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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 Update for the Second Quarter ended 30 September 2021

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 2021.

#### Highlights

The Group's Continuing Operations (Retail and Wholesale)			
Three months ended 30 September 2021	Turnover (HK\$ million)	YoY% change (in local currency terms)	Compared with the same period in FY2018/19 (in local currency terms)
Hong Kong and Macau SARs	522.5	+16.2%	-69.7%
Online business	144.5	+33.7%	+68.1%
Mainland China	69.5	+0.3%	-1.0%
Malaysia	21.7	-70.3%	-77.7%
The Group's total turnover (in Hong Kong Dollar terms)	758.3	+9.0%	-61.7%

Operations in Hong Kong and Macau SARs (Retail Sales)	
Three months ended 30 September 2021	YoY% change
Same-store sales	+21.4%
Average sales per transaction	+10.7%
Total no. of transactions	+6.3%

For the second quarter from 1 July to 30 September 2021, the Group's retail and wholesale turnover for the continuing operations increased by 9.0% year on year, but decreased by 61.7% when compared against the pre-COVID-19 pandemic financial year of 2018/19 ("FY2018/19"). The performance in the second quarter against the pre-COVID-19 pandemic financial year is similar to that of the first quarter.

The retail and wholesale turnover at the Group's operations in the Hong Kong and Macau SARs rose by 16.2% year on year in the second quarter but decreased by 69.7% when compared with that in the same period of FY2018/19. Macau SAR and Mainland China have reopened the border for more than a year, however, there were several waves of pandemic outbreak which resulted in immediate strengthened immigration control on each occasion and impacted on the Group's sales every time. In the second quarter, more serious COVID-19 outbreaks were again reported in the Macau SAR at the beginning of August and at the end of September, causing more stringent border controls and serious decline in the visits by Mainland Chinese tourists to the city. As a result, Sa Sa's sales to Mainland Chinese customers in the city in the second quarter recovered to only 35% of the sales recorded in the same period of FY2018/19. The Group's sales from Mainland tourists in the Hong Kong SAR did not improve because the city's border with Mainland China had not yet been reopened.

The Hong Kong SAR Government launched a Consumption Voucher Scheme in August to stimulate local spending and the Group took the opportunity to conduct enticing promotions to capitalize on the buying momentum. The effort paid off as the Group's sales to local customers increased significantly in the first two weeks of August. In the Macau SAR, the Consumption Subsidy Scheme launched in May last year led to a high comparison base, added to this, the more serious COVID-19 outbreaks at the beginning of August and at the end of September this year caused year-on-year decline in sales to local customers in the second quarter. Overall, the Group's sales to local customers in the Hong Kong and Macau SARs in the second quarter increased by 0.7% year on year and declined by 7.7% compared with that in the same period of FY2018/19.

The Group's online business continued improving in the second quarter, recording a year-on-year increase of 33.7% in sales and a 68.1% increase as compared with the same period of FY2018/19. The growth was mainly driven by third-party platforms and the Group's revamped online shopping website in Hong Kong. The new online shopping website enhances the customers' shopping experience, and together with the usage of social media, enables the frontline beauty consultants at the Group's physical stores to interact with the customers and conduct sales online. It also allows customers to enjoy shopping discounts offered by Sa Sa's online store at both the online and offline operations of the Group, thus enabling the Group to capitalise on the synergy of O2O (online-to-offline) operations.

In Mainland China, the pandemic has been largely brought under control but sporadic cases of COVID-19 were reported in many parts of the country. The Group's stores in those regions were inevitably affected, recording a year-on-year decrease of 16.4% in same-store sales in the second quarter. Thanks to a net increase of eight stores in Mainland China in the second quarter, the Group's retail sales rose by 0.3% year on year.

In Malaysia, due to the Government's movement control order which has been adopted to curb COVID-19, the Group's stores only started resuming operation partially in mid-July but only around 35% of its stores could be opened for business at the end of August. It was only in mid-September when the situation improved noticeably. As a result, turnover at the Group's operations in Malaysia decreased by 70.3% year on year in the second quarter.

As at 30 September 2021, the Group's cash on hand was HK\$286.4 million, though less than the HK\$354.3 million as at 30 June 2021, it would still be sufficient to meet the needs of our daily operations. The decrease was mainly due to a loss recorded in the second quarter and the move to stock up on goods to prepare for the peak periods of the Group's operations in the Macau SAR in the "golden week" of China's National Day holidays and for the Group's online business in the third quarter. The Group will keep rationalising its store network in the Hong Kong SAR to reduce its overall cost and optimise its cost structure, aiming at a faster turnaround for the Group and enhancing its profitability in the long term.

#### Number of Retail Outlets by Market (Continuing Operations)

	As at 30 September 2021	As at 30 June 2021	As at 30 September 2020
Hong Kong and Macau SARs	91	98	106
Mainland China	69	61	48
Malaysia	73	75	77
<b>Total</b>	<b>233</b>	<b>234</b>	<b>231</b>

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 2021

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, *MH*

#### **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, JP*