

[For Immediate Release]



## Sa Sa Announces Interim Results 2010/11

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**Net Profit Rose by 42.3% to HK\$176.3 Million**  
**Group Turnover Increased by 19.0% to HK\$2,099.2 Million**

Interim Results Highlights	For the six months ended 30 September		% Change
	2010/11	2009/10	
	HK\$ million	HK\$ million	
Group turnover	<b>2,099.2</b>	1,764.6	+19.0%
Group's EBITDA	<b>252.4</b>	182.8	+38.1%
Profit for the period	<b>176.3</b>	123.9	+42.3%
EPS - basic	<b>12.7 HK cents</b>	9.0 HK cents	+41.1%
Interim dividend per share	9.0 HK cents	9.0 HK cents	--
– Basic	3.0 HK cents	3.0 HK cents	--
– Special	6.0 HK cents	6.0 HK cents	--

(18 November 2010 – HONG KONG) – Sa Sa International Holdings Limited (“Sa Sa” or the “Group”, stock code: 0178), Asia’s leading cosmetics retailing group, announces today its interim results for the six months ended 30 September 2010.

For the six months ended 30 September 2010, the Group’s consolidated turnover amounted to HK\$2,099.2 million, representing an increase of 19.0% from HK\$1,764.6 million in the same period last year. Turnover in all markets and business units continued to improve. The Group’s profit for the period was HK\$176.3 million, representing an increase of 42.3% from the HK\$123.9 million in the same period last year. The overall gross profit margin of our retail and wholesale businesses increased to 45.0% from 43.9% last year.

Basic earnings per share amounted to 12.7 HK cents as compared to 9.0 HK cents for the previous year. The Board resolved to declare an interim dividend of 3.0 HK cents (2009: 3.0 HK cents) (the "Interim Dividend") and a special dividend of 6.0 HK cents (2009: 6.0 HK cents) (the "Special Dividend") per share. The Board proposed a bonus issue of shares to the Company's shareholders on the basis of one bonus share for every one existing ordinary share.

### **Retail & Wholesale Business**

Turnover in Hong Kong and Macau rose by 17.5% to HK\$1,629.4 million for the six months ended 30 September 2010, with same store sales increasing by 9.3%. The increase in turnover was mainly driven by strong revenue growth from Mainland tourists as well as tourists from overseas. Sales to local residents in Hong Kong and Macau also rose. The weakening US dollar made the price of cosmetic products here even more appealing for tourists during this period. Turnover was also driven by growth in both the number of transactions and the average value of each transaction.

New products drove the sales increase of own-branded products. Strong new own-branded products and focused marketing led to an improvement in sales mix, enhancing the gross profit margin of our retail and wholesale business in Hong Kong and Macau. This enhanced gross profit margin more than offset the increase in rental costs as a percentage of sales. The Group maintained its improvement in inventory management and added two new "Sasa" stores during the period. As of 30 September 2010, there were 72 "Sasa" stores (including nine in Macau), one Suisse Programme standalone store and one La Colline standalone store.

The Group's Mainland China business recorded turnover growth of 42.1% to HK\$60.0 million. The loss continued to be under control. The Group is switching the strategic priority in this market from time to breakeven to that of faster network expansion. During the period, we focused on building a stronger platform for future turnover growth and same-store sales growth in areas such as management planning, human resources, information technology, and more efficient store operation. Two new "Sasa" stores were added; one in Tianjin and one in Shanghai. One Suisse Programme counter was also added to the network.

Turnover for the Singapore market grew by 23.6% to HK\$93.9 million while same store growth increased by 5.2%. Turnover of our Malaysian operations rose 27.2% to HK\$102.1 million, and same store sales growth reached 5.3%. Both Singapore and Malaysia markets achieved steady growth in both turnover and profit. Improvement in product launches, product mix and product management resulted in a rise in profitability. As of 30 September 2010, the total number of "Sasa" stores in Singapore was 18, and in Malaysia, with three new stores added to the network during the period, the number of "Sasa" stores stood at 33.

Turnover in the Group's Taiwan business increased by 13.1% to HK\$77.0 million during the first six months of the fiscal year, same store sales rose 1.2% and the loss continued to narrow. Against a background of buoyant consumer sentiment, in particular in the second quarter, the Group enhanced the sales mix, broadened the product range and added new product categories. The result was a rise in profitability. As of 30 September 2010, there were 15 "Sasa" stores and two Suisse Programme counters in Taiwan.

Turnover for sasa.com amounted to HK\$136.7 million, representing an increase of 22.2% over the corresponding period of the previous fiscal year. During the period under review, we worked towards a more diversified market mix. This helped address the challenges brought by the changes in the customs regulations for mailed products in the Mainland China market. As part of our aim to broaden our e-commerce reach to drive traffic and generate more effective promotional efforts, TVBS, a Taiwanese TV channel, granted us permission to reproduce the content of a popular Beauty TV programme, W Queen (女人我最大). We also obtained permission from W Queen magazine (女人我最大) to use the magazine's materials to enrich the content of our website. In the "Global Netpreneur Award 2010" jointly organised by the Alibaba Group, China Electronic Commerce Association and Hangzhou Municipal Government in the PRC, sasa.com is among the "Top 30 Best Global Online B2C Retailers 2010", in recognition of its outstanding performance in innovation, credibility, social responsibility and globalization.

### **Brand Management**

The Group's sales of own-label and exclusively distributed products increased by 23.9%, contributing 39.4% of the Group's total retail sales as compared to 37.6% for the same period last year. In terms of product development and purchasing, the Group continued to systematically target different customer segments and offer a variety of product concepts and pricing. The good word-of-mouth of our new exclusive products, along with effective marketing, drove the strong sales growth of our exclusive products and improved our sales mix. The Group will continue the diversification strategy in the product categories as well as emphasis on broadening its appeal to more market segments.

## Outlook

The Asian economy continues to strengthen. Asian markets including Hong Kong, Macau and Taiwan, are seeing continuous expansion led by the vigorous Chinese economy. The robust consumption-led growth in Mainland China, the wealth effect resulting from asset appreciation, the broadening of customer segments driven by the rise of the middle class, and the weakening US dollar will benefit the retail market in Hong Kong and Macau. The Group is well placed to benefit from this improving economic environment.

Looking ahead, Mr. Kwok said, "We will continue to invest in the expansion of our core Hong Kong and Macau markets and those with promising prospects. Our number one priority in Mainland China is to accelerate our network expansion. To support this strategy, we will increase the allocation of resources into the Mainland market and enhance our product offerings. We will also take a more proactive approach to seek out sites with high traffic and high productivity. We will open more stores in existing cities to increase market penetration and enter into new cities within the existing 'clusters' of stores. Barring major unforeseen circumstances, the Group has confidence in Sa Sa's growth prospects for the second half of this fiscal year as well as for the long-term future."

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### About Sa Sa International Holdings Limited

Sa Sa is a leading cosmetics retailing group in Asia. Its over 180 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 1,400 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 2010. The Group is also the Best Mid-Cap company in Hong Kong ranked by FinanceAsia in 2010. 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.

For further information, please visit [www.sasa.com](http://www.sasa.com) or contact:

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