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SA SA INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 178)

Annual Results for the year ended 31 March 2011 Dividends and Closure of Books

Highlights

- The Group's turnover increased by 19.2% from HK$4,111.3 million to HK$4,901.4 million
- Turnover in Hong Kong and Macau rose by 19.3% from HK$3,288.1 million to HK$3,922.6 million
- Profit for the year was HK$509.3 million, an increase of 33.4% from HK$381.9 million in the previous fiscal year
- Basic earnings per share were 18.2* HK cents as compared to 13.8* HK cents for the previous fiscal year
- Final and special dividends per share proposed is 9.5 HK cents (2009/10: 9.5* HK cents), making a total annual dividend of 14.0 HK cents per share (2009/10: 14.0* HK cents)
- The Group's gross profit margin increased from 44.1% to 45.1%
- Net margin increased from 9.3% to 10.4%, a rise of 1.1%
- The Group's exclusive products recorded sales growth of 24.5%, driving its contribution to the Group's retail sales from 40.1% to 42.1%
- Sa Sa received "Best Managed Company in Hong Kong – Medium Cap" award at Asia's Best Managed Companies 2010 Awards sponsored by *Asiamoney* magazine
- The Group was included in the CIO 100 Index 2011 by *CIO Asia* magazine. Sa Sa was named one of the top 100 companies in Asia that made the best use of information technology

The Board of Directors of Sa Sa International Holdings Limited has pleasure in presenting the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2011 with comparative figures for the previous year as follows. The annual results have been reviewed by the audit committee of the Company.

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* Adjusted for the 1:1 Bonus Issue

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 HK$'000	As restated 2010 HK$'000
Turnover	3	**4,901,364**	4,111,345
Cost of sales		**(2,689,484)**	(2,296,481)
Gross profit		**2,211,880**	1,814,864
Other income		**30,437**	26,397
Selling and distribution costs		**(1,463,737)**	(1,214,725)
Administrative expenses		**(181,435)**	(165,510)
Other gains / (losses) - net	4	**11,122**	(1,702)
Operating profit		**608,267**	459,324
Finance income		**5,259**	6,412
Profit before income tax	5	**613,526**	465,736
Income tax expenses	6	**(104,256)**	(83,849)
Profit for the year		**509,270**	381,887
Earnings per share (expressed in HK cents per share)	7		
Basic		**18.2***	13.8*
Diluted		**18.1***	13.7*
Dividends	8	**392,397**	389,625

* Adjusted for the 1:1 Bonus Issue

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2011

	2011 **HK$'000**	As restated 2010 HK$'000
Profit for the year	**509,270**	381,887
Other comprehensive income		
Currency translation differences	**18,643**	14,919
Other comprehensive income for the year, net of tax	**18,643**	14,919
Total comprehensive income for the year	**527,913**	396,806

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011

	Note	**2011**	As restated 2010	As restated 2009
ASSETS		**HK$'000**	HK$'000	HK$'000
Non-current assets				
Property, plant and equipment		**205,465**	148,231	136,468
Investment property		**-**	11,700	10,000
Rental deposits and other assets		**105,891**	92,212	63,885
Deferred income tax assets		**4,961**	3,468	2,657
		316,317	255,611	213,010
Current assets				
Inventories		**802,185**	563,159	468,670
Trade receivables	9	**48,231**	38,589	25,280
Other receivables, deposits and prepayments		**91,364**	65,818	81,456
Time deposits		**94,134**	253,728	35,863
Cash and cash equivalents		**524,280**	392,580	584,633
		1,560,194	1,313,874	1,195,902
LIABILITIES				
Current liabilities				
Trade and bills payables	10	**254,416**	175,912	144,475
Other payables and accruals		**200,347**	156,337	111,397
Income tax payable		**50,757**	35,372	21,851
		505,520	367,621	277,723
Net current assets		**1,054,674**	946,253	918,179
Total assets less current liabilities		**1,370,991**	1,201,864	1,131,189
Non-current liabilities				
Retirement benefit obligations		**3,863**	4,111	4,193
Deferred income tax liabilities		**348**	1,964	679
Other payables		**14,087**	11,015	9,261
		18,298	17,090	14,133
Net assets		**1,352,693**	1,184,774	1,117,056
EQUITY				
Capital and reserves				
Share capital		**280,253**	139,131	138,125
Reserves		**680,043**	780,821	744,116
Proposed dividends		**392,397**	264,822	234,815
Total equity		**1,352,693**	1,184,774	1,117,056

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 (the "HKFRS"). The consolidated financial statements have been prepared under the historical cost convention.

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.

2. Accounting policies

Changes in accounting policy and disclosures

(i) Amended standard adopted by the Group

The following amendment to standard is mandatory for the first time for the financial year beginning 1 April 2010.

HKAS 17 (amendment), 'Leases', deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under 'Leasehold land' and amortised over the lease term.

HKAS 17 (amendment) has been applied retrospectively for annual periods beginning 1 April 2010 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired leasehold land as at 1 April 2010 on the basis of information existing at the inception of those leases, and recognised the leasehold land in Hong Kong as finance lease retrospectively. As a result of the reassessment, the Group has reclassified certain leasehold land from operating lease to finance lease.

The accounting for land interest classified as finance lease is as below:

- If the property interest is held for own use, that land interest is accounted for as property, plant and equipment and is depreciated from the land interest available for its intended use over the lease term.

- If the property interest is held to earn rentals and/or for capital appreciation, that land interest is accounted for as investment property.

The effect of adoption of this amendment is analysed on pages 9-10.

