SA SA INTERNATIONAL HOLDINGS LIMITED
莎莎國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 178)

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2007

Highlights

- The Group's turnover increased by 13.1% to HK$1,516.0 million from HK$1,340.7 million in the same period last year
- The Group's retail and wholesale business recorded turnover of HK$1,399.0 million, representing a 13.2% rise over the same period last year
- Sa Sa's retail and wholesale business in Hong Kong and Macau registered turnover of HK$1,185.7 million, an 12.3% increase as compared to the same period last year
- EBITDA of the Group increased by 14.1% to HK$150.7 million
- Profit attributable to equity holders of the Company was HK$90.7 million, as compared to HK$75.3 million in the same period last year, a rise of 20.4%
- Basic earnings per share were 6.6 HK cents, as compared to 5.6 HK cents in the same period last year
- Dividend per share was 6.0 HK cents, same as that of the corresponding period last year

The Board of Directors ("Board") of Sa Sa International Holdings Limited ("Company") has pleasure in presenting the unaudited condensed consolidated interim financial information of the Company and its subsidiaries ("Group") for the six months ended 30th September 2007 as follows. The unaudited condensed consolidated interim financial information has been reviewed with no disagreement by the Audit Committee of the Company and the Company's auditors, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The report on review of condensed interim financial information will be included in the interim financial information which will be distributed to equity holders.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	Note	**Unaudited Six months ended 30th September** **2007** **HK$'000**	As restated 2006 HK$'000
Turnover	3	**1,516,026**	1,340,694
Cost of sales		**(852,044)**	(764,256)
Gross profit		**663,982**	576,438
Other income		**10,112**	10,533
Selling and distribution costs		**(499,747)**	(443,008)
Administrative expenses		**(75,159)**	(67,750)
Other net (losses)/gains		**(984)**	4,122
Operating profit		**98,204**	80,335
Interest income		**14,263**	13,056
Profit before income tax	4	**112,467**	93,391
Income tax expense	5	**(21,795)**	(18,082)
Profit for the period, attributable to equity holders of the Company		**90,672**	75,309
Earnings per share for profit attributable to equity holders of the Company during the period (expressed in HK cents per share)	6		
Basic		**6.6**	5.6
Diluted		**6.6**	5.5
Dividends	7	**82,596**	81,360

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	Note	Unaudited 30th September 2007 HK$'000	Audited 31st March 2007 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**127,280**	138,771
Leasehold land		**29,158**	29,556
Investment property		**8,600**	8,600
Rental deposits and other assets		**60,498**	55,606
Deferred income tax assets		**17,220**	16,683
		242,756	249,216
Current assets			
Inventories		**551,633**	384,034
Trade receivables	8	**38,161**	30,824
Other receivables, deposits and prepayments		**82,938**	62,554
Income tax recoverable		**93**	105
Bank deposits over three months to maturity		**82,701**	125,862
Cash and cash equivalents		**483,913**	569,985
		1,239,439	1,173,364
LIABILITIES			
Current liabilities			
Trade and bills payables	9	**170,065**	121,272
Other payables and accruals		**123,503**	92,217
Current portion of receipts in advance		**215,599**	203,423
Income tax payable		**41,533**	28,189
		550,700	445,101
Net current assets		**688,739**	728,263
Total assets less current liabilities		**931,495**	977,479
Non-current liabilities			
Receipts in advance		**7,921**	7,891
Retirement benefit obligations		**10,075**	9,965
Deferred income tax liabilities		**2,049**	2,693
Other payables		**6,673**	6,340
		26,718	26,889
Net assets		**904,777**	950,590
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**137,563**	136,862
Reserves		**684,618**	662,899
Proposed dividends		**82,596**	150,829
Total equity		**904,777**	950,590

Notes:

1. **Basis of preparation**

This condensed consolidated interim financial information for the half-year ended 30th September 2007 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31st March 2007.

2. **Accounting policies**

a) The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31st March 2007.

