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)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2008

Highlights

- The Group's turnover increased by 19.5% to HK$3,453.1 million from HK$2,889.2 million in the previous fiscal year
- The disposal of the beauty services business completed on 31 March 2008
- Excluding the beauty services business, Group's turnover of continuing operations rose 20.3% to HK$3,221.4 million
- Sa Sa's retail and wholesale turnover in Hong Kong and Macau registered an 18.8% increase as compared to the previous fiscal year
- Total profit attributable to equity holders of the Group, including the profit of HK$4.9 million from the discontinued business of beauty services and the profit of HK$67.0 million from its disposal, was HK$348.2 million, as compared to HK$221.8 million in the previous fiscal year, a rise of 57.0%
- Profit attributable to equity holders of the Company from the continuing business was HK$276.3 million, an increase of 25.3% from HK$220.5 million
- Basic earnings per share from the Group's continuing operations and discontinued operations were 20.1 HK cents and 5.2 HK cents respectively, as compared to 16.4 HK cents in total in the previous fiscal year
- Basic earnings per share from the Group, excluding gain from the disposal of beauty services, is 20.5 HK cents
- Final and special dividend per share proposed was 15.0 HK cents (2006/07: 11.0 HK cents), making a total annual dividend of 21.0 HK cents per share (2006/07: 17.0 HK cents)

The Board of Directors ("Board") of Sa Sa International Holdings Limited ("Company") has pleasure in presenting the audited consolidated results of the Company and its subsidiaries ("Group") for the year ended 31 March 2008 with comparative figures for the previous year as follows. The annual results have been reviewed by the audit committee of the Company.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2008

	Note	2008 HK$'000	2007 HK$'000
Continuing operations			
Turnover	2	**3,221,429**	2,676,816
Cost of sales		**(1,831,949)**	(1,538,403)
Gross profit		**1,389,480**	1,138,413
Other income	2	**19,680**	19,262
Selling and distribution costs		**(945,026)**	(799,859)
Administrative expenses		**(145,169)**	(131,176)
Other net gains		**3,768**	20,834
Operating profit		**322,733**	247,474
Interest income		**24,822**	23,083
Profit before income tax		**347,555**	270,557
Income tax expense	4	**(71,302)**	(50,030)
Profit for the year from continuing operations		**276,253**	220,527
Discontinued operations			
Profit for the year from discontinued operations	5	**71,960**	1,266
Profit for the year, attributable to equity holders of the Company		**348,213**	221,793
Earnings per share for profit from continuing operations attributable to equity holders of the Company during the year (expressed in HK cents per share)	6		
Basic		**20.1**	16.3
Diluted		**20.1**	16.2
Earnings per share for profit from discontinued operations attributable to equity holders of the Company during the year (expressed in HK cents per share)	6		
Basic		**5.2**	0.1
Diluted		**5.2**	0.1
Dividends	7	**289,566**	232,397

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2008

	Note	2008 HK$'000	2007 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**109,476**	138,771
Leasehold land		**28,760**	29,556
Investment property		**11,500**	8,600
Rental deposits and other assets		**69,995**	55,606
Deferred income tax assets		**2,625**	16,683
		222,356	249,216
Current assets			
Inventories		**470,543**	384,034
Trade receivables	8	**28,265**	30,824
Other receivables, deposits and prepayments		**70,317**	62,554
Income tax recoverable		**-**	105
Bank deposits over three months to maturity		**227,262**	125,862
Cash and cash equivalents		**424,381**	569,985
		1,220,768	1,173,364
LIABILITIES			
Current liabilities			
Trade and bills payables	9	**178,458**	121,272
Other payables and accruals		**113,965**	92,217
Current portion of receipts in advance		**-**	203,423
Income tax payable		**32,608**	28,189
		325,031	445,101
Net current assets		**895,737**	728,263
Total assets less current liabilities		**1,118,093**	977,479
Non-current liabilities			
Receipts in advance		**-**	7,891
Retirement benefit obligations		**4,629**	9,965
Deferred income tax liabilities		**1,025**	2,693
Other payables		**3,946**	6,340
		9,600	26,889
Net assets		**1,108,493**	950,590
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**137,894**	136,862
Reserves		**763,651**	662,899
Proposed dividends		**206,948**	150,829
Total equity		**1,108,493**	950,590

Notes:

1. Basis of preparation

The consolidated financial statements of Sa Sa International Holdings Limited have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of buildings and an investment property, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(i) Standards, amendment and interpretations effective in 2008

HKFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to HKAS 1, 'Presentation of financial statements – Capital disclosures', introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Group's financial instruments, or the disclosures relating to taxation and trade and other payables.

HK(IFRIC) - Int 10, 'Interim financial reporting and impairment', prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard does not have any impact on the Group's financial statements.

HK(IFRIC) - Int 11, 'HKFRS 2 – Group and treasury share transactions', provides guidance on whether share-based transactions involving treasury shares or involving Group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation does not have an impact on the Group's financial statements.