2. Accounting policies (continued)

Changes in accounting policy and disclosures (continued)

(ii) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 April 2010 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)

HKFRS 2 (amendments), 'Group cash-settled share-based payment transactions', effective from 1 January 2010. In addition to incorporating HK(IFRIC) 8, 'Scope of HKFRS 2', and HK(IFRIC) 11, 'HKFRS 2 - Group and treasury share transactions', the amendments expand on the guidance in HK(IFRIC) 11 to address the classification of Group arrangements that were not covered by that interpretation.

HKFRS 3 (revised), 'Business combinations', and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates', and HKAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

HKFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'. The amendment clarifies that HKFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of HKAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of HKAS 1.

HK(IFRIC) 9, 'Reassessment of embedded derivatives and HKAS 39, Financial instruments: Recognition and measurement', effective from 1 July 2009. This amendment to HK(IFRIC) 9 requires an entity to assess whether an embedded derivative should be separated from a host contract when the entity reclassifies a hybrid financial asset out of the 'fair value through profit or loss' category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. If the entity is unable to make this assessment, the hybrid instrument must remains classified as at fair value through profit or loss in its entirety.

HK(IFRIC) 16, 'Hedges of a net investment in a foreign operation' effective from 1 July 2009. This amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the Group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of HKAS 39 that relate to a net investment hedge are satisfied. In particular, the Group should clearly document its hedging strategy because of the possibility of different designations at different levels of the Group.

2. **Accounting policies** (continued)

Changes in accounting policy and disclosures (continued)

(ii) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 April 2010 but not currently relevant to the Group (although they may affect the accounting for future transactions and events) (continued)

HK(IFRIC) 17, 'Distribution of non-cash assets to owners' is effective on or after 1 July 2009. The interpretation was published in November 2008. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. HKFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.

HK(IFRIC) 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009. This interpretation clarifies the requirements of HKFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to do both).

HKFRS 1 (amendment), 'Additional exemptions for first-time adopters' is effective for annual periods beginning on or after 1 January 2010. This is not relevant to the Group, as it is an existing HKFRS preparer.

HKAS 1 (amendment), 'Presentation of financial statements'. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

HKAS 36 (amendment), 'Impairment of assets', effective from 1 January 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of HKFRS 8, ' Operating segments' (that is, before the aggregation of segments with similar economic characteristics).

HKAS 38 (amendment), 'Intangible assets', effective from 1 January 2010. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

HKAS 39 (amendment), 'Eligible hedged items' is effective for annual period on or after 1 July 2009.

HK Int 5, 'Presentation of financial statements – classification by the borrower of a term loan that contains a repayment of demand clause' is effective upon issuance on 29 November 2010.

2. Accounting policies (continued)

Changes in accounting policy and disclosures (continued)

(ii) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 April 2010 but not currently relevant to the Group (although they may affect the accounting for future transactions and events) (continued)

The improvement related to HKFRS 5 'Non-current assets held for sale and discontinued operations' is effective for annual period on or after 1 July 2009, which was part of the first improvements to Hong Kong Financial Reporting Standards (2008) issued in October 2008 by the HKICPA.

Second improvements to Hong Kong Financial Reporting Standards (2009) were issued in May 2009 by the HKICPA and effective for financial year beginning on 1 April 2010. All improvements are not relevant except HKAS 17 (amendment) 'Leases'.

(iii) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 April 2010 and have not been early adopted.

HKFRS 1 (amendment), 'Limited exemption from comparative HKFRS 7 disclosures for first-time adopters' (effective for annual periods beginning on or after 1 July 2010).

HKFRS 7 (amendment), 'Financial instruments: Disclosures-transfers to financial assets' (effective for annual periods beginning on or after 1 July 2011).

HKFRS 9, 'Financial instruments' (effective for annual periods beginning on or after 1 January 2013).

HKAS 12 (amendment), 'Deferred tax: Recovery of underlying assets' (effective for annual periods beginning on or after 1 January 2012).

HKAS 24 (revised), 'Related party disclosures' (effective for annual periods beginning on or after 1 January 2011).

HKAS 32 (amendment), 'Classification of rights issues' (effective for annual periods beginning on or after 1 January 2011).

HK(IFRIC) 14 (amendment), 'Prepayments of a minimum funding requirement' (effective for annual periods beginning on or after 1 January 2011).

HK(IFRIC) 19, 'Extinguishing financial liabilities with equity instruments' (effective for annual periods beginning on or after 1 July 2010).

Third improvements to Hong Kong Financial Reporting Standards (2010) were issued in May 2010 by the HKICPA (effective for financial year beginning on 1 April 2011).

The Group has already commenced an assessment of the related impact of adopting of the above new and revised standards, interpretations and amendments to existing standards and new interpretations to the Group.

2. **Accounting policies** (continued)

Change in accounting policy and disclosures (continued)

The Group has changed its accounting policy for measurement of leasehold building to cost less accumulated depreciation (the "cost model") instead of fair value amounts less subsequent depreciation. This change means that the building component and the more significant land component of property leases are measured on the same cost basis. The change has been applied retrospectively to remaining useful lives at the date of change of accounting policy.

