SA SA INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 178)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2009

Highlights

- The Group's continuing retail and wholesale business turnover increased by 12.0% to HK$3,609.0 million from HK$3,221.4 million
- The Group's retail and wholesale business turnover in Hong Kong and Macau registered growth of 9.2% as compared to the previous fiscal year
- Profitability of all markets and business units improved in local currency terms
- Profit for the year from the continuing business was HK$316.0 million, an increase of 14.4% from the HK$276.3 million recorded last year
- Basic earnings per share from the Group's continuing operations were 22.9 HK cents as compared to 20.1 HK cents in the previous fiscal year
- Final and special dividend per share proposed was 17.0 HK cents (2007/08: 15.0 HK cents), making a total annual dividend of 23.0 HK cents per share (2007/08: 21.0 HK cents)

The Board of Directors ("Board") of Sa Sa International Holdings Limited ("Company") has pleasure in presenting the consolidated results of the Company and its subsidiaries ("Group") for the year ended 31 March 2009 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 2009

	Note	**2009** **HK$'000**	2008 HK$'000
Continuing operations			
Turnover	2	**3,608,990**	3,221,429
Cost of sales		**(2,032,124)**	(1,831,949)
Gross profit		**1,576,866**	1,389,480
Other income	2	**26,151**	19,680
Selling and distribution costs		**(1,064,314)**	(945,026)
Administrative expenses		**(170,581)**	(145,169)
Other net gains		**1,993**	3,768
Operating profit		**370,115**	322,733
Interest income		**13,196**	24,822
Profit before income tax	3	**383,311**	347,555
Income tax expense	4	**(67,360)**	(71,302)
Profit for the year from continuing operations		**315,951**	276,253
Discontinued operations			
Profit for the year from discontinued operations		**-**	71,960
Profit for the year		**315,951**	348,213
Earnings per share for profit for the year from continuing operations (expressed in HK cents per share)	5		
Basic		**22.9**	20.1
Diluted		**22.9**	20.1
Earnings per share for profit for the year from discontinued operations (expressed in HK cents per share)	5		
Basic		**-**	5.2
Diluted		**-**	5.2
Dividends	6	**317,691**	289,566

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2009

	Note	2009 HK$'000	2008 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**114,774**	109,476
Leasehold land		**27,964**	28,760
Investment property		**10,000**	11,500
Rental deposits and other assets		**63,885**	69,995
Deferred income tax assets		**2,657**	2,625
		219,280	222,356
Current assets			
Inventories		**468,670**	470,543
Trade receivables	7	**25,280**	28,265
Other receivables, deposits and prepayments		**81,456**	70,317
Bank deposits over three months to maturity		**35,863**	227,262
Cash and cash equivalents		**584,633**	424,381
		1,195,902	1,220,768
LIABILITIES			
Current liabilities			
Trade and bills payables	8	**144,475**	178,458
Other payables and accruals		**111,397**	113,965
Income tax payable		**21,851**	32,608
		277,723	325,031
Net current assets		**918,179**	895,737
Total assets less current liabilities		**1,137,459**	1,118,093
Non-current liabilities			
Retirement benefit obligations		**4,193**	4,629
Deferred income tax liabilities		**1,256**	1,025
Other payables		**9,261**	3,946
		14,710	9,600
Net assets		**1,122,749**	1,108,493
EQUITY			
Capital and reserves			
Share capital		**138,125**	137,894
Reserves		**749,809**	763,651
Proposed dividends		**234,815**	206,948
Total equity		**1,122,749**	1,108,493

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) Standard, amendment and interpretation effective in 2009 and do not have significant impact on the Group's financial statements

HKAS 39, 'Financial instruments: Recognition and measurement', amendment on reclassification of financial assets permits reclassification of certain financial assets out of the held-for-trading and available-for-sale categories if specified conditions are met. The related amendment to HKFRS 7, 'Financial instruments: Disclosures', introduces disclosure requirements with respect to financial assets reclassified out of the held-for-trading and available-for-sale categories. The amendment is effective prospectively from 1 July 2008.