(ii) Standards, amendments and interpretations effective in 2008 but not relevant

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 March 2007 but they are not relevant to the Group's operations:

HK(IFRIC)-Int 8, 'Scope of HKFRS 2' requires consideration of transactions involving the issuance of equity instruments - where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of HKFRS 2. This standard does not have any impact on the Group's financial statements.

HK(IFRIC) – Int 9, 'Re-assessment of embedded derivatives' act on the classification and valuation of the Group's financial instruments.

(iii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods, but the Group has not early adopted them:

1. **Basis of preparation (continued)**

(iii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

- HKAS 1 (Revised), 'Presentation of financial statements' (effective from 1 January 2009). HKAS 1 (Revised) requires all owner changes in equity to be presented in a statement of changes in equity. All comprehensive income is presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). It requires presenting a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when there are retrospective adjustments or reclassification adjustments. However, it does not change the recognition, measurement or disclosure of specific transactions and other events required by other HKFRSs. The Group will apply HKAS 1 (Revised) from 1 April 2009.

- HKAS 23 (Revised), 'Borrowing costs' (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply HKAS 23 (Revised) from 1 April 2009 but is currently not applicable to the Group as there are no qualifying assets.

- HKFRS 8, 'Operating segments' (effective from 1 January 2009). HKFRS 8 replaces HKAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, ‘Disclosures about segments of an enterprise and related information’. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply HKFRS 8 from 1 April 2009. The expected impact is still being assessed in detail by management, but it appears likely that the number of reportable segments, as well as the manner in which the segments are reported, will change in a manner that is consistent with the internal reporting provided to the chief operating decision-maker.

- HK(IFRIC) - Int 13, 'Customer loyalty programmes' (effective from 1 July 2008). HK(IRFIC) - Int 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. The Group will apply HK(IFRIC) - Int 13 from 1 April 2009, but it is not expected to have any impact on the Group’s financial statements.

- HK(IFRIC) - Int 14, 'HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective from 1 January 2008). HK(IFRIC) - Int 14 provides guidance on assessing the limit in HKAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The Group will apply HK(IFRIC) - Int 14 from 1 April 2009, but it is not expected to have any impact on the Group’s financial statements.

- HKAS 32 and HKAS 1 Amendments 'Puttable financial instruments and obligations arising on liquidation' (effective from 1 January 2009). The amendment requires some puttable financial instruments and some financial instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity. The Group will apply HKAS 32 and HKAS 1 Amendments from 1 April 2009, but it is not expected to have any impact on the Group’s financial statements.

1. Basis of preparation (continued)

(iii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

- HKAS 27 (Revised) 'Consolidated and separate financial statements' (effective from annual period beginning on or after 1 July 2009). The amendment requires non-controlling interests (i.e. minority interests) to be presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Total comprehensive income must be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity. When control of a subsidiary is lost, the assets and liabilities and related equity components of the former subsidiary are derecognised. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost. The Group will apply HKAS 27 (Revised) from 1 April 2010.

- HKFRS 3 (Revised) 'Business combination' (effective for business combinations with acquisition date on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). The amendment may bring more transactions into acquisition accounting as combinations by contract alone and combinations of mutual entities are brought into the scope of the standard and the definition of a business has been amended slightly. It now states that the elements are 'capable of being conducted' rather than 'are conducted and managed'. It requires considerations (including contingent consideration), each identifiable asset and liability to be measured at its acquisition-date fair value, except leases and insurance contracts, reacquired right, indemnification assets as well as some assets and liabilities required to be measured in accordance with other HKFRSs. They are income taxes, employee benefits, share-based payment and non current assets held for sale and discontinued operations. Any non-controlling interest in an acquiree is measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. The Group will apply HKFRS 3 (Revised) from 1 April 2010.

- HKFRS 2 Amendment 'Share-based payment vesting conditions and cancellations' (effective from 1 January 2009). The amendment clarifies the definition of "vesting conditions" and specifies the accounting treatment of "cancellations" by the counterparty to a share-based payment arrangement. Vesting conditions are service conditions (which require a counterparty to complete a specified period of service) and performance conditions (which require a specified period of service and specified performance targets to be met) only. All "non-vesting conditions" and vesting conditions that are market conditions shall be taken into account when estimating the fair value of the equity instruments granted. All cancellations are accounted for as an acceleration of vesting and the amount that would otherwise have been recognised over the remainder of the vesting period is recognised immediately. The Group will apply HKFRS 2 Amendment from 1 April 2009, but it is not expected to have any impact on the Group's financial statements.

1. **Basis of preparation (continued)**

(iv) Interpretations to existing standards that are not yet effective and not relevant for the Group's operations

The following interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods but are not relevant for the Group's operations:

- HK(IFRIC) - Int 12, 'Service concession arrangements' (effective from 1 January 2008). HK(IFRIC) - Int 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. HK(IFRIC) - Int 12 is not relevant to the Group's operations because none of the Group's companies provide for public sector services.

