

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sa Sa International Holdings Limited, you should at once hand this circular together with the form of proxy and the annual report of the Sa Sa International Holdings Limited to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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SA SA INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

A notice convening an annual general meeting of Sa Sa International Holdings Limited to be held at Chatham Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Thursday, 28th August, 2003 at 11:00 a.m. is set out on pages 144 to 148 of the annual report of the Company for the year ended 31st March 2003. Whether or not Shareholders are able to attend the annual general meeting, Shareholders should complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share and transfer office, Abacus Share Registrars Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the annual general meeting. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the annual general meeting or any adjourned meeting, should Shareholders so wish.

14th July, 2003

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“AGM”	the annual general meeting of the Company to be held at Chatham Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Thursday, 28th August, 2003 at 11:00 a.m., notice of which is set out in the annual report of the Company;
“associate”	the meaning ascribed thereto in Rule 1.01 of the Listing Rules;
“Board”	at any time means the board of Directors at that time or a duly authorised committee thereof;
“Company”	Sa Sa International Holdings Limited, a company incorporated in the Cayman Islands, the securities of which are listed on the Stock Exchange;
“connected person”	a person who is a “connected person” of the Company as the term “connected person” is defined in the Listing Rules;
“Directors”	the directors of the Company;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	7th July, 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Shares”	shares of HK\$0.10 each in the capital of the Company or, if there has been a sub-division, reduction, consolidation, reclassification of or reconstruction of the share capital of the Company, the shares forming part of the ordinary equity share capital of the Company;
“Shareholder(s)”	at any time mean(s) holder(s) of Shares at that time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.

LETTER FROM THE BOARD



SA SA INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Directors:

KWOK, Siu Ming, Simon
KWOK LAW, Kwai Chun, Eleanor
LOOK, Guy
CHAN, Yuk Shee*
LEUNG, Kwok Fai, Thomas*
LEE LOOK, Ngan Kwan, Christina*

Registered office:

P.O. Box 309
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands

* *Independent Non-executive Directors*

*Principal place of business
in Hong Kong:*

14th Floor, Block B
MP Industrial Centre
18 Ka Yip Street
Chaiwan
Hong Kong

14th July, 2003

To Shareholders

Dear Sir or Madam,

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

INTRODUCTION

The purpose of this circular is to provide you with information regarding ordinary resolutions to be proposed at the AGM of the Company to be held on 28th August, 2003 relating to the general mandates for the issue of additional Shares and the repurchase of Shares by the Company.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the annual general meeting of the Company held on 29th August, 2002, resolutions were passed giving general mandates to the Directors to issue and/or repurchase Shares. Such general mandates will lapse at the conclusion of the forthcoming AGM. Ordinary resolutions will therefore be proposed at the forthcoming AGM to grant to the Directors general mandates as follows:

- (i) to allot, issue and otherwise deal with new Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the proposed resolution at the AGM; and

LETTER FROM THE BOARD

- (ii) to purchase Shares with an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of issued share capital of the Company as at the date of passing the proposed resolution at the AGM.

The Directors will also propose a separate ordinary resolution at the AGM to add to the general mandate to issue those Shares purchased by the Company pursuant to the repurchase mandate granted to the Directors at the AGM.

An explanatory statement, as required by the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities on the Stock Exchange, to give requisite information for your consideration of the proposal to authorize the Directors to exercise the power of the Company to purchase Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the AGM is set out in the Appendix to this circular.

ANNUAL GENERAL MEETING

The notice of the AGM is set out on pages 144 to 148 of the annual report of the Company for the year ended 31st March, 2003. A form of proxy for use at the AGM is enclosed in the said annual report. Whether or not Shareholders are able to attend the AGM in person, Shareholders should complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share and transfer office, Abacus Share Registrars Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the AGM. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the AGM or any adjournment thereof should Shareholders so wish.

RECOMMENDATION

The Directors are of the opinion that the renewal of the general mandates to issue and repurchase Shares are in the best interests of the Company and the Shareholders as a whole, and so recommend Shareholders to vote in favour of all the resolutions to be proposed at the AGM.

By Order of the Board
Kwok Siu Ming, Simon
Chairman

The following is an explanatory statement required by the Listing Rules to be presented to Shareholders concerning the mandate to repurchase Shares proposed to be granted to the Directors.

