

[For Immediate Release]



## Sa Sa Announces Annual Results 2009/10

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**Group Turnover Rose 13.9% to HK\$4,111.3 Million**  
**Net Profit Increased 20.6% to HK\$381.1 Million**  
**Non-Hong Kong and Macau Sales Increased by 31.1%**

| Annual Results Highlights | For the year ended 31 March |              | % Change |
|---------------------------|-----------------------------|--------------|----------|
|                           | 2009/10                     | 2008/09      |          |
|                           | HK\$ million                | HK\$ million |          |
| Group's turnover          | 4,111.3                     | 3,609.0      | +13.9%   |
| Group's EBITDA            | 528.1                       | 448.6        | +17.7%   |
| Profit for the year       | 381.1                       | 316.0        | +20.6%   |
| Final dividend            | 19 HK cents                 | 17 HK cents  | +11.8%   |
| - basic                   | 5 HK cents                  | 5 HK cents   | -        |
| - special                 | 14 HK cents                 | 12 HK cents  | +16.7%   |
| Total annual dividend     | 28 HK cents                 | 23 HK cents  | +21.7%   |
| - basic                   | 8 HK cents                  | 8 HK cents   | -        |
| - special                 | 20 HK cents                 | 15 HK cents  | +33.3%   |

(24 June 2010 – 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 2010.

For the year ended 31 March 2010, the Group's turnover amounted to HK\$4,111.3 million, representing an increase of 13.9% over the HK\$3,609.0 million recorded last year. Sales in markets outside of Hong Kong and Macau increased by 31.1%. Both turnover and profitability in all markets and business units continued to improve. The Group's profit for the year was HK\$381.1 million, a growth of 20.6% over the HK\$316.0 million recorded last fiscal year. The overall gross profit margin of the Group for the full fiscal year increased to 44.1% from 43.7% last year. The net margin improved by 0.5% to 9.3%. Basic earnings per share were 27.5 HK cents, as compared with 22.9 HK cents in the previous fiscal year.

The Board of Directors has resolved to declare a final dividend of 5 HK cents (2008/09: 5 HK cents) and a special dividend of 14 HK cents (2008/09: 12 HK cents) per share. Together with the interim dividend of 3 HK cents per share and a special dividend of 6 HK cents per share paid previously, the total annual dividend for FY2009/10 is 28 HK cents per share (2008/09: 23 HK cents).

## **Retail & Wholesale Business**

In Hong Kong and Macau, the Group's turnover increased by 10.3% to HK\$3,288.1 million and same store sales growth increased by 7.1%. Such a buoyant performance was driven by increased revenue from both local residents and Mainland tourists, as well as improved number of transactions and average sales per transaction. As at 31 March 2010, the Group operated 70 "Sasa" stores (including eight in Macau), one Suisse Programme specialty store, one La Colline specialty store and one Elizabeth Arden counter.

In the first half, the global financial crisis and the outbreak of H1N1 swine flu pandemic had a significant impact on tourism and local consumption. While the region experienced gradual economic recovery in the second half of the year, the threat of H1N1 swine flu receded, and the Central Government further relaxed the Individual Visit Scheme, all these led to improvement of consumption sentiment of local consumers, and the growth in Mainland tourist arrivals resumed.

The Group's performance in the Mainland China market increased by 61.3% to HK\$97.0 million, and same store growth increased by 13.0%. The improvement was mainly due to changes in the management team, formation of "clusters" of sales points, broadened marketing reach, effective cost control measures, an enhanced product offering and extended product range. As at 31 March 2010, there were 17 "Sasa" stores and 18 beauty counters under Suisse Programme in the Mainland market.

Singapore and Malaysia achieved turnover growth by 15.6% and 24.1% respectively. Sales in both Singapore and Malaysia were affected by the H1N1 swine flu outbreak. In the Singapore market, the Group's focus was devoted to improving the stores' operational efficiency and sales staff training. As the economy in Singapore began to recover in early 2010, these initiatives gave rise to higher sales productivity in the fourth quarter of the fiscal year. In Malaysia, the Group achieved a good performance during the year with same store sales increasing 9.5%. This satisfactory performance came on the back of strengthened relationships with suppliers and the broadening of product offering to maximise its appeal to more customer segments. As at 31 March 2010, there were 18 and 30 "Sasa" stores in Singapore and Malaysia respectively.

Turnover of the Group's Taiwan business increased by 11.7% during the fiscal year to HK\$147.1 million and same store sales rose 8.6%. The Group's performance improved due to more effective marketing promotions, increased brand awareness, broadened product offerings and cautious cost control. As at 31 March 2010, there were 15 "Sasa" stores and two Suisse Programme counters in Taiwan.

Turnover for sasa.com amounted to HK\$240.9 million, an increase of 56.7% over the previous fiscal year. This robust performance was largely due to enhanced product offerings, a broadened marketing reach, the inclusion of a variety of more user-friendly functions, and an upgraded online shopping experience. More cost-effective and targeted marketing activities helped increase new customers by 29% and repeat customers by 20%.

## **Brand Management**

During the year, the Group's sales of own-label and exclusively distributed products increased by 12.8%, contributing 38.1% of the Group's total retail sales. Following the shift in focus to mid-to low-end exclusive and own-branded products in the second half of last fiscal year, the exclusive products launched by Sa Sa became more competitive in the market. The Group's emphasis on the trendiness and time-to-market of new and exclusive products helped increase the competitiveness of its product offering. Strengthened product development led to a broader variety of effective new products based on effective word-of-mouth recommendations.

## **Outlook**

The Group remains cautiously optimistic about the outlook for the coming year. Sa Sa will continue its diversification strategies in various aspects, namely, markets, product portfolio, distribution and customers. The Group believes a stronger presence in the region, its persistence in striving for better management and operational efficiency to enhance its competitiveness will facilitate its long-term growth in the region.

In Hong Kong and Macau, Sa Sa aims to create a more balanced store network in both residential areas and tourist areas, and plan to add at least 12 stores in total in this market. The Group will increase gross profit by enhancing its product mix to alleviate the rental pressure and to enhance its net margin.

In Mainland China, the recently opened multi-brand “Sasa” stores, as well as the single-brand counter network, have begun to perform well. The Group therefore intends to accelerate the expansion of retail network and is targeting a portfolio of at least 67 outlets across the country by March 2011. The Group’s commitment to this market will be evidenced by deployment of more resources to speed up the network expansion.

Sa Sa will continue to expand our retail network outside Hong Kong, Macau and Mainland China, to increase its market share. As for its online business, sasa.com will work closely with various beauty brands and media to continue to increase its penetration in the core markets.

Dr Simon Kwok, Chairman and Chief Executive Officer of the Group, concluded, “Sa Sa has a proven ability to achieve consistent growth amidst the most challenging circumstances. Looking ahead, we will ride on our brand strength with high management flexibility, prudent development strategy, to drive expansion in Hong Kong, Mainland China and other markets. With our clear vision, core strengths, broad customer base and solid business foundation, we will continue to devote our energies to driving sustainable growth, both 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 180 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 1,400 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 2009. The Group is also the Best Mid-Cap company in Hong Kong ranked by FinanceAsia in 2010. 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.

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