SA SA INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 178)

Annual Results for the year ended 31 March 2012
Dividends and Closure of Books

Highlights

- The Group's turnover rose by 30.7% year-on-year from HK$4,901.4 million to HK$6,405.1 million
- Turnover in HK and Macau increased by 29.8% year-on-year from HK$3,922.6 million to HK$5,092.7 million
- The Group's gross profit margin increased from 45.1% to 45.2% year-on-year
- The Group's net profit margin increased from 10.4% to 10.8% year-on-year
- The Group's profit for the year increased by 35.4% year-on-year from HK$509.3 million to HK$689.7 million
- Basic earnings per share was 24.6 HK cents as compared to 18.2 HK cents in the previous year
- Final and special dividends per share proposed is 11.5 HK cents (2011: 9.5 HK cents), making a total annual dividend of 17.5 HK cents per share (2011: 14.0 HK cents)
- The Group's sales of house brand products increased by 29.9% year-on-year, representing approximately 42% of the Group's total retail sales
- The Group's retail network expanded from 205 to 249, a net increase of 44 stores
- The Group became a constituent member of Hang Seng Corporate Sustainability Benchmark Index in September 2011
- Sa Sa was named "Medium-Cap Corporate of the Year, Hong Kong" by Asiamoney Magazine in its poll of Best Managed Companies 2011 for the second consecutive year
- Sa Sa was one of the companies awarded Best Investor Relations Company (Hong Kong) in the second Asian Excellence Recognition Awards 2012 organised by Corporate Governance Asia Magazine

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 2012 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 2012

	Note	**2012** **HK$'000**	2011 HK$'000
Turnover	4	**6,405,121**	4,901,364
Cost of sales	6	**(3,508,440)**	(2,689,484)
Gross profit		**2,896,681**	2,211,880
Other income		**39,684**	30,437
Selling and distribution costs	6	**(1,900,688)**	(1,463,737)
Administrative expenses	6	**(207,474)**	(181,435)
Other gains - net	5	**171**	11,122
Operating profit		**828,374**	608,267
Finance income		**6,419**	5,259
Profit before income tax		**834,793**	613,526
Income tax expenses	7	**(145,084)**	(104,256)
Profit for the year		**689,709**	509,270
Earnings per share for profit for the year (expressed in HK cents per share)	8		
Basic		**24.6**	18.2
Diluted		**24.4**	18.1
Dividends	9	**492,563**	392,397

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2012

	2012	2011
	HK$'000	HK$'000
Profit for the year	**689,709**	509,270
Other comprehensive income		
Currency translation differences	**3,583**	18,643
Other comprehensive income for the year, net of tax	**3,583**	18,643
Total comprehensive income for the year	**693,292**	527,913

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2012

	Note	2012	2011
ASSETS		**HK$'000**	HK$'000
Non-current assets			
Property, plant and equipment		**332,753**	205,465
Rental deposits and other assets		**133,340**	105,891
Deferred income tax assets		**4,640**	4,961
		470,733	316,317
Current assets			
Inventories		**1,191,059**	802,185
Trade receivables	10	**70,477**	48,231
Other receivables, deposits and prepayments		**135,612**	91,364
Time deposits		**35,621**	94,134
Cash and cash equivalents		**562,998**	524,280
		1,995,767	1,560,194
LIABILITIES			
Current liabilities			
Trade and bills payables	11	**450,686**	254,416
Other payables and accruals		**289,298**	200,347
Income tax payable		**67,746**	50,757
		807,730	505,520
Net current assets		**1,188,037**	1,054,674
Total assets less current liabilities		**1,658,770**	1,370,991
Non-current liabilities			
Retirement benefit obligations		**3,253**	3,863
Deferred income tax liabilities		**4,163**	348
Other payables		**20,530**	14,087
		27,946	18,298
Net assets		**1,630,824**	1,352,693
EQUITY			
Capital and reserves			
Share capital		**281,467**	280,253
Reserves		**1,349,357**	1,072,440
Total equity		**1,630,824**	1,352,693

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) New interpretation adopted by the Group

In the current year, the Group has adopted HK (IFRIC) – Int 13, "Customer Loyalty Programme" as a result of the operation on the new bonus points system. The Group operates the system where certain customers accumulate points for purchases made which entitle them to purchase goods for free or at a discount price. According to HK (IFRIC) – Int 13, the award points are recognised as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the award points and the other components of the sale such that the award points are recognised at their fair value. Revenue from the award points is recognised when the points are redeemed or expired. The amount of initial revenue recognised is based on the number of points redeemed relative to the total number expected to be redeemed. The maximum life of award points is up to 12 months from date of issue. As most of the award points were expired as at 31 March 2012, there was no material deferred revenue as at 31 March 2012.

(ii) Revised standard and amended interpretation adopted by the Group

The following revised standard is mandatory for the first time for the financial year beginning 1 April 2011.

