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SA SA INTERNATIONAL HOLDINGS LIMITED

莎莎國際控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 178)

Profit Warning

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong).

The board of directors of Sa Sa International Holdings Limited (the “**Company**”) announces that based on its preliminary assessment of the unaudited consolidated management accounts of the Company and its subsidiaries (the “**Group**”) for the five months ended 31 August 2019 (the “**Period**”), the turnover of the Group declined approximately by 15% to around HK\$3 billion as compared to the corresponding period last year*, while that of Hong Kong and Macau markets also dropped by 17%. The Group’s sales performance in August was the weakest, down by 28% year-on-year, while that of Hong Kong and Macau markets also declined by 32%. The decline in sales gave rise to losses in the Hong Kong and Macau markets as well as that of the Group for the month of August, and also for the first five months for the Group. Such losses have yet to be reviewed or audited by the auditors of the Company. The sales performance remained very weak in September with turnover from September 1 to September 15 dropping approximately by 14% on a monthly basis, and 29% on a year-on-year basis. In the previous financial year, the Group reported a profit of HK\$202.9 million for the six months ended 30 September.

The main reason for the Group's performance decline is the weak sales performance in its core markets in Hong Kong. The sales performance was hit by the decline of visitor arrivals from mainland China to Hong Kong, as well as weaker consumer sentiment, caused by continuous social incidents in Hong Kong, increasing tension of Sino-US trade war and the Renminbi depreciation.

At present, the Group has sufficient cash on hand to meet current business needs. Yet facing the current challenges, the Group adopts a prudent finance management approach with proactive implementation of a number of cost control initiatives, including negotiating for rental reduction with landlords, reducing operational expenses such as staff costs, selling, general and administration costs, etc. The Group has also been launching more promotional campaigns with attractive discounts to boost sales and lower the inventory level to reduce holding costs and preserve cash. At the same time, the Group continues to review market conditions and close down low-efficiency stores to optimize the store network and adjust product mix and promotion strategies to stimulate sales. The Group is preparing to launch a WeChat mini-programme to enable frontline salespersons to continuously interact with the customers and sell products via this online platform without the need for the customers to visit physical stores. The Group believes that its agility will retain its core competency, lead the Group through this difficult time and lay a solid foundation for the development of new retail model in the future.

The information contained in this announcement is based on a preliminary assessment by the board of directors of the Company based on information currently available including the unaudited consolidated management accounts of the Group for the Period, which have not been reviewed or audited by the auditors of the Company.

The interim results announcement for the six months ended 30 September 2019 will be published before 30 November 2019.

Remark:

**For continuing operations only*

The board of directors wishes to remind shareholders and potential investors that the above information are based on the unaudited management accounts of the Group which have not been reviewed nor audited by the auditors of the Company.

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, 18 September 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)

Ms KWOK Sze Wai Melody

Non-executive Director

Ms LEE Yun Chun Marie-Christine

Independent non-executive Directors

Ms KI Man Fung Leonie, *GBS, SBS, JP*

Mr TAN Wee Seng

Mr CHAN Hiu Fung Nicholas, *MH*