

**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 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.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



## **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)**

### **GENERAL MANDATES TO ISSUE AND PURCHASE SHARES, AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

---

A notice convening an annual general meeting of Sa Sa International Holdings Limited to be held at Chater Room I, Function Room Level (B1), The Ritz-Carlton, 3 Connaught Road, Central, Hong Kong on Thursday, 25th August 2005 at 11:00 a.m. is set out on pages 159 to 164 of the annual report of the Company for the year ended 31st March 2005.

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.

13th July 2005

# CONTENTS

	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b>	
1. Introduction .....	3
2. Proposed General Mandates to Issue and Purchase Shares .....	4
3. Proposed Amendments to the Articles of Association .....	4
4. Annual General Meeting .....	5
5. Responsibility Statement .....	8
6. Recommendations .....	8
<b>APPENDIX: EXPLANATORY STATEMENT ON THE PURCHASE MANDATE</b> .....	9

## 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 Chater Room I, Function Room Level (B1), The Ritz-Carlton, 3 Connaught Road, Central, Hong Kong on Thursday, 25th August 2005 at 11:00 a.m., notice of which is set out in the annual report of the Company;
“Annual Report”	the annual report of the Company for the year ended 31st March 2005;
“Articles of Association”	the articles of association of the Company;
“associate”	shall have the meaning ascribed thereto in the Listing Rules;
“Board”	at any time means the board of Directors appointed from time to time or a duly authorised committee thereof;
“CG Code”	the Code on Corporate Governance Practice in Appendix 14 of the Listing Rules;
“Company”	Sa Sa International Holdings Limited, a company incorporated in the Cayman Islands, whose securities are listed on the Stock Exchange;
“connected person”	has the same meaning ascribed under the Listing Rules;
“Directors”	the directors of the Company;
“Deferred Shares”	the issued non-voting deferred shares of the relevant subsidiaries of the Group;
“General Mandates”	the Purchase Mandate and the Share Issue Mandate;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“INED”	means an independent non-executive director of a listed company;
“Latest Practicable Date”	6th July 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;

## DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“Purchase Mandate”	the proposed general mandate to be granted to the Directors to permit the purchase of Shares of up to a maximum of 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution granting such mandate;
“Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	shares of HK\$0.10 each in the capital of the Company or, if there has been a sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of the Company, the shares forming part of the ordinary equity share capital of the Company;
“Share Issue Mandate”	the proposed general mandate to be granted to the Directors to permit the allotment and issue of new Shares equal in aggregate up to a maximum of 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution granting such mandate;
“Shareholder(s)”	mean(s) holder(s) of Shares from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	Code on Takeovers and Mergers; and
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.

LETTER FROM THE BOARD



**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)**

*Executive Directors:*

KWOK, Siu Ming, Simon  
KWOK LAW, Kwai Chun, Eleanor  
LOOK, Guy

*Non-executive Director:*

LEE LOOK, Ngan Kwan, Christina

*Independent Non-executive Directors:*

CHAN, Yuk Shee, J.P.  
LEUNG, Kwok Fai, Thomas, J.P.  
TAM, Wai Chu, Maria, GBS, J.P.

*Registered office:*

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

*Principal place of business  
in Hong Kong:*

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

13th July 2005

*To Shareholders*

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE  
AND PURCHASE SHARES, AND  
AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

**1. INTRODUCTION**

The purpose of this circular is to provide you with information regarding ordinary and special resolutions to be proposed at the AGM of the Company to be held on 25th August 2005 relating to the grant of the General Mandates to issue and purchase Shares to the Board and the amendments to the Articles of Association respectively.

## **LETTER FROM THE BOARD**

### **2. PROPOSED GENERAL MANDATES TO ISSUE AND PURCHASE SHARES**

At the annual general meeting of the Company held on 26th August 2004, resolutions were passed giving General Mandates to the Directors to issue and/or purchase Shares. Such General Mandates will lapse at the conclusion of the forthcoming AGM. Ordinary resolutions will therefore be proposed at the 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 per cent. 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
- (ii) to purchase Shares with an aggregate nominal amount not exceeding 10 per cent. 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 Share Issue Mandate to issue those Shares purchased by the Company pursuant to the exercise of the Purchase Mandate proposed to be granted to the Directors at the AGM.

An explanatory statement, as required by the Listing Rules to regulate the purchase 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 authorise the Directors to exercise the power of the Company to purchase Shares up to a maximum of 10 per cent. of the issued share capital of the Company as at the date of the AGM is set out in the Appendix to this circular.

### **3. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

The Stock Exchange announced certain amendments to the Listing Rules for the purpose of implementing the CG Code which subject to certain transitional arrangements took effect on 1st January 2005. Pursuant to paragraph A.4.2 of the CG Code, (i) all Directors appointed to fill a casual vacancy should be subject to election by Shareholders at the first general meeting after their appointment; and (ii) every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

In the circumstances, in order to bring the Articles of Association in line with the Listing Rules, the Directors propose to put forward to the shareholders for approval at the AGM by special resolution to amend the provisions set out in Articles 99 and 116 of the Articles of Association.