HKAS 24 (Revised), "Related Party Disclosures" is effective for annual period beginning on or after 1 January 2011. It introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government related entities and the government. Those disclosures are replaced with a requirement to disclose:

- The name of the government and the nature of their relationship;
- The nature and amount of any individually significant transactions; and
- The extent of any collectively - significant transactions qualitatively or quantitatively.

It also clarifies and simplifies the definition of a related party.

HK(IFRIC) - Int 13 (Amendment), "Customer Loyalty Programmes" is effective for the annual periods beginning on or after 1 January 2011. The amendment clarifies that when measuring the fair value of an award credit, entities should take into account both the value of the award that would be offered to customers and the proportion of the award credit is not expected to be redeemed by customers.

2. Accounting policies (continued)

Changes in accounting policy and disclosures (continued)

(iii) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 April 2011 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)

HKFRS 1 (Amendment), "Limited Exemption from Comparative HKFRS 7 Disclosures for First-Time Adopters" is effective for annual periods beginning on or after 1 July 2010.

HKFRS 1 (Amendment), "First Time Adoption of Hong Kong Financial Reporting Standards" is effective for annual periods beginning on or after 1 January 2011.

HKFRS 3 (Revised), "Business Combinations" is effective for annual periods beginning on or after 1 January 2011.

HKFRS 7 (Amendment), "Financial Instruments: Disclosures" is effective for annual periods beginning on or after 1 January 2011. The amended standard clarifies seven disclosure requirements for financial instruments, with a particular focus on the qualitative disclosures and credit risk disclosures.

HKAS 1 (Amendment), "Presentation of Financial Statements" is effective for annual periods beginning on or after 1 January 2011. The amended standard clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

HKAS 27 (Amendment), "Consolidated and Separate Financial Statements" is effective for the annual periods beginning on or after 1 January 2011. The amendment clarifies that the consequential amendments from HKAS 27 made to HKAS 21, "The effect of changes in foreign exchange rates", HKAS 28, "Investments in associates" and HKAS 31, "Interests in joint ventures" apply prospectively for annual periods beginning on or after 1 July 2009, or earlier when HKAS 27 is applied earlier.

HKAS 32 (Amendment), "Classification of Rights Issues" is effective for annual periods beginning on or after 1 February 2010. The amendment clarifies that rights issues are now required to be classified as equity if they are issued for a fixed amount of cash regardless of the currency in which the exercise price is denominated, provided they are offered on a pro rata basis to all owners of the same class of non-derivative equity. The Group will no longer classify rights issues, for which non-derivative the exercise price is denominated in a foreign currency, as derivative liabilities with fair value changes being recorded in profit or loss. Rather, the Group will be able to classify these rights in equity with no re-measurement. The scope of the amendment is narrow and does not extend to foreign-currency-denominated convertible bonds. For these instruments, the embedded option to acquire the issuer's equity will continue to be accounted for as a derivative liability with fair value changes recorded in profit or loss.

HKAS 34 (Amendment), "Interim Financial Reporting" is effective for annual periods beginning on or after 1 January 2011.

HK(IFRIC) - Int 14 (Amendment), "HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction" is effective for annual periods beginning on or after 1 January 2011. The amendment clarifies that the recognition of an asset for any surplus arising from the voluntary prepayment of minimum funding contributions in respect of future service.

2. Accounting policies (continued)

Changes in accounting policy and disclosures (continued)

(iii) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 April 2011 but not currently relevant to the Group (although they may affect the accounting for future transactions and events) (continued)

HK(IFRIC) - Int 19, “Extinguishing Financial Liabilities with Equity Instruments” is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies the accounting by the debtor when the debtor renegotiates the terms of its debt with the result that the liability is extinguished through issuing its own equity instruments to the creditor i.e. (a “debt for equity swap”). A gain or loss recognised in profit or loss is the difference between the fair value of the equity instruments issued and the carrying amount of the financial liability.

(iv) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 April 2011 and have not been early adopted

HKFRS 1 (Amendment), “Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters” (effective for periods beginning on or after 1 July 2011)

HKFRS 7 (Amendment), “Disclosures - Transfers of Financial Assets” (effective for annual periods beginning on or after 1 July 2011)

HKFRS 7 (Amendment), “Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities” (effective for annual periods beginning on or after 1 January 2013)

HKFRS 9, “Financial Instruments” (effective for annual periods beginning on or after 1 January 2015)

HKFRS 7 and HKFRS 9 (Amendments), “Mandatory Effective Date and Transition Disclosures” (effective for annual periods beginning on or after 1 January 2015)

HKFRS 10, “Consolidated Financial Statements” (effective for annual periods beginning on or after 1 January 2013)

HKFRS 11, “Joint Arrangements” (effective for annual periods beginning on or after 1 January 2013)

HKFRS 12, “Disclosure of Interests in Other Entities” (effective for annual periods beginning on or after 1 January 2013)

HKFRS 13, “Fair Value Measurement” (effective for annual periods beginning on or after 1 January 2013)

HKAS 1 (Revised), “Presentation of Financial Statements” (effective for annual periods beginning on or after 1 July 2012)

