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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 Sales Updates
for the Third Quarter ended 31 December 2018**

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 third quarter from 1 October to 31 December 2018.

| Highlights | | |
|---|--|--|
| Group - Retail and Wholesale (Continuing operations) | | |
| | <i>3 months ended 31 December 2018</i> | <i>9 months ended 31 December 2018</i> |
| Turnover (HK\$ million) | 2,185.9 | 6,333.1 |
| YoY% change | -2.2% | +9.2% |
| HK and Macau - Retail and Wholesale | | |
| Turnover (HK\$ million) | 1,838.0 | 5,363.5 |
| YoY% change | -2.8% | +10.0% |
| Same store sales YoY % change | -3.7% | +8.3% |
| Average sales per transaction (HK\$) | 358 | 354 |
| YoY% change | -2.6% | +3.3% |
| Total no. of transactions (million) | 5.1 | 15.0 |
| YoY% change | +0.4% | +7.0% |

For the third quarter from 1 October to 31 December 2018, the Group’s retail and wholesale turnover decreased by 2.2% on a year-on-year basis.

In Hong Kong and Macau markets, the retail and wholesale turnover decreased by 2.8%, while same store sales dropped by 3.7%. The transaction volume of mainland tourists increased by 5.8% while that of local customers decreased by 5.2%, leading to a slight growth of 0.4% in the overall transaction volume. The average sales per transaction of local consumers and mainland tourists decreased by 0.2% and 6.1% respectively on a year-on-year basis which resulted in a 2.6% decline in total.

Consumer sentiment remained sluggish due to the weaknesses in RMB exchange rate and stock market under the continued shadow of the Sino-US trade war. In addition, the new E-commerce Law passed by the Chinese government in August 2018 came into force early this year and made Daigou traders more cautious in running their businesses. The Group's sales performance was affected and negative growth was recorded in both retail sales and same store sales in Hong Kong and Macau markets in November and December.

Since the launch of the Hong Kong Section of the Express Railway Link, the Group's stores located in the Hong Kong West Kowloon station and the neighbouring Tsim Sha Tsui district have been reporting satisfactory sales performance. However, the Group noted that the increased influx of Mainland tourists via the Hong Kong-Zhuhai-Macau Bridge were mainly sightseeing trippers with limited purchasing power and barely contributed to the Group's overall sales in Hong Kong market. Nevertheless, the Group believes the two mega infrastructure projects will attract more mainland travellers with higher consumption when they are gradually consummated. The Group remains optimistic towards the outlook of Hong Kong and Macau markets in the middle to long run under the favourable development of the Greater Bay Area.

Under the current weaker economic circumstance, the Group will adopt multiple measures to convert challenges into opportunities. The Group will strengthen promotional efforts to gain more brick-and-mortar customers to partially offset the short-term impact from Daigou reduction. It will also optimise product offerings and launch new products on a timely basis to cater for rapidly changing consumer preferences. Digitalisation and information technology enhancement will be sped up to improve operational efficiency and shopping experience. In addition, the Group will seize the opportunities brought by the Greater Bay Area 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) increased by 1.3% in the third quarter.

Number of Retail Outlets by Market (Continuing operations)

| | As at 31 December 2018 | As at 31 December 2017 | As at 30 September 2018 |
|---------------------|-----------------------------------|-----------------------------------|------------------------------------|
| Hong Kong and Macau | 119 | 119 | 120 |
| Mainland China | 54 | 56 | 54 |
| Singapore | 21 | 19 | 22 |
| Malaysia | 78 | 75 | 77 |
| Total | 272 | 269 | 273 |

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, 10 January 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