



Sa Sa Announces Unaudited Operational Information for the First Quarter (April to June 2017) of FY2017/18

Highlights

Group - Retail and Wholesale

	3 months ended 30 June 2017
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.

(17 July 2017 – HONG KONG) – **Sa Sa International Holdings Limited** ('Sa Sa' or the 'Group', stock code: 0178) announced today the unaudited sales updates of the Group for the first quarter from 1 April to 30 June 2017.

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, recorded an increase of 3.1% and 2.9% respectively.

Sasa's 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.

Dr Simon Kwok, SBS, JP, Chairman and Chief Executive Officer of the Group, said, "Stepping into the second quarter, sales performance in Hong Kong and Macau markets has shown conspicuous improvement with sales growth regain 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

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