HK(IFRIC) – Int 14, 'HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction', 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.

(ii) Interpretation effective in 2009 but not relevant

The following interpretation to published standard is mandatory for accounting periods beginning on or after 1 April 2008 but is not relevant to the Group's operations:

HK(IFRIC) – Int 12, 'Service concession arrangements'.

(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 April 2009 or later periods, but the Group has not early adopted them:

HKAS 1 (Revised), 'Presentation of financial statements' (effective from 1 January 2009).

HKAS 23 (Revised), 'Borrowing costs' (effective from 1 January 2009).

HKAS 27 (Revised), 'Consolidated and separate financial statements' (effective from 1 July 2009).

HKAS 32 (Amendment), 'Financial instruments: Presentation', and HKAS 1 (Amendment), 'Presentation of financial statements' – 'Puttable financial instruments and obligations arising on liquidation' (effective from 1 January 2009).

HKFRS 1 (Amendment), 'First time adoption of HKFRS' and HKAS 27 'Consolidated and separate financial statements' (effective from 1 July 2009).

HKFRS 2 (Amendment), 'Share-based payment' (effective from 1 January 2009).

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)

HKFRS 3 (Revised), 'Business combinations' (effective from 1 July 2009).

HKFRS 8, 'Operating segments' replaces HKAS 14, 'Segment reporting', and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information' (effective from 1 January 2009).

HK(IFRIC) – Int 13, 'Customer loyalty programmes' (effective from 1 July 2008).

HK(IFRIC) – Int 16, 'Hedges of a net investment in a foreign operation' (effective from 1 October 2008).

- HKICPA's improvements to HKFRS published in October 2008

HKAS 1 (Amendment), 'Presentation of financial statements' (effective from 1 January 2009).

HKAS 19 (Amendment), 'Employee benefits' (effective from 1 January 2009).

HKAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009).

HKAS 36 (Amendment), 'Impairment of assets' (effective from 1 January 2009).

HKAS 38 (Amendment), 'Intangible assets' (effective from 1 January 2009).

HKAS 39 (Amendment), 'Financial instruments: Recognition and measurement' (effective from 1 January 2009).

HKFRS 5 (Amendment), 'Non-current assets held for sale and discontinued operations' (and consequential amendment to HKFRS 1, 'First-time adoption') (effective from 1 July 2009).

There are a number of minor amendments to HKFRS 7, 'Financial instruments: Disclosures', HKAS 8, 'Accounting policies, changes in accounting estimates and errors', HKAS 10, 'Events after the balance sheet date', HKAS 18, 'Revenue' and HKAS 34, 'Interim financial reporting' which are not addressed above. These amendments are unlikely to have an impact on the Group's financial statements and have therefore not been analysed in detail.

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

The following interpretations and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 April 2009 or later periods but are not relevant for the Group's operations:

HKAS 39 (amendment) 'Financial instruments: Recognition and measurement' – 'Eligible hedged items' (effective from 1 July 2009).

HK(IFRIC) – Int 15, 'Agreements for construction of real estates' (effective from 1 January 2009).

1. Basis of preparation (continued)

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

HK(IFRIC) – Int 17, 'Distributions of non-cash assets to owners' (effective from 1 July 2009).

HK(IFRIC) – Int 18, 'Transfers of assets from customers' (effective for transfers on or after 1 July 2009).

- HKICPA's improvements to HKFRS published in October 2008

HKAS 16 (Amendment), 'Property, plant and equipment' (and consequential amendment to HKAS 7, 'Statement of cash flows') (effective from 1 January 2009).

HKAS 20 (Amendment), 'Accounting for government grants and disclosure of government assistance' (effective from 1 January 2009).

HKAS 27 (Amendment), 'Consolidated and separate financial statements' (effective from 1 January 2009).

HKAS 28 (Amendment), 'Investments in associates' (and consequential amendments to HKAS 32, 'Financial Instruments: Presentation' and HKFRS 7, 'Financial instruments: Disclosures') (effective from 1 January 2009).

