[For Immediate Release]

Sa Sa Announces Annual Results 2008/09

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Group's Retail Turnover Rose 12.0% to HK$3,609.0 Million
Retail Business Net Profit Increased 14.4% to HK$316.0 Million
Despite Market Challenges

Annual Results Highlights	For the year ended 31 March		% Change
	2008/09 (Continuing retail and wholesale business	2007/08 (Continuing retail and wholesale business	
	HK$ million	HK$ million	
Group's turnover	**3,609.0**	**3,221.4**	+12.0%
Group's operating profit	**370.1**	**322.7**	+14.7%
Profit for the year	**316.0**	**276.3**	+14.4%
Final dividend - *basic* - *special*	**17 HK cents** ***5*** *HK cents* ***12*** *HK cents*	**15 HK cents** *5 HK cents* *10 HK cents*	+13.3% -- +20.0%
Total annual dividend - *basic* - *special*	**23 HK cents** ***8*** *HK cents* ***15*** *HK cents*	**21 HK cents** *8 HK cents* *13 HK cents*	+9.5% -- +15.4%

(25 June 2009 – 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 2009.

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. The Group's retail and wholesale business in Hong Kong and Macau registered growth of 9.2% as compared to the previous fiscal year. As measured 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 Board of Directors has resolved to declare a final dividend of 5 HK cents (2007/08: 5 HK cents) and a special dividend of 12 HK cents (2007/08: 10 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 FY2008/09 is 23 HK cents per share (2007/08: 21 HK cents).

Retail & Wholesale Business

The Group achieved turnover growth and improved profitability in all markets and its online business for the year under review. 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.

During the year, Sa Sa continued to maintain its market leading position in Hong Kong and Macau. Turnover and same store sales increased by 9.2% and 4.5% respectively. Such a buoyant performance was driven by a 10.8% increase in the number of transactions, which in turn reflected its 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. The gross profit margin of its 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 its retail business in the second half decreased slightly due to the global financial turmoil, poor consumer sentiment and the subsequent "trading-down" behaviour of its customers. This trend affected the sales of its premium brands and the upcoming niche brands in its exclusive portfolio. Four new stores were added during the fiscal year. As at 31 March 2009, there were 62 Sa Sa stores (including six in Macau), one La Colline specialty store and one Elizabeth Arden counter.

Commenting on the annual results, Mr. Simon Kwok, Chairman and Chief Executive Officer of the Group, said, "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 gain customers from our competitors and 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 fuel future growth when the economy recovers."

In the Mainland China market, the Group's multi-brand "Sasa" stores recorded both turnover growth and same store growth. Sa Sa enriched its product offering and added exclusive niche brands. In addition, the Group opened six "Sasa" stores in Beijing. Overall, the performance of the "Sasa" store network significantly improved. In regard to single-brand counters, the Group added 11 counters under the Group's exclusive brand, Suisse Programme. As at 31 March 2009, there were 10 "Sasa" stores and 23 beauty counters under Suisse Programme in the Mainland market.

During the year, turnover for the Singapore market grew by 4.3% to HK$140.4 million. A small profit was recorded. Although the Group's 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, Sa Sa still recorded modest growth in turnover. The Group 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%. Profit of Malaysia business continued to increase, 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. Five new stores were added, bringing the total number of stores for Malaysia to 26 as at 31 March 2009.

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

Turnover for Sasa.com amounted to HK$153.7 million, an increase of 66.0% over the previous fiscal year. Profitability was much enhanced. The strong sales growth momentum was much slowed in the second half due to the global financial turmoil and depreciation of certain foreign currencies. However, Sasa.com managed to focus on areas where there are more opportunities and therefore was able to enhance its profitability. The upgrading of the e-commerce platform helped enhance online shopping experience of Sasa.com, thereby encouraging 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 and is responsible for 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.

Marketing efforts, including print adverts and public relations activities, were strengthened for selected exclusive trendy and upcoming brands in order to increase their penetration in target customer sectors. In addition, promotions of its key exclusive brands were also stepped up. The Group introduced many new products including popular trendy products and expanded its product range with fresh product lines to help boost sales.

Outlook

The year ahead will be very challenging. It is likely that uncertainties will continue as a result of the global financial turmoil, and H1N1 swine flu. In light of these uncertainties, Sa Sa will continue to adapt to the changing market environment and focus on preserving and enhancing sales and profits, while seeking opportunities for further growth during difficult times ahead.

The Group will take proactive steps to minimise the impact of the various crises on its business. Sa Sa will continue to adapt its product offerings to suit customers' changing preferences. The Group will maintain tight cost control, including improving the cost-effectiveness of various overhead expenses, and tightening inventory management to reduce risk and increase stock productivity. Rental pressures will be managed by improving the overall retail network efficiency and contribution.

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 means that they will be at the forefront of any eventual rebound. Skin care and cosmetics are already a daily necessity for many consumers. Due to the competitive edge in the local beauty market, the Group believes that PRC tourists will continue to make extensive purchases of cosmetics in Hong Kong and Macau. Sa Sa's offering of a comprehensive product range covering a full price spectrum gives it flexibility to adapt to the changing consumer preferences. All these add to the relative strength and resilience of Sa Sa's business.

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

Regarding network expansion, the Group will continue its cautious approach in markets that have high growth potential such as the Mainland China and Malaysia, while maintaining a steady growth in the core market of Hong Kong and Macau. Sa Sa aims to add at least 35 points of sales in the region, including "Sasa" stores and single-brand counters/stores under exclusive brands.

In Mainland China, two "Sasa" stores were opened in Wuhan in April 2009, and the Group targets to add 14 "Sasa" stores to our Mainland China portfolio in the fiscal year 2009/10. Also, focus will be put on the consolidation of the single-brand counter network to improve its performance. The Group will continue the preparation for its wholesale business in the Mainland through the appointment of local distributors. These preparations include the development of systems and control, as well as the scaling up of product development and production.

Mr. Kwok concluded, "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."

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About Sa Sa International Holdings Limited

Sa Sa is a leading cosmetics retailing group in Asia. Its over 150 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 1,300 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 and one of the top five retail groups in Hong Kong, as ranked by Retail Asia magazine, KPMG and Euromonitor in 2008. 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 since June 1997.

For further information, please visit www.sasa.com or contact:

Sa Sa International Holdings Limited
Macy Leung
Tel: +852 2975 3601
Fax: +852 2898 9717
E-mail: macy_leung@sasa.com

iPR Ogilvy Ltd.
Sandy Yeung/ Rachel Poon/ Crystal Chan/ Callis Lau
Tel: +852 2136 8072/ 3170 6752/ 2169 0049/ 2136 6952
Fax: +852 3170 6606
E-mail: sandy.yeung@iprogilvy.com/ rachel.poon@iprogilvy.com/ crystal.chan@iprogilvy.com/ callis.lau@iprogilvy.com