The effect of adoption of HKAS 17 (amendment) and change in accounting policy on the consolidated income statement is as follows:

	2011		2010	
	HKAS 17 (amendment) for land HK$'000	**Change to cost model for buildings HK$'000**	HKAS 17 (amendment) for land HK$'000	Change to cost model for buildings HK$'000
(Increase) / decrease in depreciation under administrative expenses	**(797)**	**1,852**	(797)	792
Decrease in amortisation of leasehold land under administrative expenses	**797**	**-**	797	-
Total increase in profit for the year	**-**	**1,852**	-	792
Increase in basic earnings per share	**-**	**0.1 cent**	-	-
Increase in diluted earnings per share	**-**	**0.1 cent**	-	-

2. Accounting policies (continued)

Change in accounting policy and disclosures (continued)

The effect of adoption of HKAS 17 (amendment) and change in accounting policy on the consolidated statement of financial position is as follows:

	As at 31 March 2011		As at 31 March 2010		As at 1 April 2009	
	HKAS 17 (amendment) for land HK$'000	**Change to cost model for buildings HK$'000**	HKAS 17 (amendment) for land HK$'000	Change to cost model for buildings HK$'000	HKAS 17 (amendment) for land HK$'000	Change to cost model for buildings HK$'000
Increase /(decrease) in property, plant and equipment	**26,370**	**(10,940)**	27,167	(12,792)	27,964	(6,270)
Decrease in leasehold land	**(26,370)**	**-**	(27,167)	-	(27,964)	-
Decrease in deferred income tax liabilities	**-**	**(1,390)**	-	(1,696)	-	(577)
Decrease in building revaluation reserve	**-**	**(7,036)**	-	(8,582)	-	(2,919)
Decrease in retained earnings	**-**	**(2,514)**	-	(2,514)	-	(2,774)

3. Revenues, turnover and segment information

Executive directors of the Group review the internal reporting of the Group in order to assess performance and allocate resources. Executive directors consider the business principally from a geographic perspective and assess the performance of the geographic segments based on a measure of segments results. Business reportable segments identified are Hong Kong & Macau, Mainland China and All other segments. All other segments refer to segment results from markets in Singapore, Malaysia, Taiwan and e-commerce.

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

The entity is mainly domiciled in Hong Kong & Macau. The breakdown of key segment information including total turnover from external customers is disclosed below:

3. Revenues, turnover and segment information (continued)

	For the year ended 31 March 2011			
	Hong Kong & Macau HK$'000	**Mainland China HK$'000**	**All other segments HK$'000**	**Total HK$'000**
Turnover	**3,922,596**	**145,472**	**833,296**	**4,901,364**
Results				
Segment results	**475,356**	**(22,479)**	**56,393**	**509,270**
Other information				
Capital expenditure	**80,413**	**24,243**	**32,055**	**136,711**
Finance income	**3,109**	**115**	**2,035**	**5,259**
Income tax expenses	**94,827**	**-**	**9,429**	**104,256**
Depreciation	**50,652**	**10,992**	**17,533**	**79,177**

	For the year ended 31 March 2010 (As restated)			
	Hong Kong & Macau HK$'000	Mainland China HK$'000	All other segments HK$'000	Total HK$'000
Turnover	3,288,142	97,035	726,168	4,111,345
Results				
Segment results	347,545	(18,580)	52,922	381,887
Other information				
Capital expenditure	43,410	11,155	19,547	74,112
Finance income	4,668	73	1,671	6,412
Income tax expenses	72,219	-	11,630	83,849
Depreciation	41,331	7,497	13,553	62,381

3. **Revenues, turnover and segment information** (continued)

	Hong Kong & Macau HK$'000	**Mainland China HK$'000**	**All other segments HK$'000**	**Total HK$'000**
At 31 March 2011				
Non-current assets	**213,549**	**31,332**	**60,923**	**305,804**
Current assets	**1,144,368**	**103,095**	**312,731**	**1,560,194**
Deferred income tax assets				**4,961**
Unallocated corporate assets				**5,552**
				1,876,511
At 31 March 2010 (As restated)				
Non-current assets	197,038	16,471	37,884	251,393
Current assets	1,020,742	56,305	236,827	1,313,874
Deferred income tax assets				3,468
Unallocated corporate asset				750
				1,569,485

4. **Other gains / (losses) - net**

	2011 HK$'000	2010 HK$'000
Fair value gain on investment property	**-**	1,700
Gain on disposal of investment property	**600**	-
Net exchange gains / (losses)	**10,522**	(3,402)
	11,122	(1,702)

5. Expenses by nature

	2011 HK$'000	As restated 2010 HK$'000
Cost of inventories sold	**2,678,787**	2,289,556
Provision for slow moving inventories and stock shrinkage	**10,697**	6,925
Employee benefit expenses (including directors' emoluments)	**657,200**	554,750
Depreciation of property, plant and equipment	**79,177**	62,381
Write-off of property, plant and equipment	**1,832**	1,473
Provision for impairment losses on trade receivables	**-**	293
Operating lease rentals in respect of land and buildings		
- minimum lease payments	**457,794**	380,550
- contingent rent	**26,632**	16,571
Auditors' remuneration	**3,155**	2,904
Advertising and promotion expenses	**92,659**	82,550
Others	**326,723**	278,763
	4,334,656	3,676,716
Representing:		
Cost of sales	**2,689,484**	2,296,481
Selling and distribution costs	**1,463,737**	1,214,725
Administrative expenses	**181,435**	165,510
	4,334,656	3,676,716

6. Income tax expenses

Hong Kong profits tax has been provided for at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2011 HK$'000	2010 HK$'000
Hong Kong profits tax		
Current	**94,179**	72,625
Under provision in previous years	**96**	158
Overseas taxation		
Current	**13,192**	10,781
Over provision in previous years	**(336)**	(400)
Deferred income tax relating to origination and reversal of temporary differences	**(2,875)**	685
	104,256	83,849

7. Earnings per share

(a) The calculation of basic and diluted earnings per share is based on the Group's profit for the year of HK$509,270,000 (2010: HK$381,887,000 as restated).

(b) The calculation of basic earnings per share is based on the weighted average number of 2,792,062,499* (2010: 2,768,259,120*) shares in issue during the year.