2. **Revenues, turnover and segment information**

The Group is principally engaged in the retailing and wholesaling of cosmetic products and the provision of beauty and health club services. Turnover represents the invoiced sales value of goods and of services supplied to customers. An analysis of revenues for both continuing and discontinued operations recognised is as follows:

	2008 **HK$'000**	2007 HK$'000
Continuing operations		
Turnover		
Retail and wholesale	**3,221,429**	2,676,816
Other income		
Slide display rental income	**18,090**	17,797
Rental income	**1,522**	1,273
Sundry income	**68**	192
	19,680	19,262
	3,241,109	2,696,078
Discontinued operations		
Turnover		
Beauty and health club services	**231,658**	212,421
Other income		
Sundry income	**1,097**	1,108
	232,755	213,529
	3,473,864	2,909,607

Segment assets consist primarily of property, plant and equipment, leasehold land, investment property, inventories, receivables and operating cash, and exclude certain corporate assets and tax. Segment liabilities comprise operating liabilities and exclude tax. Capital expenditure comprises additions to property, plant and equipment, leasehold land and investment property.

2. Revenues, turnover and segment information (continued)

(a) Primary reporting format - business segments

	Continuing operations	Discontinued operations	
	Retail and Wholesale HK$'000	Beauty & health club services HK$'000	2008 Total HK$'000
Turnover	3,221,429	231,658	3,453,087
Results			
Segment results	322,733	3,962	326,695
Interest income			26,601
Profit before income tax			353,296
Income tax expense			(72,117)
Gain on disposal of subsidiaries	-	67,034	67,034
Profit for the year			348,213
Segment assets	1,439,749	-	1,439,749
Unallocated corporate assets			3,375
Total assets			1,443,124
Segment liabilities	300,998	-	300,998
Unallocated corporate liabilities			33,633
Total liabilities			334,631
Other information			
Capital expenditure	53,096	5,895	58,991
Depreciation	64,718	9,937	74,655
Amortisation	796	-	796
Write-off of property, plant and equipment	1,515	171	1,686
Provision for / (reversal of provision for) impairment losses on trade receivables	68	(7)	61
Provision for / (reversal of provision for) slow moving inventories and stock shrinkage	29,778	(99)	29,679
Fair value gain on investment property	2,900	-	2,900

2. Revenues, turnover and segment information (continued)

(a) Primary reporting format - business segments (continued)

	Continuing operations	Discontinued operations	
	Retail and Wholesale HK$'000	Beauty & health club services HK$'000	2007 Total HK$'000
Turnover	2,676,816	212,421	2,889,237
Results			
Segment results	247,474	(186)	247,288
Interest income			24,216
Profit before income tax			271,504
Income tax expense			(49,711)
Profit for the year			221,793
Segment assets	1,311,522	93,520	1,405,042
Unallocated corporate assets			17,538
Total assets			1,422,580
Segment liabilities	201,304	239,804	441,108
Unallocated corporate liabilities			30,882
Total liabilities			471,990
Other information			
Capital expenditure	49,013	8,753	57,766
Depreciation	63,813	13,613	77,426
Amortisation	428	-	428
Write-off of property, plant and equipment	1,660	22	1,682
Provision for impairment losses on trade receivables	-	52	52
Provision for / (reversal of provision for) slow moving inventories and stock shrinkage	24,172	(350)	23,822
Fair value gain on investment property	2,600	-	2,600
Reversal of impairment losses on leasehold land	12,092	-	12,092

2. Revenues, turnover and segment information (continued)

(b) Secondary reporting format - geographical segments

The Group operates in Mainland China and Special Administrative Regions ("SAR"), Taiwan and South Asia. SAR includes Hong Kong and Macau. South Asia comprises Thailand, Malaysia and Singapore.

	Mainland China and SAR HK$'000	Taiwan HK$'000	South Asia HK$'000	2008 Total HK$'000
Turnover				
- Continuing operations	2,851,470	131,061	238,898	3,221,429
- Discontinued operations	155,108	-	76,550	231,658
	3,006,578	131,061	315,448	3,453,087
Segment assets				
- Continuing operations	1,243,860	53,573	142,316	1,439,749
Unallocated corporate assets				3,375
Total assets				1,443,124
Capital expenditure				
- Continuing operations	37,180	4,388	11,528	53,096
- Discontinued operations	3,495	-	2,400	5,895
	40,675	4,388	13,928	58,991

2. Revenues, turnover and segment information (continued)

(b) Secondary reporting format - geographical segments (continued)

	Mainland China and SAR HK$'000	Taiwan HK$'000	South Asia HK$'000	2007 Total HK$'000
Turnover				
- Continuing operations	2,371,170	120,056	185,590	2,676,816
- Discontinued operations	145,183	-	67,238	212,421
	2,516,353	120,056	252,828	2,889,237
Segment assets				
- Continuing operations	1,134,150	54,915	122,457	1,311,522
- Discontinued operations	69,687	-	23,833	93,520
	1,203,837	54,915	146,290	1,405,042
Unallocated corporate assets				17,538
Total assets				1,422,580
Capital expenditure				
- Continuing operations	33,739	5,989	9,285	49,013
- Discontinued operations	5,202	-	3,551	8,753
	38,941	5,989	12,836	57,766

Turnover is allocated based on the places in which the customers are located.

