for the sale of shares in Sa Sa China was determined after arm's length negotiation between New Image, Mr. Ou and Mrs. Ou and was considered to be fair and reasonable by the Directors of the Company.

## REASONS FOR THE TRANSACTION

The Company has decided to develop its business in PRC and considered that its current investment in Shenzhen Sa Sa Ebeca may not be able to facilitate its development plan. In this respect, the Company decided to dispose of its interest in Shenzhen Sa Sa Ebeca in order to reallocate its resources to suit its development plan which will be based on the Group's existing business model.

In this Announcement:—

- “Agreement” means the sale and purchase agreement between New Image and Forerun in relation to the sale and purchase of the entire shareholding of Sa Sa China;
- “Ebeca” means 深圳市依貝佳實業有限公司 Shenzhen Ebeca Enterprise Co. Ltd., the Chinese partner of Shenzhen Sa Sa Ebeca and a company owned by Mr. Ou and Mrs. Ou;
- “Forerun” means Forerun International Limited, a company wholly owned by Mr. Ou and Mrs. Ou;
- “Group” means Sa Sa International Holdings Limited and its subsidiaries;
- “Mr. Ou” means Mr. Ou Shaoxiong, a shareholder of Ebeca and director of Shenzhen Sa Sa Ebeca;
- “Mrs. Ou” means Ms. Chen Lijuan, a shareholder of Ebeca and director of Shenzhen Sa Sa Ebeca;

- “New Image” means New Image International Limited, a wholly owned subsidiary of the Company and the holding company of Sa Sa China;
- “PRC” means The People’s Republic of China;
- “Sa Sa China” means Sa Sa (China) Holdings Limited, a wholly owned subsidiary of New Image and an investment holding company holding 55% interest in Shenzhen Sa Sa Ebeca; and
- “Shenzhen Sa Sa Ebeca” means 深圳莎莎依貝佳實業有限公司 Shenzhen Sa Sa Ebeca Enterprise Ltd., a company established in PRC which is owned as to 45% by Ebeca and 55% by Sa Sa China and is in the business of operating cosmetic counters and providing beauty services.

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

Hong Kong, 6th March, 2003

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