

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 Sales Updates
for the Fourth Quarter ended 31 March 2019**

The board of directors of Sa Sa International Holdings Limited (the “Company”) announces the unaudited sales update of the Company and its subsidiaries (the “Group”) for the fourth quarter from 1 January to 31 March 2019.

Highlights	
Group - Retail and Wholesale (Continuing operations)	
	<i>3 months ended 31 March 2019</i>
Turnover (HK\$ million)	2,056.4
YoY % change	-7.2%
HK and Macau - Retail and Wholesale	
Turnover (HK\$ million)	1,728.3
YoY% change	-8.4%
Same store sales YoY % change	-10.8%
Average sales per transaction (HK\$)	351
YoY % change	-3.5%
Total no. of transactions (million)	4.8
YoY % change	-6.0%

For the fourth quarter from 1 January to 31 March 2019, the Group’s retail and wholesale turnover decreased by 7.2% on a year-on-year basis.

In Hong Kong and Macau markets, the retail and wholesale turnover decreased by 8.4%, while same store sales dropped by 10.8%. The fall was mainly caused by the 6.0% drop in the total transaction volume of which the number of transactions of local customers and mainland tourists decreased by 8.8% and 3.7% respectively. The average sales per transaction of local consumers and mainland tourists decreased by 0.7% and 5.9% respectively which resulted in a 3.5% decline in total.

The weaker sales performance was mainly due to high base effect. The hot trend of some trendy product categories last year has been weakening while the Group's newly launched products could not fully compensate their sales decline. In addition, a number of new pharmacy stores selling skincare and cosmetic products have opened new stores in tourist hot spots aggressively, resulting in intensified competition and lower-than-expected sales at Sa Sa. The Group plans to open new stores to enhance its store network as well as the Group's competitiveness under reasonable rental condition.

The Group is adjusting its business strategies to adapt to the changing consumer preferences and competitive landscape. The first action is to change towards a more balanced product mix. The Group also increases the offering of high-end products with high link sales of own label products thus enhancing the Group's gross profit and profitability. The Group will keep abreast of the product trend and launch new products on a timely basis to cater for the rapidly changing consumer preferences. In addition, the Group will actively grow the market share and revenue of its exclusively sold products through the expansion of wholesale distribution channels in Hong Kong and China markets. Meanwhile, the Group will speed up its digitalisation and information technology enhancement to formulate better product strategies to cater for customer needs by means of big data analysis. Such enhancement will be coupled with effective marketing strategies for the improvement of customer shopping experience and their sales.

The increased tourist arrivals brought by the launch of the two mega infrastructures in late last year in Hong Kong, namely the Hong Kong Section of the Express Railway Link and the Hong Kong-Zhuhai-Macau Bridge, have not brought about expected stimulus to the retail industry so far. Looking ahead, the Group believes the benefits of the two mega infrastructure projects will gradually emerge under the favourable policy of the Greater Bay Area. The Group remains cautiously optimistic about the outlook of Hong Kong and Macau markets in the long run. It will continue to seize every opportunity to achieve sustainable business development for the Group.

The Group's retail and wholesale turnover in other markets outside Hong Kong and Macau (including Mainland China, Singapore, Malaysia and E-commerce) slightly decreased by 0.4% in the fourth quarter.

Number of Retail Outlets by Market (Continuing operations)

	As at 31 March 2019	As at 31 March 2018	As at 31 December 2018
Hong Kong and Macau	118	118	119
Mainland China	54	55	54
Singapore	21	20	21
Malaysia	81	72	78
Total	274	265	272

Remarks: Figures in this announcement include adjustments in accordance with the Hong Kong International Financial Reporting Interpretation Committee – Interpretation 13 on the bonus point scheme.

The board of directors wishes to remind shareholders and potential investors that the above information is 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, 11 April 2019

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

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

Ms KI Man Fung Leonie, *GBS, SBS, JP*

Mr TAN Wee Seng