HKAS 12 (Amendment), “Deferred Tax: Recovery of Underlying Assets” (effective for annual periods beginning on or after 1 January 2012)

HKAS 19 (Amendment), “Employee Benefits” (effective for annual periods beginning on or after 1 January 2013)

2. Accounting policies (continued)

Changes in accounting policy and disclosures (continued)

(iv) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 April 2011 and have not been early adopted (continued)

HKAS 27 (Revised 2011), "Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2013)

HKAS 28 (Revised 2011), "Associates and Joint Ventures" (effective for annual periods beginning on or after 1 January 2013)

HKAS 32 (Amendment), "Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities" (effective for annual periods beginning on or after 1 January 2014)

HK(IFRIC) - Int 20, "Stripping Costs in the Production Phase of a Surface Mine" (effective for annual periods beginning on or after 1 January 2013)

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

3. Estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

4. 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, 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.

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

	For the year ended 31 March 2012			
	Hong Kong & Macau HK$'000	**Mainland China HK$'000**	**All other segments HK$'000**	**Total HK$'000**
Turnover	**5,092,685**	**290,708**	**1,021,728**	**6,405,121**
Results				
Segment results	**674,373**	**(38,168)**	**53,504**	**689,709**
Other information				
Capital expenditure	**124,800**	**71,218**	**51,164**	**247,182**
Finance income	**3,832**	**97**	**2,490**	**6,419**
Income tax expenses	**132,994**	**-**	**12,090**	**145,084**
Depreciation	**67,223**	**25,949**	**23,921**	**117,093**

	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

4. 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 2012				
Non-current assets	**288,017**	**82,736**	**89,788**	**460,541**
Current assets	**1,396,569**	**224,844**	**374,354**	**1,995,767**
Deferred income tax assets				**4,640**
Unallocated corporate assets				**5,552**
				2,466,500
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

5. Other gains - net

	2012 HK$'000	2011 HK$'000
Gain on disposal of investment property	**-**	600
Net exchange gains	**171**	10,522
	171	11,122

6. Expenses by nature

	2012 **HK$'000**	2011 HK$'000
Cost of inventories sold	**3,478,854**	2,678,787
Provision for slow moving inventories and stock shrinkage	**29,586**	10,697
Employee benefit expenses (including directors' emoluments)	**816,207**	657,200
Depreciation of property, plant and equipment	**117,093**	79,177
Write-off of property, plant and equipment	**1,553**	1,832
Operating lease rentals in respect of land and buildings		
- minimum lease payments	**576,606**	457,794
- contingent rent	**48,876**	26,632
Auditors' remuneration	**3,422**	3,155
Advertising and promotion expenses	**113,789**	92,659
Others	**430,616**	326,723
	5,616,602	4,334,656
Representing:		
Cost of sales	**3,508,440**	2,689,484
Selling and distribution costs	**1,900,688**	1,463,737
Administrative expenses	**207,474**	181,435
	5,616,602	4,334,656

7. Income tax expenses

Hong Kong profits tax has been provided for at the rate of 16.5% (2011: 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.

	2012 **HK$'000**	2011 HK$'000
Hong Kong profits tax		
Current	**122,874**	94,179
Under-provision in previous years	**19**	96
Overseas taxation		
Current	**18,404**	13,192
Over-provision in previous years	**(345)**	(336)
Deferred income tax relating to origination and reversal of temporary differences	**4,132**	(2,875)
	145,084	104,256

8. 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$689,709,000 (2011: HK$509,270,000).

(b) The calculation of basic earnings per share is based on the weighted average number of 2,808,638,314 (2011: 2,792,062,499) 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 2,808,638,314 (2011: 2,792,062,499) shares in issue during the year plus the weighted average number of 15,852,873 (2011: 20,799,350) 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.

9. Dividends

	2012 **HK$'000**	2011 HK$'000
Interim, paid –2.0 HK cents (2011: 1.5 HK cents) per share	**56,292**	41,989
Special, paid – 4.0 HK cents (2011: 3.0 HK cents) per share	**112,584**	83,979
Final, proposed and declared – 3.5 HK cents (2011: 2.5 HK cents) per share	**98,513**	70,113
Special, proposed and declared – 8.0 HK cents (2011: 7.0 HK cents) per share	**225,174**	196,316
	492,563	392,397

At a meeting held on 15 June 2012, the directors proposed and declared a final dividend of 3.5 HK cents and a special dividend of 8.0 HK cents per share. These proposed and declared 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 2013 if approved by shareholders.

10. 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 aging analysis of trade receivables is as follows:

	2012	2011
	HK$'000	HK$'000
Within 1 month	**63,272**	39,670
1 to 3 months	**6,570**	8,522
Over 3 months	**635**	39
	70,477	48,231

The fair values of trade receivables approximate their carrying amounts.

