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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 Third Quarter ended 31 December 2014

Highlights		
Group - Retail and Wholesale		
	3 months ended 31 December 2014	9 months ended 31 December 2014
Group turnover (HK\$ million)	2,503.3	6,750.3
YoY % change	-0.5%	+4.6%
Hong Kong and Macau - Retail		
Retail sales growth (HK\$ million)	2,037.1	5,440.1
YoY % change	-1.1%	+5.2%
Same store sales growth		
YoY % change	-2.7%	+2.6%
Average sales per transaction (HK\$)	403	385
YoY % change	-6.4%	-3.0%
Total no. of transactions (rounded to the nearest million)	5.1	14.1
YoY % change	+5.6%	+8.5%

Remarks: Figures in the above table exclude adjustments according to the Hong Kong International Financial Reporting Interpretation Committee - Interpretation 13 ("HK (IFRIC) - Int 13") on the bonus point system. Applying adjustments according to "HK (IFRIC) - Int 13", the Group's turnover increased slightly by 0.5% to HK\$2,496.8 million, while retail sales and same store sales of Hong Kong and Macau grew slightly by 0.2% and dropped by 1.4% respectively for the third quarter of FY2014/15.

The board of directors of Sa Sa International Holdings Limited announces the unaudited operational update of the Company and its subsidiaries (the "Group") for the three months and nine months ended 31 December 2014 respectively.

For the three months ended 31 December 2014, the Group's retail and wholesale turnover slightly decreased by 0.5%*. Retail sales in Hong Kong and Macau market declined by 1.1%*, with same store sales dropped by 2.7%*. Although the number of transactions increased by 5.6%, this was offset by 6.4%* decrease in the average sales per transaction. The Group's retail and wholesale turnover in other markets (including Mainland China, Singapore, Malaysia, Taiwan and sasa.com) recorded a drop of 1.2%* during the third quarter.

The Group had a net increase of 6 stores for its network in the third quarter. The increment includes 2 stores in Hong Kong and Macau, 2 stores in Malaysia, and 2 stores in Taiwan, while store number in Mainland China and Singapore remained unchanged. As at 31 December 2014, the Group's retail network had a total of 285 stores, including 6 single-brand stores/counters.

Number of Stores/Counters by Market

	As at 31 December 2014	As at 30 September 2014
Hong Kong and Macau	110 [#]	108 [#]
Mainland China	64 [#]	64 [#]
Singapore	22	22
Malaysia	57	55
Taiwan	32	30
Total	285	279

Include 3 single-brand stores/ counters

Retail sales in Hong Kong and Macau market during the third quarter slightly decreased by approximately 1%* year-on-year, which is below the expectation of the Group. Although the number of transactions attributable to Mainland Chinese customers grew by approximately 20%, this growth was narrowed by the deepened decrease in average sales per transaction. Mainland Chinese tourists demand less high-priced products, resulting in a decrease in the average sales per transaction attributable to them. In addition, sales of gifts during the traditional gifting season in December were affected by the Chinese Government's ongoing anti-corruption campaign. This resulted in a significant decline in the sales of premium products and holiday gift sets, and weakened the Group's sales performance in December. Sales contribution of House Brands decreased in the third quarter and gross profit margin was affected. The overall local consumer sentiment in Hong Kong was affected by the prevailing social environment and weakened during this period resulting in lower sales attributable to local customers.

The Group believes the relatively soft market will linger, and will continue to enhance its product offerings and flexibly adjust its sales strategies. The Group is relatively cautious towards the outlook for sales in the fourth quarter.

* Exclude adjustments under HK (IFRIC) – Int 13 in respect of bonus point scheme

The Board wishes to remind investors that the above operational data for the third quarter ended 31 December 2014 is 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 shareholders 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
Sa Sa International Holdings Limited
KWOK Siu Ming Simon
Chairman and chief executive officer

Hong Kong, 12 January 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, JP*

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

Ms TAM Wai Chu Maria, *GBM, JP*

Ms KI Man Fung Leonie, *SBS, JP*

Mr TAN Wee Seng