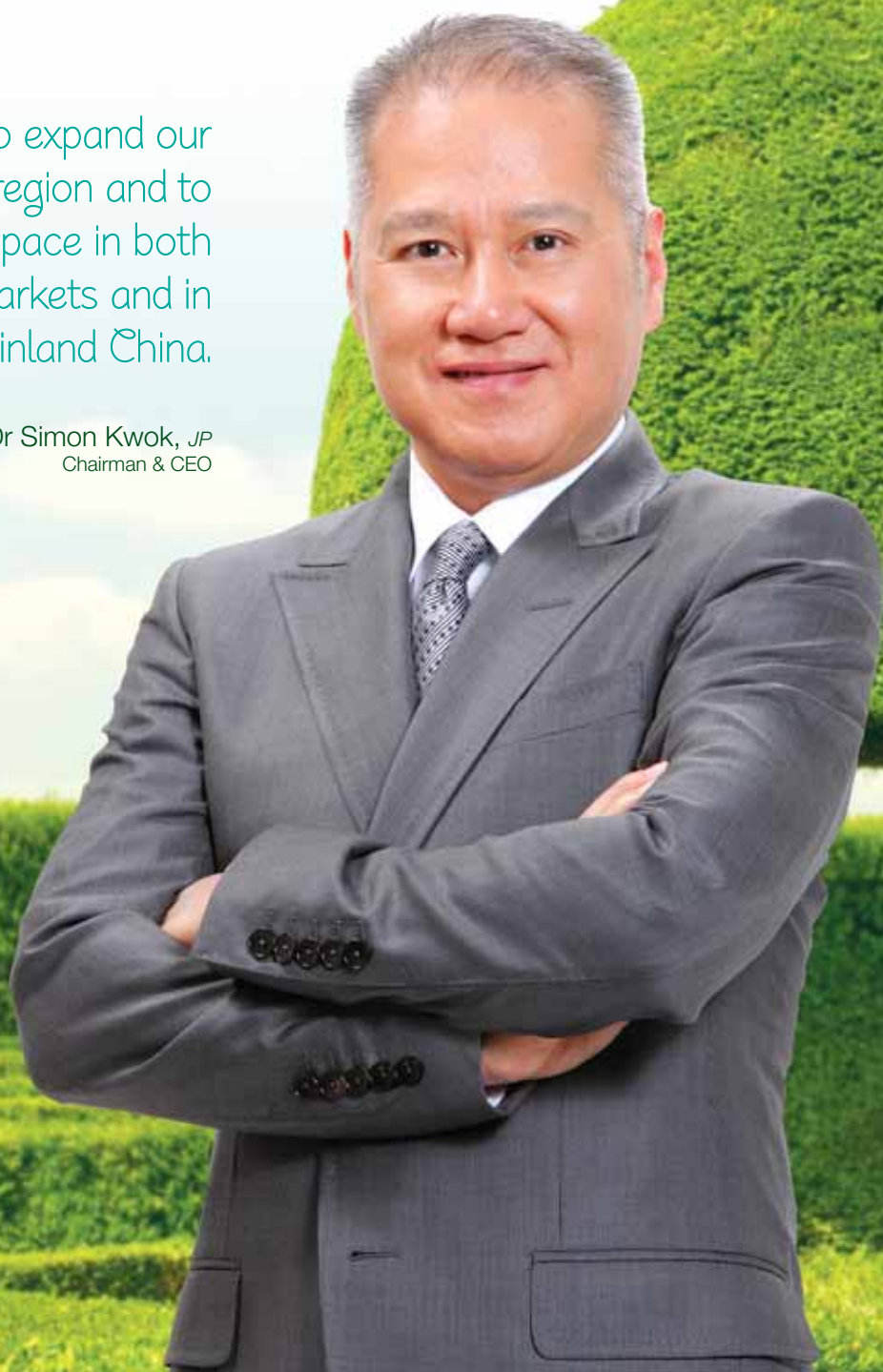




Chairman's Statement

We will continue to expand our presence in the region and to grow at a prudent pace in both our overseas markets and in Mainland China.

Dr Simon Kwok, JP
Chairman & CEO



The fiscal year 2009/10 was a challenging one for Sa Sa, as it was for many businesses in Asia. However, despite the uncertain economic times, I am pleased to report that the year produced good results for the Group and we continued to maintain our position as the leading and most preferred cosmetics retailing operation in Asia. This performance was achieved despite the ongoing debt crisis in several European economies, the fragility of the US recovery, and the uncertain outlook for the stock and property markets in Mainland China. All markets and business units of the Group saw increased turnover and improved performance. Due to Sa Sa's growing customer base of local residents and Mainland tourists, Hong Kong and Macau recorded a strong performance. In Mainland China, the Group recorded both turnover growth and same store growth. We opened seven new "Sasa" stores, including one in Beijing, three in Shanghai, one in Suzhou and two in Wuhan. Although sales in both Singapore and Malaysia were affected by the H1N1 swine flu outbreak, both Malaysia and our online business registered significantly enhanced turnover and profits. Once more, we made strong progress in our brand management business.