The following new standards, amendments to standards and interpretations are mandatory for financial year ending 31st March 2008:

HKAS1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions

The adoption of these new standards, amendments to standards and interpretations has no significant impact on the Group interim results and financial positions.

The following new standards, amendments to standards and interpretations, that have been issued but are not effective for the year ending 31st March 2008 and have not been early adopted by the Group:

HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 13	Customer Loyalty Programmes

b) **Comparative figures**

Where necessary, prior period amounts have been reclassified to conform with changes in presentation in the current period. The major reclassifications for the 2006/2007 comparative figures represent mainly reclassification of certain expenses from selling and distribution costs to cost of sales.

3. Segment information

The Group is principally engaged in the retailing and wholesaling of cosmetic products and the provision of beauty and health club services. Turnover represents the invoiced sales value of goods and of services supplied to customers.

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

(a) Primary reporting format - business segments

(i) The segment results and other segment information are as follows:

	Six months ended 30th September 2007		
	Retail and Wholesale HK$'000	**Beauty and health club services HK$'000**	**Total HK$'000**
Turnover	**1,399,012**	**117,014**	**1,516,026**
Results			
Segment results	**97,090**	**1,114**	**98,204**
Interest income			**14,263**
Profit before income tax			**112,467**
Income tax expense			**(21,795)**
Profit for the period			**90,672**
Other information			
Capital expenditure	**23,521**	**2,792**	**26,313**
Depreciation	**32,457**	**5,372**	**37,829**
Amortisation	**398**	**-**	**398**
Provision for slow moving inventories and stock shrinkage	**18,697**	**57**	**18,754**

3. **Segment information** (continued)

(a) **Primary reporting format - business segments** (continued)

(i) The segment results and other segment information are as follows: (continued)

	Six months ended 30th September 2006		
	Retail and Wholesale HK$'000	Beauty and health club services HK$'000	Total HK$'000
Turnover	1,235,358	105,336	1,340,694
Results			
Segment results	81,926	(1,591)	80,335
Interest income			13,056
Profit before income tax			93,391
Income tax expense			(18,082)
Profit for the period			75,309
Other information			
Capital expenditure	31,946	3,171	35,117
Depreciation	31,221	7,216	38,437
Amortisation	215	-	215
Provision for / (reversal of provision for) slow moving inventories and stock shrinkage	9,713	(87)	9,626

3. **Segment information** (continued)

(a) **Primary reporting format - business segments** (continued)

(ii) The segment assets and liabilities are as follows:

	As at 30th September 2007		
	Retail and Wholesale HK$'000	**Beauty and health club services HK$'000**	**Total HK$'000**
Segment assets	**1,350,746**	**113,386**	**1,464,132**
Unallocated corporate assets			**18,063**
Total assets			**1,482,195**
Segment liabilities	**279,479**	**254,357**	**533,836**
Unallocated corporate liabilities			**43,582**
Total liabilities			**577,418**

	As at 31st March 2007		
	Retail and Wholesale HK$'000	Beauty and health club services HK$'000	Total HK$'000
Segment assets	1,311,522	93,520	1,405,042
Unallocated corporate assets			17,538
Total assets			1,422,580
Segment liabilities	201,304	239,804	441,108
Unallocated corporate liabilities			30,882
Total liabilities			471,990

3. **Segment information** (continued)

(b) Secondary reporting format - geographical segments

The Group operates in Mainland China and Special Administrative Regions ("SAR"), Taiwan and South Asia. SAR includes Hong Kong and Macau. South Asia comprises Thailand, Malaysia and Singapore.

(i) The Group's turnover and capital expenditure are as follows:

Turnover is allocated based on the places in which the customers are located.

Capital expenditure, comprising additions to property, plant and equipment, leasehold land and investment property, is allocated based on where the assets are located.

