

[For Immediate Release]



## Sa Sa Announces 2009/10 Interim Results

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**Net Profit Rose 40.9% to HK\$ 123.5 Million**

**Group Turnover Increased 8.3% to HK\$ 1,764.6 Million**

Interim Results Highlights	For the six months ended 30 Sep		% Change
	2009/10	2008/09	
	HK\$ million	HK\$ million	
Group turnover	1,764.6	1,629.8	+8.3%
Profit for the period	123.5	87.7	+40.9%
Group gross profit margin	43.9%	42.7%	+120bps
EPS - basic	<b>8.9 HK cents</b>	6.4 HK cents	+39.1%
Interim dividend per share	<b>9.0 HK cents</b>	6.0 HK cents	+50.0%
– Basic	<b>3.0 HK cents</b>	3.0 HK cents	
– Special	<b>6.0 HK cents</b>	3.0 HK cents	
Dividend payout ratio	<b>~100%</b>	~100%	

(27 November 2009 – 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 2009.

For the six months ended 30 September 2009, the Group's consolidated turnover amounted to HK\$1,764.6 million, representing an increase of 8.3% from HK\$1,629.8 million in the same period last year. The Group's profit for the period was HK\$123.5 million, representing an increase of 40.9% from the HK\$87.7 million in the same period last year. The gross profit margin of the Group increased by 120 basis points to 43.9% from 42.7% last year.

Basic earnings per share amounted to 8.9 HK cents, as compared to 6.4 HK cents for the same period last year. The Board resolved to declare an Interim Dividend of 3.0 HK cents (2008: 3.0 HK cents) and a Special Dividend of 6.0 HK cents (2008: 3.0 HK cents) per share.

Commenting on the interim results, Mr. Simon Kwok, Chairman and Chief Executive Officer of the Group, said, "Turnover and profitability in all markets and business units improved, with markedly higher growth in the online business and markets outside Hong Kong and Macau, despite the global economic downturn and the ongoing H1N1 swine flu pandemic during the period under review. This was mainly attributable to our proactive strategies, including the diversification of our retail network, strengthened operational management, as well as tightening of cost control and inventory management."

### **Retail & Wholesale Business**

Turnover in Hong Kong and Macau rose by 3.9% to 1,386.2 million for the six months ended 30 September 2009, with same store growth increasing by 2.5%. The Group continued to deploy different distribution and marketing strategies to target different sectors and to provide all customers with products that represent good value. Turnover growth was mostly driven by an increase in transactions from both local residents and Mainland China tourists, reflecting the growth in the number of customers and the broadening customer base.

The gross profit margin of the retail and wholesale business in Hong Kong and Macau increased by 100 basis points to 43.7% from 42.7% in the corresponding period last year. This was largely the result of improved inventory management. Together with other effective cost control measures such as the tightening of marketing expenses, the performance of Hong Kong and Macau market was much enhanced.

In Mainland China, Sa Sa recorded turnover growth of 70.2% to HK\$42.2 million and same store growth of 14.6% in the six months ended 30 September 2009. The loss was narrowed. The focus was put on driving same store growth during the period to rapidly increase the contribution of multi-brand "Sasa" stores. The Group opened two "Sasa" stores in Wuhan and one store in Shanghai. In order to improve overall network productivity, the Group consolidated Suisse Programme counters by closing six non-performing counters and improved the performance of others, as a result, the counter network recorded double-digit turnover growth as well as double-digit same-store sales growth during the period under review.

Both Singapore and Malaysia were affected by the global financial crisis and the outbreak of H1N1 swine flu, turnover for the Singapore market grew by 6.1% to HK\$75.9 million while same store growth decreased by 3.9% during the period. A small profit was recorded. The performance of our Malaysian operations as well as their contribution to the Group continued. Turnover rose 23.5% to HK\$80.3 million, and same store growth reached 14.5%. The Malaysian operation now consistently contributes to the overall Group profits.

Turnover in the Group's Taiwan business increased by 2.7% to HK\$68.1 million during the first six months of the fiscal year, same store sales rose 9.0% and the loss continued to narrow. Despite the shadows thrown by the financial crisis and consumer sentiment being affected by the typhoon disaster in August, this market's performance improved on the back of more effective marketing promotions, increasing brand awareness of Sa Sa and carefully applied cost controls.

Turnover for Sasa.com amounted to HK\$111.9 million, representing an increase of 63.3% over the corresponding period of the previous fiscal year. Performance improved and profit was enhanced. Overall, the robust performance of Sasa.com was attributable to more cost-effective and targeted marketing activities, which helped to generate customers and enhance profitability, as well as improvements in the sales mix and gross profit margin.

### **Brand Management**

Group sales of own-label and exclusively distributed products increased by 6.5%, contributing 37.6% of the Group's total retail sales. The Group's exclusive products became more competitive as emphasis was placed on the trendiness and time-to-market of our new products, as well as further diversification in the product categories.

### **Outlook**

In order to meet the challenges of the second half of the fiscal year, emphasis will be placed on seeking opportunities in the current economic climate to grow market share, particularly in those markets where the Group has a strong foothold.

Looking forward, Mr. Kwok said, "In the Hong Kong and Macau market, we believe that consumer sentiment will continue to improve and that the overall retail market and sales of cosmetics will benefit as long as economic growth gradually takes hold. Against this background, we will continue the expansion of our store network in the second half of the fiscal year by opening three to four new stores in Hong Kong, including a store of about 13,000 square feet in Tsim Sha Tsui. In Mainland China, the Group will focus strongly on developing our multi-brand "Sasa" stores. We will strengthen our counter network to increase the penetration of our exclusive brands. As for other markets, we will strengthen the management resources and structure, marketing efforts, product portfolio and service quality to facilitate business growth."

Mr. Kwok concluded, "Despite challenges and a volatile economic environment, Sa Sa's retail business has continued to show consistency and resilience in performance. We will continue to leverage the strong brand name of Sa Sa, our prudent strategies, high standards of management, and our sound financial platform to develop the potential of the local market, Mainland China and other markets. Although there are still clouds on the economic horizon, the Group remains confident in delivering sustained growth."

### **About Sa Sa International Holdings Limited**

Sa Sa is a leading cosmetics retailing group in Asia. Its over 160 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 1,300 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 2009. 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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