HKAS 29 (Amendment), 'Financial reporting in hyperinflationary economies' (effective from 1 January 2009).

HKAS 31 (Amendment), 'Interests in joint ventures' (and consequential amendments to HKAS 32 and HKFRS 7) (effective from 1 January 2009).

HKAS 38 (Amendment), 'Intangible assets' (effective from 1 January 2009).

HKAS 40 (Amendment), 'Investment property' (and consequential amendments to HKAS 16) (effective from 1 January 2009).

HKAS 41 (Amendment), 'Agriculture' (effective from 1 January 2009).

The minor amendments to HKAS 20 'Accounting for government grants and disclosure of government assistance', HKAS 29, 'Financial reporting in hyperinflationary economies', HKAS 40, 'Investment property' and HKAS 41, 'Agriculture', which are not addressed above. These amendments will not have an impact on the Group's operations as described above.

2. Revenues, turnover and segment information

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

	2009 HK$'000	2008 HK$'000
Continuing operations		
Turnover		
Retail and wholesale	**3,608,990**	3,221,429
Other income		
Slide display rental income	**21,984**	18,090
Rental income	**841**	1,522
Sundry income	**3,326**	68
	26,151	19,680
	3,635,141	3,241,109
Discontinued operations		
Turnover		
Beauty and health club services	**-**	231,658
Other income		
Sundry income	**-**	1,097
	-	232,755
	3,635,141	3,473,864

Capital expenditure comprises additions to property, plant and equipment, leasehold land and investment property.

No separate disclosure for segment assets and liabilities is necessary as there is only one segment under primary reporting segment as at 31 March 2009 and 2008.

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**	**2009 Total HK$'000**
Turnover	**3,608,990**	**-**	**3,608,990**
Results			
Segment results	**370,115**	**-**	**370,115**
Interest income			**13,196**
Profit before income tax			**383,311**
Income tax expense			**(67,360)**
Profit for the year			**315,951**
Other information			
Capital expenditure	**75,069**	**-**	**75,069**
Depreciation	**64,468**	**-**	**64,468**
Amortisation	**796**	**-**	**796**
Write-off of property, plant and equipment	**2,858**	**-**	**2,858**
Provision for impairment losses on trade receivables	**19**	**-**	**19**
Provision for slow moving inventories and stock shrinkage	**24,997**	**-**	**24,997**
Fair value loss on investment property	**1,500**	**-**	**1,500**

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	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
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)

(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$'000	2009 Total HK$'000
Turnover				
- Continuing operations	**3,195,036**	**131,715**	**282,239**	**3,608,990**
- Discontinued operations	**-**	**-**	**-**	**-**
	3,195,036	**131,715**	**282,239**	**3,608,990**
Segment assets				
- Continuing operations	**1,225,584**	**47,905**	**138,286**	**1,411,775**
Unallocated corporate assets				**3,407**
Total assets				**1,415,182**
Capital expenditure				
- Continuing operations	**65,718**	**575**	**8,776**	**75,069**
- Discontinued operations	**-**	**-**	**-**	**-**
	65,718	**575**	**8,776**	**75,069**

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$'000	2008 Total HK$'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

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

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. 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	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Cost of inventories sold	**2,032,124**	1,831,949	**-**	20,070	**2,032,124**	1,852,019
Employee benefit expenses (including directors' emoluments)	**492,867**	454,147	**-**	112,072	**492,867**	566,219
Depreciation of property, plant and equipment	**64,468**	64,718	**-**	9,937	**64,468**	74,655
Amortisation of leasehold land	**796**	796	**-**	-	**796**	796
Write-off of property, plant and equipment	**2,858**	1,515	**-**	171	**2,858**	1,686
Provision for/(reversal of provision for) impairment losses on trade receivables	**19**	68	**-**	(7)	**19**	61
Operating lease rentals in respect of land and buildings						
- minimum lease payments	**336,975**	301,892	**-**	28,290	**336,975**	330,182
- contingent rent	**13,389**	4,814	**-**	3,110	**13,389**	7,924
Auditors' remuneration	**2,936**	2,634	**-**	503	**2,936**	3,137
Advertising and promotion expenses	**69,409**	54,499	**-**	12,355	**69,409**	66,854
Others	**251,178**	205,112	**-**	42,263	**251,178**	247,375
	3,267,019	2,922,144	**-**	228,764	**3,267,019**	3,150,908
Representing:						
Cost of sales	**2,032,124**	1,831,949	**-**	85,381	**2,032,124**	1,917,330
Selling and distribution costs	**1,064,314**	945,026	**-**	128,059	**1,064,314**	1,073,085
Administrative expenses	**170,581**	145,169	**-**	15,324	**170,581**	160,493
	3,267,019	2,922,144	**-**	228,764	**3,267,019**	3,150,908

4. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 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	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Hong Kong profits tax						
Current	**58,720**	62,131	**-**	(149)	**58,720**	61,982
Over provision in previous years	**(154)**	(6)	**-**	-	**(154)**	(6)
Overseas taxation						
Current	**8,861**	6,881	**-**	1,216	**8,861**	8,097
Over provision in previous years	**(77)**	(171)	**-**	(778)	**(77)**	(949)
Deferred income tax relating to origination and reversal of temporary differences	**(23)**	2,421	**-**	408	**(23)**	2,829
Change in tax rate	**33**	46	**-**	118	**33**	164
	67,360	71,302	**-**	815	**67,360**	72,117

5. Earnings per share

(a) The calculation of basic and diluted earnings per share from continuing operations is based on the Group's profit for the year from continuing operations of HK$315,951,000 (2008: HK$276,253,000).

(b) The calculation of basic and diluted earnings per share from discontinued operations was based on the Group's profit for the year from discontinued operations of HK$71,960,000 in 2008.

(c) The calculation of basic earnings per share from continuing operations and discontinued operations is based on the weighted average of 1,380,511,396 (2008: 1,374,282,947) shares in issue during the year.

(d) Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. The calculation of diluted earnings per share from continuing operations and discontinued operations is based on the weighted average of 1,380,511,396 (2008: 1,374,282,947) shares in issue during the year plus the weighted average of 1,690,332 (2008: 3,356,759) shares deemed to be issued. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options.

6. Dividends

	2009 HK$'000	2008 HK$'000
Interim, paid – 3.0 HK cents (2008: 3.0 HK cents) per share	**41,438**	41,309
Special, paid – 3.0 HK cents (2008: 3.0 HK cents) per share	**41,438**	41,309
Final, proposed – 5.0 HK cents (2008: 5.0 HK cents) per share	**69,063**	68,983
Special, proposed – 12.0 HK cents (2008: 10.0 HK cents) per share	**165,752**	137,965
	317,691	289,566

At a meeting held on 25 June 2009, the directors declared a final dividend of 5.0 HK cents and a special dividend of 12.0 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 2010.

7. **Trade receivables**

The Group's turnover comprises mainly cash sales and credit card sales. Certain wholesale customers are granted credit terms ranging from 7 to 45 days. The ageing analysis of trade receivables is as follows:

	2009	2008
	HK$'000	HK$'000
Within 1 month	**21,513**	22,958
1 to 3 months	**3,085**	3,225
Over 3 months	**682**	2,082
	25,280	28,265

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$19,000 (2008: HK$61,000). The provision has been included in selling and distribution costs.

8. **Trade and bills payables**

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

	2009	2008
	HK$'000	HK$'000
Within 1 month	**84,507**	78,539
1 to 3 months	**49,277**	82,431
Over 3 months	**10,691**	17,488
	144,475	178,458

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

MANAGEMENT DISCUSSION AND ANALYSIS

Retail & Wholesale Business

For the year ended 31 March 2009, the Group's continuing retail and wholesale business turnover amounted to HK$3,609.0 million, representing an increase of 12.0% over the HK$3,221.4 million recorded last year. Turnover increased in all markets and business units. In terms of local currency, profitability of all markets improved. The Group's profit for the year from the continuing retail and wholesale business was HK$316.0 million, a rise of 14.4% over the HK$276.3 million recorded last fiscal year. Basic earnings per share from the Group's continuing operations were 22.9 HK cents, as compared to 20.1 HK cents in the previous fiscal year.