(c) 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 is based on the weighted average number of 2,792,062,499* (2010: 2,768,259,120*) shares in issue during the year plus the weighted average number of 20,799,350* (2010: 18,159,680*) 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.

8. Dividends

	2011 HK$'000	2010 HK$'000
Interim, paid – 1.5* HK cents (2010: 1.5* HK cents) per share	**41,989**	41,601
Special, paid – 3.0* HK cents (2010: 3.0* HK cents) per share	**83,979**	83,202
Final, proposed – 2.5 HK cents (2010: 2.5* HK cents) per share	**70,113**	69,690
Special, proposed –7.0 HK cents (2010: 7.0* HK cents) per share	**196,316**	195,132
	392,397	389,625

At a meeting held on 16 June 2011, the directors proposed a final dividend of 2.5 HK cents and a special dividend of 7.0 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 2012 if approved by shareholders.

* Adjusted for the 1:1 Bonus Issue

9. 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 90 days. The ageing analysis of trade receivables is as follows:

	2011 **HK$'000**	2010 HK$'000
Within 1 month	**39,670**	29,544
1 to 3 months	**8,522**	7,933
Over 3 months	**39**	1,112
	48,231	38,589

The fair values of trade receivables approximate their carrying amounts.

10. Trade and bills payables

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

	2011 **HK$'000**	2010 HK$'000
Within 1 month	**171,937**	105,164
1 to 3 months	**64,243**	61,814
Over 3 months	**18,236**	8,934
	254,416	175,912

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

MANAGEMENT DISCUSSION & ANALYSIS

For the year ended 31 March 2011, the Group's turnover amounted to HK$4,901.4 million, representing an increase of 19.2% over the HK$4,111.3 million recorded last year. Overall, the Group's performance benefited from the continuing improvement in the retail environment and the economy of the region. The Group's leading market position, the ongoing success of our House Brands (including our own-branded products, sole agent products, and products sold exclusively in our stores), our well-targeted business strategies and proven execution ability, enabled the Group to deliver a strong performance in the fiscal year 2010/11.

The Group's House Brands registered sales growth of 24.5%, with its sales mix increased to 42.1% from 40.1% in the previous fiscal year. The Group's profit for the year was HK$509.3 million, a rise of 33.4% over the HK$381.9 million recorded last fiscal year. Basic earnings per share were 18.2* HK cents, as compared to 13.8* HK cents in the previous fiscal year. The overall gross profit margin of the Group for the full fiscal year increased to 45.1% from 44.1% last year. The net margin increased from 9.3% to 10.4%. Our inventory turnover days were 109 days as of 31 March 2011.

The Group added 32 outlets during the year and increased the number of stores and counters in the region to 205, including 181 stores and 24 counters.

Market Overview

Powered by the robust growth of Mainland China, which recorded GDP growth of 10.3% in 2010, the economies in Asia continued to broadly recover in fiscal year 2010/11. The Group's businesses in Singapore, Malaysia and Taiwan markets benefited from this solid regional recovery. The Hong Kong economy also performed strongly during the fiscal year, stimulated by domestic demand and inbound tourism, achieving GDP growth of 7.0% in 2010. The tourism traffic, as well as the wealth effect deriving from the recovery of the stock market and the strength of the property market helped strengthen consumer sentiment in Hong Kong and Macau. Total retail sales in Hong Kong rose some 18.3% year-on-year in 2010, and 21.0% for the period from January to March 2011.

The retail market in China in 2010 saw solid progress due to ongoing growth drivers such as increasing disposable income, rapid urbanisation, a growing middle class with sophisticated aspirations, and Government policies that stimulated consumer sentiment and spending behaviour.

In Hong Kong, inbound tourism continued to gain importance due to increased tourist spending on shopping. Total tourist arrivals in Hong Kong surged 21.8% year-on-year in 2010, with overall spending on shopping by overnight visitors rising by 34.3%. Mainland China continued to be the largest visitor source market of Hong Kong with 22.7 million arrivals at an annual growth rate of 26.3%, reflecting a strong desire to travel on the part of Chinese citizens. The strong growth momentum of Mainland tourist arrivals continues in early 2011.

According to a survey conducted by Nielsen in the fourth quarter of 2010, cosmetics and skincare products ranked top in the list of key purchased product categories of Mainland visitors in Hong Kong. These Chinese visitors planned to spend HK$12,000 on average during their stay. Inbound tourism is expected to remain a vibrant contributor to the local economy, with the strength of the renminbi likely to further boost the spending of Mainland tourists in Hong Kong.

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* Adjusted for the 1:1 Bonus Issue

Retail and Wholesale Business

Hong Kong and Macau

Sa Sa continued to maintain its leading-market position in Hong Kong and Macau, which remained the largest contributor to the Group's turnover and profits. Turnover increased by 19.3% from HK$ 3,288.1 million to HK$3,922.6 million and same store growth rose by 9.3%. The Group maintained strong sales growth momentum throughout fiscal year 2010/11, despite the second half base being high in comparison to the same period of the previous year. With a relatively low base in fiscal year 2009/10, robust sales growth of 17.5% was recorded in the first half of the fiscal year 2010/11. This momentum continued and strengthened in the second half of the year, with year-on-year growth of 20.6%. The strong sales growth in the second half of the year led to lower rental costs, expressed as a percentage of sales.

Such a buoyant performance was driven by increased revenue from local residents, which in turn was underpinned by low unemployment, improving personal income and the thriving property market in Hong Kong, as well as by Sa Sa's continuing position as the top-of-mind cosmetics retailer among Mainland tourists. Turnover growth was stimulated by an increase both in the number of transactions and in the average value per transaction.