	Six months ended 30th September 2007			
	Mainland China and SAR HK$'000	**Taiwan HK$'000**	**South Asia HK$'000**	**Total HK$'000**
Turnover	**1,310,150**	**64,122**	**141,754**	**1,516,026**
Capital expenditure	**17,742**	**3,897**	**4,674**	**26,313**

	Six months ended 30th September 2006			
	Mainland China and SAR HK$'000	Taiwan HK$'000	South Asia HK$'000	Total HK$'000
Turnover	1,162,997	56,847	120,850	1,340,694
Capital expenditure	25,652	2,989	6,476	35,117

3. **Segment information** (continued)

(b) **Secondary reporting format - geographical segments** (continued)

(ii) The segment assets are as follows:

Total assets are allocated based on where the assets are located.

	As at 30th September 2007			
	Mainland China and SAR HK$'000	**Taiwan HK$'000**	**South Asia HK$'000**	**Total HK$'000**
Segment assets	**1,253,116**	**56,268**	**154,748**	**1,464,132**
Unallocated corporate assets				**18,063**
Total assets				**1,482,195**

	As at 31st March 2007			
	Mainland China and SAR HK$'000	Taiwan HK$'000	South Asia HK$'000	Total HK$'000
Segment assets	1,203,837	54,915	146,290	1,405,042
Unallocated corporate assets				17,538
Total assets				1,422,580

4. Profit before income tax

Profit before income tax is stated after crediting and charging the following:

	Six months ended 30th September	
	2007	2006
	HK$'000	HK$'000
Crediting		
Net exchange gains	**-**	1,297
Provision for discretionary bonus made in previous years written back	**-**	2,825
Charging		
Depreciation of property, plant and equipment	**37,829**	38,437
Amortisation of leasehold land	**398**	215
Operating lease rentals in respect of land and buildings		
- minimum lease payments	**155,972**	134,654
- contingent rent	**3,290**	2,544
Provision for slow moving inventories and stock shrinkage	**18,754**	9,626
Net exchange losses	**984**	-

5. Income tax expense

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

The amount of income tax charged to the condensed consolidated interim income statement represents:

	Six months ended 30th September	
	2007	2006
	HK$'000	HK$'000
Hong Kong profits tax		
Current	**20,836**	17,160
Over provision in previous periods	**(6)**	-
Overseas taxation		
Current	**2,651**	1,219
Over provision in previous periods	**(777)**	-
Deferred income tax relating to origination and reversal of temporary differences	**(942)**	(297)
Decrease in opening net deferred tax assets resulting from decrease in tax rate	**33**	-
	21,795	18,082

6. Earnings per share

(a) The calculation of basic and diluted earnings per share is based on the Group’s profit attributable to equity holders of the Company during the period of HK$90,672,000 (2006: HK$75,309,000).

(b) The calculation of basic earnings per share is based on the weighted average of 1,371,363,331 (2006: 1,348,641,566) shares in issue during the period.

(c) The calculation of diluted earnings per share is based on the weighted average of 1,371,363,331 (2006: 1,348,641,566) shares in issue during the period plus the weighted average of 4,195,014 (2006: 15,766,137) shares deemed to be issued if all outstanding share options granted under the share option scheme of the Company had been exercised.

7. Dividends

	Six months ended 30th September	
	2007	2006
	HK$’000	HK$’000
Interim, proposed – 3.0 HK cents (2006: 3.0 HK cents) per share	**41,298**	40,680
Special, proposed – 3.0 HK cents (2006: 3.0 HK cents) per share	**41,298**	40,680
	82,596	81,360

At a meeting held on 29th November 2007, the Directors declared an interim dividend of 3.0 HK cents and a special dividend of 3.0 HK cents per share. These proposed dividends are not reflected as dividend payables in this condensed consolidated interim financial information, but will be reflected as an appropriation of distributable reserve for the year ending 31st March 2008.

8. Trade receivables

The Group’s turnover are mainly cash and credit card sales. Certain wholesale customers are granted credit terms ranging from 7 to 30 days. The ageing analysis of trade receivables is as follows:

	30th September 2007	31st March 2007
	HK$’000	HK$’000
Within 1 month	**34,645**	27,843
1 to 3 months	**2,943**	2,326
Over 3 months	**573**	655
	38,161	30,824

The fair values of trade receivables approximate their carrying amounts.