The overall gross profit margin of our retail and wholesale business for the full fiscal year increased to 43.7% from 43.1% last year. However, slower growth in both sales and gross profit margin of retail business was recorded in the second half of the year due to weaker consumer spending. This weakening reflected the escalation of the global financial turmoil and its impact on Asia from September 2008 onwards. Our inventory turnover days were 84 days as at 31 March 2009, as compared to 94 days in the previous fiscal year.

Hong Kong and Macau

Sa Sa continued to maintain its market leading position in Hong Kong and Macau. Turnover increased by 9.2% and same store growth by 4.5%. Such a buoyant performance was driven by a 10.8% increase in the number of transactions, which in turn reflected our growing customer base of both local residents and Mainland tourists. The first half of the year saw 12.5% turnover growth despite the earthquake in Sichuan Province, the heavy rains in June in Hong Kong, and the impact of the Olympic Games. However, as the effects of the worldwide financial turmoil began to be felt in Asia from mid-September onwards, we made careful adjustments to our product portfolio, focusing more strongly on mid-end and value-for-money products and implementing other measures to align the Group's business with the inevitable changes in customer sentiment. These proactive and decisive efforts contributed to continuing sales growth in the second half of the year.

The positioning of Sa Sa as a one-stop-shop cosmetics specialty store offering a broad product range with a full price spectrum continued to give us competitive advantage throughout the year, attracting customers seeking value-for-money alternatives during difficult economic times. This positioning, together with our proactive product adjustment, helped us to gain customers from our competitors and to increase traffic to our stores, particularly in the second half of the year. Our tactical positioning was reflected in the increased number of transactions made by local residents. We continue to believe that a broader customer base will help to fuel future growth when the economy recovers.

The gross profit margin of our retail and wholesale business in Hong Kong and Macau rose overall to 43.5% from the 43.1% recorded last fiscal year. However, the gross profit margin of our retail business in the second half decreased slightly due to the global financial turmoil, poor consumer sentiment and the subsequent "trading-down" behaviour of our customers, who looked to well-established brands with a lower gross profit margin. In the second half of the year, this trend affected the sales of our premium brands and the upcoming niche brands in our exclusive portfolio.

In terms of the network, we followed a prudent strategy towards lease renewal, including store relocation, in order to manage rental pressure and improve our store network contribution.

During the year, a retail branding campaign to celebrate Sa Sa's 30th anniversary was launched, which included a new TV commercial. This commercial focused on Sa Sa's image as a refreshing, young company that is passionate about beauty. In addition, we made regular efforts to reinforce our retail branding through various sponsorship activities. These included the Miss Hong Kong Pageant 2008 and Ladies' Purse Day, one of the most popular and high profile horse-racing days in Hong Kong.

Four new stores were added during the fiscal year. As at 31 March 2009, there were 62 "Sasa" stores (including six in Macau), one La Colline specialty store and one Elizabeth Arden counter.

Mainland China
In fiscal 2008, the Group's multi-brand "Sasa" stores recorded both turnover growth and same store growth. We made enhancements in our product offering by adding more brands and products, including exclusive niche brands. In addition, we opened six "Sasa" stores in Beijing and secured two new stores in Wuhan. Overall, the performance of the "Sasa" store network significantly improved.

In regard to single-brand counters, we added 11 counters under the Group's exclusive brand, Suisse Programme, and extended the coverage of such counters to 13 cities. The losses of our Mainland operations were contained at HK$27.3 million. The Group managed to narrow down the losses of our Mainland operations slightly in terms of local currency, and further expanded the retail network during the year. This performance was achieved despite consumer sentiment in the Mainland being moderately affected by the global financial crisis in the second half of the year. As at 31 March 2009, there were 10 "Sasa" stores and 23 beauty counters under Suisse Programme in the Mainland market.

