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SA SA INTERNATIONAL HOLDINGS LIMITED

莎莎國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 178)

DISCLOSEABLE TRANSACTION DISPOSAL OF ENTIRE ISSUED SHARE CAPITAL OF AND CERTAIN SHAREHOLDER'S DEBT DUE BY LISBETH ENTERPRISES LIMITED

The Directors of the Company announce that on 19 February 2008, Highmove, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser in relation to the sale of the Sale Shares and the assignment of the Sale Debt for an aggregate consideration of HK\$20,000,000. The unaudited combined net liabilities of the Lisbeth Group including B+ Business was HK\$146,305,000 as at 31 December 2007.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

The Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

A circular containing further details of the Disposal will be dispatched to the Shareholders as soon as practicable.

INTRODUCTION

The Board announces that Highmove entered into the Sale and Purchase Agreement with the Purchaser in relation to the sale of the Sale Shares and the assignment of the Sale Debt on 19 February, 2008 for an aggregate consideration of HK\$20,000,000. Details of the Disposal are as follows:-

THE SALE AND PURCHASE AGREEMENT

Date

19 February 2008

Parties

- Vendor : Highmove, a wholly owned subsidiary of the Company
- Purchaser : Fullgoal International Limited, a company incorporated in the British Virgin Islands. The principal business of the Purchaser is investment holding. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, (i) the Purchaser and its ultimate beneficial owner are third parties independent of the Company and its connected persons and (ii) there was no previous transaction(s) between the Company and the Purchaser which may require aggregation under Rule 14.22 of the Listing Rules.

Subject matter of the Disposal

The entire issued share capital of Lisbeth, comprising 12,000 Shares of HK\$10.00 each, and shareholder's debt in the sum of HK\$87,000,000 owing by Lisbeth to Highmove. The unaudited combined net liabilities of the Lisbeth Group including B+ Business was HK\$146,305,000 as at 31 December 2007.

Consideration

The Consideration for the Sale Shares and the Sale Debt is HK\$20,000,000 which is payable in cash in the following manner:-

- (i) A deposit of HK\$2,000,000 has been paid by the Purchaser to Highmove upon signing of the Sale and Purchase Agreement; and
- (ii) HK\$18,000,000, being the balance of the Consideration, shall be paid by the Purchaser to Highmove upon Completion.

The Consideration is arrived at after arm's length negotiation between the parties and by reference to the historical performance including the unaudited net liabilities of the Lisbeth Group and B+ Business as at 31 December 2007 prepared in accordance with the generally accepted accounting principles in Hong Kong.

Completion

Pursuant to the terms of the Sale and Purchase Agreement, subject to the Purchaser (in good faith) being reasonably satisfied with the result of its due diligence review of the Lisbeth Group, completion of the Disposal shall take place on 31 March 2008 or such other date as Highmove and the Purchaser may mutually agree in writing.

Other Terms

Highmove warranted to the Purchaser that the cash on hand of the Lisbeth Group on Completion should not be less than HK\$138,000,000. The parties further agreed that out of such cash a security money of approximately HK\$23,014,000 shall be held in an account jointly operated by Highmove and Lisbeth. In the event that any B+ Customer Contract expires or is novated to or performed partially by the Lisbeth Group, a corresponding amount equivalent to the outstanding book value of the respective treatment in the relevant B+ Customer Contract as at the Completion Date from the jointly operated account shall be released to Lisbeth until such security money is completely released to Lisbeth.

The Purchaser undertook to Highmove that, within 60 calendar months from the Completion Date, the Lisbeth Group would not wind up or dispose of any division or operations which is material to its business and/or adversely affects its operations.

Upon Completion, Highmove would assign the Sale Debt to the Purchaser. However, with a view to preserving the cash flow for the purpose of maintaining the on-going operation of the Lisbeth Group after Completion, the Purchaser further undertook to Highmove that the Purchaser and its successor and assigns will not demand and there should not be any repayment of any part of the Sale Debt to the Purchaser and/or its successor and/or assigns within 5 years from Completion date.

INFORMATION ON THE COMPANY AND LISBETH

Information on the Company

The Company is an investment holding company incorporated in the Cayman Islands. The Group is principally engaged in the retailing and wholesaling of cosmetic products and the provision of beauty and health club services.

Information on Lisbeth

Lisbeth is a company incorporated in Hong Kong and the Lisbeth Group holds and operates eight Phillip Wain health and beauty ladies' clubs in Hong Kong, Malaysia, Singapore and Thailand and a men's salon, "Inspire", in Hong Kong for selected premium customers.

Lisbeth will also prior to Completion acquire the B+ Business from Sa Sa Cosmetic Company Limited, a company incorporated in Hong Kong and a wholly owned subsidiary in the Group, at a nominal consideration of HK\$1.