Capital expenditure, comprises additions to property, plant and equipment, leasehold land and investment property, is allocated based on where the assets are located.

3. Expenses by nature

	Continuing operations		Discontinued operations		Total	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Cost of inventories sold	**1,831,949**	1,538,403	**20,070**	17,545	**1,852,019**	1,555,948
Employee benefit expenses (including directors' emoluments)	**454,147**	382,494	**112,072**	100,829	**566,219**	483,323
Depreciation of property, plant and equipment	**64,718**	63,813	**9,937**	13,613	**74,655**	77,426
Amortisation of leasehold land	**796**	428	**-**	-	**796**	428
Write-off of property, plant and equipment	**1,515**	1,660	**171**	22	**1,686**	1,682
Provision for impairment losses on trade receivables	**68**	-	**(7)**	52	**61**	52
Operating lease rentals in respect of land and buildings						
- minimum lease payments	**301,892**	254,666	**28,290**	25,804	**330,182**	280,470
- contingent rent	**4,814**	2,421	**3,110**	2,922	**7,924**	5,343
Auditors' remuneration	**2,634**	2,519	**503**	338	**3,137**	2,857
Others	**259,611**	223,034	**54,618**	52,714	**314,229**	275,748
	2,922,144	2,469,438	**228,764**	213,839	**3,150,908**	2,683,277
Representing:						
Cost of sales	**1,831,949**	1,538,403	**85,381**	78,686	**1,917,330**	1,617,089
Selling and distribution costs	**945,026**	799,859	**128,059**	123,311	**1,073,085**	923,170
Administrative expenses	**145,169**	131,176	**15,324**	11,842	**160,493**	143,018
	2,922,144	2,469,438	**228,764**	213,839	**3,150,908**	2,683,277

4. Income tax expenses

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 17.5%) on the estimated assessable profits for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

	Continuing operations		Discontinued operations		Total	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Hong Kong profits tax						
Current	**62,131**	47,127	**(149)**	(247)	**61,982**	46,880
(Over)/under provision in previous years	**(6)**	73	**-**	-	**(6)**	73
Overseas taxation						
Current	**6,881**	4,171	**1,216**	390	**8,097**	4,561
(Over)/under provision in previous years	**(171)**	224	**(778)**	-	**(949)**	224
Deferred income tax relating to origination and reversal of temporary differences	**2,421**	(1,589)	**408**	(426)	**2,829**	(2,015)
Change in tax rate	**46**	24	**118**	(36)	**164**	(12)
	71,302	50,030	**815**	(319)	**72,117**	49,711

5. Profit for the year from discontinued operations

On 19 February 2008, Highmove Enterprises Limited ("Highmove"), a wholly owned subsidiary of the Company, entered into the sale and purchase agreement with Fullgoal International Limited, for the sale of the entire issued share capital of Lisbeth Enterprises Limited ("Lisbeth"), a wholly owned subsidiary of the Company, and the assignment of the sales debt in the sum of HK$87,000,000 owing by Lisbeth to Highmove for an aggregate consideration of HK$20,000,000. The disposal was completed on 31 March 2008.

The results of the discontinued operations included in the consolidated income statement is set out below.

	Note	**2008** **HK$'000**	2007 HK$'000
Turnover	2	**231,658**	212,421
Cost of sales		**(85,381)**	(78,686)
Gross profit		**146,277**	133,735
Other income	2	**1,097**	1,108
Selling and distribution costs		**(128,059)**	(123,311)
Administrative expenses		**(15,324)**	(11,842)
Other net (losses)/gains		**(29)**	124
Operating profit		**3,962**	(186)
Interest income		**1,779**	1,133
Profit before income tax		**5,741**	947
Income tax expense	4	**(815)**	319
Profit for the year		**4,926**	1,266
Gain on disposal of subsidiaries		**67,034**	-
Profit for the year from discontinued operations		**71,960**	1,266

6. Earnings per share

(a) The calculation of basic and diluted earnings per share from continuing operations is based on the Group's profit from continuing operations attributable to equity holders of the Company of HK$276,253,000 (2007: HK$220,527,000).

(b) The calculation of basic and diluted earnings per share from discontinued operations is based on the Group's profit from discontinued operations attributable to equity holders of the Company of HK$71,960,000 (2007: HK$1,266,000).

(c) The calculation of basic earnings per share from continuing operations and discontinued operations is based on the weighted average of 1,374,282,947 (2007: 1,354,258,744) shares in issue during the year.