11. Trade and bills payables

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

	2012	2011
	HK$'000	HK$'000
Within 1 month	**256,591**	171,937
1 to 3 months	**172,192**	64,243
Over 3 months	**21,903**	18,236
	450,686	254,416

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

MANAGEMENT DISCUSSION & ANALYSIS

During the fiscal year, the Group's turnover rose 30.7% to HK$6,405.1 million as compared to HK$4,901.4 million in the previous fiscal year. The Group's performance benefited from the strong performance of our Hong Kong and Macau core markets. Sales in Hong Kong and Macau increased by 29.8% year-on-year to HK$5,092.7 million whereas those in Mainland China grew to HK$290.7 million, representing an increase of 99.8% year-on-year. The Group's retail network expanded from 205 to 249, a net increase of 44 stores.

The Group's profit for the year was HK$689.7 million, a rise of 35.4% over the HK$509.3 million achieved in the last fiscal year. Basic earnings per share was 24.6 HK cents, as compared to 18.2 HK cents in the previous year. The Group's gross profit margin for the fiscal year increased to 45.2% from 45.1% last year. The Group's net profit margin increased from 10.4% to 10.8%. Final and special dividends per share proposed is 11.5 HK cents.

The year saw several notable achievements. In September 2011, the Group became a constituent member of Hang Seng Corporate Sustainability Benchmark Index. For the second consecutive year, the Group was named the "Medium-Cap Corporate of the Year, Hong Kong" by Asiamoney Magazine in its poll of Best Managed Companies 2011. Sa Sa was one of the companies awarded "Best Investor Relations Company (Hong Kong)" in the second Asian Excellence Recognition Awards 2012 organised by Corporate Governance Asia Magazine.

Market Overview

Economic conditions were relatively stable for most of 2011 in the Asian region. However, towards the end of 2011 and into the first quarter of 2012, a notable moderation in growth was observed. This was largely the result of the Eurozone sovereign debt crisis and faltering demand in the advanced economies, as well as liquidity controls in Mainland China. Mainland China pared down the nation's economic growth target from 8% in previous years to 7.5% for 2012, according to a state-of-the-nation speech that Premier Wen Jiabao delivered at the annual meeting of the National People's Congress. Mainland China continued to expand domestic demand and accelerate the transformation of the pattern of economic development to make it more sustainable and efficient.

Although Hong Kong was gradually affected by the global economic slowdown, the territory's economy remained relatively resilient. Overall in 2011, the economy grew at an average annual rate of approximately 5%. The retail sector performed especially well, with growth of 24.9% for 2011 and 15.8% in the first quarter of 2012. The retail market was supported by a stable labour environment, rising consumer confidence, the wealth effect of thriving property sales and robust inbound tourism.

However, the global financial volatility affected both Singapore and Malaysia while tourist sales were impacted by the strength of the Singapore dollar and Malaysian ringgit, which also caused local people to shop abroad. Similarly, the economy of Taiwan region was comparatively weaker in the second half of the fiscal year.

Retail and Wholesale Business

Hong Kong and Macau

During the fiscal year, Sa Sa maintained its leading market position in Hong Kong and Macau, which remained the largest contributor to the Group's turnover and profits. Turnover increased by 29.8% year-on-year from HK$3,922.6 million to HK$5,092.7 million and same store sales rose 22.2%. Both the number of transactions and the average value per transaction increased.

This performance was largely driven by Mainland tourists' spending as their arrivals saw almost a 24% increase in 2011 according to the Hong Kong Tourism Board ("HKTB"). The spending of overnight and same-day in-town Mainland visitors increased by 28.4% and 36.4% respectively as a result of high inflation in Mainland China and a strong renminbi. Sa Sa continued to benefit from the growing demand for cosmetics and beauty products and remained well placed to capture Mainland tourists spending on cosmetics goods. According to the HKTB Visitor Survey 2011, cosmetics and skin care products are still the top-ranking shopping targets for Mainland tourists.

The Group is pleased to record a more effective product strategy in Hong Kong and Macau, based on the improved accountability of the purchasing team. A review of product strategy led to increased new product offerings and an improvement in the variety of such offerings. As a result, the Group's inventory turnover days increased to 124 days as at 31 March 2012. The Group's customer base was broadened as a result of new sales, driving higher sales growth.

The fiscal year also witnessed the launch of the Bonus Point System for the VIP customers in May 2011. This scheme was well received and effectively attracted new VIPs, helping to build loyalty and enhancing the Group's sales to our VIPs. At the same time, the Group continued to develop a successful strategy to promote sales in residential areas to capture local consumption power.

Strong sales growth resulted in a robust operating leverage that in turn allowed the Group to significantly outgrow the market and reduce rental and staff costs as a percentage of sales. Rental costs as a percentage of sales, for example, decreased from 10.4% to 10.1% during the fiscal year. This enabled an increase in the net margin of Hong Kong and Macau market.

Despite rising rental prices, the Group kept its store opening schedule on track and continued building its retail network in a rational manner leveraging on its strong brand and popularity. This resulted in a net increase of nine "Sasa" stores in Hong Kong and Macau during the fiscal year. As at 31 March 2012, there were 87 "Sasa" stores in this core market (including seven in Macau), one Suisse Programme specialty store and one La Colline specialty store.