9. Trade and bills payables

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

	30th September 2007 HK$'000	31st March 2007 HK$'000
Within 1 month	**110,849**	68,576
1 to 3 months	**50,866**	46,655
Over 3 months	**8,350**	6,041
	170,065	121,272

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

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30th September 2007, the Group's consolidated turnover amounted to HK$1,516.0 million, representing an increase of 13.1% from HK$1,340.7 million in the corresponding period last year. The Group's unaudited profit attributable to equity holders of the Company was HK$90.7 million, an increase of 20.4% over the first half of last fiscal year. Basic earnings per share amounted to 6.6 HK cents.

Turnover in all our markets and business units continued to grow. The Group's enhanced gross profits in Hong Kong and Macau were due to an improved product portfolio and sales mix, and helped to offset higher rental and operational costs. This led to a higher recurring net profit margin at the operating level in Hong Kong and Macau.

Retail & Wholesale Business

The Group's retail and wholesale business saw growth in turnover of 13.2%, reaching HK$1,399.0 million. The overall gross profit margin increased to 42.2% as compared to 41.3% in the same period last year, due to continuous improvement in product mix. Our inventory turnover days were 123 days as at 30th September 2007 as compared to 115 days on 30th September 2006. A higher level of stock was required to support the high turnover growth planned in the latter part of the year.

We continued to strengthen our brand building efforts for both "Sa Sa" as a widely recognisable name and the "beauty specialist" image of Sa Sa in the region. Measures included increased marketing and public relations activities such as the sponsorship of beauty contests in both Hong Kong and Malaysia.

Hong Kong and Macau

Turnover rose by 12.3% to HK$1,185.7 million for the six months ended 30th September 2007, with same store growth increasing by 9.0%. Turnover growth was driven by a 15.0% increase in the number of transactions. This improved performance reflected increasing spending from both Mainland China tourists and local residents. At the beginning of the first quarter, there was widespread negative publicity in the Mainland concerning the dishonest practices of a small number of Hong Kong retailers. However, the prompt remedial measures taken by the Hong Kong tourism industry encouraged Mainland tourists to seek out reputable and trustworthy retailers such as Sa Sa.

Our strategy of rebalancing our growth rate and gross profit margin growth led to strong turnover growth in the second quarter. Reflecting the continuous improvement in our product portfolio, the gross profit margin of our retail business in Hong Kong and Macau improved to 43.2% from 42.3% in the corresponding period last year. Although rental costs continued to be a major challenge, the increase in our turnover and gross profit margin helped offset their impact. Retail branding was reinforced through various sponsorship activities including the Miss Hong Kong Pageant 2007. During the period under review, the Group had a net increase of two stores. As at 30th September 2007, there were 55 Sa Sa stores (including four in Macau), one La Colline specialty store and one Elizabeth Arden counter in Hong Kong and Macau.

Mainland China

With our retail outlets still in the investment stage, the Mainland market incurred a loss during the period under review. The limited product selection affected the performance of our stores in Mainland China. However, several exclusive brands such as Giovanni and fragrances of Blumarine, Pal Zileri and Police were launched during the period. The Group built up the management team and adopted a prudent store opening strategy. As at 30th September 2007, there were five Sa Sa stores and six Suisse Programme beauty counters in department stores in the Mainland market.

Singapore and Malaysia
Our core business strategy for the Singapore and Malaysia market continues to focus on gaining market share through increased sales and enhancing our network to provide improved service to Sa Sa's customers and beauty brands. During the period, turnover for the overall Singapore and Malaysia market grew by 17.5% to HK$103.0 million, while same store growth increased by 4.7%. A small overall contribution to the Group was recorded.