(d) The calculation of diluted earnings per share from continuing operations and discontinued operations is based on the weighted average of 1,374,282,947 (2007: 1,354,258,744) shares in issue during the year plus the weighted average of 3,356,759 (2007: 6,790,164) shares deemed to be issued if all outstanding share options granted under the share option scheme of the Company had been exercised.

7. Dividends

	2008 **HK$'000**	2007 HK$'000
Interim, paid – 3.0 HK cents (2007: 3.0 HK cents) per share	**41,309**	40,784
Special, paid – 3.0 HK cents (2007: 3.0 HK cents) per share	**41,309**	40,784
Final, proposed – 5.0 HK cents (2007: 5.0 HK cents) per share	**68,983**	68,559
Special, proposed – 10.0 HK cents (2007: 6.0 HK cents) per share	**137,965**	82,270
	289,566	232,397

At a meeting held on 25 June 2008, the directors declared a final dividend of 5.0 HK cents and a special dividend of 10.0 HK cents per share. These proposed dividends have not been reflected as dividend payables in these consolidated financial statements, but will be reflected as an appropriation of distributable reserve for the year ending 31 March 2009.

8. Trade receivables

The Group's turnover is mainly cash and credit card sales. Certain wholesale customers are granted credit terms ranging from 7 to 30 days. The ageing analysis of trade receivables is as follows:

	2008	2007
	HK$'000	HK$'000
Within 1 month	**22,958**	27,843
1 to 3 months	**3,225**	2,326
Over 3 months	**2,082**	655
	28,265	30,824

The fair values of trade receivables approximate their carrying amounts.

During the year, the Group has made a provision for impairment losses on trade receivables of HK$61,000 (2007: HK$52,000). The provision has been included in selling and distribution costs.

9. Trade and bills payables

The ageing analysis of trade and bills payables is as follows:

	2008	2007
	HK$'000	HK$'000
Within 1 month	**78,539**	68,576
1 to 3 months	**82,431**	46,655
Over 3 months	**17,488**	6,041
	178,458	121,272

The fair values of trade and bills payables approximate their carrying amounts.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 March 2008, the Group's consolidated turnover amounted to HK$3,453.1 million, representing an increase of 19.5% from HK$2,889.2 million last year. There was an increase in turnover in all markets and business units. The Group's consolidated profit attributable to equity holders of the Company was HK$348.2 million, a rise of 57.0% over the HK$221.8 million recorded last fiscal year. Excluding the discontinued business of beauty services and profit from its disposal, the Group's consolidated turnover of continuing operations increased 20.3% to HK$3,221.4 million and consolidated profit increased 25.3% to HK$276.3 million. Basic earnings per share from the Group's continuing operations and discontinued operations were 20.1 HK cents and 5.2 HK cents respectively, as compared to 16.4 HK cents in total in the previous fiscal year.

Retail & Wholesale Business

During the fiscal year 2007/08 the Group's retail and wholesale business saw growth in turnover of 20.3%, reaching HK$3,221.4 million as compared to HK$2,676.8 million last year. The overall gross profit margin of our retail and wholesale business increased 0.6% to 43.1% from 42.5% due to the continuous improvement in our product mix. Our inventory turnover days were 94 days as at 31 March 2008. Overall, as at the end of the fiscal year, the Group operated 124 retail outlets including stores and beauty counters in six markets in Asia, as well as a portal offering a global online shopping service.

Hong Kong and Macau
Sa Sa continues to maintain its market leading position in Hong Kong and Macau, despite intense competition. Spending by increasing numbers of tourists from Mainland China as well as local residents drove a turnover growth of 18.8% over last fiscal year. The strong turnover growth was mainly led by our strategy of rebalancing sales growth and margin growth. We broadened the customer base by giving each market segment more attention rather than focusing narrowly on particular market segments. This resulted in a 17.9% increase in the number of transactions. Same store sales saw growth of 12.8%.

Due to continuous improvement in our product portfolio, the gross profit margin of our retail and wholesale business in Hong Kong and Macau rose to 43.1% from the 42.3% recorded last fiscal year. Although the issue of rental costs remains a major challenge for the Hong Kong and Macau market, the increase in turnover and enhanced gross profit margin helped offset the impact from the rise in rental costs. In addition, consolidation of the store network including store relocation continued to be a part of the Group's strategy for optimising the effectiveness of the store network, as well as effectively increasing our competitiveness.

Sa Sa further strengthened its retail branding by continuously focusing on sponsorship activities such as Miss Hong Kong Pageant 2007 and Ladies' Purse Day, one of the most popular and high-profile racing days in Hong Kong. Five new stores were added and four were relocated during the year. As at 31 March 2008, there were 58 Sa Sa stores (including five in Macau), one La Colline specialty store and one Elizabeth Arden counter.

Mainland China
During the year under review, the Group made slow but steady progress in the Mainland market. Although this market is still at the investment stage, we believe that we are beginning to master the operations while expanding on the distribution network. We have tried to build depth into our product offerings by adding distribution channels to the existing product portfolio and focusing on the products of selected brands. We also strengthened our partnership with local suppliers to increase the range of our product offerings. During the year, we speeded up the pace of department store openings for Suisse Programme.

