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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)

Unaudited Operational Information for the First Quarter ended 30 June 2017

The board of directors of Sa Sa International Holdings Limited (the “**Company**”) announces the unaudited operational information of the Company and its subsidiaries (the “**Group**”) for the first quarter from 1 April to 30 June 2017.

| Highlights | |
|--|--|
| Group - Retail and Wholesale | |
| | <i>3 months ended 30 June 2017</i> |
| Turnover (HK\$ million) | 1,741.5 |
| YoY % change | +2.1% |
| HK and Macau - Retail and Wholesale | |
| Turnover (HK\$ million) | 1,409.7 |
| YoY% change | +2.5% |
| Same store sales YoY % change | -2.5% |
| Average sales per transaction (HK\$) | 322 |
| YoY % change | +2.8% |
| Total no. of transactions (million) | 4.3 |
| YoY % change | -0.4% |

Remarks: Figures in the above table include adjustments according to the Hong Kong International Financial Reporting Interpretation Committee – Interpretation 13 on the bonus point scheme.

The Group’s retail and wholesale turnover increased by 2.1% for the first quarter from 1 April to 30 June 2017. In Hong Kong and Macau markets, total turnover increased by 2.5% while same store sales decreased by 2.5%. The number of transactions decreased by 0.4%, while the average sales per transaction increased by 2.8%. The Group’s retail and wholesale turnover in other markets (including Mainland China, Singapore, Malaysia, Taiwan and E-commerce) recorded a rise of 0.5% for the first quarter.

The Group's retail sales in Hong Kong and Macau markets recorded 2.4% growth while same store sales dropped by 2.5% in the first quarter, which is below expectation and weaker than the previous quarter due to a particularly quiet June which was affected by typhoon and extended periods of torrential rain. The poor weather and a recent cool down in Korean products resulted in store traffic and sales volume decline in June, and depressed transactions with local and mainland tourists which fell by 4.1% and 6.4% respectively. However, some customers switching out of Korean products and into broader alternative products resulted in demand for higher-priced products. As a result, the average purchase per transaction of local and Mainland customers have started to rise gradually in the first quarter, recording an increase of 3.1% and 2.9% respectively.

Our strenuous efforts to improve house brand offerings is now beginning to bear fruits, and the first quarter is seeing improvement in house brand mix as well as gross profit margin in the Hong Kong and Macau markets. However, the increase in gross profits is not yet sufficient to offset the weakness in June's sales performance and the one-off costs of Hong Kong warehouse relocation. The Group is cautiously optimistic about the Hong Kong and Macau markets and continues to invest in residential shops and additional manpower as well as launching a new own label brand. These strategies will increase the Group's competitiveness but will also exert some short term cost pressure on the Group.

Stepping into the second quarter, sales performance in Hong Kong and Macau markets has shown conspicuous improvement with sales growth regaining the upward momentum before June. While the Group is strengthening choices in selected product categories, it is anticipated that sales in Hong Kong and Macau markets will continue to improve in the second quarter.

Number of Stores/Counters by Market

| | As at 30 June 2017 | As at 30 June 2016 | As at 31 March 2017 |
|---------------------|---------------------------|---------------------------|----------------------------|
| Hong Kong and Macau | 116* | 112* | 116* |
| Mainland China | 53 | 55 | 56 |
| Singapore | 20 | 23 | 20 |
| Malaysia | 72 | 67* | 71* |
| Taiwan | 23 | 31 | 25 |
| Total | 284 | 288 | 288 |

* Include one single-brand store/ counter

The board of directors wishes to remind shareholders and potential investors that the above information are based on the unaudited management accounts of the Group which have not been reviewed nor audited by the auditors of the Company. Sales performance during the period is affected by a series of factors; therefore, the operational information for the period may not be able to reflect the overall performance of a complete reporting period.

Shareholders and potential investors of the Company are cautioned not to unduly rely on such information and are advised to exercise caution when dealing in the shares of the Company.

By order of the board of directors
Sa Sa International Holdings Limited
KWOK Siu Ming Simon
Chairman and Chief Executive Officer

Hong Kong, 17 July 2017

As at the date of this announcement, the directors of the Company are:

Executive Directors

Dr KWOK Siu Ming Simon, *SBS, JP* (Chairman and Chief Executive Officer)

Dr KWOK LAW Kwai Chun Eleanor, *BBS, JP* (Vice-chairman)

Dr LOOK Guy (Chief Financial Officer)

Non-executive Director

Ms LEE Yun Chun Marie-Christine

Independent non-executive Directors

Dr LEUNG Kwok Fai Thomas, *PhD, BBS, JP*

Ms TAM Wai Chu Maria, *GBM, GBS, JP*

Ms KI Man Fung Leonie, *GBS, JP*

Mr TAN Wee Seng