Mainland China
During the fiscal year, the Group's turnover in Mainland China increased by 99.8% (90.5% in local currency) to HK$290.7 million driven by rapid expansion.

It was a challenging year, with our operations in Mainland China evolving into a new stage of development characterised by faster expansion and more directed strategies, particularly in terms of supplier relationships, landlord relationships and store locations, with investment targeting scalability such as operational processes, systems and management resources. The Group strategically and aggressively collaborated with renowned developers to accelerate our expansion in Mainland China. As a consequence, our retail network in Mainland China developed rapidly with 28 new "Sasa" stores, more than doubling the store openings of the previous year, and six store closures.

As at 31 March 2012, there were 48 "Sasa" stores and 20 Suisse Programme counters in 26 cities across 11 provinces in Mainland China, while the four regional clusters that we have been developing, namely Eastern China, Northern China, Central China and Southern China, continued to take shape. We are therefore well positioned to become a national cosmetics retailer and attract beauty brands.

In the first half of the fiscal year, our operations in Mainland China recorded a loss of HK$ 19.7 million as the fast pace of expansion compromised our store productivity and our investment in scalability impacted our profits. This performance improved significantly in the second half of the fiscal year, and our losses in Mainland China has narrowed to HK$18.5 million. Same store sales of China's operations increased by 0.5% for the fiscal year as a whole, rising from a trough of minus 9.8% in the second quarter and turning positive to 10.5% in the fourth quarter, both in local currencies, due to our continuous endeavours to overcome the growing pains of major national expansion. In particular, the Group deployed more resources to support various operational functions such as training, human resources and logistics in Mainland China.

Overall, the Group achieved notable improvements in store productivity, operational efficiency and localisation of management in Mainland China. Our network expansion in Mainland China began to provide a sustainable business platform for further growth and we received increasing support from brands, thereby enhancing our product portfolio and our store appeal. Our China operations became an official retailer of such established beauty brands under L'Oreal Group, Shiseido Group, Kanebo Group, Kose Group, Procter & Gamble Group, Coty Group and Pias Group, among other groups. At the same time, we broadened the range of our fragrances by adding famous brands such as Mont Blanc and Cerruti.

Another important achievement was the growing support we received from property developers in Mainland China. This enabled our China operations to choose superior locations with better traffic conditions, thereby encouraging improved productivity and an enhanced sales performance. The Group continued to develop alliances with more renowned commercial shopping mall developers in Mainland China such as leading property developers from Hong Kong, Mainland China and Southeast Asia. This strategy ensures that we have priority in selecting store locations in new and existing malls.

In October 2011, a flagship "Sasa" store of 6,000 sq. ft. was opened in a new mall in Shanghai by Henderson Land. This is the very mall that houses the largest Apple store in Mainland China. During the fiscal year, we also received "The Most Popular Store in China" award from Wanda Group, one of the most renowned and dependable national property developers in Mainland China.

Singapore and Malaysia

During the fiscal year, turnover for the Singapore and Malaysia markets grew by 16.7% to HK$498.7 million. We broadened our product range and successfully launched a series of integrated marketing campaigns with various forms of media. These campaigns helped Sa Sa to gain customers despite a challenging economic environment. Our operations in Singapore became the official agent for a growing number of brands, including GoodSkin Labs and Neogence. Our operations in Malaysia also became the official agent of Dr. Wu, Dr. Jart, BRTC, TOUS and Gianfranco Ferré.

Sa Sa's sales performance was better than that of the overall retail market in Singapore and Malaysia. This was due to the Group's enhancement of our retail brands to gain market share and sharpen competitiveness. We also developed a closer working relationship with local suppliers, successfully bringing more beauty brands to our stores to broaden our product offerings and to meet the latest market trends and customer needs. We also improved services to our customers and increased store size to appeal to both beauty brands and customers.

Turnover in our Singapore market rose 17.3% (10.9% in local currency) to HK$242.1 million while same store sales decreased by 1.5% in local currency. We opened two new stores and closed one store, bringing the number of "Sasa" stores in Singapore to 21 as at 31 March 2012.

Our Singapore operations successfully launched a customer relationship management programme, namely the "Pink Reward", to recruit new customers and build customer loyalty. We continued to enhance our merchandising mix and displays to enhance the utilisation of shop space and increase shop productivity. Roadshows were organised with support from brands to enhance brand awareness, and partnerships were forged with renowned social media platforms to promote famous brands, such as Facebook.

Turnover in our Malaysian market rose 16.1% (13.6% in local currency) to HK$256.6 million while same store sales grew 0.7% in local currency. We added nine new stores during the year and closed two stores. As at 31 March 2012, there were 45 "Sasa" stores in Malaysia.

Sa Sa's clear market leader status and strong consumer recognition helped build the brand of "Sa Sa" and its exclusive brands, and also strengthened marketing activities in Malaysia. Effective marketing initiatives were launched in various forms, including sponsorship of high profile public relations events, continuous investment in social media and TV programmes, as well as programmes to broaden the customer base and target new market segments.