In 2007/08, we devoted intensive efforts to strengthen the management as well as the support functions of our business and to facilitate the expansion of a more extensive retail network into cities beyond Shanghai. Meanwhile, we consolidated our store network in Shanghai to further improve our performance, and six new counters were added in the second half of the fiscal year. As at 31 March 2008**,** we operated four Sa Sa stores and 12 beauty counters under Suisse Programme in the Mainland market.

Singapore and Malaysia
Our core business strategy for the Singapore and Malaysia market continues to focus on gaining market share through increased sales and enhancing our network to provide improved service to Sa Sa's customers and beauty brands. During the year, turnover for the overall Singapore and Malaysia market grew by 28.7% to HK$238.9 million and same store sales growth was up 13.4%. A small profit was recorded. Overall, there was an improvement in the contribution of Singapore and Malaysia to the Group's results.

However, our performance in Singapore was impacted by the adjustment in our product portfolio required to comply with the new ASEAN Directive for cosmetics introduced in 2008. Singapore's robust employment market also caused high staff turnover and made the improvements in the management team more difficult. The total number of stores remained at 13 as of 31 March 2008.

Malaysia registered a good performance, increasing profitability as well as its contribution to the Group's results. This improved performance was the result of widespread market acceptance from suppliers and consumers led by more effective marketing activities. Our positioning and marketing initiatives in this market were strengthened by leveraging on the enhanced product offerings that were adjusted to comply with the ASEAN Directive for cosmetics introduced in Malaysia a few years ago. During the year, seven new stores were added, bringing the total number of stores for Malaysia to 21 as of 31 March 2008.

Taiwan
Turnover in the Group's Taiwan business increased 9.2% during the fiscal year to HK$131.1 million. A small loss was recorded. This was mainly the result of weak consumption sentiment in this market and of political and economic uncertainties in the run-up to the presidential election in March 2008. Meanwhile, we strengthened our retail branding image by increased marketing and public relations activities. These included hosting a fragrance festival, which underlined Sa Sa's position as the number one channel for fragrances and helped to increase our market share. The Group added three new stores to its portfolio, bringing the total store number for Taiwan to 14 as at 31 March 2008.

E-commerce - Sasa.com
Turnover for Sasa.com amounted to HK$92.6 million, an increase of 63.4% over the previous fiscal year. A small profit was recorded. Market growth in most markets was achieved through further expansion of the product range, increased marketing activities in various markets and improvements in the payment methods. We continued with the upgrading of the e-commerce platform to facilitate browsing traffic and improve the conversion of traffic to sales. The number of unique visitors reached more than 600,000 per month, a rise of 42.9% over the previous year. The significant growth rate of 54% in repeat customers sales and 64% in VIP sales reflected our success in turning our international customers into loyal customers.

Brand Management

Brand management refers to the management of own-brands and international brands for which Sa Sa acts as sole agent/distributor in terms of brand building, marketing, sales and distribution.

Sales of own-brand and exclusively distributed products increased by 25.5% and contributed to 36.2% of the Group's total retail and wholesale sales (34.8% last year), a rise of 1.4% over the previous fiscal year. The Group made intensive efforts to broaden and diversify the product range, enhancing the exclusive brand portfolio by introducing more upcoming and popular international beauty brands. New brands secured for exclusive distributorship during the year included Collistar from Italy, Nuxe, Caudalie and Annayake from France, and A'kin from Australia. We also added Dr.G, the most popular Korean cosmeceutical brand, to our exclusive brand portfolio, further demonstrating the Group's ability to introduce trend-setting products.

Emphasis was also placed on product development of Sa Sa's own-brands. This included the introduction of more new products and the expansion of the product range. We strengthened marketing promotions of our exclusive products by appointing celebrities as image persons, and through more frequent new product launches and increased promotional activities. Our renewed focus on enhancing our management resources in brand management and marketing included the appointment of a senior executive to specialise in the brand management and product development of our own-brands, with particular attention to the Mainland market.

Beauty Services

In order to concentrate more of our resources on strengthening our retail and brand management businesses, and to drive further expansion in new markets, the Group completed the disposal of the beauty services business on 31 March 2008. On completion, a non-recurring profit of HK$67.0 million was booked to the Group.

Outlook

Brand Management

Sa Sa is one of the major sole agents in the beauty trade in Hong Kong, representing more than 100 international brands. As we move forward with our initiatives to build a solid foundation for the Group's future expansion, brand management will play an increasingly important role as a major driver of our turnover growth and network expansion. We will continue to strengthen our brand and product portfolio, introducing more upcoming and popular international beauty brands, and we will further develop the emerging brands we secured in 2007/08 in order to increase their market penetration. At the same time, we will expand the product range of our own-brands portfolio including the "Sasa" brand and enhance our product development function.

