[For Immediate Release]

Sa Sa Announces Annual Results 2012/13

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Turnover Rose 19.7% year-on-year to HK$7,670 Million

Net Profit Increased by 19.7% year-on-year to HK$826 Million

Final Dividend Proposed at 14.0 HK Cents per Share

Group's Annual Results Highlights	For the year ended 31 March		% Change
	2012/13	2011/12	
	HK$ million	**HK$ million**	
Turnover	**7,669.8**	6,405.1	+19.7%
Gross profit	**3,558.3**	2,896.7	+22.8%
EBITDA	**1,167.3**	951.9	+22.6%
Profit for the year	**825.6**	689.7	+19.7%
Earnings per share	**29.3 HK cents**	24.6 HK cents	+19.1%
Final dividend per share - *basic* - *special*	**14.0 HK cents** ***5.0 HK cents*** ***9.0 HK cents***	11.5 HK cents *3.5 HK cents* *8.0 HK cents*	+21.7% +42.9% +12.5%
Total annual dividend per share - *basic* - *special*	**21.0 HK cents** ***7.5 HK cents*** ***13.5 HK cents***	17.5 HK cents *5.5 HK cents* *12.0 HK cents*	+20.0% +36.4% +12.5%
Gross profit margin	**46.4%**	45.2%	+1.2 p.p.
Net profit margin	**10.8%**	10.8%	--

(20 June 2013 – 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 2013 (the "fiscal year").

During the fiscal year, the Group's turnover rose 19.7% to HK$7,669.8 million as compared to HK$6,405.1 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$825.6 million, a rise of 19.7% over the HK$689.7 million achieved in the previous fiscal year. The Group's gross profit margin for the fiscal year increased to 46.4% from 45.2% last year and net profit margin remained stable at 10.8%.

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Basic earnings per share were 29.3 HK cents as compared to 24.6 HK cents in the previous year. The Board of Directors proposed a final dividend of 5.0 HK cents (2011/12: 3.5 HK cents) per share and a special dividend of 9.0 HK cents (2011/12: 8.0 HK cents) per share. Total annual dividend for the fiscal year is 21.0 HK cents per share (2011/12: 17.5 HK cents).

In 2012, Hong Kong's GDP expanded modestly. The external sector remained a key drag on growth. The abrupt deterioration of the euro debt situation in mid-2012, recession in the eurozone economies, persistent tepidness in the United States economic recovery, as well as a slowdown in the Mainland and other Asian economies created a challenging business environment. However, Mainland tourist arrivals to Hong Kong continued to increase, and growth of Medicines and Cosmetics remained solid and outperformed the growth of the overall retail market.

Retail and Wholesale Business

Sa Sa maintained its leading market position in **Hong Kong and Macau**, which remained the largest contributor to the Group's turnover and profits. Retail sales increased by 20.8% year-on-year from HK$4,938.1 million to HK$5,965.9 million and same store sales rose 15.0%. Both the number of transactions and the average value per transaction increased. This performance was largely due to the resilience of cosmetics sales, which outperformed total Hong Kong retail sales. Despite a high baseline figure of almost 30% sales growth in the fiscal year 2011/12, the Group's retail sales sustained growth as the Group continued to benefit from the steady increase in sales to both local residents and Mainland tourists.

Mainland tourist arrivals increased by 24.2% for 2012, while overnight Mainland visitor arrivals and same-day in-town Mainland visitor arrivals rose by 11.1% and 36.6%, respectively. Other factors boosted tourist spending such as high inflation in the Mainland and a weak US dollar. An increasing number of tourist arrivals came from lower-tier cities in China, with more modest spending power and are more likely to be attracted by the mix of competitive prices and good quality for cosmetics in Hong Kong. As a result, number of transactions and average value per transaction for the Group's Mainland customers increased by 18.6% and 8.4%, respectively, for the full fiscal year.