In Singapore, consumer sentiment in the second quarter was affected by an increase in the Goods & Services Tax (GST) that took effect in July 2007. In addition, our performance was further hampered by a necessary adjustment in our product portfolio following the ASEAN-directed change in the regulations governing cosmetics retailing, which will come into effect in 2008. As at 30th September 2007, the total number of Sa Sa stores in Singapore remained at 13.

In Malaysia, our performance continued to improve on the back of strengthened marketing activities, increased sales productivity and enhanced customer service. Three new stores were added to our portfolio. As at 30th September 2007, the number of Sa Sa stores in Malaysia stood at 17.

Taiwan
Turnover in the Group's Taiwan business increased by 12.8% to HK$64.1 million during the first six months of the fiscal year. Same store growth decreased by 2.8% and a small loss was recorded. Our performance was affected by the weakness of the local consumption. In order to highlight our unique positioning as a beauty specialty store and strengthen our retail image, we increased the number of marketing and public relations activities, including hosting a fragrance festival. The Group opened three new stores, bringing the total number of stores in Taiwan to 14 as at 30th September 2007.

E-commerce - Sasa.com
Turnover for Sasa.com amounted to HK$34.0 million, representing an increase of 22.0% over the corresponding period of the previous fiscal year. A small profit was recorded. We expanded the product range and bolstered marketing activities in order to increase sales. We also began to enhance the performance of the e-commerce platform during the period, which helped facilitate browsing traffic and increase conversion of this traffic to sales. The number of unique visitors reached more than 477,000 per month, an increase of 19.3% over the same period last year. The growth rate of 54.0% for the sales generated from online VIP customers reflected our success in turning our international customers into loyalty customers.

Brand Management

Sales of private-label and exclusively distributed products increased by 25.9% and contributed to 35.2% of the Group's total retail sales. New brands secured for exclusive distributorship during this period included Annayake and Caudalie from France, Collistar from Italy, A'Kin from Australia, Body Farm from Greece, and Dr. G from Korea. We made special efforts to broaden and diversify the product range and enhance the product portfolio by introducing more upcoming and popular international beauty brands. We also put special emphasis on the product development of Sa Sa's own brands, including the introduction of more new products and expansion of the Sasa product range. We stepped up product launches and increased promotional activities as part of our strengthened marketing efforts for our exclusive products.

Beauty Services

During the period, turnover for beauty services was HK$117.0 million, representing an increase of 11.1% over the corresponding period in the previous fiscal year. There was an improvement in the contribution of beauty services to the Group. Marketing efficiency and the sales mix were further improved. New treatments introduced during the period included 24K Gold Ion Ultra

Time Face Lift Therapy, Bergman Metamorphose Facial and Moxibustion Therapy.

Awards

Sa Sa continues to be the largest cosmetics specialty store chain in the Asia Pacific region, as ranked by KPMG, Euromonitor and Retail Asia magazine in its Top 500 retailers in Asia 2007.

In a competition organised by Ming Pao and the Department of Marketing of the Chinese University of Hong Kong, Sa Sa received the Jury Prize for Personal Care Category in the Hong Kong Corporate Branding Award 2007. This prize was judged by a distinguished panel of marketing professionals and academics.

Sa Sa's beauty consultant and store supervisor won the grand award in both Junior Frontline Level and Supervisory Level of the 2007 Service & Courtesy Award for Beauty Products/Cosmetics Category organised by the Hong Kong Retail Management Association. La Colline shop, managed by Sa Sa, was the Category Winner in the Beauty Products/Cosmetics Category of the 2007 Mystery Shoppers Programme organised by the Hong Kong Retail Management Association.

Outlook

We remain optimistic about the growth of our retail business for the rest of the fiscal year. We will continue our strategic and prudent approach towards network expansion by closely monitoring local market circumstances. We intend to add more stores in the better performing markets and to adjust our store opening plan for markets that are performing less well. We will continue to place a strong emphasis on same store growth across the region by improving our operational efficiency.