The appointment of local distributors for the wholesale business is now in the preparation stage. These preparations include the development of systems and controls, as well as the scaling up of product development and production.

Singapore and Malaysia
Our core business strategy for the Singapore and Malaysia market continued to focus on gaining market share through increased sales and on enhancing our network to provide improved service to Sa Sa's customers and beauty brands.

During the year, turnover for the Singapore market grew by 4.3% to HK$140.4 million while same store sales growth declined by 1.6%. A small profit was recorded. The adjustment in our product portfolio, as required to comply with the new ASEAN Directives for cosmetics introduced in 2008, was completed in the third quarter. Although our performance in Singapore in the second half was impacted by the severe repercussions of the global financial crisis on the island state's export-led economy, we still recorded modest growth in turnover. We opened one new store during the year, bringing the total number of stores to 14 as at 31 March 2009.

Malaysia achieved a good performance, with turnover rising 36.0% to HK$141.9 million and same store growth increasing 13.5%. Profitability as well as Malaysia's contribution to the Group continued to improve, even though the strong growth momentum was dampened in the second half due to the global economic circumstances. Strong market acceptance and increasing popularity stimulated by effective marketing promotions continued to contribute to the robust same store sales growth of 13.5%. Five new stores were added, bringing the total number of stores for Malaysia to 26 as at 31 March 2009.

Taiwan
Turnover of the Group's Taiwan business increased slightly by 0.5% during the fiscal year to HK$131.7 million. Performance improved and losses were further narrowed. Same store growth was -2.6% for the full year, with same store growth rising to 3.6% in the second half from -8.8% in the first half. We launched strong promotional initiatives riding on the Government's issuance of cash vouchers to stimulate consumer confidence in the second half of the year. The Company also strengthened staff training in order to improve staff productivity and launched several marketing campaigns, which resulted in higher acceptance of our brand from both customers and suppliers.

The Group closed one store during the year. The total store number for Taiwan was 13 as at 31 March 2009.

E-commerce - Sasa.com

Turnover for Sasa.com amounted to HK$153.7 million, an increase of 66.0% over the previous fiscal year. Profitability was much enhanced. Although the strong sales growth in the second half was significantly slowed due to the worldwide slump and depreciation of certain foreign currencies, Sasa.com managed to focus on areas where there are more opportunities and therefore was able to enhance its profitability. In addition, the upgrading of the e-commerce platform helped facilitate more efficient browsing and ordering, as well as increasing sales capacity. Overall, the online shopping experience of Sasa.com was greatly enhanced, thereby encouraging repeat visits to the website as well as repeat purchases.

Brand Management

Sa Sa's brand management focuses on 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.

During the year, the Group's sales of own-label and exclusively distributed products increased by 9.9%, contributing 38.7% of the Group's total retail sales. The weakening of consumer confidence in the second half led to consumers demonstrating "trade-down" behaviour, which in turn encouraged them to favour well-established brands with lower margins. This behaviour impacted the sales of those premium brands and upcoming niche brands in our exclusive product portfolio in the second half of the year. Nevertheless, more than 1,600 new products were added to our exclusive product portfolio.

Marketing efforts, including print advertisements and public relations activities, were strengthened for selected exclusive trendy and upcoming brands in order to increase their penetration in target customer sectors. Promotions of our key exclusive brands were also stepped up. A new image person, Barbie Hsu, was appointed for our exclusive brand Suisse Programme, and a regional media launch for the brand was held in Hong Kong. Product development of Sa Sa's own-brands was a high priority. We introduced many new products and expanded our product range with fresh product lines and popular trendy products to help boost sales.

Following the appointment of a new senior executive to head the management of Sa Sa's own-brands towards the end of fiscal 2007, the branding team was restructured and more experienced personnel were recruited to enhance brand building and the product development of own-brands.

Outlook

The year ahead will be very challenging. It is likely that uncertainties will continue as a result of the global financial turmoil, with problems in the financial systems of the USA and Europe taking some time to resolve, and the spread of H1N1 swine flu. In light of this uncertainty, Sa Sa will focus on preserving and enhancing sales and profits while seeking opportunities for further growth during the difficult times ahead.