Building on the proven success of Sa Sa's penetration in non-tourist areas, the Group continued to benefit from that strategy, particularly in the New Territories. Sa Sa's brand name and popularity allow it to penetrate good quality shopping malls in cooperation with major property developers. The Group has also benefited from the Customer Relationship Management ("CRM") scheme, which was launched in May 2011. This scheme effectively attracts more VIPs, builds customer loyalty and enhances sales to VIP customers.

During the year, the Group pursued network expansion in a strategic and disciplined manner, taking into account market needs to satisfy its increasing customer base as well as cost considerations. There was a net increase of 10 "Sasa" stores during the year. As at 31 March 2013, there were 97 "Sasa" stores (including eight in Macau), one Suisse Programme specialty store and one La Colline specialty store.

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The Group's turnover in **Mainland China** increased by 22.6% (21.9% in local currency) to HK$356.3 million (equivalent to RMB290.1 million), driven by new store openings and continuous improvements in store and frontline staff productivity. Same store growth remained flat. There was a noticeable improvement in store productivity in the first three quarters of the fiscal year, and recurring profits at the store level for the Group's multi-brand "Sasa" stores were recorded for fiscal year 2012/13. By building its brand on private labels and being more conscious in setting promotion and pricing strategies, the impact on sales gradually turned positive. Sa Sa believes that the long term value to the Group will be enhanced by this strategy.

During the fiscal year, the Group continued to invest in scalability of processes, systems, automation and management resources to support future growth. Due to the relatively weakened macro environment in China during second half of the year, the Group flexibly adjusted its pace of store expansion and continued to consolidate its retail network. As at 31 March 2013, the Group had presence in 26 cities across 13 provinces in Mainland China with 53 "Sasa" stores and nine Suisse Programme counters in four regional clusters.

Turnover in **Singapore** grew by 5.5% (4.9% in local currency) to HK$255.4 million (equivalent to SGD40.8 million). Sa Sa adopted a larger store size format and re-positioned its stores with better image, more comfort, enhanced store appeal and a more satisfying shopping experience. This led to wider recognition by developers. Turnover in **Malaysia** rose 24.0% (25.7% in local currency) to HK$318.2 million (equivalent to MYR126.9 million). Marketing initiatives to boost sales included concerted efforts to build the "Sa Sa" brand and its exclusive brands and to broaden its customer base. The Group strengthened promotional efforts for its exclusive body care brands to drive brand performance. As at 31 March 2013, there were 21 "Sasa" stores in Singapore and 50 "Sasa" stores in Malaysia.

Turnover in the **Taiwan** market rose 12.7% (13.0% in local currency) during the fiscal year to HK$254.6 million (equivalent to TWD966.3 million). The economy in Taiwan remained sluggish in 2012 due to weak consumer sentiment. Sales increased mainly due to new store openings. In order to help increase traffic and secure repeat purchases, the Group worked closely with local vendors to promote famous brand products. Sa Sa invited 32 famous fragrance brands to join the Sa Sa Fragrance Fair and Awards 2012, and the number of participating brands reached a record high, further strengthening Sa Sa's position in the fragrance market in Taiwan. The Group added a net of two stores during the period. As at 31 March 2013, there were 28 "Sasa" stores in Taiwan.

Turnover for **sasa.com** amounted to HK$383.9 million, a rise of 29.2% over the previous fiscal year. During the year, the Group continued to penetrate into these diversified markets through localized marketing strategies. It also launched more promotions with discounts and free shipping to boost sales. Sales growth and an increase in repeat customers were driven by successful reactivation of the CRM scheme, more targeted marketing efforts and enhanced sales channels. Special promotions such as a sponsored concert in Australia helped build brand awareness in the region. A strong social media presence with high engagement rates and an active online community ensured that the Group's brands remained well connected with loyal customers.

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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 Group's sales of own branded, sole agent and exclusively distributed products (collectively known as house brands) increased steadily by 22.0%, contributing 42.5% of the Group's total retail sales as compared to 41.9% for last year. The Group maintained its emphasis on closely following market trends by launching trendy and timely new products catering to different customer segments. An increase in the number of young and mass product offerings helped drive the growth of house brands. Sa Sa will continue to implement its diversification strategy in the product categories as well as to broaden its appeal to segments such as young people and the home DIY sector. In order to further strengthen its marketing platform, the Group appointed a new Suisse Programme ambassador. The Group also launched "Sa Sa" official QR codes in WeChat for its customers in Hong Kong, Mainland China and Taiwan as a separate e-commerce platform so that they can be updated with the latest events and offers.