1. STOCK EXCHANGE RULES FOR PURCHASES OF SECURITIES

The Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their securities on the Stock Exchange subject to certain restrictions, the most important of which is summarised below:

The Listing Rules provide that all proposed purchases of securities by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a general mandate or by a specific approval of a particular transaction and that the securities to be purchased must be fully paid up.

2. FUNDING OF PURCHASES

Any purchases will be made out of funds which are legally available for the purpose in accordance with the memorandum and articles of association of the Company and the Companies Law of the Cayman Islands. As compared with the financial position of the Company as at 31st March, 2003 (being the date of its latest audited accounts), the Directors consider that there will not be a material adverse impact on the working capital or on the gearing position of the Company in the event that the proposed purchases were to be carried out in full during the proposed purchase period.

The Directors do not propose to exercise the purchase mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital of the Company or the gearing position of the Company as determined from time to time by the Directors.

3. SHARE CAPITAL

As at 7th July, 2003, being the latest practicable date prior to the printing of this circular, the issued share capital of the Company comprised 1,266,879,172 Shares.

On the basis of 1,266,879,172 Shares in issue and on the basis that no further Shares are issued or repurchased prior to the date of AGM, exercise in full of the general mandate to repurchase Shares will result in a maximum of 126,687,917 Shares being repurchased by the Company during the course of the period ending on the earlier of the date of the annual general meeting in year 2004, the date by which the next annual general meeting of the Company is required to be held by law or by the Articles of Association of the Company and the date upon which such general mandate is revoked or varied.

4. REASONS FOR PURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to purchase Shares on the market. Such purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earning per Share and will only be made when the Directors believe that such purchases will benefit the Company and the Shareholders.

5. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the repurchase mandate in accordance with the Listing Rules, the applicable laws of Cayman Islands and in accordance with the memorandum and articles of association of the Company.

6. EFFECT OF TAKEOVERS CODE

As at the Latest Practicable Date, Mr. Kwok Siu Ming, Simon and his wife, Mrs. Kwok Law Kwai Chun, Eleanor together with their associates were beneficially interested in 918,870,400 Shares, representing approximately 72.53% of the issued share capital of the Company. Based on such shareholdings and in the event that the Directors exercise in full the power to repurchase Shares under the mandate to repurchase Shares, the attributable shareholdings of Mr. Kwok Siu Ming, Simon and Mrs. Kwok Law Kwai Chun, Eleanor together with their associates in the Company would be increased to approximately 80.59% of the issued share capital of the Company. Such increase will not give rise to an obligation to make a mandatory offer under Rule 26 of the Hong Kong Code on Takeovers and Mergers. However, as a result of such repurchase there may not be sufficient public float in the Shares pursuant to Rule 8.08 of the Listing Rules.

The Directors have no present intention to exercise the repurchase mandate to such extent as to jeopardize the public float requirement pursuant to the Listing Rules. The Directors are not aware of any consequence which the exercise in full of the repurchase mandate would have under the Hong Kong Code on Takeovers and Mergers. At present, so far as is known to the Directors, no Shareholder may become obliged to make a mandatory offer in accordance with Rule 26 of the Hong Kong Code on Takeovers and Mergers.

7. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best of the knowledge and belief of the Directors, having made all reasonable enquiries, any of their respective associates has any present intention, in the event that the proposed securities repurchase mandate is approved by Shareholders, to sell Shares to the Company. No connected person of the Company (as defined in the Listing Rules) has notified the Company that he/she has a present intention to sell Shares to the Company nor has he/she undertaken not to sell any of the Shares held by him/her to the Company in the event that the Company is authorised to make purchases of Shares.

8. GENERAL

(a) SHARE REPURCHASE MADE BY THE COMPANY

The Company has not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

(b) SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the previous twelve months immediately prior to the Latest Practicable Date were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2002		
July	0.66	0.55
August	0.64	0.56
September	0.60	0.53
October	0.60	0.52
November	0.68	0.51
December	0.78	0.67
2003		
January	0.77	0.71
February	1.02	0.74
March	0.96	0.80
April	0.86	0.71
May	0.93	0.80
June	0.96	0.87