The Group's capability to introduce more new products aimed at a wider range of customer segments helped drive the sales increase of own-branded and exclusive products. Strong new own-branded and exclusive product launches and successful marketing led to an improvement in its sales mix, and to an enhanced gross profit margin. New brands sourced locally also helped drive traffic.

During 2010, a new store design was launched as part of the Group's continuous efforts to enhance our customers' shopping experience and to better showcase the brands we carry. The new store design allows for easier browsing and more interaction between sales staff and customers. The design creates an invigorated brand identity and image for the beauty products we offer while providing a more user friendly and comfortable shopping environment.

In terms of management in Hong Kong and Macau, the Group introduced broader performance accountability and more effective purchasing in early 2011 through an improved product category management structure. The enhanced inventory strategy and changes in product mix resulted in better and broader product offerings, as well as an increase in same store sales, a rise in inventory levels and an overall improvement in performance.

Eight new "Sasa" stores were added during the period. As of 31 March 2011, there were 78 "Sasa" stores (including nine in Macau), one Suisse Programme specialty store and one La Colline specialty store.

Mainland China

In fiscal year 2010/11, the Group's turnover in Mainland China increased by 49.9% to HK$145.5 million, while same store sales decreased by 1.7%. The loss was contained at an acceptable level of RMB19.3 million (HK$22.5 million), as compared to the previous year's loss of RMB16.4 million (HK$18.6 million). We added nine new "Sasa" stores and three new Suisse Programme counters during the year.

Overall, although the Group is still in the investment stage, our performance in Mainland China continued to improve. The negative same store growth of the first half of the fiscal year was mainly due to the restructuring of the management team and substantial changes in inventory management and operating strategies that affected our short term performance. However, improvements were already tangible by the second half of the year when the majority of new stores that opened delivered a better performance than our older stores and provided an enhanced contribution. The Group achieved double-digit turnover growth and comparable store growth for the department store counter network in Mainland China. In a similar pattern to the previous fiscal year, the Group achieved improved performance at the operating level.

Further signs of improvement in the second half of fiscal 2010/11 were evident in our enhanced product portfolio, with more established beauty brands undertaking to participate in our stores, and increased support from landlords in our drive to choose store locations in new and existing shopping malls. The performance and pay of front line staff improved, which in turn attracted more retail talents.

A broad-based reform of our Mainland China strategy is underway. This reform includes a series of measures to build a stronger platform and increase our operational efficiency to provide stronger support for more rapid expansion on the Mainland. We aim to adopt more proactive strategies and measures in store location selection and in product strategies, including extending the product range and increasing the number of new products, enhancing inventory management, allocating improved expertise and more resources to the management team, and strengthening the back end team to support and manage a more extensive retail store network.

In the second half of fiscal year 2010/11, we rolled out a new retail IT system to provide scalability and to prepare for future expansion on the Mainland. The new system brings together the functions of Point of Sale, merchandising, auto replenishment, customer relationship management and business intelligence. The system operates in a real-time, centralised environment. In addition, we have established two separate internal audit teams, based in our Shanghai and Beijing offices respectively, to monitor the operation of our two existing clusters of stores. As of 31 March 2011, there were 26 "Sasa" stores and 21 beauty counters under Suisse Programme in the Mainland market.

Singapore and Malaysia
During the year, turnover for the Singapore and Malaysia market grew by 26.4% to HK$427.4 million. Both Singapore's and Malaysia's operations achieved steady turnover and profit growth.

Although the performance of the retail market in Singapore was uneven, Sa Sa's operation in the Lion City achieved strong profit growth due to the successful adaptation of our marketing and product mix strategy to local market conditions. Turnover rose 27.2% to HK$206.4 million. Same store sales registered an increase of 5.2% due to sales growth achieved from both traditional shopping locations and suburban malls.

The Group's improved performance in Singapore was due to more effective marketing efforts. These included TV programme sponsorship and collaboration with various media. We broadened our product range and added new product categories that helped increase store traffic, drive the number of transactions, and expand our customer base. More effective and more frequent new product launches were undertaken, and we improved the management of our overall product offerings. Sales training was also strengthened to increase the sales productivity of frontline staff.

These initiatives contributed to an improved sales mix while enhancing the Group's sales growth and gross profit margin. In recognition of the quality of our sales training, the Excellent Service Award (EXSA), a national award organised by the Singapore Government and managed by seven industry leading professional bodies, was awarded to three of our staff. Two new stores were added to our network. As of 31 March 2011, there were 20 "Sasa" stores in Singapore.

After years of impressive results, the Malaysian market has now entered into a stage of steady and continuing growth. Established as a clear leader in the Malaysian market, Sa Sa has consistently delivered solid results in this market. Fiscal year 2010/11 was no exception. Turnover rose 25.6% to HK$221.0 million, and same store growth increased by 4.6%. Due to the steady improvement in product launches, product mix and product management, profit continued to improve this year.

These results were due to the outstanding performance of our own-branded and sole agent products, particularly new products, as well as strengthened relationships with suppliers and the broadening of our product offerings to increase our appeal to different customer segments. We expanded the number of beauty brands with sole agent rights. Above all, we continued to improve our market status and consumer recognition by continuous efforts in brand building of “Sa Sa” and its exclusive brands, and by strengthened marketing activities.

During the fiscal year, Sa Sa sponsored various large-scale joint public relations and marketing events with influential media in Malaysia, as well as enhanced brand building and advertising initiatives for own-brands. We broadened the reach of marketing campaigns by using more channels and adding new elements, such as social networks and high-profile social event. We launched more coordinated and integrated marketing campaigns for new products, and we targeted our marketing efforts towards broadening our customer base and increasing penetration of new market segments. Eight new stores were added during the year, bringing the total number of “Sasa” stores in Malaysia to 38 as of 31 March 2011.

