[For Immediate Release]

Sa Sa Announces Annual Results 2011/12

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Turnover Rose 30.7% year-on-year to HK$6,405 Million
Net Profit Increased by 35.4% year-on-year to HK$690 Million
Final Dividend Proposed at 11.5 HK Cents per Share

Group's Annual Results Highlights	For the year ended 31 March		% Change
	2011/12	2010/11	
	HK$ million	**HK$ million**	
Turnover	**6,405.1**	4,901.4	+30.7%
Gross profit	**2,896.7**	2,211.9	+31.0%
EBITDA	**951.9**	692.7	+37.4%
Profit for the year	**689.7**	509.3	+35.4%
Earnings per share	**24.6 HK cents**	18.2 HK cents	+35.2%
Final dividend per share - *basic* - *special*	**11.5 HK cents** ***3.5 HK cents*** ***8 HK cents***	9.5 HK cents *2.5 HK cents* *7 HK cents*	21.1% 40.0% 14.3%
Total annual dividend per share - *basic* - *special*	**17.5 HK cents** ***5.5 HK cents*** ***12 HK cents***	14 HK cents *4 HK cents* *10 HK cents*	25.0% 37.5% 20.0%
Gross profit margin	**45.2%**	45.1%	+0.1 p.p.
Net profit margin	**10.8%**	10.4%	+0.4 p.p.

(15 June 2012 – HONG KONG) – **Sa Sa International Holdings Limited** ("Sa Sa" or the "Group", stock code: 0178), Asia's leading cosmetics retailing group, announced today its annual results for the year ended 31 March 2012 (the "fiscal year").

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 its Hong Kong and Macau core markets. 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 previous fiscal year. The Group's gross profit margin for the fiscal year increased to 45.2% from 45.1% last year and net profit margin increased from 10.4% to 10.8%.

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Basic earnings per share was 24.6 HK cents as compared to 18.2 HK cents in the previous year. The Board of Directors proposed a final dividend of 3.5 HK cents (2010/11: 2.5 HK cents) per share and a special dividend of 8 HK cents (2010/11: 7 HK cents) per share. Total annual dividend for the fiscal year is 17.5 HK cents per share (2010/11: 14 HK cents).

Economic conditions were relatively stable for most of 2011 in the Asian region. Hong Kong's economy remained relatively resilient though a notable moderation in growth in the Asian region was observed towards the end of 2011 and into the first quarter of 2012. The retail market in Hong Kong was supported by a stable labour environment, rising consumer confidence, the wealth effect of thriving property sales and robust inbound tourism.

Retail & Wholesale Business

Turnover in **Hong Kong and Macau** 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. The Group continued to benefit from the growing demand for cosmetics and beauty products and remained well placed to capture Mainland tourists' spending on cosmetics goods.

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. The Group's customer base was broadened as a result of new sales, driving higher sales growth.

The Group's Bonus Point System launched in May 2011 was well received and effectively attracted new VIPs, helping to build loyalty and enhancing the Group's sales to its 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. 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. As at 31 March 2012, there were 87 "Sasa" stores, one Suisse Programme specialty store and one La Colline specialty store in Hong Kong and Macau.

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. The Group's operations in Mainland China were 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.

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 the Group has been developing, namely Eastern China, Northern China, Central China and Southern China, continued to take shape. The Group's network expansion in Mainland China began to provide a sustainable business platform for further growth and the Group received increasing support from brands, thereby enhancing its product portfolio and store appeal. The Group's China operations became an official

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retailer of such established beauty brands under L'Oréal Group, Shiseido Group, Kanebo Group, Kose Group, Procter & Gamble Group, Coty Group and Pias Group, among other groups.

The Group also received growing support from property developers and continued to develop alliances with more renowned commercial shopping mall developers in Mainland China. This enabled the Group's China operations to choose superior locations with better traffic conditions, thereby encouraging improved productivity and an enhanced sales performance.

Turnover for the **Singapore and Malaysia** markets grew by 16.7% to HK$498.7 million. During the fiscal year, the Group broadened its product range and successfully launched a series of integrated marketing campaigns with various forms of media. 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 its retail brands to gain market share and sharpen competitiveness. As at 31 March 2012, the number of "Sasa" stores reached 21 in Singapore and 45 in Malaysia.

