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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 year ended 31 March 2020 (the “**Period**”), excluding impairment losses on right-of-use assets and property, plant and equipment, the Group expects to record a loss of approximately HK\$260 million to HK\$300 million (including a one-off loss of approximately HK\$40 million resulting from the termination of its retail business in Singapore). After taking into account impairment losses on right-of-use assets and property, plant and equipment of HK\$240 million to HK\$300 million, the Group expects to record a loss of approximately HK\$500 million to HK\$600 million for the Period as compared to a profit of HK\$471 million for the corresponding period last year.

The above-mentioned provision for impairment losses of approximately HK\$240 million to HK\$300 million would be made in accordance with the Hong Kong Accounting Standard 36 that apply to the retail store assets (including the right-of-use assets and property, plant and equipment), and the impairment losses arise because of losses at the Group’s retail stores (especially those located in the tourist districts of the Hong Kong SAR) due to drastic decline of sales amid the outbreak of COVID-19. The provision for the impairment losses is a non-cash accounting treatment, as such, it has no impact on the Group’s cash position for the financial year under review. The Group has no borrowing presently and has adequate cash to meet its current business needs. In addition, the Group expects to recover approximately HK\$20 million in cash from the closure of its business in Singapore.

Since the beginning of last July, the number of mainland tourists has declined significantly in the Hong Kong SAR due to the outbreak of social incidents, leading to the Group’s loss in the interim period of the financial year under review. The number of mainland tourists declined further after the outbreak of COVID-19 at the beginning of the year. The local consumer sentiment has also been dampened. All this aggravated the difficult situation that weighed on the sales performance of the Group’s retail stores in the Hong Kong SAR. The COVID-19 epidemic also caused the foot traffic and retail sales to fall significantly at our stores outside of Hong Kong SAR, including the Macau SAR and Mainland China. The Group’s e-commerce business was also affected as logistics services were disrupted by the epidemic.

Even the Group's operations in Malaysia that have always been profitable have also been affected by the epidemic since February.

The Group has sufficient cash on hand to meet its current business needs. However, the unprecedented pandemic that is raging worldwide has made the operating environment extremely difficult. Management have adopted various contingency measures, including introducing epidemic prevention products to meet the needs of both its staff and customers. The Group has also made an all-out effort to reduce costs to preserve working capital. Other measures include improving both the staff organizational structure and cost structure, streamlining processes and pressing ahead with work automation with the aim of raising the operational efficiency, maintaining the Group's strength for its long term development and enabling the Group to get through this difficult time and recover its profitability as soon as possible.

The information contained in this announcement is a preliminary assessment by the board of directors of the Company based on the 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 annual results announcement for the year ended 31 March 2020 will be published before 30 June 2020.

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.

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, 5 May 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*