Taiwan

Turnover of the Group’s Taiwan business increased by 17.9% during the fiscal year to HK$173.3 million. Same store growth rose 2.0%. Taiwan’s improving economy and consumer sentiment, in particular since the second quarter of this fiscal year, benefited the retail market and we recorded a positive turnaround on our profit contribution to the Group.

Our performance also improved due to an enhanced sales mix of House Brands, in particular attractive and quality new own-branded products, which helped increase traffic, secure repeat transactions and drive the rise in gross profit margin. We continued to adopt cautious cost controls. We relocated and expanded our warehouse facilities to support our expanding operations. Overall, we maintained and built on our position as the dominant retailer in fragrance in Taiwan, and gained further market share.

Four “Sasa” stores were opened during the year. As of 31 March 2011, there were 19 “Sasa” stores and one Suisse Programme counter in Taiwan.

E-commerce - sasa.com

Turnover for sasa.com amounted to HK$232.6 million, a decrease of 3.5% over the previous fiscal year. In general, a more diversified and balanced market mix was created.

Operationally, it was a year of contrasting halves. In the first half of the year, sasa.com recorded sales growth of 22.2% and we obtained the right to reproduce the content of the TV programme and magazine of W Queen (女人我最大) of Taiwan, thereby enriching the content of our website. In the second half, our performance was impacted by two factors: the new customs duty regime effective in Mainland China from September 2010, and teething problems associated with the initial stages of subcontracting our logistics function. The operations were substantially normalised in March 2011, and dispatches are now operating more effectively than before. While there are still areas that require improvements, our performance started to improve and sales in March 2011 were close to the corresponding period of the previous fiscal year.

The Group has drawn up a strategic plan to mitigate the effects of the new regulations introduced by the Mainland’s Customs. The plan aims to tap the potential of the online market within China through such initiatives as building a dedicated team to develop local online business in Mainland China, strengthening back end support including logistics to facilitate the future growth of local online business, further developing business on Sa Sa’s official store on the Taobao site (the most popular shopping website in China), partnering with more online shopping sites in Mainland China, and building our own site to provide local online shopping services to the Mainland China market. We are also improving our sasa.com user interface to enhance the overall online shopping experience.

In recognition of the quality of our online shopping services, during the year we received the accolade of "Top 30 Best Global Online B2C Retailers 2010" at the Global Netrepreneur Awards 2010 sponsored by Alibaba Group, the China Electronic Commerce Association and Hangzhou Municipal Government. We were also included in the "Top 10 Best Cosmetics Online Shops" in Ifeng.com's Top 10 Cosmetics Online Shop Awards 2010. Ifeng.com is a member of Phoenix TV.

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 House Brands products increased by 24.5%, contributing 42.1% of the Group's total retail sales (40.1% for the fiscal year 2009/10). These results were partly attributable to more effective category and brand management. In early 2011, the buying team was restructured to carry increased accountability for each product category. Other initiatives included broadening the target customer segments, product concepts and price segments in terms of product development and product sourcing; placing emphasis on more closely following market trends; focusing on launching trendy and timely new exclusive products catering to different customer segments; and diversifying the product categories and broadening their appeal to more market segments.

During the fiscal year 2010/11, we introduced popular new products and gained good word-of-mouth, along with effective marketing, which in turn drove the strong sales growth of our House Brand products. We also strengthened our own brands' product development into a significant driving force to enhance the sales mix and increase gross profit margin.

The Group's exclusive products achieved a number of awards in 2010/11. Collister's slimming serum received the Grand Prize in the "Best Slimming Product" category in a poll organised by *Cosmopolitan* magazine of Hong Kong. Suisse Programme's Boosting Solution was 2nd runner-up in the "Best Booster/Pre-Treatment Product" category awards sponsored by *Cosmopolitan*, and Methode Swiss' Thermal Oxygen Sleeping Eye Mask was 2nd runner-up in the "Best Eye Mask" category in the same awards. La Colline's Cell Recharge Cellular Re-Energizing Treatment was awarded 1st runner-up in the "My Favourite Beauty Treatment Product" category in *MORE* magazine's 9th Beauty Products Contest.

Information Technology

To support rapid changes in Sa Sa's markets as well as our business growth and strategic development, in fiscal year 2010/11 we maintained our programme of continuous investment in Information Technology ("IT"). The key objectives of our IT investment are to improve operational efficiency through adding more automated processes, to increase our ability to make quick responses to market changes, and to re-engineer internal operational workflows to achieve better control and communications. Overall, our mission is to continuously seek opportunities to leverage IT to achieve cost savings as well as to optimise revenue.

The major IT initiatives implemented during the year included the Customer Relationship Management system and the Document Management System for Hong Kong and Macau market, the real-time Enterprise Resource Planning (ERP) system for Mainland China operations, and the Intercompany Ordering System and the Resource Management System for the Group.

Outlook

We remain cautiously optimistic about the outlook for our business in the coming year. China's strong economic growth continues. The 12th Five-Year Plan gives explicit focus to increasing disposable income and reducing the financial burden on households by raising the minimum wage in a dozen provinces, intensifying urbanisation, lowering the tax burden and increasing spending on health, welfare and education. These measures bode well for the growth of Mainland consumer spending and for the further development of our business throughout the region.

Consumption-led economic activity, the broadening of customer segments driven by the expansion and rising aspirations of the middle class, increased consumer purchasing power and a strengthening renminbi are additional factors that all support the continued growth of the retail market, including the cosmetics sector, in Hong Kong and Macau.