Results for the year as a whole were satisfactory. However, they reflect a year of two contrasting halves. In the first half of the year, due to the outbreak of human swine influenza (H1N1), sales growth was slow, particularly in Hong Kong and Macau. In the second half, the economy began to gradually improve

throughout Asia and consumer confidence grew, especially in the more "open" markets of Hong Kong and Macau. For the full fiscal year 2009/10, the Group's turnover rose 13.9% to HK\$4,111.3 million while profit increased by 20.6% to HK\$381.1 million.

In addition to the interim dividend of 3.0 HK cents and a special dividend of 6.0 HK cents per share, the Board of Directors proposed a final dividend of 5.0 HK cents per share and a special dividend of 14.0 HK cents per share, payable on or around 31 August 2010 to those persons registered as shareholders as of 26 August 2010, making a total dividend of 28.0 HK cents per share for the fiscal year.

Growth Trajectory

We maintain a cautiously optimistic view for the continued expansion of our businesses in the year ahead and beyond. Our extensive network of outlets, our brand management operations, and our gaining of important footholds in strategic markets, particularly that of Mainland China, support our belief in Sa Sa's strong growth potential. The undoubted strength of the Chinese economy in comparison to many world economies supports this view, as does the further integration of Hong Kong into southern China (which will give another boost to tourist arrivals in Hong Kong), and the subsequent rebound in local consumer confidence.



Chairman's Statement



We believe that we will not only continue to expand in Hong Kong – a market that ensures a solid growth platform for the Group – but also in our other markets of Singapore, Malaysia and Taiwan, and our e-commerce business. We are confident that these less mature markets will accelerate their contribution to the Group in the coming year both in terms of turnover and profit, thereby giving further momentum to the Group's growth trajectory. For our strategy in Mainland China, our priority is to build an extensive network – within the parameters of prudence growth – to help the Group strengthen relationships with suppliers, to become more competitive in sourcing products and securing the exclusive distribution rights of international brands, and also to increase the sales of our own-brands. All of these strategies will facilitate the long-term growth of the Sa Sa Group.

As an essential part of our overall vision for Mainland China, we are now carefully reviewing our expansion strategies under the support of a new Non-executive Director who has in-depth experience of the Mainland business. The central driver of our Mainland strategy is an emphasis on our commitment to the China market through the execution of a long-term strategy study. We will also deploy additional resources and speed up the expansion of our distribution network.

Exclusive brands will be another focus of our vision. We aim to increase the sales mix of such exclusive brands, which in turn will help increase our gross profit margin in the coming years. A higher gross profit margin, together with an increase in turnover, will assist us to address high rental pressures, in particular those existing in Hong Kong.



Looking Ahead

As we look towards the future, we aim to leverage the Sa Sa Group's solid foundation and leading industry status to seek new growth opportunities. In the coming months, we will focus on diversification in terms of markets, product portfolios, distribution formats (such as multi-brand "Sasa" stores and single-brand counters/stores), as well as broadening our appeal to more customer segments.

In addition, in order to support turnover growth, we will further develop our brand building in the region. We will allocate more resources to support the expansion of non-Hong Kong markets while operational efficiency and effectiveness as well as executive management will be improved through better monitoring, enhanced supply chain management and tighter cost controls.

In regard to brand management, our aim is to focus on further enhancing product development, such as introducing more new products and shortening the lead time to market; broadening product categories and concepts; improving marketing effectiveness; and building closer relationships with suppliers and beauty brands.

Conclusion

Due to our highly professional management, robust financial platform, prudent cost controls and expansion strategies, Sa Sa has a long track record of sustainable growth even in the most challenging economic times. We are confident that by leveraging the outstanding and dynamic brand reputation of Sa Sa, we will continue to expand our presence in the region and to grow at a prudent pace in both our overseas markets and in Mainland China. I strongly believe in the traditional robustness and brand strengths of the Group, and I am confident that through thick and thin the Sa Sa Group will continue to drive forward on its sustainable growth trajectory and to reward its shareholders in the years to come.



Our success would not have been possible without the support, resilience and creativity of the Sa Sa "team" of employees and management. I would therefore like to express my thanks to all of you for your loyalty and commitment in supporting Sa Sa's continued expansion and steadily growing reputation. In conclusion, I would also like to extend my gratitude to all our shareholders for their unswerving belief in our vision even in times when the economic headwinds seemed to be blowing against us. Taking into account this spirit of resilience and solidarity, I am fully confident that Sa Sa International Group will reward the faith of both our employees and shareholders with increased shareholder value in the years to come.

A handwritten signature in black ink, appearing to read 'Simon Kwok', with a stylized flourish at the end.

Dr Simon Kwok, JP
Chairman and Chief Executive Officer
Hong Kong, 24 June 2010



Méthode **SWISS**
BEAUTY CARE

THERMAL OXYGEN
OVERNIGHT
MOISTURE MASK
OXYGENE THERMAL
MASQUE
VISAGE DE NUIT



Méthode **SWISS**
BEAUTY CARE

WHITENING
SPOT ERASER
EFFACEUR DE TÂCHES
ECLAIRCISSANT



Méthode **SWISS**
BEAUTY CARE

THERMAL OXYGEN
OVERNIGHT
EYE MASK
OXYGENE THERMAL
MASQUE
YEUX DE NUIT



 **Methode SWISS**
BEAUTY CARE