The unaudited combined net losses before taxation and after taxation of the Lisbeth Group (assuming Lisbeth Beauty has become a subsidiary of the Lisbeth Group and the B+ Business has been acquired by the Lisbeth Group) for the year ended 31 March 2006 were HK\$10,192,000 and HK\$8,436,000 respectively. The unaudited combined net profit before taxation and after taxation of the Lisbeth Group (assuming Lisbeth Beauty has become a subsidiary of the Lisbeth Group and the B+ Business has been acquired by the Lisbeth Group) for the year ended 31 March 2007 were HK\$947,000 and HK\$1,266,000 respectively.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As mentioned in the Group's interim report for the six months ended 30 September 2007, the Group shall continue to focus on its core retail and wholesale businesses and intends to allocate and concentrate more of its resources to strengthen its brand building and management, particularly its own brands, and strive to drive further business expansion in the PRC market. The Disposal is in line with the Group's strategy.

Based on the management accounts of the Lisbeth Group and the B+ Business as at 31 December 2007, the net liabilities of the Lisbeth Group and the B+ Business were approximately HK\$129,053,000 and HK\$17,252,000 respectively. As such, the Disposal will result in an unaudited gain of approximately HK\$79,305,000, being the difference between the Consideration, the aggregate net liabilities of the Lisbeth Group and the B+ Business of approximately HK\$146,305,000 as at 31 December 2007 and Sale Debt. The final amount of the gain on the Disposal, after deducting the related expenses, is to be determined with reference to the aggregate net liabilities of the Lisbeth Group and the B+ Business on Completion. Taking into account of such gain on the Disposal, the Directors consider the Disposal and the terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INTENDED USE OF PROCEEDS AND FINANCIAL EFFECTS OF THE DISPOSAL

The proceeds from the Disposal, after deducting the related expenses, will be applied as general working capital of the Group. The unaudited consolidated net liabilities of the Lisbeth Group and the unaudited net liabilities of the B+ Business as at 31 December 2007 were approximately HK\$129,053,000 and HK\$17,252,000 respectively. As a result of the Disposal, it is estimated that the Group will record an unaudited gain on disposal of approximately HK\$79,305,000.

Upon completion of the Sale and Purchase Agreement, the Group shall not have any equity interest in Lisbeth and Lisbeth shall cease to be a subsidiary of the Company.

GENERAL

Pursuant to Rule 14.06 of the Listing Rules, the Disposal constitutes a discloseable transaction for the Company.

A circular containing further details of the Disposal will be dispatched to the Shareholders as soon as practicable and in accordance with the Listing Rules.

DEFINITIONS

“Board”	the board of Directors;
“B + Business”	businesses being carried on by Sa Sa Cosmetic Company Limited under the trade names “Sa Sa Beauty Plus” and/or “Sa Sa Beauty +”;
“B+ Customer Contract”	treatment contracts entered into by Sa Sa Cosmetic Company Limited under the trade name of “Sa Sa Beauty Plus” and/or “Sa Sa Beauty+” with customers before Completion;
“Company”	Sa Sa International Holdings Limited, a company incorporated in the Cayman Islands, whose shares are listed on the Stock Exchange;
“Completion”	completion of the Disposal;
“connected persons”	has the meaning ascribed thereto in the Listing Rules;
“Consideration”	The consideration for the Disposal in the sum of HK\$20,000,000;
“Directors”	the directors of the Company;
“Disposal”	the sale of the Sale Shares and the assignment of the Sale Debt pursuant to the Sale and Purchase Agreement;
“Group”	the Company and its subsidiaries;
“Highmove”	Highmove Enterprises Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;

“Lisbeth ”	Lisbeth Enterprises Limited, a company incorporated in Hong Kong and a wholly owned subsidiary of Highmove;
“Lisbeth Beauty”	Lisbeth Beauty Limited (formerly known as Sa Sa Beauty Plus (Light Therapy) Company Limited), a company incorporated in Hong Kong, became a wholly owned subsidiary of Lisbeth on 24 September 2007;
“Lisbeth Group”	Lisbeth and its subsidiaries;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Purchaser”	Fullgoal International Limited, a company incorporated in the British Virgin Islands;
“PRC”	People’s Republic of China, excluding Hong Kong, Macau and Taiwan for the purpose of this announcement;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 19 February 2008 entered into between Highmove and the Purchaser in relation to the Disposal;
“Sale Debt”	the amount of HK\$87,000,000 owing by Lisbeth to Highmove;
“Sale Shares”	the entire issued share capital of Lisbeth;
“Shareholders”	holders of the shares of the Company; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

By Order of the Board

Kwok Siu Ming, Simon
Chairman and Chief Executive Officer

Hong Kong, 20 February 2008

As at the date of this announcement, the Board comprises of the following directors:-

Executive Directors:

Mr. Kwok Siu Ming, Simon (*Chairman and Chief Executive Officer*)

Mrs. Kwok Law Kwai Chun, Eleanor (*Vice-chairman*)

Mr. Look Guy (*Chief Financial Officer*)

Non-executive Director:

Mrs. Lee Look Ngan Kwan, Christina

Independent Non-executive Directors:

Professor Chan Yuk Shee, *J.P.*

Ms. Ki Man Fung, Leonie, *SBS, J.P.*

Dr. Leung Kwok Fai, Thomas, *J.P.*

Ms. Tam Wai Chu, Maria, *GBS, J.P.*