Hong Kong will also benefit from its ongoing integration with Mainland China. China's 12th Five-Year Plan underlines the Chinese Government's commitment to supporting Hong Kong's role as an international financial centre as well as a shipping and trading hub, which will undoubtedly strengthen the overall economy. Various major cross border infrastructure projects, when completed, will further facilitate the flow of people and goods between Hong Kong, Macau and the Mainland, thereby stimulating inbound tourism to Hong Kong and Macau. The construction of these major infrastructure projects will help boost domestic demand in the years to come.

As consumer sentiment continues to improve on the back of higher employment, greater personal income and rising inbound tourism, the retail sector will be a direct beneficiary. Sa Sa is well positioned to benefit from this improving economic climate, not only in Greater China but also throughout the Asian region. The Group will continue to invest in the development of our core markets and of other markets with promising prospects.

Hong Kong and Macau

Led by China's steady economic expansion and complemented by the growth of other countries in the region, the retail market in Hong Kong is expected to perform well. The Hong Kong Government forecasts GDP growth of 4% to 5% in real terms in 2011. Growth momentum in the region since the fourth quarter of 2010 was strong and has continued into the first quarter of 2011. We believe that improving job and income prospects, as well as vibrant consumer sentiment and strong inbound tourism, will further underpin robust retail sales growth in Hong Kong, including sales of cosmetics and medicines.

To capture these opportunities, Sa Sa will increase the pace of store openings by adding at least 14 stores in Hong Kong and Macau in fiscal year 2011/12. We will maintain this strategy of rapid store opening to establish a more balanced store network. This will help capture the improving consumption sentiment of both local consumers and tourists, and gain further market share in Hong Kong and Macau.

Operationally, the restructuring and increased accountability of the category management team is expected to enable more efficient inventory planning and to increase the productivity of the product portfolio. We believe this adjustment in the inventory mix will become a driving force of the Group's sales growth, in particular in the Hong Kong and Macau market. In regard to costs, we aim to increase our overall gross profits to address rental pressures. Due to Sa Sa's strong brand equity, our flexibility in the choice of store locations will help ensure that rental costs are kept under control. Although the rental market is highly competitive, with high rental reversions, we believe our increased growth rate will enable us to maintain rental to sales percentages within a reasonable range.

Mainland China
In Mainland China, we intend to accelerate the implementation of our expansion strategy, stepping up the pace of store openings and adopting a more proactive store selection strategy for our retail network. The Group plans to add about 40-50 stores in the coming fiscal year. Leases have been signed for 8 upcoming new store spaces in Mainland China, of which 4 were opened in the first quarter of fiscal year 2011/12.

Sa Sa will also continue our long term strategic plan to develop five "clusters", or engines of growth, in Mainland China with an independent operational team for each cluster: namely Eastern China, Northern China, Central China, Western China and Southern China. For the two existing clusters of Eastern China and Northern China, we will continue to add stores in the existing cities and to expand into new cities, including both 2nd tier and 3rd tier cities. In addition, we will begin to build our presence in the cluster of Central China. Overall, we will broaden our network coverage from nine cities in fiscal year 2010/11 to more than 15 cities in fiscal year 2011/12.

In terms of location and presence, the proven performance of our new stores has encouraged more top tier landlords to offer attractive store space to Sa Sa. We have formed strategic alliances with renowned commercial property developers, to facilitate our rapid expansion plan and secure high-traffic and prominent store locations.

In order to improve our operational efficiency and effectiveness, and to build a solid platform to facilitate this fast-track expansion plan, the Group will continue to take strategic measures to improve our product offerings. We will secure more renowned international beauty brands from local suppliers, as well as major global and regional beauty groups, adding more exclusive and own-branded products to drive a more diversified brand portfolio. We also aim to improve the relevance of these product offerings; the product portfolio will therefore be developed according to considerations of local climate, consumer behaviour and preference. We will introduce more popular and trendy brands and products, and further expand our network of suppliers.

A further aim of our Mainland China strategic plan is to increase store sales productivity by improving inventory and logistic management, enhancing the incentive scheme for sales staff, and strengthening the selling and supervisory skills of frontline staff. To facilitate our rapid expansion, we aim to devote considerable resources to enhance the management structure, and to build and expand a dedicated team for key functions. To address the challenge of a shortage of retail management talents, we aim to improve recruitment and staff retention, strengthen our training function in terms of scalability and structure, and systematically broaden the scope of training to support a fast-growing frontline base that is geared to geographical front line and backend needs.

Other Markets: Singapore, Malaysia, Taiwan
The outlook for our retail markets in Singapore, Malaysia and Taiwan is promising. We are confident the growth momentum from the second half of last fiscal year will continue into fiscal year 2011/12.

In Singapore, we are gaining market share as a leading cosmetic specialty retailer in the market specialising in skincare, makeup and fragrances. Although the market is highly competitive, we continue to expand our store network and successfully gain market penetration. The recent completion of a significant number of new shopping malls has given us an additional opportunity to expand our retail store network.

In Malaysia, we continue to gain market share and to be the top cosmetic specialty retailer. We aim to expand our store network and gain further market penetration. Our market share and network coverage in Malaysia have allowed us to gain sole agent rights in the market, which has greatly enhanced our competitiveness and profitability.

Taiwan's economy is set for further growth supported by an improved political climate and more investments from abroad, along with the prospect of an increasing numbers of visitors from the Mainland. Sa Sa will closely monitor the development of the Individual Visit Scheme for Mainland tourists to Taiwan and will act accordingly. Overall, the Group will focus on driving same store growth in all three of these markets.

E-commerce – sasa.com
We will continue our drive for diversification of markets in order to create a more balanced customer profile for sasa.com. We will build a new online platform that offers scalability and flexibility for more localised marketing and promotion while capturing the latest and most advanced online practices in e-commerce. Our aim is to understand more about our customers' needs and preferences. To enhance customer loyalty and increase repeat visits, we will strengthen our Customer Relationship Management function and launch more targeted marketing initiatives.