Further initiatives to enhance the effectiveness of our brand and product portfolio will include strengthening the partnership with our suppliers, developing our management resources, improving our strategic planning and execution in terms of efficiency and effectiveness, and intensifying the depth and scale of our marketing activities.

Retail and Wholesale Business

Our overall objective in our core retail and wholesale business is to increase market share in all markets. We will continue with our strategic and prudent approach towards network expansion with the aim of optimising our performance in each market while closely monitoring local market circumstances. We will place a strong emphasis on same store growth across the region by improving our operational efficiency. In addition, we will continue to aim at gradually increasing the gross profit margin each year in order to improve profitability and address increasing cost pressures. As we continue to build our image as cosmetics specialty store, we will focus continuous efforts on strengthening our product portfolio by building strong relationships of mutual benefit with local suppliers in all markets to serve our increasingly demanding and diversified customer base. We are beginning to see initial results of these efforts.

Hong Kong and Macau

Hong Kong and Macau will remain our core market, providing solid and steady contributions to the Group and supporting its expansion into new markets. With our strong foundation and competitive advantages in this market, the Group will aim for improved productivity and performance. In terms of network expansion, rather then simply adding more stores in Hong Kong and Macau, our objective is to improve the efficiency and productivity of the overall network. Sa Sa will continue to adopt a disciplined approach towards managing rental pressures in Hong Kong, and will therefore consider store relocation as an option to control rental costs upon lease renewal. In order to achieve balanced growth, we will continue to target growth in both the tourism and domestic sectors, which will be reflected in various strategic measures.

Mainland China

In contrast to the maturity and concentration of the Hong Kong and Macau market, the Mainland market is vast and fragmented with hugely differing levels of demand and affordability. The Group will continue to adopt a differentiated approach to this market by focusing on a two-pronged expansion strategy; firstly, focusing on multi-brand Sa Sa stores, with the first batch of five stores in Beijing being launched in the first half of fiscal year 2008/09; secondly, establishing single-brand beauty counters/stores under exclusive brands. For example, we have already set up beauty counters under our exclusive brand, Suisse Programme, in department stores in eight Mainland cities. 29 counters are planned for fiscal year 2008/09, of which seven counters have already been secured in the cities of Hangzhou, Wuhan, Guiyang, Chongqing and so on.

Overall, we aim to more than double the existing number of outlets in the Mainland, setting up about 39 outlets by end of the next fiscal year. In regard to network expansion, instead of setting up all outlets ourselves, we are seeking local distributors to help establish single-brand counters/stores under our exclusive brands. We are enhancing our management resources by appointing a new senior executive in brand management and product development of our own-brands with strong experience in the Mainland market.

In addition, we will focus increased resources on improving product development and speeding up the product registration process in the Mainland. We have formed a dedicated team responsible for the establishment of beauty counters/stores under exclusive brands as well as their brand management, thereby increasing both awareness and penetration of these brands in the Mainland. Our sales performance in recent months has reflected these changes. We will devote even more efforts to the marketing of our exclusive brands in Mainland China in order to increase their brand awareness.

Singapore, Malaysia and Taiwan

Riding on the strong growth momentum in Malaysia, the Group will pursue its expansion plans in this market by adding more stores. In Singapore, we are confident that when the new management team settles down and we complete the enhancement of our product offering, the performance of the Singapore market will gradually improve. We will also closely monitor the market situation and the economic environment of Taiwan, and in due course craft an appropriate expansion strategy to tap the potential of the Taiwan market.

Going Forward

With the steady growth provided by the strong foundation of the Hong Kong and Macau market, Sa Sa will continue to build its foothold and to grow in both its overseas markets and in the Mainland. By leveraging the strong competitive advantage and brand name of Sa Sa in the region, the Group will prudently monitor the market situation in Asia and seek further development accordingly.

HUMAN RESOURCES

As at 31 March 2008, the Group had a total of 2,380 employees. Staff costs for the year under review were HK$566.2 million. To ensure that the Group is able to attract and retain staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis. Performance bonus and share options are then offered to qualified employees. A performance-based element is included in the annual discretionary bonus for all staff as well as in share options for supervisory and managerial staff. The Group places strong emphasis on staff training and development in order to realise the full potential of our employees. In addition to supporting the graduate trainee programme, various staff development initiatives were implemented during the year through in-house and external training programmes. Financial subsidies for further studies in related fields were also provided.

FINANCIAL REVIEW

Capital Resources and Liquidity

As at 31 March 2008, the Group's total equity funds were HK$1,108.5 million including reserves of HK$970.6 million. The Group continued to maintain a strong financial position with cash and bank balances of HK$651.6 million. The Group's working capital was HK$895.7 million. Based on the Group's steady cash inflow from operations and coupled with its existing cash and bank facilities, the Group has adequate financial resources to fund its future expansion.

