

[For Immediate Release]



## Sa Sa Announces 2007/08 Annual Results

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**Group Turnover Increased 19.5% to HK\$3,453.1 Million**  
**Net Profit Rose 57.0%**

Annual Results Highlights	For the year ended 31 March		% Change
	2007/08	2006/07	
	HK\$ million	HK\$ million	
Group's turnover	<b>3,453.1</b>	2,889.2	+19.5%
Group's retail and wholesale turnover	<b>3,221.4</b>	2,676.8	+20.3%
Profit attributable to equity holders	<b>348.2</b>	221.8	+57.0%
- Profit from retail and wholesale operations	<b>276.3</b>	220.5	+25.3%
- Profit from discontinued operations	<b>4.9</b>	1.3	+289.1%
- Gain on disposal of Beauty Group	<b>67.0</b>	-	NA
Final dividend	<b>15 HK cents</b>	11 HK cents	+36.4%
- basic	<i>5 HK cents</i>	<i>5 HK cents</i>	-
- special	<i>10 HK cents</i>	<i>6 HK cents</i>	+66.7%
Total annual dividend	<b>21 HK cents</b>	17 HK cents	+23.5%
- basic	<i>8 HK cents</i>	<i>8 HK cents</i>	-
- special	<i>13 HK cents</i>	<i>9 HK cents</i>	+44.4%

(25 June 2008 – HONG KONG) –Sa Sa International Holdings Limited ('Sa Sa' or the 'Group', stock code: 0178), Asia's leading cosmetics retailing group, announced today its annual results for the year ended 31 March 2008.

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 the markets and business units of the Group. The Group's consolidated profit attributable to equity holders increased by 57.0% to HK\$348.2 million. Excluding the profit of HK\$67.0 million from the disposal of beauty services, the Group's profit was HK\$281.2 million, a growth of 26.8% over the HK\$221.8 million recorded last fiscal year. The disposal of the beauty services business was completed on 31 March 2008. Excluding the discontinued business of beauty services and the profit from its disposal, the Group's consolidated turnover of continuing operations (retail and wholesale business) increased by 20.3% to HK\$3,221.4 million and consolidated profit increased by 25.3% to HK\$276.3 million. Basic earnings per share from the Group's retail and wholesale operations, discontinued operations and the gain from the disposal of beauty services were 20.1 HK cents, 0.4 HK cents and 4.8 HK cents respectively, as compared to 16.4 HK cents in total in the previous fiscal year.

The Board of Directors has resolved to declare a final dividend of 5 HK cents (2006/07: 5 HK cents) and a special dividend of 10 HK cents (2006/07: 6 HK cents) per share. Together with the interim dividend paid of 3 HK cents per share and a special dividend of 3 HK cents per share, the total annual dividend for FY2007/08 is 21 HK cents per share (2006/07: 17 HK cents).

### **Retail & Wholesale Business**

Mr. Simon Kwok, Chairman and Chief Executive Officer of the Group, said, "For the year under review, turnover in all our markets and business units continued to grow. With steady improvements in product mix, the gross profit margin of our retail business increased in tandem."

Growth of Hong Kong and Macau market was driven by sales to both tourists from Mainland China as well as local residents. Turnover recorded growth of 18.8% over last fiscal year. The same store sales saw growth of 12.8%, while the number of transactions increased by 17.9% over the previous fiscal year. The strong turnover growth was the product of the Group's strategy to rebalance sales growth and gross profit margin. The gross profit margin of the Group's 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 rise in rental costs. 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.

The Group made steady progress in the Mainland market although it is still at the investment stage. The Group believes it is beginning to master the operations while expanding on the distribution network. Sa Sa is also working towards a closer partnership with local suppliers to increase the breadth of product offerings. During the second half of the year, Sa Sa speeded up the pace of department store openings for Suisse Programme. As at 31 March 2008, the Group operated 4 Sa Sa stores and 12 beauty counters under Suisse Programme in the Mainland market.

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. The performance in Malaysia was particularly strong, which is the result of the Group's efforts to adjust the product offerings and the building up of the Sa Sa brand name over the past few years. This gradually helped "Sa Sa" gain widespread market acceptance. The performance in Singapore was affected by the adjustments in the product portfolio required to comply with the new ASEAN Directive for cosmetics introduced in 2008. The total number of stores in Singapore remained at 13 as of 31 March 2008. Seven new stores were added in Malaysia during the year, bringing the total number of stores to 21 as of 31 March 2008.

Turnover in the Group's Taiwan business increased 9.2% during the fiscal year to HK\$131.1 million. A small loss was recorded. The performance in Taiwan was affected by the weak consumption sentiment and the political and economic uncertainties in the run-up to the presidential election. However, turnover of the market increased on the back of Sa Sa' strengthened retail brand image by increased marketing and public relations activities.

## **Brand Management**

As part of the increasingly important brand management business, Sa Sa currently manages more than 100 international beauty brands in Asia. It is one of the major sole agents of cosmetics in Hong Kong. The brand management business made good progress during the year with a satisfactory growth for both the own-brands and brands managed by Sa Sa. For the year ended 31 March 2008, sales of own-brands 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).

The Group also enhanced its product portfolio by introducing more upcoming and popular international beauty brands. 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 for the "Sasa" brand. The Group also strengthened marketing promotions of its exclusive products to enhance the awareness of these brands.

## **Outlook**

For the fiscal year of 2008/2009, Sa Sa aims to increase the market share in all markets. Hong Kong and Macau will remain the Group's core market, providing solid and steady contributions to the Group and supporting its expansion into other new markets. With the strong competitive advantages in this market, the Group will aim for continuous improvements in productivity and performance.

The Group will continue to adopt a two-pronged expansion strategy in the Mainland market; firstly, to open more multi-brand Sa Sa stores and secondly, to open more single-brand beauty counters or stand alone stores for its exclusive brands. Overall, the Group aims to more than double the existing number of outlets in the Mainland, setting up about 39 outlets by end of the next fiscal year. While continuing to strengthen the partnership with Mainland suppliers, the Group will also dedicate more resources on improving product development and speeding up the product registration process.

For overseas markets, the Group will formulate strategies to match with the needs and opportunities of each individual market.

As the Group moves forward with its initiatives to build a solid foundation for future expansion, emphasis will be placed on brand management as it is a major driver of the Group's network expansion and growth. The Group will continue to strengthen its brands and product portfolio and expand the product range of its own-brands portfolio, to capitalize on its strength in this area.

Mr. Kwok concluded, "With the steady growth provided by the strong foundation of the Hong Kong and Macau market, we will continue to build our 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."

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#### **About Sa Sa International Holdings Limited**

Sa Sa is a leading cosmetics retail group in Asia. Its over 130 stores and counters 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, KPMG and Euromonitor 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.

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