## LETTER FROM THE BOARD

The full text of the proposed amendments to the Articles of Association is set out in special resolution number 8 of the notice of the AGM and the summary is set out below:–

**Reference in Special  
Resolution No. 8 in  
the Notice of AGM**

**Article No.**

**Brief Background**

- |     |             |   |
|-----|-------------|---|
| (A) | Article 99  | To be consistent with paragraph A.4.2 of the CG Code, it is proposed that this Article be amended to require that any director appointed to fill a casual vacancy or as an addition to the Board be subject to election by Shareholders at the first general meeting after their appointment rather than at the first annual general meeting after their appointment. |
| (B) | Article 116 | To be consistent with paragraph A.4.2 of the CG Code, it is proposed that this Article be amended to ensure that every Director (including the Managing Director or Joint Managing Director) should be subject to retirement by rotation at least once every three years.   |

#### 4. ANNUAL GENERAL MEETING

The notice of the AGM is set out on pages 159 to 164 of the Annual Report. At the AGM, resolutions will be proposed to approve, among other things, (i) the grant of the proposed General Mandates; (ii) the proposed amendments to the Articles of Association; and (iii) the re-election of retiring Directors.

##### **Re-election of Retiring Directors**

According to Article 116 of the Articles of Association, Mr. Kwok Siu Ming, Simon (“Mr. Kwok”), an executive director, and Professor Chan Yuk Shee (“Professor Chan”), an INED of the Company, will retire from office at the AGM. All of the retiring Directors, being eligible, offer themselves for re-election.

##### **Mr. Kwok Siu Ming, Simon**

Mr. Kwok, aged 52, is the executive Director of the Company and the chairman of the Group and the executive committee of the Company. He is also directors of Sunrise Height Incorporated and Green Ravine Limited, the corporate controlling shareholder and substantial shareholder of the Company respectively, and certain subsidiaries of the Group. He, together with his wife, Mrs. Kwok Law Kwai Chun, Eleanor, the vice chairman and executive Director

## LETTER FROM THE BOARD

of the Company, are the founders of the business of the Group and he has over 27 years' experience in cosmetic field. He is currently the Honorary President of the Cosmetics & Perfumery Association of Hong Kong and Federation of Beauty Industry (HK), the Founding Honorary Chairman of the Professional Validation Centre of Hong Kong Business Sector. He is also the trustee of New Asia College, The Chinese University of Hong Kong and a member of the University Court of Hong Kong University of Science and Technology. Mr. Kwok was named "Man of the Year 2004" by Hong Kong Business magazine and received the "Hong Kong Business Mastermind" award from East Week magazine in 2004. Save as aforesaid, Mr. Kwok does not hold any directorships in any other listed companies currently or in the last three years, neither does he hold other positions within the Group.

He has no fixed term of service with the Company and is subject to the rotational retirement and re-election requirements at AGM pursuant to the Articles of Association. The amount of emoluments received by Mr. Kwok is determined by the Board pursuant to the authority granted by the Shareholders at the annual general meetings or the relevant delegated committee with reference to the Company's performance and profitability, remuneration benchmark in the industry and the prevailing market conditions.

Mr. Kwok is also the brother-in-law of Mr. Law Kin Ming, vice president of category management and product development department of the Company. As at the Latest Practicable Date, Mr. Kwok has a personal interest of 20,364,000 Shares and corporate interest of 898,506,400 Shares respectively within the meaning of Part XV of the Securities and Futures Ordinance. The 898,506,400 Shares are held as to 696,780,000 shares by Sunrise Height Incorporated and as to 201,726,400 shares by Green Ravine Limited. Both Sunrise Height Incorporated and Green Ravine Limited are owned as to 50% each by Mr. Kwok and his wife, Mrs. Kwok. Mr. Kwok and Mrs. Kwok are each taken to be interested in all Deferred Shares of Sa Sa Cosmetic Company Limited, Sa Sa Investment Limited, Matford Trading Limited and Base Sun Investment Limited, all wholly-owned subsidiaries of the Company. Save as aforesaid, he has neither interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance nor any relationship with any Directors, senior management nor substantial nor controlling shareholders of the Company nor any service contract with the Company.

There is no other matter that needs to be brought to the attention of the Shareholders for his retirement and re-election as executive Director.

### **Professor Chan Yuk Shee, J. P.**

Professor Chan, aged 51, was appointed as INED of the Company since November 1999 and currently the chairman of the audit committee of the Company. Save as aforesaid, Professor Chan does not hold any directorships in any other listed companies currently or in the last three years, neither does he hold other positions within the Group.