Outlook and Strategies

The Group expects the coming fiscal year to be challenging. As yet there are no signs of strong recovery in the Chinese economy. However, the Group's cosmetics business remains resilient, particularly in Hong Kong. Sa Sa will continue to carefully expand its network in the region and to strengthen its brand and product portfolio through closer cooperation with beauty brand owners. This in turn will strengthen the Group's position as the leading cosmetics retailing group in Asia.

The Group believes that Mainland tourist spending on cosmetics in Hong Kong will continue to grow as the number of visitors steadily increases. This growth should give the Group's **Hong Kong** business a further boost. With rental increases moderating, the Group will have an opportunity to increase its retail space in tourist locations. Sa Sa's competitive edge will be further sharpened by enhancing the product portfolio, improving the quality of its service and by leveraging on marketing to further build its brands.

The Group will continue to invest in the **Mainland China market** to strengthen its presence and enhance scalability to support future growth in this fast growing cosmetics market. The Group will consciously fine tune its strategies and adopt a lower cost and more efficient boutique format for some of its new store openings. Sa Sa will also focus on more best selling products and owned labels, and enhance cost efficiency. The Group's operating model with a boutique format will help enhance Sa Sa's penetration rate in Mainland China. This will enable the Group to gear up the expansion pace and strengthen its network, particularly in prime locations. The Group will also aim at increased penetration in existing lower-tier cities where the penetration rate is still low, and continue to close down underperforming stores and counters. In order to improve scalability in this market, the Group will allocate more resources to build the management team and strengthen the back end support team as well as its cluster and district management teams. In addition, the Group will also continue to invest in building brands for private labels via more public relations events in China and by leveraging the social media network. Sa Sa will add more owned label products and other new brands to build a more diversified brand portfolio.

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In **Singapore and Malaysia**, the Group will continue to build local teams, product offerings and a tailored retail network to enhance the quality of service and presence. While investing in and building its owned label products, the Group will also work closely with local suppliers to increase the productivity of their brands and overall competitiveness. In **Taiwan** region, the Group will continue to build its network to strengthen its presence and future growth potential. The Group believes that the benefits of the Mainland Chinese tourist flow will be better realized when the mix of individual travelers, as opposed to tour groups, improves.

The Group's key strategies for developing **sasa.com** include further exploring potential partnerships with top online shopping sites, increasing product offerings, strengthening core competitiveness and further enhancing its retention efforts through such means as building its CRM scheme. The Group aims to increase its social media presence and further integrate social media with its marketing campaigns. At the same time, well-targeted sales campaigns will help further segment customers and product categories.

Dr. Simon Kwok, *BBS, JP*, Chairman and Chief Executive Director of the Group, concluded, "The Group has established an enviable record of sustainable success over the years in all economic circumstances. As we strengthen and replicate our successful business model from our core to our Asian markets, this resilience and adaptability to constantly evolving challenges continues to be the hallmark of our financial platform and of our management's long-term vision. Although we have seen moderation in the growth of the Mainland China economy, as well as in our other markets, we are confident that our proven strategies, our commitment to forward planning and our inherent flexibility will enable Sa Sa to continue to deliver sustained growth for the coming fiscal year and beyond."

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About Sa Sa International Holdings Limited

Sa Sa is a leading cosmetics retailing group in Asia. The Group operates over 260 stores and counters in Asia that sell more than 600 brands of make-up, skin care, fragrance and hair care products including its own-brands and other exclusive international brands. Over 2,200 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 2012. The Group is named Medium-Cap Corporate of the Year in Hong Kong by Asiamoney Magazine in its poll of Best Managed Company Awards 2012. 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 Main Board of 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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