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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 for the Second Quarter ended 30 September 2020 and National Day Golden Week Holiday in 2020

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 second quarter from 1 July to 30 September 2020.

Highlights	
Group - Retail and Wholesale (Continuing operations)	
	<i>3 months ended 30 September 2020</i>
Turnover (HK\$ million)	695.6
YoY% change	-55.3%
Hong Kong and Macau SARs - Retail and Wholesale	
Turnover (HK\$ million)	449.7
YoY% change	-65.6%
Same store sales YoY% change	-61.0%
Average sales per transaction (HK\$)	204
YoY% change	-37.3%
Total no. of transactions (million)	2.1
YoY% change	-45.0%

For the second quarter from 1 July to 30 September 2020, the Group's retail and wholesale turnover decreased by 55.3% year on year and increased by 17.8% quarter on quarter. Preliminary data show that, for the first half of the financial year, the Group's total retail sales decreased by 70.8% year on year in the Hong Kong and Macau SARs, with retail sales from the former contracting by 68.4% year on year and sales from the latter falling by 78.0% year on year.

For the second quarter, in the Hong Kong and Macau SARs, the Group's retail and wholesale turnover decreased by 65.6% year on year, while same store sales contracted by 61.0% year

on year. The COVID-19 pandemic has continued to affect travel and tourism resulting in the number of mainland tourists in Hong Kong falling to almost zero. Macau also experienced a similar situation before the gradual lifting of restrictions on travel from certain cities in China that started in mid-August. The decline in the number of tourists to Hong Kong and Macau has led to a year-on-year decrease of 97.4% in the total number of transactions by mainland customers at the Group's business operations. Meanwhile, local consumption in Hong Kong has also been affected by the COVID-19 pandemic due to the mandatory observance of social distancing. As a result, the total number of transactions by local customers at the Group's business operations in Hong Kong and Macau decreased by 2.2% year on year. Moreover, the overall transaction volume in Hong Kong and Macau fell by 45.0% year on year. However, the total number of transactions by local customers at the Group's business operations rose by 8.5% in the second quarter when compared with the first quarter. The overall basket size by local customers also increased by 2.3% quarter on quarter.

In the Hong Kong SAR, business from local customers did not improve noticeably during the second quarter, in addition the number of visitors to Hong Kong continued to plunge. Five of the Group's stores were closed for at least 14 days due to confirmed cases of COVID-19 among staff at such stores. As a result, retail sales from the Group's Hong Kong operations decreased by 62.4% year on year in the second quarter. The number of transactions with mainland customers plunged by 97.3% year on year while that with local customers dropped by 9.7% year on year. Overall, sales in the second quarter did not improve much when compared with the first quarter.

In the Macau SAR where tourists traditionally accounted for a high proportion of sales, the Group's sales plummeted by 73.0% year on year in the second quarter due to anti-pandemic measures restricting travels. Growth in sales from local customers resumed during the second quarter on the back of the Macau SAR Government's consumer subsidy program, which was launched in two phases. Moreover, the Macau SAR Government gradually lifted restrictions on travel from certain cities in Mainland China in mid-August, and subsequently cancelled restrictions on the entire Mainland at the end of September. As a result, the Group's sales in Macau in the second quarter increased by 95.6% when compared with the first quarter.

During the eight-day long National Day Golden Week Holiday from 1 to 8 October 2020, retail sales at the Group's operations in Hong Kong and Macau together decreased by 51.9% year on year. A breakdown shows that retail sales at the Group's business in the Hong Kong SAR dropped by 48.3% year on year during the holiday period while retail sales in the Macau SAR fell by 56.4% year on year.

The Group's retail sales in Mainland China during the eight-day long National Day Holiday exceeded expectations, surging by 38.7% year on year. In contrast, retail sales for the first half of the financial year decreased by 10.0% year on year, thus showing considerable improvement.

The operating environment of the Hong Kong SAR has remained uncertain. Consequently, the Group has been adopting various measures to cope with the situation. This has included the rationalizing of its store network, especially stores in districts that are frequented by tourists. It has also been negotiating with landlords for rental reductions and short-term leases. The Group will also adopt other measures to maintain both the competitiveness and cost-effectiveness of its store network in accordance with market conditions.

Meanwhile, the Group has been adapting to the retail market evolution, in particular, the new retailing era, by actively developing its e-commerce capabilities which include its online-to-offline operations. During the period under review, the Group has consolidated its online sales channel and product assortment and sales team, with the aim of enhancing its supply chain, product mix and competitiveness. It has also used the WeChat mini-programme, other social media and live streaming platforms to continue development of its core strength in social commerce. As a result, sales at the Group's e-commerce operation have surged by 36.0% year on year and by 38.7% quarter on quarter in the second quarter.

In the second quarter, the Group's retail and wholesale turnover in other markets outside the Hong Kong and Macau SARs (including Mainland China, Malaysia and e-commerce) slipped by 1.3% year on year.

Number of Retail Outlets by Market (Continuing operations)

	As at 30 September 2020	As at 30 June 2020	As at 30 September 2019
Hong Kong and Macau SARs	106	109	118
Mainland China	48	43	46
Malaysia	77	79	80
Total	231	231	244

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 Group's overall performance in 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, 15 October 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*