During the year, the Group launched more exclusive brands and became the sole agent of a number of renowned cosmeceutical brands. This significantly enhanced our penetration rate in the Malaysian market. To drive brand performance, we strengthened promotional efforts for our exclusive sole agent brands and successfully organised a Cosmeceutical Fair in October 2011.

According to Euromonitor, a global market research company, the market share of our Malaysian operations in the local market has doubled in the last five years at a growth rate ahead of our peers. During the year, the Group was proactive in entering new markets and successfully opened two new stores in East Malaysia, both of which performed well, thereby significantly enhancing Sa Sa's brand awareness and exposure in Malaysia.

Taiwan

Turnover in the Taiwan market rose 30.3% (25.4% in local currency) during the fiscal year to HK$225.8 million while same store sales increased by 2.1% in local currency. We opened 10 new stores and closed three stores, achieveing a total of 26 "Sasa" stores in Taiwan as at 31 March 2012.

The sales growth in Taiwan region was driven by more effective promotional and marketing campaigns. These included roadshows for skin care and make up brands in cooperation with manufacturers. Closer cooperation with local vendors to promote famous brand products also helped to increase traffic and secure repeat purchases. Our profitability was affected by the increase in pre-opening expenses and renovation costs. We strengthened our training programmes for beauty consultants during the year to enhance the sales of house brand products and we became the official agent of a number of brands including GoodSkin Labs. Overall, Sa Sa continued to be the leading retailer of fragrances in Taiwan.

E-commerce - sasa.com

Turnover for sasa.com amounted to HK$297.2 million, a rise of 27.8% over the previous fiscal year. Once again, it was a year of contrasting halves with year-on-year sales down 4.4% in the first half and robust growth of 73.7% year-on-year in the second half.

Strenuous efforts were made to drive sales from non-Mainland China markets to achieve a more balanced and diversified market mix. This strategy was implemented in light of amendments to the PRC customs regulations in the fourth quarter of 2010, which adversely affected our online sales to Mainland customers, especially in the first half of the fiscal year.

The operating margin, excluding the logistics costs, continued to improve and the Group launched a successful reactivation of our loyalty programme which was reflected in our sales growth and the increase in the number of repeat customers. We devoted considerable energy to understanding more about our customers' needs and preferences. We strengthened our efforts to build customer relationships to enhance customer loyalty and encourage repeat customers, particularly through the Group's customer relationship management and through more targeted marketing efforts.

Overall, sasa.com aims to broaden its reach and generate more effective promotional efforts by utilising more marketing channels, special emphasis being placed on social media as a major marketing channel in itself. A strong social media presence and participation in active online communities have helped the Sa Sa brand connect with loyal customers. During the year, we introduced a new iPhone application, which received the "Certificate of Merit – Retail" in the WTIA Marketing Smartphone Apps Industry Excellence Awards organised by the Hong Kong Wireless Technology Industry Association.

In our Mainland China online business, sales grew well in all markets. In November 2011, a successful promotional campaign was launched in conjunction with Taobao, the most popular online shopping site in Mainland China, which was designed to attract more customers while offering the best deals and bargains. sasa.com continues to work closely with local online and offline partners to localise our presence and enhance market penetration. These endeavours include partnerships with beauty brands to globalise their businesses, especially among the Chinese population all over the world, and with other businesses including payment partners.

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 or distributor in terms of brand building, marketing, sales and distribution.

During the year, the quantity sold of own-branded products rose 42.3%. We launched three own brands with different product concepts: young and trendy Japanese skin care (Haruhada), home spa products (Home Secrets), and organic and aromatic skin care products (Orchid From Paradise). The Group's sales of own-branded, sole agent and exclusively distributed products, collectively referred to as House Brands, increased by 29.9%, remaining at approximate 42% of the Group's total retail sales, which was more or less the same as last year.

We strengthened our partnership with major beauty groups while continuing to follow market trends closely and to focus on launching trendy and timely new products catering to different customers. We continued the diversification of our product categories with an emphasis on broadening the appeal to more market segments, such as young people. This strategy has begun to generate fruitful returns for the Group.

Outlook and Strategies

The Group expects that the next fiscal year will be challenging and that the current market conditions may compromise our growth rate, which is expected to slow down as compared to the previous year. Nevertheless, we remain cautiously optimistic about the future and are confident that our sound and proven business model and strategy can sustain long-term growth.

In line with our long-term vision of being the leading cosmetics retailing group in Asia, the Group will maintain a sustained pace of network expansion. We will continue to look for opportunities to strengthen our brand and product portfolio through investing in our own product development team and long-term cooperation with beauty brand owners. At the same time, we will put a good eye on our inventory management, in order to strike a balance between the risk of over-stocking and the need to drive sales with an adequate level of inventory. As a constituent member of the Hang Seng Corporate Sustainability Benchmark Index, the Group will continuously strive to implement our strategies on sustainability, including incorporating "green" measures throughout our operations.

