

[For Immediate Release]



Sa Sa to Focus on its Core Retail Business

Gained HK\$79 million from its Disposal of Beauty Services Business

Put Emphasis on Strengthening its Brand Management and

Expansion across Asia

(20 February, 2008 - HONG KONG) - **Sa Sa International Holdings Limited** ("Sa Sa" or the "Group", stock code: 0178), Asia's leading cosmetics retail group, is poised to reap a gain of HK\$79 million following completion of disposal of its beauty services business.

Sa Sa announced today that through a wholly owned subsidiary Highmove Enterprises Limited, it entered into an agreement to dispose of the entire issued share capital of Lisbeth Enterprises ("Lisbeth"), and a shareholder's debt of HK\$87 million owing by Lisbeth to Highmove, for an aggregate consideration of HK\$20 million, to an independent third party Fullgoal International Limited. The combined net liabilities of Lisbeth Group including Sasa Beauty+ is HK\$146 million as at 31 December, 2007.

Lisbeth holds and operates eight Phillip Wain healthy and beauty ladies' clubs in Hong Kong, Malaysia, Singapore and Thailand and a men's salon, "Inspire", in Hong Kong for selected premium customers. Prior to the completion of the disposal, Lisbeth will acquire Sasa Beauty+ ("Beauty+"), which holds and operates two beauty centres in Hong Kong. Both Lisbeth Group and Beauty+ returned to profit since last fiscal year 2006/2007, after years of losses. The combined net profit after tax of Lisbeth Group including Beauty+ for the year ended 31 March, 2007, was approximately HK\$1.27 million.

The disposal, which is expected to be completed on 31 March, 2008, will allow Sa Sa to focus more of its resources on its core retail business. Sa Sa plans to allocate and concentrate more

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of its resources to strengthen its brand building and management, particularly its own brands, and strive to drive further business expansion across Asia, in particular, the PRC market.

As part of the agreement, Fullgoal undertook to Sa Sa that Lisbeth will not dispose of or wind up any division or operation which is significant to the operation of the beauty services business within 60 calendar months from the completion date.

Commenting on the transaction, Mr. Simon Kwok, Chairman and Chief Executive Officer of Sa Sa, stated: "We are delighted to have located a purchaser who shares with us the same business philosophy to provide quality services to its customers. Fullgoal will retain the whole management team of Lisbeth which is the key behind the sound reputation of Phillip Wain and Beauty+ services. I am confident that Fullgoal is well-poised to enhance and deliver more value-added services to customers of Phillip Wain and Beauty+."

Mr. Kwok added, "Sa Sa will then concentrate our resources on our core strength in retail business. We will focus on building a more extensive retail network and stronger capability in brand management of our exclusive brands, in particular, our own brands. We will also strengthen our regional presence and expand across Asia, with emphasis on the PRC market."

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Group Background

Sa Sa is a leading cosmetics retail group in Asia. Its over 110 stores in Asia sell more than 400 brands of skin care, fragrance, make-up and hair care products including its own brands and other exclusive international brands. Over 700 well-trained beauty consultants are employed to provide professional services to its customers.

Sa Sa runs the largest cosmetics specialty store chain in Asia Pacific region, as ranked by Retail Asia magazine and KPMG in 2007. As one of the major sole agents in cosmetics in Hong Kong, Sa Sa also represents more than 100 international beauty brands in Asia. Sa Sa prospers on its successful and proven "one-stop cosmetics specialty store" concept which aims to provide customers with the widest range of quality products. Its e-commerce arm, Sasa.com, provides online shopping service to customers as well as a strong marketing tool for the Group. Sa Sa, established in 1978, was listed on The Stock Exchange of Hong Kong in June 1997, and had an annual turnover of around HK\$2.89 billion for the year ended 31 March 2007.

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