We will also take proactive steps to minimise the impact of the various crises on our business, and in particular we will further intensify the cost controls we implemented in the second half of fiscal year 2008/09. Although pressure on our gross profit margin will persist and is expected to last into the coming fiscal year, the Group is adopting proactive measures to maintain and enhance our gross profit margin.

Leveraging on the Group's solid foundation and leading industry status, Sa Sa will continue to adapt to the changing market environment and to the weak consumer sentiment. The additional measures we are taking to reduce risk include identifying the appropriate operational issues to address, improving on structural weaknesses, adjusting the pace of our expansion, and consolidating in those areas that we consider appropriate. We believe that with these measures the Group is well prepared to weather the global financial storm.

Due to the stabilisation and stimulus initiatives taken by various governments to address the global financial crisis, there is a sense that consumers have already regained some measure of confidence. This was reflected in the Group's performance in April of the new fiscal year 2009/10. However, the global H1N1 swine flu outbreak clearly affected our sales in May and is likely to continue to do so.

Market Background

There are several factors that will drive Sa Sa's business in the future. The underlying strength of Mainland China and Hong Kong in the current global downturn suggests that they will be at the forefront of any eventual rebound. Since skin care and cosmetics are already a daily necessity for many consumers in all our markets, this "must-have" element will also add to the relative strength and resilience of our business.

Due to our competitive edge in the local beauty market, we believe that PRC tourists will continue to make extensive purchases of cosmetics in Hong Kong and Macau. We are also confident that Sa Sa's offering of a comprehensive product range covering a full price spectrum gives us more flexibility to adapt to changing consumer preferences and needs in the future.

However, our approach veers on the side of caution. The global financial turmoil will continue to throw a shadow over consumer confidence and spending. Growing unemployment in the region continues to impact business and consumer confidence. As the Central Government's policies, particularly in relation to Mainland tourism, have a direct impact on the Hong Kong and Macau retail market, we remain circumspect. There is no doubt that the onset of H1N1 swine flu has affected and will continue to affect regional tourism and retail markets, especially the inflow of Mainland tourists to Hong Kong and Macau. The newly declared "pandemic" has already reduced Sa Sa's store traffic from tourists, but we remain hopeful that the outbreak will subside in the near future and that the pandemic will not have a long-term "drag" effect on the Group's business.

Proactive Strategy

Proactive and focused thinking is the key to Sa Sa's future expansion. The Group will continue to adapt its product offerings to suit customers' changing preferences. We will maintain tight cost controls, including improving the cost-effectiveness of various overhead expenses, and we will tighten inventory management in order to reduce risk in relation to inventory as well as to increase stock productivity. Rental pressures will be managed by improving the overall retail network efficiency and contribution.

Brand Management

A good understanding of customers' preferences through close and frequent customer interaction is the hallmark of Sa Sa, as well as an in-depth knowledge of market trends. Both these factors give the Group an unparalleled position in anticipating customer needs. They also provide us with considerable strength in terms of both product development and the building of our own exclusive product portfolio.

Looking ahead, we will develop more new products and expand our product range and categories under our exclusive and own-branded portfolio. We will boost public awareness of Sa Sa and the image of our exclusive brands by increasing the depth and breath of their marketing and promotion throughout the region. We will also increase distribution channels for Sa Sa's exclusive brands to sharpen their market penetration.

Geographical Expansion

We are still taking a cautious approach to network expansion in those regional markets that have high, but as yet unexplored growth potential such as the Mainland and Malaysia. We are also maintaining steady growth in our core markets of Hong Kong and Macau. Sa Sa aims to add at least 35 points of sales in the region to our portfolio, including the "Sasa" stores and single brand counters/stores under exclusive brands.

Mainland China

In Mainland China, two "Sasa" stores were opened in Wuhan in April 2009. We aim to add 14 "Sasa" stores to our Mainland China portfolio. New stores will be opened in areas around the cities of Beijing, Shanghai and Wuhan, where we already have a small cluster of stores.