Professor Chan received his BBA from The Chinese University of Hong Kong, and his MBA, MA, and PhD from the University of California at Berkeley. He is the Vice President for Academic Affairs as well as Professor of Finance at the Hong Kong University of Science and Technology. He is a member of the Standing Commission on Civil Service

## LETTER FROM THE BOARD

Salaries and Conditions of Service and the Standing Committee on Disciplined Service Salaries and Conditions of Services. He was appointed Chairman of the Pay Trend Survey Committee in October 2000 and currently serves as a member of the Steering Committee on Civil Service Pay Adjustment Mechanism. He had served as a member of the Education Commission's Working Group on the Development of Postsecondary Education and its Working Group on the Review of the Academic Structure for Senior Secondary Education and Interface with Higher Education.

The three-year term of Professor Chan's directorship was expired in October 2002 and subsequently extended for a further term of three years commencing 1st November 2002 and he is subject to the rotational retirement and re-election requirements at AGM pursuant to the Articles of Association (as proposed to be amended) and the Listing Rules. His director's fee is HK\$234,000 per annum, which is determined with reference to his experience, industry standards and prevailing market conditions. He was granted share option by the Company on 16th December 2002 to subscribe for 1,000,000 Shares at an exercise price of HK\$0.76 per Share in which the exercise period was from 16th December 2003 to 15th December 2012. As at the Latest Practicable Date, he exercised all his options and holds 650,000 Shares in personal interest as recorded in the notice pursuant to Part XV of the Securities and Future Ordinance. Save as aforesaid, Professor Chan has neither interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance nor any relationship with any Directors, senior management nor substantial nor controlling shareholders of the Company nor any service contract with the Company.

There is no other matter that needs to be brought to the attention of the Shareholders for his retirement and re-election as an independent non-executive Director.

### **Proxy Arrangement**

A form of proxy for use at the AGM is enclosed in the 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.

## LETTER FROM THE BOARD

### Procedure for Demanding a Poll by Shareholders

Pursuant to Article 80 of the Articles of Association, a resolution put to the vote of a general meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (i) the Chairman of the meeting; or
- (ii) at least five members present in person or by proxy and entitled to vote; or
- (iii) any member or members present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting; or
- (iv) any member or members present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

### 5. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no facts the omission of which would make any statement herein misleading.

### 6. RECOMMENDATIONS

The Directors are of the opinion that the grant of the General Mandates and the amendments to the Articles of Association are in the interests of the Company and the Shareholders as a whole, and recommend Shareholders to vote in favour of the ordinary and special resolutions to be proposed at the AGM.

By Order of the Board  
**Kwok Siu Ming, Simon**  
*Chairman and Chief Executive Director*

The following is an explanatory statement required by the Listing Rules to be presented to Shareholders concerning the Purchase Mandate.

## **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 Company's memorandum and Articles of Association and the Companies Law of the Cayman Islands. As compared with the financial position of the Company as at 31st March 2005 (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 the Latest Practicable Date, the issued share capital of the Company comprised 1,325,198,233 Shares.

Subject to passing of the resolution for the grant of Purchase Mandate and on the basis of 1,325,198,233 Shares in issue and that no further Shares are issued or purchased prior to the date of AGM, the Company will be allowed under the Purchase Mandate to purchase a maximum of 132,519,823 Shares during the course of the period ending on the earlier of the date of the annual general meeting in the year 2006, 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 and the date upon which such Purchase Mandate is revoked or varied.

## **4. REASONS FOR PURCHASES**

The Directors believe that it is in the 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 Purchase Mandate in accordance with the Listing Rules, the applicable laws of Cayman Islands and in accordance with its memorandum and Articles of Association.

## **6. EFFECT OF TAKEOVERS CODE**

As at the Latest Practicable Date, Mr. Kwok and his wife, Mrs. Kwok Law Kwai Chun, Eleanor together with their associates were beneficially interested in 918,870,400 Shares, representing approximately 69.34 per cent. 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 purchase Shares under the Purchase Mandate, the attributable shareholdings of Mr. Kwok and Mrs. Kwok Law Kwai Chun, Eleanor together with their associates in the Company would be increased to approximately 77.04 per cent. 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 Takeovers Code. However, as a result of such purchase 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 Purchase 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 Purchase Mandate would have under the Takeovers Code. 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 Takeovers Code.

## **7. DIRECTORS, THEIR ASSOCIATES AND THEIR 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 Purchase 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 PURCHASE 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:

	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2004</b>		
July	3.175	2.875
August	3.225	2.950
September	3.900	3.000
October	3.850	3.175
November	3.950	3.250
December	4.275	3.825
<b>2005</b>		
January	4.300	3.775
February	4.175	3.875
March	4.100	3.525
April	3.950	3.525
May	3.700	3.500
June	4.000	3.550