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. Sales growth was driven by more effective promotional and marketing campaigns. Closer cooperation with local vendors to promote famous brand products also helped increase traffic and secure repeat purchases. Sa Sa continued to be the leading retailer of fragrances in Taiwan. As at 31 March 2012, there were 26 "Sasa" stores in Taiwan.

Turnover for **sasa.com** amounted to HK$297.2 million, a rise of 27.8% over the previous fiscal year. During the fiscal year, strenuous efforts were made to drive sales from non-Mainland China markets to achieve a more balanced and diversified market mix. sasa.com aims to broaden its reach and generate more effective promotional efforts by utilising more marketing channels, with special emphasis being placed on social media as a major marketing channel in itself. In the Group's Mainland China online business, sales grew well in all markets. In November 2011, a successful promotional campaign was launched in conjunction with Taobao. sasa.com continues to work closely with local online and offline partners to localise its presence and enhance market penetration.

Brand Management

During the fiscal year, 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 approximately 42% of the Group's total retail sales, which was more or less the same as that of last year. The Group continued to focus on launching trendy and timely new products catering to different customers. It continued the diversification of its 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 its growth rate, which is expected to slow down as compared to the previous year. Nevertheless, Sa Sa remains cautiously optimistic about the future and is confident that its sound and proven business model and strategy can sustain long-term growth.

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The Group envisions that growth in its **Hong Kong and Macau** 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 cement 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. The Group expects that the resilience of the skin care and cosmetics segment in all economic circumstances will help buoy sales for its core operations.

It is Sa Sa’s goal to maintain efforts to improve scalability in the **Mainland China** market. The Group’s 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. The Group aims to allocate more resources to build its management team and to strengthen the back end support team in Mainland China, 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. To drive for a more diversified brand portfolio, the Group will maintain close relationships with its local suppliers, as well as major global and regional beauty group suppliers and beauty brands to secure more renowned international beauty brands. In addition, the Group will add more own-branded products to build a more diversified brand portfolio.

The Group aims to continue to outgrow the respective markets in **Singapore and Malaysia** and build its local teams and retail network in order to stay close to market demands. In **Taiwan**, the Group will cooperate closely with property developers to grow its presence by opening new stores in shopping malls to tap into the opportunities arising from the increasing number of Mainland visitors.

sasa.com will further develop its Mainland China online strategy and explore potential partnerships with top online shopping sites. sasa.com will increase its product offerings and strengthen its core competitiveness through measures such as further developing a loyalty programme and by intensifying its retention efforts. The Group will also increase its social media presence and further integrate social media into its marketing campaigns.

Dr. Simon Kwok, *BBS, JP,* Chairman and Chief Executive Officer of the Group, concluded, “The Group 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.”

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About Sa Sa International Holdings Limited
Sa Sa is a leading cosmetics retailing group in Asia. The Group operates 250 stores and counters in Asia that sell more than 600 brands of skin care, fragrance, make-up and hair care products including its own-brands and other exclusive international brands. Over 1,900 well-trained beauty consultants are employed to provide professional services to its customers.

Sa Sa runs the largest cosmetics specialty store chain in Asia Pacific region, as ranked by Retail Asia magazine, KPMG and Euromonitor in 2011. The Group is named the Medium-Cap Corporate of the Year in Hong Kong by Asiamoney Magazine in its poll of Best Managed Companies 2011. As one of the major sole agents in cosmetics in Hong Kong, Sa Sa also represents more than 100 international beauty brands in Asia. Sa Sa prospers on its successful and proven “one-stop cosmetics specialty store” concept which aims to provide customers with the widest range of quality products. Its e-commerce arm, sasa.com, provides online shopping service to customers as well as a strong marketing tool for the Group. Sa Sa, established in 1978, was listed on The Stock Exchange of Hong Kong since June 1997 and has become a constituent member of the “Hang Seng Corporate Sustainability Benchmark Index” since September 2011.

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