Brand Management
In regard to brand management, we will continue to add quality exclusive brands, in particular own-brands, to optimise our House Brand portfolio and increase productivity. The Group will also monitor possible consumer concerns about Japanese products arising from the radiation issue in Japan and we will take relevant measures if necessary.

Conclusion

Sa Sa has a long track record of sustainable growth in both challenging and more positive economic times.

Due to our clear vision, flexible and professional management, robust financial platform and innovative growth strategies, we are confident that we will continue to grow at a sustainable pace both in our core Hong Kong and Macau market, in Mainland China and in our other markets in the region.

Human Resources

As at 31 March 2011, the Group had a total of 3,493 employees. Staff costs for the year under review were HK$657.2 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 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 2011, the Group's total equity funds were HK$1,352.7 million including reserves of HK$1,072.4 million. The Group continued to maintain a strong financial position with cash and bank balances of HK$618.4 million. The Group's working capital was HK$1,054.7 million. Based on the Group's steady cash inflow from operations, coupled with sufficient cash and bank balances and readily available banking facilities, the Group has adequate liquidity and financial resources to meet the working capital requirements as well as to fund its budgeted expansion plans in the next financial year.

During the year, the majority of the Group's cash and bank balances were in Hong Kong dollars, Euro or Renminbi and deposited in reputable financial institutions 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 relatively stable yield to the Group.

Financial position
Total funds employed (representing total equity) as at 31 March 2011 were HK$1,352.7 million, which represented a 14.2% year-on-year increase.

The gearing ratio, defined as the ratio of total loans less cash and bank balances to total assets, was nil as at 31 March 2011 and 31 March 2010.

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 dollars, Euro or Renminbi. Based on purchase order placed, the Group minimised its foreign exchange exposure by way of buying against order at spot or entering into foreign currency forward contracts with reputable financial institutions and maintaining no long position. These hedging policies are regularly reviewed by the Group.

Charge on Group Asset
As at 31 March 2011, no Group asset was under charge to a financial institution.

Contingent Liabilities
The Group had no significant contingent liability as at 31 March 2011.

Capital Commitments
As at 31 March 2011, the Group had total capital commitments in respect of acquisition of property, plant and equipment of HK$205.9 million.

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board recommends a final dividend of 2.5 HK cents (2010: 2.5* HK cents) per share and a special dividend of 7.0 HK cents (2010: 7.0* HK cents) per share for the year ended 31 March 2011, such dividends will be proposed at the annual general meeting ("AGM") of the Company on Thursday, 25 August 2011, and, if approved, are payable to shareholders whose names appear on the Register of Members of the Company on 25 August 2011.

Subject to approval by the Company's shareholders at the AGM, the final dividend and special dividend will be paid on or around Monday, 29 August 2011.

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 2011. The financial information included in this preliminary announcement have been agreed with the Group's auditor, PricewaterhouseCoopers. 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 this preliminary announcement.

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* Adjusted for the 1:1 Bonus Issue

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 March 2011, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

CORPORATE GOVERNANCE

Code on Corporate Governance Practices ("CG Code")

Our Board regards the setting, maintenance and review of high standards of corporate governance as an essential part of its work. Our system of governance is not just a matter for the Board but is fostered throughout the organization, and forms the basis for the accountability of executive management to the Board and of the Board to shareholders.

Throughout the year ended 31 March 2011, the Company has complied with all the Code Provisions (the "Code Provision") of the CG Code as set out in Appendix 14 to the Listing Rules, except for one deviation explained below.

Code Provision A.2.1 - Chairman and Chief Executive Officer

Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer (the "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.

The Company has deviated from the Code Provision in this respect in that Dr KWOK Siu Ming Simon is both the chairman and CEO of the Company. The respective responsibilities of the chairman and the CEO, however, are clearly set out in writing and approved by the Board. 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 the effectiveness of its operation. The Board will nevertheless review this structure from time to time and will consider the segregation of the two roles at the appropriate time.

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

The Company adopts a code of conduct regarding securities transactions on terms no less exacting than the Model Code. This code applies to all directors and certain relevant employees who, because of their office or employment, are likely to be in possession of unpublished price sensitive information in relation to the Company or its shares. Having made specific enquiry of all directors and the relevant employees, all of them have confirmed their compliance with the Company's code of conduct throughout the reporting period.

The annual report of the Company for the year ended 31 March 2011 containing more information on its corporate governance practices will be dispatched to shareholders on or around Thursday, 30 June 2011, and be published on the respective websites of Hong Kong Exchanges and Clearing Limited and the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining entitlement to the final dividend and special dividend, the Register of Members of the Company will be closed from Monday, 22 August 2011 to Thursday, 25 August 2011, 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 for the transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Abacus Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong no later than 4:30 p.m. on Friday, 19 August 2011.

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, 16 June 2011

As at the date of this announcement, the directors of the Company are:-

Executive Directors
Dr KWOK Siu Ming Simon, *JP* (Chairman and CEO)
Dr KWOK LAW Kwai Chun Eleanor, *BBS* (Vice-chairman)
Mr LOOK Guy (Chief financial officer)

Non-executive Directors
Mrs LEE LOOK Ngan Kwan Christina
Mr TAN Wee Seng

Independent Non-executive Directors
Professor CHAN Yuk Shee, *PhD, BBS, JP*
Dr LEUNG Kwok Fai Thomas, *PhD, BBS, JP*
Ms Tam Wai Chu Maria, *GBS, JP*
Ms KI Man Fung Leonie, *SBS, JP*