During the year, the majority of the Group's cash and bank balances was in Hong Kong or U.S. dollars and deposited in leading banks with maturity dates falling within one year. This is in line with the Group's policy to maintain liquidity of its funds and continue to contribute a stable yield to the Group.

Financial Position

Total funds employed (representing total equity) as at 31 March 2008 were HK$1,108.5 million, which represented a 16.6% increase over the total funds employed of HK$950.6 million as at 31 March 2007.

The gearing ratio, defined as the ratio of total loans less cash and bank balances to total assets, was nil as at 31 March 2008 and 31 March 2007.

Treasury Policies

It is the Group's treasury management policy not to engage in any highly leveraged or speculative derivative products. In this respect, the Group continued to adopt a conservative approach to financial risk management with no significant borrowing during the year. Most of the assets, receipts and payments of the Group are denominated either in Hong Kong or U.S. dollars. From 1 April 2006, due to the volatility of the foreign exchange market and the potential downside exposure arising from the forward foreign exchange contracts, the Group minimised its non U.S. dollar foreign exchange exposure by way of hedging against order at spot and maintaining no long position. These hedging policies are regularly reviewed by the Group.

Charge on Group Asset

As at 31 March 2008, no Group asset was under charge to a financial institution.

Contingent Liabilities

The Group had no significant contingent liability as at 31 March 2008.

Capital Commitments

As at 31 March 2008, the Group had total capital commitments in respect of acquisition of property, plant and equipment of HK$71.6 million.

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board resolved to declare a final dividend ("Final Dividend") of 5.0 HK cents (2007: 5.0 HK cents) per share and a special dividend ("Special Dividend") of 10.0 HK cents (2007: 6.0 HK cents) per share for the year ended 31 March 2008, payable to shareholders whose names appear on the register of members of the Company ("Register of Members") on 28 August 2008.

The Final Dividend and Special Dividend will be paid around 2 September 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 25 August 2008 to 28 August 2008, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the Final Dividend and Special Dividend, all valid documents in respect of transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrars, Tricor Abacus Limited, 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on 22 August 2008.

REVIEW OF ANNUAL RESULTS

The audit committee has reviewed the accounting principles and practices adopted by the Group and the annual results for the year ended 31 March 2008. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2008 have been agreed by the Group's auditors, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 March 2008, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

(I) Code on Corporate Governance Practices ("CG Code")

The Company is committed to good corporate governance principles and practices. The Board appreciates that corporate responsibility initiatives can scale up their impact by linking to corporate governance frameworks and recognizes that it is essential to safeguard the interests of stockholders, customers and employees and uphold accountability, transparency and responsibility of the Company.

The Company has complied with the code provisions ("Code Provision(s)") in the CG Code set out in Appendix 14 of the Rules Governing Listing of Securities of The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the year ended 31 March 2008 except for deviation from the Code Provision A.2.1, particulars of which are set out below. With a view to monitoring and continuously improving its performance, the Company reviews its corporate governance practices from time to time and always aims to enhance its corporate governance practices to be in line with local and international practices. Full details of the corporate governance report are set out in the annual report of the Company for the year ended 31 March 2008.

Code Provision A.2.1 - Chairman and Chief Executive Officer ("CEO")

The Code Provision A.2.1 of the CG Code stipulated that the roles of chairman and CEO should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing.

Mr. Kwok Siu Ming, Simon has been both the chairman and CEO of the Company whose responsibilities were clearly set out in writing and approved by the Board effective on 1 April 2005. Given the Group's current stage of development, the Board considers that vesting the roles of chairman and CEO in the same person facilitates the execution of the Group's business strategies and maximizes effectiveness of its operation. The Board shall nevertheless review the structure from time to time and it will consider the appropriate move to take should suitable circumstance arise.

(II) Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code")

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code in Appendix 10 of the Listing Rules ("Company's Code"). Having made specific enquiry of all directors, all directors confirmed that they had complied with the required standard set out in the Model Code and the Company's Code throughout the period.

PUBLICATION OF INFORMATION ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED AND THE COMPANY

The results announcement is required to be published on the website of Hong Kong Exchanges and Clearing Limited ("HKEX") at www.hkex.com.hk under "Lastest Listed Companies Information" and the Company at www.sasa.com under "Corporate Information/Corporate Governance/Announcement" respectively. The annual report of the Company for the year ended 31 March 2008 will be dispatched to the shareholders around 11 July 2008 and published on the HKEX's and the Company's websites in due course.

On behalf of the Board, I would like to extend my thanks and appreciation to all our staff for their hard work and commitment and to all of our customers, suppliers and shareholders for their continued support.

By Order of the Board
Kwok Siu Ming, Simon
Chairman and CEO

Hong Kong, 25 June 2008

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

Executive Directors:
Mr. Kwok Siu Ming, Simon *(Chairman and CEO)*
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.*
Dr. Leung Kwok Fai, Thomas, *J.P.*
Ms. Tam Wai Chu, Maria, *GBS, J.P.*
Ms. Ki Man Fung, Leonie, *SBS, J.P.*