To strengthen the performance of the counter network under exclusive brands, we will focus on the consolidation of the existing operation and network before we embark on another stage of expansion.

Finally, we will continue with our preparations for the wholesale business through local Mainland distributors. These initiatives include the enhancement of product development and production as well as building up other relevant support systems and controls. The Group will take a prudent approach to ensure a measured but solid start for the business in Mainland China, paving the way for smooth expansion in the future. We are confident that the improvement in our performance in Mainland China will continue, despite all the financial cross winds of recent times and the understandable changes in consumer sentiment.

Conclusion

Sa Sa has proven its ability to achieve consistent growth amidst the most challenging circumstances. Our strength and resilience reflects the Group's high management adaptability, prudent financial management, zero gearing and sound financial platform. Building on our broad customer base and solid business foundation, we will continue to devote all our strength to driving growth now and in the future.

HUMAN RESOURCES

As at 31 March 2009, the Group had a total of 2,587 employees. Staff costs for the year under review were HK$492.9 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 the graduate trainee programme, various staff development initiatives are implemented during the year through in-house and external training programmes. Financial subsidies for further studies in related fields are also provided.

FINANCIAL REVIEW

Capital Resources and Liquidity

As at 31 March 2009, the Group's total equity funds were HK$1,122.8 million including reserves of HK$984.6 million. The Group continued to maintain a strong financial position with cash and bank balances of HK$620.5 million. The Group's working capital was HK$918.2 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 2009 were HK$1,122.8 million, which represented a 1.3% increase over the total funds employed of HK$1,108.5 million as at 31 March 2008.

The gearing ratio, defined as the ratio of total loans less cash and bank balances to total assets, was nil as at 31 March 2009 and 31 March 2008.

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. 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 buying 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 2009, no Group asset was under charge to a financial institution.

Contingent Liabilities

The Group had no significant contingent liability as at 31 March 2009.

Capital Commitments

As at 31 March 2009, the Group had total capital commitments in respect of acquisition of property, plant and equipment of HK$67.1 million.

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board resolved to declare a final dividend ("Final Dividend") of 5.0 HK cents (2008: 5.0 HK cents) per share and a special dividend ("Special Dividend") of 12.0 HK cents (2008: 10.0 HK cents) per share for the year ended 31 March 2009, payable to shareholders whose names appear on the register of members of the Company ("Register of Members") on 27 August 2009.

The Final Dividend and Special Dividend will be paid around 1 September 2009.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 24 August 2009 to 27 August 2009, 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, at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 21 August 2009.

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 2009. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2009 have been agreed by the Group's auditor, 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 2009, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company considers that good corporate governance to be essential to achieving higher corporate value over the medium to long term as it contributes towards building lasting goodwill and trust in the Company and the brands it promote and carry. A keen awareness of its corporate responsibility towards shareholders in line with good corporate governance has given the Company the edge in attracting and retaining talent, enhancing customer loyalty and retaining its position as a leader in the cosmetic retail and wholesale industry in Asia. In real terms, a culture of corporate responsibility has also proven its worth in ensuring consistent performance enhancement and delivery of better returns to shareholders. The Board has been and will continue to dedicate its efforts in the establishment and enhancement of such culture across the Group for an efficient and effective business operation.

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

The Company is committed to good corporate governance practices and procedures. The Board appreciates that corporate responsibility is relevant across all aspects of the Group's operations. It has always been an integral part of the Group's business strategies, creating value for the Group's different stakeholders over the years. The Company's commitment is clearly outlined in its various policies for corporate responsibility to ensure that its business is carried out in an ethical manner in line with the international as well as local best practices.

The Company has complied with the code provisions ("Code Provision(s)") in the CG Code set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the year ended 31 March 2009 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 2009.

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.

Dr. 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 year.

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 Company Information" and the Company at www.sasa.com under "About Sa Sa/Corporate Governance/Announcement" respectively. The annual report of the Company for the year ended 31 March 2009 will be dispatched to the shareholders around 10 July 2009 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 2009

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

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