Hong Kong and Macau
With the economies in the Mainland, Hong Kong and Macau continuing to be strong and growth in Mainland tourist arrivals remaining steady, the Group is optimistic about turnover growth in Hong Kong and Macau for the rest of the year. To capture these opportunities, the Group will open more stores in both cities, including two in Macau, later this year. We will also continue to adopt a disciplined approach towards managing rental pressures in Hong Kong. Leveraging on the strong brand name of Sa Sa, we will consider store relocation as an option in order to control rental costs upon lease renewal.

Mainland China
In contrast to the maturity and concentration of the Hong Kong and Macau market, the Mainland market is vast and fragmented with hugely differing levels of demand and affordability. The Group will adopt a different approach to this market by focusing on a two-fold expansion strategy: multi-brand Sa Sa stores; and, single-brand beauty counters stores under exclusive brands.

We are devoting increased resources to improving product development and speeding up the product registration process in the Mainland. The Group will also seek to expand by setting up beauty counters under our exclusive brands, such as Suisse Programme, in department stores. We have recently created a dedicated team responsible for the establishment of beauty counters stores under exclusive brands as well as their brand management, thereby increasing both awareness and penetration of these brands in the Mainland. The improved sales performance in October and November reflected these changes. We will put more efforts in the marketing of our exclusive brands in China in order to increase their brand awareness. Two new Sa Sa stores have been secured in Beijing and positions for four beauty counters under Suisse Programme have been confirmed in Chengdu, Wuxi and Ansan.

Singapore, Malaysia and Taiwan
While the strong growth momentum in Malaysia continues, the Group will continue its expansion plan by adding more stores in this market. We will improve our operational efficiency and strengthen our marketing activities in the Singapore and Taiwan markets. The adjustment in our product portfolio as required by the change in the local regulations concerning cosmetics retailing in Singapore will continue to affect the performance of our Singapore stores in the next six months.

Brand Management
Sa Sa is one of the major sole agents in the beauty trade in Hong Kong, representing more than 100 international brands. Brand management will continue to be a major driving force for turnover growth and network expansion. We will also continue to introduce more upcoming and popular international beauty brands; for example, we introduced Nuxe in October in Hong Kong and Macau, one of the most famous dermo-cosmetic brands in France.

Overall, we will strengthen our brand and product portfolio, expand the product range of our own-brands and improve the product development function. In addition to enhancing the brand awareness of our exclusive brands, we will strengthen the partnership with our suppliers and improve the distribution of our exclusive brands by adding counters in department stores and standalone stores as well as expanding the Sa Sa store network.

Human Resources

As at 30th September 2007, the Group had a total of 2,737 employees. Staff costs for the period under review were HK$266.1 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 (details of the share options scheme of the company are stated in the section titled "Share Options" under "Supplementary Information") 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 supporting the graduate trainee programme, various staff development initiatives were implemented during the period through in-house and external training programmes. Financial subsidies for further studies in related fields were also provided.

FINANCIAL REVIEW

Capital Resources and Liquidity

As at 30th September 2007, the Group's total equity funds were HK$904.8 million including reserves of HK$767.2 million. The Group continued to maintain a strong financial position with cash and bank balances of HK$566.6 million. The Group's working capital was HK$688.7 million. Based on the Group's steady cash inflow from operations and coupled with its existing cash and bank facilities, the Group has adequate financial resources to fund its future expansion.

During the period, the majority of the Group's cash and bank balances was in Hong Kong or U.S. dollars and deposited in leading banks 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 stable yield to the Group.

Financial Position

Subsequent to the payment of final and special dividends, total funds employed (representing total equity) as at 30th September 2007 were HK$904.8 million, which represented a 4.8% decrease over the total funds employed of HK$950.6 million as at 31st March 2007.

The gearing ratio, defined as the ratio of total loans less cash and bank balances to total assets, was nil as at 30th September 2007 and 31st March 2007.

