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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)

Unaudited Sales Updates in Hong Kong and Macau SARs during the 2020 Chinese New Year Period

The board of directors of Sa Sa International Holdings Limited (the “**Company**”) announces the unaudited sales updates of the retail business of the Company and its subsidiaries (the “**Group**”) in the Hong Kong and Macau SARs during the Chinese New Year (the “**CNY Period**”) from 25 January to 31 January 2020 ⁽¹⁾.

Hong Kong and Macau SARs – Retail	Year-on-Year Change during the CNY Period 2020 ⁽¹⁾
Retail sales	-76.9%
Same store sales	-75.5%

The Group’s retail sales in the Hong Kong and Macau SARs during the CNY Period⁽¹⁾ was disappointing with a decline of 76.9% as compared with that of last year.

In the Hong Kong SAR, the retail sales plummeted by 77.9% year on year. Such decline was mainly attributable to the novel coronavirus outbreak, resulting in further decline of mainland tourist arrivals and poor local consumer sentiment. According to the Hong Kong Immigration Department, the number of mainland tourist arrivals decreased by 85.5% on a year-on-year basis during the CNY Period⁽²⁾. The plunge in total store traffic led to a drop of 54.4% in the total transaction volume of which the number of transactions of mainland tourists recorded a decline of 92.1% while that of local customers dropped by 8.0%. On the other hand, the average sales per transaction of mainland tourists and local customers decreased by 14.5% and 25.6% respectively. As the proportion of mainland tourists with higher consumption amounts decreased significantly, this led to a decrease of 51.5% in overall average sales per transaction.

Similar to that in the Hong Kong SAR, retail sales in the Macau SAR plunged by 73.4% year on year. The downturn was mainly caused by the almost 70% drop in total transaction volume, of which the number of transactions of mainland tourists decreased by 76.5% and that of local customers declined by 29.4%.

In view of the continuous efforts made by the Hong Kong and Macau SARs to control the spread of the outbreak, seriously affecting the people traffic, the Group will closely review the market condition and adjust its product strategies. Facing the severe shortage of masks and disinfection products, the Group strives to support Hong Kong and Macau SARs citizens to combat the coronavirus outbreak by going all out sourcing such products globally and selling them at reasonable prices to cater for their needs. In the meantime, the Group will substantially

strengthen control measures in order to reduce losses. In addition to downsizing the retail store network in the Hong Kong SAR, reducing staff costs and lowering the inventory level, all executive directors will take the lead in reducing salary by 75% for three months as the first step in a new round of cost reduction initiatives.

Remarks:

- (1) *For the first seven days of 2020 CNY Period (25 January to 31 January 2020) as compared to that of the corresponding period last year (5 February to 11 February 2019).*
- (2) *Hong Kong Immigration Department's statistics on Passenger Traffic covers the period from 24 January to 30 January 2020.*
- (3) *Figures in the above table include adjustments according to 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, 6 February 2020

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*