



Sa Sa Announces Unaudited Operational Update for the First Quarter (April to June 2015) of FY2015/16

Highlights

Group - Retail and Wholesale

	3 months ended 30 June 2015
Turnover (HK\$ million)	1,821.4
YoY% change	-8.6%

Hong Kong and Macau - Retail and Wholesale

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.

(21 July 2015 – HONG KONG) – **Sa Sa International Holdings Limited** (‘Sa Sa’ or the ‘Group’, stock code: 0178) announced today the unaudited operational update of the Group for the first quarter from 1 April to 30 June 2015.

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 of 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.

Number of Stores/Counters by Market

	As at 30 June 2015	As at 31 March 2015
Hong Kong and Macau	110 [#]	110 [#]
Mainland China	61 [#]	65 [#]
Singapore	21	21
Malaysia	61	59
Taiwan	34	32
Total	287	287

[#] Include three single-brand counters/stores

Dr Simon Kwok, BBS, JP, Chairman and Chief Executive Officer of the Group, said, “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.”

– End –