Hong Kong and Macau

We envision that growth in our core markets will be driven by further integration between China and Hong Kong, supported by large-scale infrastructure projects such as the High Speed Railway Network and the Hong Kong-Zhuhai-Macau Bridge. China's favourable policies towards Hong Kong tourism will continue to provide more ease and convenience for Mainland tourists shopping in Hong Kong, thereby cementing Hong Kong's position as the "most popular shopping paradise" in Asia.

Local consumption will stand strong as long as the employment rate remains stable and the wealth effect of prolonged development persists. We expect that the resilience of the skin care and cosmetics segment in all economic circumstances will help buoy sales for our core operations. Despite an environment of high rentals, our relatively strong brand name and popularity with Mainland tourists will enable us to secure retail space in tourist "hotspots", thereby gaining us further market share. Mainland tourist shopping areas have now spread to non-tourist areas. We will monitor the growth potential of these non-tourist areas with the aim of capturing new opportunities. We will also continue to penetrate residential areas to gain market share in the domestic market.

By having a series of attractive own-branded and exclusive products in the pipeline, we will maintain emphasis on improving our exclusive brand portfolio. Overall, the Group will continue to sharpen our competitive edge by enhancing our product portfolio, launching new products as frequently as possible and strengthening product variety and concepts.

Mainland China

Sa Sa believes in the growth prospects of the rapidly expanding Mainland China cosmetics market. We will continue to invest in Mainland China to further strengthen our presence and make our operations more effective. Our store portfolio will continue to improve as we open new stores in prime locations and close some underperforming ones. Our key strategy is to build local area "clusters" to enable more effective management. The Group will focus more on those cities where there are already "Sasa" stores, thereby encouraging higher operational efficiency.

It is our goal to maintain efforts to improve scalability in this market. The Group aims to allocate more resources to build our management team and to strengthen the back end support team, focusing especially on human resources. Emphasis will be placed on strengthening recruitment and training. Measures will include setting up a regional training centre in each of the clusters and encouraging a better division of work, such as establishing separate teams for managing existing stores and for developing new stores. The ongoing automation of processes and systems that began in the second half of the fiscal year is beginning to deliver results, including more efficient, coordinated and systematic store openings. This will help to enhance the scalability of our operations in the future.

The Group aims to improve our product offerings. To drive for a more diversified brand portfolio, we will maintain close relationships with our local suppliers, as well as major global and regional beauty group suppliers and beauty brands to secure more renowned international beauty brands. We will add more own-branded products to build a more diversified brand portfolio. The benefits of a broader product range will take time to be reflected in both store traffic and financial performance. The roll-out will also take time, particularly in the older stores. Nevertheless, we are confident that our performance will strengthen through improved training, better displays and more cooperation on marketing and promotions.

In order to increase store sales productivity, the Group will enhance inventory and logistics management. We will strengthen our sales analysis to gain more knowledge of consumer behaviour and preferences, and will improve the incentive scheme for our sales staff.

Other markets: Singapore, Malaysia, Taiwan

Given the existing market situation in Singapore and Malaysia, Sa Sa aims to continue to outgrow the respective markets. To increase competitiveness, we will continue to build our local teams and retail network in order to stay close to market demands, we will also continue to build our retail brand as well as the product brands that we manage to stay close to the market demands.

In Malaysia, we will continue to identify high traffic locations for new stores and to expand into new regions. We will strengthen professional training for our staff and improve our cooperation with beauty brands to enhance our product portfolio by introducing new brands and products with strong potential and appeal.

In Taiwan, Sa Sa will continue to expand our retail network to facilitate sales growth and to tap into the opportunities arising from the increasing numbers of Mainland visitors. The benefits of the tourist flow from Mainland China are not at this stage apparent, but will be more intensively targeted, especially in regard to the increasing numbers of individual travellers. According to the Taiwan Tourism Bureau, the Free Independent Traveller programme, which initially applied to residents of Beijing, Shanghai and Xiamen, will be further extended to cover Tianjin, Chongqing, Nanjing, Guangzhou, Hangzhou and Chengdu, with effect from 28 April 2012. It is expected that travellers from Jinan, Xi’an, Fuzhou and Shenzhen will also be allowed to participate in the programme by the end of this year. In response to this opportunity, we will cooperate closely with property developers to grow our presence by opening new stores in shopping malls.

E-commerce – sasa.com

In the online business, we will establish an office in Mainland China to bolster efficiency and effectiveness. sasa.com will further develop our Mainland China online strategy and explore potential partnerships with top online shopping sites. We will increase our product offerings and strengthen our core competitiveness through measures such as further developing a loyalty programme and by intensifying our retention efforts. We will increase our social media presence and further integrate social media into our marketing campaigns. By segmenting customers by provinces and product categories, we will develop a targeted marketing strategy. We will also strengthen our working relationship with brands to our mutual benefit.

Conclusion

Sa Sa has long been able to maintain consistent growth through both positive and more challenging economic times. This proven track record reflects our long-term vision, the flexibility of our business model, the professionalism of our management, our innovative growth strategies and a sound financial platform based on prudence. With these core strengths and a constantly growing customer base, we are confident that we will continue to drive sustainable growth across the regions in Asia where we have established a presence.

