MANAGEMENT DISCUSSION & ANALYSIS

Consolidated Income Statement for the Year Ended 31 March 2025

	Full year		First half		Second half	
	2025	2024	**2025**	2024	**2025**	2024
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Turnover	**3,941,704**	4,367,496	**1,920,543**	2,144,435	**2,021,161**	2,223,061
Cost of sales	**(2,371,022)**	(2,584,141)	**(1,164,078)**	(1,263,959)	**(1,206,944)**	(1,320,182)
Gross profit	**1,570,682**	1,783,355	**756,465**	880,476	**814,217**	902,879
Other income	**24,312**	34,063	**13,396**	17,897	**10,916**	16,166
Selling and distribution costs	**(1,257,955)**	(1,300,359)	**(614,204)**	(643,375)	**(643,751)**	(656,984)
Administrative expenses	**(235,597)**	(227,822)	**(111,084)**	(115,292)	**(124,513)**	(112,530)
Other gains/(losses) – net	**4,890**	(4,103)	**6,272**	(4,640)	**(1,382)**	537
Operating profit	**106,332**	285,134	**50,845**	135,066	**55,487**	150,068
Finance income	**14,161**	9,012	**7,430**	3,220	**6,731**	5,792
Finance costs	**(28,579)**	(27,399)	**(14,398)**	(12,576)	**(14,181)**	(14,823)
Profit before income tax	**91,914**	266,747	**43,877**	125,710	**48,037**	141,037
Income tax expenses	**(14,941)**	(47,864)	**(11,469)**	(23,288)	**(3,472)**	(24,576)
Profit for the year attributable to owners of the Company	**76,973**	218,883	**32,408**	102,422	**44,565**	116,461

Our Business

Headquartered in Chai Wan, Hong Kong, the operations of Sa Sa International Holdings Limited ("**Sa Sa**" or the "**Company**") and its subsidiaries (the "**Group**") cover online and offline retail and wholesale sales channels in Hong Kong and Macau, Mainland China, and Southeast Asia, and online sales in certain locations in the rest of the world. The Group has regional offices in Kuala Lumpur, Malaysia and Shanghai, China.

Adhering to our mission of *"Making Life Beautiful"*, the Group is dedicated to providing customers with comprehensive and professional beauty advice, addressing both inner and outer well-being. To cater to the diverse "beauty" needs of our customers, Sa Sa not only offers a wide range of products spanning the three main categories skincare, fragrance and make-up, but also optimises our product portfolio by introducing new categories, including inner beauty and health products, personal care (hair & body) as well as beauty equipment in response to evolving market trends.

The Group's supply chain management organisation manages warehouses in Hong Kong and Malaysia, and third-party warehouses in Mainland China and Singapore. The Group has invested in supply chain innovation, digitalisation, and sustainability to drive efficiency and support quality standards, including a 30-day return policy to the Group's customers. The Group has enhanced its e-commerce handling capacity through deployment of automated guided vehicles ("**AGV**"). These investments enable and support the Group's e-commerce operations beyond its core home markets and into Southeast Asia and Australia.

The Group is laser-focused on managing its product offerings by reviewing its core product categories and ensuring that it carries trending brands and products. The Group is actively seeking partnerships with emerging and niche brands to enhance its portfolio of exclusive brands and develop these brands with the brand owners. The Group's standards of excellence in retail management and unique team of professional beauty consultants make it an ideal partner for brands looking for a presence in Asia and for professional beauty consultants to effectively communicate their brand story directly to consumers.

MARKET OVERVIEW

Chart 1: GDP/Retail Sales/Medicines and Cosmetics Sales in Financial Year 2024/25* (year-on-year change)

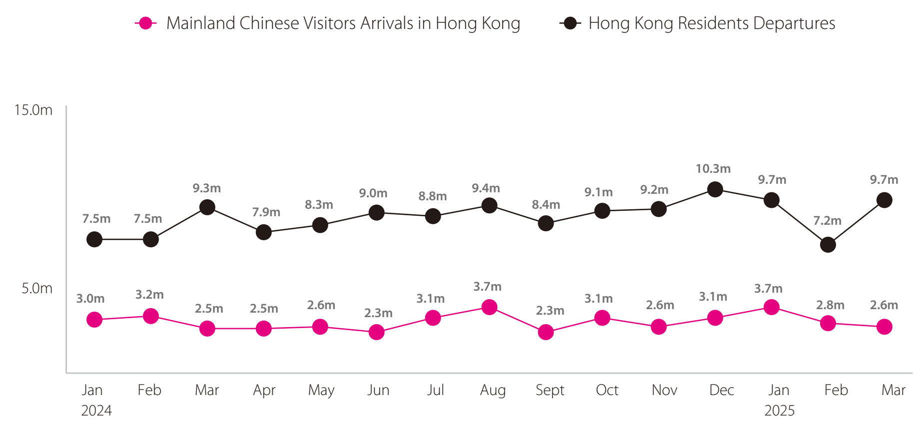
Market (Apr 2024 – Mar 2025)	GDP Change Rate	Retail Sales Change	Medicines and Cosmetics Sales Change
China:			
Hong Kong	+5.8%	-8.6%	+0.4%
Macau	+3.0%	-15.7%	-16.8%
Mainland China	+5.8%	+3.2%	+3.6%
Southeast Asia:			
Malaysia	+5.1%	+6.5%	*Note 1*
Singapore	+7.4%	+0.5%	*Note 3* +2.3%
The Philippines	+8.4%	*Note 2* +9.8%	*Note 1 & 2*

Notes:

1. There were no medicines and cosmetics retail sales statistics provided by the Malaysian and the Philippines Governments.
2. This is the figure of Retail Trade, except motor vehicles and motorcycles, provided by the Government of the Philippines.
3. "Cosmetics, toiletries and medical goods" as classified by the Government of Singapore.

