[For Immediate Release]

Sa Sa Announces 2008/09 Interim Results

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Turnover Increased 16.5% to HK$1,629.8 Million
Net Profit on Par with the Previous Year
Rise up to Meet the Challenge

Interim Results Highlights	For the six months ended 30 Sep		% Change
	1H 08/09	1H 07/08 (Continuing retail & wholesale business)	
	HK$ million	HK$ million	
Group turnover	**1,629.8**	1,399.0	+16.5%
Group operating profit	**101.0**	97.1	+4.1%
Profit attributable to equity holders	**87.7**	88.1	-0.5%
EPS - basic	**6.4 HK cents**	6.4 HK cents	--
Interim dividend per share	**6 HK cents**	6 HK cents	--
– Basic	**3 HK cents**	3 HK cents	--
– Special	**3 HK cents**	3 HK cents	--
Dividend payout ratio	**~100%**	~100%	--

(27 November 2008 – HONG KONG) –Sa Sa International Holdings Limited (‘Sa Sa’ or the ‘Group’, stock code: 0178), Asia’s leading cosmetics retailing group, announced today its interim results for the six months ended 30 September 2008.

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For the six months ended 30 September 2008, the Group's consolidated turnover amounted to HK$1,629.8 million, representing an increase of 16.5% from HK$1,399.0 million in the same period last year when comparing the continuing retail and wholesale business of both years. The Group's consolidated turnover recorded an increase of 7.5% from HK$1,516.0 million in the same period last year, if the discontinued business of beauty services last year (disposed on 31 March 2008) is included as a basis for comparison. The Group's operating profit was HK$101.0 million, representing an increase of 4.1% from HK$97.1 million in the same period last year when comparing the continuing retail and wholesale business of both years. The Group's unaudited profit attributable to equity holders of the Company was HK$87.7 million, as compared to HK$88.1 million from the continuing retail and wholesale business last year. Basic earnings per share amounted to 6.4 HK cents, the same amount as that generated from the continuing retail and wholesale business for the same period last year.

The Board of Directors resolved to declare a basic interim dividend of 3 HK cents (2007/08: 3 HK cents) and a special interim dividend of 3 HK cents (2007/08: 3 HK cents), amounting to a total interim dividend of 6 HK cents per share, same as that of the corresponding period last year, representing a dividend payout ratio of approximately 100%.

Retail & Wholesale Business

The Group's retail and wholesale business saw an increase in turnover of 16.5%, reaching HK$1,629.8 million. Turnover growth was recorded in all markets, as well as our online business. The overall gross profit margin increased 0.5% to 42.7% as compared to 42.2% in the same period last year, due to improvement in product mix.

Turnover in Hong Kong and Macau rose by 12.5%, with same store growth increased by 5.2%. Turnover growth was driven by a 12.6% increase in the number of transactions. This performance reflected a growing customer base from both Mainland China tourists and local residents. Reflecting the improvement in our product portfolio, the gross profit margin of our retail business in Hong Kong and Macau improved by 0.5% to 42.7% from 42.2% in the corresponding period last year. During the period under review, the Group had a net increase of four stores. As at 30 September 2008, there were 62 Sa Sa stores, one La Colline specialty store and one Elizabeth Arden counter.

Mr. Simon Kwok, Chairman and Chief Executive Officer of the Group, said, "Under the impact of the tragic earthquake in the Sichuan province of China, the exceptionally rainy weather in June, several typhoon attacks, the Olympic Games in August and the global financial turmoil on Hong Kong, our interim sales growth fell below expectation. Moreover, for the 30th anniversary of Sa Sa's founding and to strengthen our corporate and exclusive brands' image in Hong Kong, the Group increased efforts and resources in the advertising and promotion activities in Hong Kong and Macau."

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Sa Sa recorded both turnover growth and same store growth in Mainland China in the six months ended 30 September 2008. Both the expansion of multi-brand Sa Sa stores and single-brand counters progressed as planned. The Group continued to consolidate the store network in Shanghai to enhance our overall performance and to improve our product offering by seeking cooperation with various other brands. Three new Sa Sa stores were opened in Beijing, all of which delivered an encouraging performance As at 30 September 2008, there were seven Sa Sa stores and 21 beauty counters under Suisse Programme in the Mainland market.