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 period. Most of the assets, receipts and payments of the Group are denominated either in Hong Kong or U.S. dollars. Due to the volatility of the foreign exchange market and the potential downside exposure arising from the forward foreign exchange contracts, the Group minimised its non U.S. dollar foreign exchange exposure by way of hedging against order at spot and maintaining no long position. These hedging policies are regularly reviewed by the Group.

Charge on Group Asset

As at 30th September 2007, no Group asset was under charge to a financial institution.

Contingent Liabilities

The Group had no significant contingent liability as at 30th September 2007.

Capital Commitments

As at 30th September 2007, the Group had total capital commitments in respect of acquisition of property, plant and equipment of HK$52.9 million.

INTERIM DIVIDEND AND SPECIAL DIVIDEND

The Board resolved to declare the interim dividend ("Interim Dividend") of 3.0 HK cents (2006: 3.0 HK cents) per share and the special dividend ("Special Dividend") of 3.0 HK cents (2006: 3.0 HK cents) per share for the six months ended 30th September 2007, payable to shareholders whose names appear on the register of members of the Company ("Register of Members") on 18th December 2007.

The Interim Dividend and Special Dividend will be paid around 28th December 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 17th December 2007 to 18th December 2007, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the Interim Dividend and Special Dividend, all valid documents in respect of transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrars, Tricor Abacus Limited, 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on 14th December 2007.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30th September 2007, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

(I) Code on Corporate Governance Practices ("CG Code") in Appendix 14

The Company is committed to good corporate governance principles and practice. The Board appreciates that corporate responsibility initiatives can scale up their impact by linking to corporate governance frameworks and recognizes that it is essential to safeguard the interests of stockholders, customers and employees and uphold accountability, transparency and responsibility of the Company.

The Company has complied with the code provisions ("Code Provisions") in the CG Code set out in Appendix 14 of the rules ("Listing Rules") governing the listing of securities on The Stock Exchange of Hong Kong Limited throughout the six months ended 30th September 2007 except for deviation from the Code Provision A.2.1, particulars of which are set out below. With a view to monitor and continuously improve its performance, the Company reviews its corporate governance practices from time to time and always aims to enhance its corporate governance practices to be in line with local and international practices.

Code Provision A.2.1 - Chairman and Chief Executive Officer ("CEO")

The Code Provision A.2.1 of the CG Code stipulated that the roles of chairman and 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.

Mr. Kwok Siu Ming, Simon has been both the chairman and CEO of the Company whose responsibilities were clearly set out in writing and approved by the Board effective on 1st April 2005. 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 effectiveness of its operation. The Board shall nevertheless review the structure from time to time and it will consider the appropriate move to take should suitable circumstance arise.

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

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code in Appendix 10 of the Listing Rules ("Company's Code"). Having made specific enquiry of all directors, all directors confirmed that they had complied with the required standard set out in the Model Code and the Company's Code throughout the period.

PUBLICATION OF INFORMATION ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED AND THE COMPANY

The results announcement is required to be published on the website of Hong Kong Exchanges and Clearing Limited ("HKEX") at www.hkex.com.hk under "Lastest Listed Companies Information" and the Company at www.sasa.com under "Corporate Informaion/Corporate Governance/Announcement" respectively. The interim report of the Company for the six months ended 30th September 2007 will be dispatched to the shareholders around 12th December 2007 and published on the HKEX's and the Company's websites in due course.

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, 29th November 2007

As at the date of this announcement, the Board comprises of the following directors:-

Executive Directors:
Mr. Kwok Siu Ming, Simon *(Chairman and CEO)*
Mrs. Kwok Law Kwai Chun, Eleanor *(Vice-chairman)*
Mr. Look Guy *(Chief Financial Officer)*

Non-executive Director:
Mrs. Lee Look Ngan Kwan, Christina

Independent Non-executive Directors:
Professor Chan Yuk Shee, *J.P.*
Ms. Ki Man Fung, Leonie, *SBS, J.P.*
Dr. Leung Kwok Fai, Thomas, *J.P.*
Ms. Tam Wai Chu, Maria, *GBS, J.P.*