

Listed Company Information

SA SA INT'L<0178> - Announcement

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SA SA INTERNATIONAL HOLDINGS LIMITED
(the "Company")
(Incorporated in the Cayman Islands with limited liability)

APPOINTMENT OF CEO AND CONNECTED TRANSACTION

SUMMARY

The Company has entered into a service agreement ("Service Agreement") with Mr. Roger King ("Mr. King") on 2nd August, 1999 to appoint Mr. King as the president and chief executive officer of the Company on the terms set out below.

At the same time, Mr. King, who was previously an independent non-executive director of the Company, has been appointed as an executive director of the Company.

Pursuant to the Service Agreement, new shares in the Company ("New Shares") will be issued to Mr. King as his remuneration and he will be granted options to subscribe for shares in the Company ("Option Shares") as described below. The issue of New Shares and Option Shares to Mr. King constitutes a connected transaction for the purposes of Chapter 14 of the Rules Governing the Listing Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and requires approval of shareholders of the Company at an extraordinary general meeting ("EGM").

A circular containing details of the Service Agreement, the opinion of an independent financial adviser and a notice convening the EGM will be despatched to shareholders as soon as practicable.

SERVICE AGREEMENT

Date of Agreement	:	2nd August, 1999
Parties	:	the Company and Mr. King
Appointment	:	Mr. King will be appointed as president and chief executive officer of the Company
Term of Agreement	:	3 years, subject to termination by:-

(i) the Company in case of physical disability of Mr. King or misconduct on his part; and

(ii) Mr. King in certain circumstances including a material breach of the Service Agreement by the Company which is not remedied after notice is given, change of control of the Company and by giving six months' prior written notice.

Remuneration:

1. New Shares to be issued by the Company to Mr. King in lieu of cash ("Remuneration Shares") during the term of Mr. King's

appointment as follows:-

(i) 2,500,000 shares in the Company ("Shares") in total for the first year of the appointment to be issued monthly in the arrears credited as fully paid;

(ii) 3,000,000 Shares in total in the second year of the appointment to be issued monthly in arrears credited as fully paid; and

(iii) 3,500,000 Shares in total in the third year of the appointment to be issued monthly in arrears credited as fully paid.

The Remuneration Shares will be issued at par, credited as fully paid.

The Remuneration Shares represent approximately 0.668% of the issued share capital of the Company as at 2nd August 1999 and 0.664% of the issued share capital of the Company as enlarged by the issue of the Remuneration Shares but not the Option Shares.

2. (a) An option ("Option A") to subscribe for a number of Shares determined by an agreed formula which depends on the average closing price for the five trading days immediately after 2nd August, 1999

By way of illustration only, based on the closing price of the Shares on 30th July 1999 of HK\$1.32, the number of Shares to be issued under Option A will represent 2.24% of the existing issued share capital of the Company.

(b) A option to subscribe in aggregate up to an amount of HK\$7,800,000 for Shares ("Option B")

Subscription price per Option Share: 80 per cent. of the average closing price of the Shares for the five trading days immediately after 2nd August, 1999, subject to adjustment, by reference to certain agreed formulae in specified circumstances eg capital distribution or consolidation/sub-division of the Shares

Exercise Period: Option A: 2nd August, 1999 to 2nd February, 2007
Option B: within 60 days after the date on which the conditions set out below are satisfied

Vesting: Option A - 1/36 of the total number of Shares to be issued pursuant to Option A to vest monthly over 3 years
Option B - immediate

The exact number of Shares to be issued to Mr. King under Option A and Option B will be disclosed in the circular to shareholders to be despatched as soon as practicable.

The issue of the New Shares to Mr. King should not have any material impact on the consolidated profit and loss account of the Company for the year ended 31st March, 2000.

The New Shares to be issued will be subject to the approval of shareholders of the Company in a general meeting.

Other terms:

Other than as stated above, no other benefits in kind will be provided to Mr. King by the Company under the Service Agreement.

In the event that the Service Agreement is terminated within 3 years under certain circumstances, including breach of the Service Agreement by the Company which is not remedied after notice is given or change of control of the Company, Mr. King will be entitled to all of the Remuneration Shares and Shares to be issued pursuant to the exercise of Option A.

Mr. King undertakes that he will and procure that his Associates (as defined in the Listing Rules) will not sell transfer or otherwise dispose of the Shares issued pursuant to the exercise of Option A or any direct or indirect interest therein or any companies or entities holding such Shares within a period of a three years from 2nd August, 1999.

Conditions:

The Service Agreement and the rights and obligations of the parties thereto are conditional upon:-

(i) the issue of the Remuneration Shares and the Option Shares being approved by shareholders of the Company at the EGM; and

(ii) the Listing Committee of the Stock Exchange of Hong Kong Limited having granted listing and permission to deal in the Remuneration Shares and the Option Shares on the Stock Exchange.

If the above-mentioned conditions are not satisfied on or before 4th October, 1999, the Service Agreement shall terminate and the parties will be released from all obligations thereunder save and except that Mr. King shall be entitled to a lump sum salary of HK\$500,000.

APPOINTMENT OF EXECUTIVE DIRECTOR:

Mr. King, previously an independent non-executive director of the Company, has been appointed as an executive director with effect from 2nd August, 1999. Mr. King previously received an annual remuneration of US\$20,000 as a non-executive director which salary will no longer be payable with immediate effect.

REASONS FOR THE TRANSACTION:

Mr. King was the previous Executive Chairman of System-Pro Holdings Limited, one of the largest computer resellers in Hong Kong with a staff of over 500 professionals, prior to the sale of that company to Jardine Pacific Limited in 1996. In 1985-1987, Mr. King was the Managing Director and Chief Operating Officer of Orient Overseas Holding Ltd. (now reorganised and known as Oriental Overseas International Limited), the parent company of Oriental Overseas Containers Limited, which was then one of the largest container shipping companies in Hong Kong. From 1975 to 1985, Mr. King was in charge of the Industrial Group of Companies of the C.Y. Tung Group, one of the largest offshore contract drilling companies in the UK sector of the North Sea. The board of the Company is confident that Mr. King's valuable experience in the management and operation of listed and unlisted companies in Hong Kong will bring positive effects to the Company's development in the coming years. Mr. King will spend substantially all of his time in managing the affairs of the Company.

GENERAL:

The directors of the Company, including the independent non-executive directors (except Mr. King who is party to the transaction), were of the view that the Service Agreement is on normal commercial terms and fair and reasonable so far as the shareholders are concerned.

Mr. King is a director of the Company and the issue of the Remuneration Shares and the Option Shares to him constitutes a connected transaction under Chapter 14 of the Listing Rules and requires approval of shareholders at the EGM.

A circular containing, inter alia, the details of the Service Agreement, the opinion of an independent financial adviser together with a notice convening the EGM will be despatched to shareholders as soon as practicable.

Application will be made to the Stock Exchange for listing of and permission to deal in the New Shares.

By Order of the Board
Sa Sa International Holdings Limited
Mok Yuen Yin, Anne
Company Secretary

Hong Kong, 2nd August, 1999