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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 Update  
for the First Quarter ended 30 June 2015**

The board of directors of Sa Sa International Holdings Limited (the “Company”) announces the unaudited operational update of the Company and its subsidiaries (the “Group”) for the first quarter from 1 April to 30 June 2015.

<b>Highlights</b>	
<i>3 months ended 30 June 2015</i>	
<b>Group Retail and Wholesale</b>	
Turnover (HK\$ million)	1,821.4
YoY% change	-8.6%
<b>Hong Kong and Macau - Retail and Wholesale</b>	
Turnover (HK\$ million)	1,464.1
YoY% change	-8.8%
Same store sales YoY% change	-6.8%
Average sales per transaction (HK\$)	334
YoY% change	-9.6%
Total no. of transactions (million)	4.3
YoY% change	+0.9%

*Remarks: Figures in the above table include adjustments according to the Hong Kong International Financial Reporting Interpretation Committee – Interpretation 13 (“HK (IFRIC) – Interpretation 13”) on the bonus point scheme.*

For the first quarter ended 30 June 2015, the Group’s retail and wholesale turnover decreased by 8.6%. Turnover in Hong Kong and Macau market declined by 8.8% while same store sales decreased by 6.8%. The number of transactions increased by 0.9%, while the average sales per transaction decreased by 9.6%. The Group’s retail and wholesale turnover in other markets (including Mainland China, Singapore, Malaysia, Taiwan and sasa.com) recorded a drop of 7.7%.

The Hong Kong retail market has been in decline from March 2015 to date based on data announced by the Hong Kong government, and official figures are showing no signs of improvement. The strength of the Hong Kong dollar continued to affect the attractiveness of shopping in Hong Kong to mainland tourists, resulting in a year-on-year drop in the number of Chinese visitors through Individual Visit Scheme for four consecutive months to June 2015, while the dip has been further exacerbated in June.

The growth in the number of transactions attributable to Mainland Chinese customers in our Hong Kong and Macau markets showed a significant slowdown in the first quarter to 3.7%, and the average sales per transaction dropped by 15.3%. This resulted in a sales decline of 8.8%. Gross profit margin decreased by 1.3 p.p. as a result of intensified competition caused by the market slowdown. The Company has taken measures to control costs, but the results fell far short of offsetting against the combined effect of the reduction in sales and decline in gross profit margin on profitability during the period.

The market environment is still deteriorating into the second quarter, potentially putting more pressure on the Group's earnings. The Group will take measures to strengthen the competitiveness of our product portfolio by targeting product gaps in our product offerings to attract customers demand. In addition, the Group will endeavor to expand O2O and cross-border e-commerce business to drive sales, and at the same time offer a more comprehensive and high-quality shopping experience to our customers.

#### **Number of Stores/Counters by Market**

	<b>As at 30 June 2015</b>	<b>As at 31 March 2015</b>
Hong Kong and Macau	110 <sup>#</sup>	110 <sup>#</sup>
Mainland China	61 <sup>#</sup>	65 <sup>#</sup>
Singapore	21	21
Malaysia	61	59
Taiwan	34	32
<b>Total</b>	<b>287</b>	<b>287</b>

*# Include three single-brand stores/ counters*

**The board of directors wishes to remind shareholders and potential investors that the above data are based on the unaudited management accounts of the Group which have not been reviewed or audited by the auditors of the Company.**

**Shareholders and potential investors of the Company are cautioned not to unduly rely on such data 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, 21 July 2015

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

***Executive Directors***

Dr KWOK Siu Ming Simon, *BBS, JP* (Chairman and chief executive officer)

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

Dr LOOK Guy (Chief financial officer)

***Non-executive Director***

Ms LEE Yun Chun Marie-christine

***Independent Non-executive Directors***

Professor CHAN Yuk Shee, *PhD, SBS, BBS, JP*

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

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

Ms KI Man Fung Leonie, *SBS, JP*

Mr TAN Wee Seng