During the period, turnover for the overall Singapore and Malaysia markets grew by 32.5% to HK$136.6 million, while same store growth increased by 2.8% in Singapore and 11.8% in Malaysia. Singapore and Malaysia together increased their contribution to the Group. One new store was opened in Singapore during the period and two new stores were added to our Malaysia portfolio. As at 30 September 2008, the number of Sa Sa stores in Singapore and Malaysia are 14 and 23 respectively.

Turnover in the Group's Taiwan business increased by 3.4% to HK$66.3 million during the first six months of the fiscal year and the loss narrowed. Our performance was affected by the weakness of the local economy, which in turn affected the consumption sentiment. The total number of stores in Taiwan remained at 14 as at 30 September 2008.

Turnover for Sasa.com amounted to HK$68.5 million, representing an increase of 101.3% over the corresponding period of the previous fiscal year. Profitability improved. The Group's enhancement of the e-commerce platform improved the on-line shopping experience, which encouraged repeat purchases.

Brand Management

Group sales of own-brands and exclusively distributed products increased by 16.9% and contributed to 35.5% of the Group's total retail sales while last year was 35.3%. Over 750 new products were added into our exclusive product portfolio during the six-month period. In order to increase the market penetration, considerable marketing efforts were devoted to strengthening the appeal of the exclusive trendy and upcoming brands secured last year, including the use of print advertisements and public relations activities. The Group also laid special emphasis on the product development of Sa Sa's own-brands, including the introduction of more new products and expansion of the product range.

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Outlook

There is no doubt that the second half of fiscal 2008 will be highly challenging. The Group foresees that the uncertainties arising from the global financial crisis, which first became fully apparent in September, will continue to strongly affect consumer sentiment and hence consumption patterns in the near term. Although the rental market has begun to soften, rental costs will continue to be a challenge for Sa Sa due to the time lag effect. Nevertheless, it is believed that Sa Sa will continue to benefit from the relative underlying strength of the economies of both Mainland China and Hong Kong in the global downturn. Additional positive factors are that beauty products have become a daily necessity for consumers regardless of the market situation, and the competitive edge of the local beauty market, together with the “holiday mindset” of PRC tourists, are likely to ensure that they will continue to make strong purchases of cosmetics in Hong Kong and Macau.

In order to meet the market challenges of the second half of the fiscal year, emphasis will be placed on adapting product offerings to suit customers’ changing preferences in the new economic climate. Sa Sa will implement cost control measures including improving the cost-effectiveness of marketing activities. The Group will tighten inventory management to reduce risks in relation to inventory and we will enhance stock productivity. In order to manage rental pressures, the Group will improve the efficiency of the overall retail network and its contribution while continuing our prudent cash management policy.

Mr. Kwok said, “The Group will pursue cautious network expansion in markets with growth prospects such as Mainland China and Malaysia. Sa Sa has secured two new stores in Beijing and will continue to look for store spaces in Beijing, Shanghai and Wuhan. The Group will also make strenuous efforts to improve the sales productivity of Suisse Programme counters in the Mainland while continuing to seek good counter spaces. In the Mainland, the penetration for the wholesale business via local distributors is now well underway and the launch is aimed to be in early next fiscal year. In such a large, complex and fragmented market, the Group sees the clear benefits in enhancing Sa Sa’s expertise and resources through working with local partners and we will continue to look at various options to develop the Mainland market’s potential. The Group has also committed to opening three new stores in Malaysia in the second half of this fiscal year.”

Mr. Kwok concluded, “Sa Sa’s retail business has shown a consistency in performance through both good and difficult market conditions. By maintaining our strict adherence to prudent financial management, zero gearing, and high standards of management adaptability, we have continued to build a broad customer base and a sound financial platform. While we are prudently monitoring the market situation and take a proactive approach to meet the challenges ahead, the Group remains confident about the growth of its retail business in the medium to long term. We believe that Sa Sa is well positioned to continue to deliver solid returns to our shareholders well into the future.”

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About Sa Sa International Holdings Limited

Sa Sa is a leading cosmetics retailing group in Asia. Its over 140 stores and counters in Asia sell more than 400 brands of skin care, fragrance, make-up and hair care products including its own-brands and other exclusive international brands. Over 1,200 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 2008. 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.

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