HUMAN RESOURCES

As at 31 March 2012, the Group had a total of 4,338 employees. The Group's staff costs for the year under review were HK$816.2 million. To ensure that the Group is able to attract, motivate and retain staff capable of attaining the best performance levels, remuneration packages and staff benefits 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 and team building exercises 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 2012, the Group's total equity funds were HK$1,630.8 million including reserves of HK$1,349.4 million. The Group continued to maintain a strong financial position with cash and bank balances of HK$598.6 million. The Group's working capital was HK$1,188.0 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, US 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 treasury 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 2012 were HK$1,630.8 million, which represented a 20.6% 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 2012 and 31 March 2011.

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, US dollars, Euro or Renminbi. Based on purchase orders 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. For practical purposes, we maintain no open positions. These hedging policies are regularly reviewed by the Group.

Charge on Group Asset

As at 31 March 2012, no Group asset was under charge to a financial institution.

Contingent Liabilities

The Group had no significant contingent liability as at 31 March 2012.

Capital Commitments

As at 31 March 2012, the Group had total capital commitments in respect of acquisition of property, plant and equipment of HK$287.9 million.

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board recommends a final dividend of 3.5 HK cents (2011: 2.5 HK cents) per share and a special dividend of 8.0 HK cents (2011: 7.0 HK cents) per share for the year ended 31 March 2012, such dividends will be proposed for approval at the annual general meeting ("AGM") of the Company on Thursday, 23 August 2012, and, if approved, are payable to shareholders whose names appear on the Register of Members of the Company on Thursday, 30 August 2012.

Subject to approval by the Company's shareholders at the AGM, the final dividend and special dividend will be paid on or around Friday, 7 September 2012.

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 2012. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2012 have been agreed by the Group's auditor, PricewaterhouseCoopers Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers Hong Kong 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 Hong Kong on this preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 March 2012, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

CORPORATE GOVERNANCE

Corporate Governance Code ("CG Code")

As set out in the Environmental, Social and Corporate Governance Policy Statement adopted by the Board during the period under review, the Company, as a good and responsible corporate citizen, recognises the importance of sustainability in creating long-term value to all our stakeholders. Thus we embrace good practices and take great lengths to achieve optimal balance in satisfying our stakeholders' interest in economic, environmental, social and corporate governance while conducting our business operation. The Board regards the setting, maintenance and review of high standards of corporate governance as an essential part of its work.

The Corporate Governance Code as set out in Appendix 14 to the Listing Rules had been effective since 2005 ("Former Code"). Revisions to the Former Code were announced in October 2011 ("Revised Code") and are applicable to financial periods commencing on or after 1 April 2012. The Company has voluntarily early adopted the requirements as set out in the Revised Code before 1 April 2012 being the principal guiding principles for the Company to achieve the highest standard of corporate governance. Throughout the year ended 31 March 2012 and up to the latest practicable date prior to the publication of this announcement, the Company has complied with all the Code Provisions set out in the Former Code except for one deviation explained below.

Details of the Company's compliance with the Revised Code are set out in the Corporate Governance Report of the Annual Report of the Company for the year ended 31 March 2012, which will be published on the respective websites of Hong Kong Exchanges and Clearing Limited and the Company, and dispatched to shareholders on or around Friday, 6 July 2012.

Code Provision A.2.1 - Chairman and Chief Executive Officer

Code Provision A.2.1 of the Revised CG Code stipulates that the roles of chairman and chief executive officer ("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 this Code Provision in that Dr KWOK Siu Ming Simon is both the chairman and CEO of the Company. The respective responsibilities of the chairman and CEO, however, are clearly set out in the Terms of Reference for the Chairman and the Chief Executive Officer which has been 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 ("Model Code")

The Company has adopted a policy regarding securities transactions by directors of the Company on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all directors, all of them have confirmed their compliance with such a policy throughout the reporting period.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders' eligibility to attend and vote at the AGM and entitlement to the final and special dividends (if payable), the Register of Members of the Company will be closed in accordance with the following timetable:

(i) For determining shareholders' eligibility to attend and vote at the AGM:

● Latest time to lodge transfer documents for registration	4:30 p.m. on Tuesday, 21 August 2012
● Closure of Register of Members	Wednesday, 22 August 2012 to Thursday, 23 August 2012 (both dates inclusive)
● Record date	Thursday, 23 August 2012

(ii) For determining entitlement to the final and special dividends (if payable):

● Latest time to lodge transfer documents for registration	4:30 p.m. on Tuesday, 28 August 2012
● Closure of Register of Members	Wednesday, 29 August 2012 to Thursday, 30 August 2012 (both dates inclusive)
● Record date	Thursday, 30 August 2012

During the above periods when the Register of Members are closed for registration, no transfer of shares will be registered. To be eligible to attend and vote at the AGM, and to qualify for the final and special dividends, 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 not later than the time set out above.

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, 15 June 2012

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

Executive Directors
Dr KWOK Siu Ming Simon, *BBS, 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*