* All the above data were sourced and extrapolated from statistics published by the corresponding governments' statistics bureaus. There are some inconsistencies in the definition of cosmetics retail sales in the methodologies adopted by different government statistics bureaus in conducting statistics on such sales.

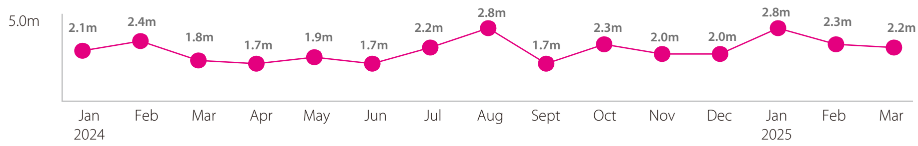
Chart 2: Mainland Visitor Arrivals vs Hong Kong Residents Departure in Hong Kong (in million)



Source: Hong Kong SAR Census and Statistics Department & Hong Kong Immigration Department

Note: "Hong Kong" refers to "The Hong Kong Special Administrative Region of China" and "Macau" refers to "The Macau Special Administrative Region of China".

Chart 3: Mainland Visitor Arrivals in Macau (in million)



Source: Government of Macao SAR and Census Service

During the year ended 31 March 2025 (the "**Financial Year**" or the "**Year**"), the global economy continues to face challenges arising from heightened geopolitical tensions, such as the resurgence of inflation in the United Kingdom and the United States (the "**US**"), China's deflation, and the impact of political instability in some major economies. Tariff issues between countries have also affected the liquidity of international trade, prompting enterprises to realign their production and supply chain strategies, resulting in increased volatility in import and export activities. Furthermore, currency fluctuations and the tariffs imposed by the US further increased cost pressures on global trade operations.

Hong Kong & Macau

Northbound Travel Trends Becomes the Norm, Impacting Customer Traffic and Spending in Hong Kong and Macau

While there was a spike in northbound travel by local Hong Kong residents to Southern China as it stepped up its pace in its integration into the Greater Bay Area, the travelling numbers appeared to have settled down at current levels and has become part of the norm. During the Financial Year, Hong Kong and Macau welcomed 45.5 million and 35.9 million visitors respectively, with Mainland Chinese tourists accounting for 34.6 million and 25.6 million, making them the primary source of tourism for both regions. While the Macau SAR government hasn't released data on local residents travelling north, figures from the Hong Kong Immigration Department indicated that monthly northbound trips by Hong Kong residents exceeded inbound Mainland Chinese tourist numbers by approximately six to seven million. Conversely, the number of Mainland Chinese tourists visiting Macau has remained stable (see Charts 2 and 3).

The Progressive Implementation of Visa Policies, Such as "Multiple-entry Individual Visit Scheme (IVS)" and "One Trip per Week," Injects Momentum into the Hong Kong and Macau Tourism and Retail Sectors

From 6 May 2024, Mainland Chinese citizens became eligible to apply for IVS permits to visit Macau, while Shenzhen resumed its IVS for Hong Kong travel on 1 December 2024. Starting from 1 January 2025, Zhuhai implemented "one trip per week" policy, and the Guangdong-Macao In-Depth Cooperation Zone in Hengqin also allowed IVS to Macau. The Group believes that the positive impact of these measures on the tourism and retail industries in Hong Kong and Macau will take time to fully realise. Moreover, the continued northbound travel and outbound tourism of Hong Kong residents, coupled with a persistently strong US dollar leading to a reduced spending by tourists in Hong Kong and Macau, could potentially diminish the actual benefits brought by these policies.

Mainland Chinese Tourists Embrace Niche Brands, Creating Opportunities for Exclusive Brand Development

Travel habits of Mainland Chinese tourists in Hong Kong and Macau have changed, showing a preference for experiential travel rather than shopping-centric trips. The Group has observed that these travellers are more inclined to explore lesser-known brands that offer functionality and value-for-money. This shift in consumer preference enables the Group's beauty consultants to promote our exclusive brands, foster customer loyalty, and ultimately secure higher profit margins.

Labour Shortages, High Rents and Operating Costs Pose Challenges for Local Retailers

The Group remains cautiously optimistic about the Hong Kong and Macau markets. However, the Hong Kong and Macau SAR Governments need to address the local labour shortage to maintain high service standards and accommodate customers during nighttime. In June 2023, the Hong Kong SAR Government launched the Supplementary Labour Scheme with the intention of importing labour from Mainland China. Easing the labour shortage by this initiative does not reduce costs for employers. A significant challenge lies in the scheme's requirement that participating employers pay foreign workers wages comparable to local employees and provide accommodation in Hong Kong, substantially increasing overall costs. Corporates need to balance the pressure of cost inflation and shortage of labour to deliver profitable performance.

Mainland China

The Mainland Chinese Government's Pro-Growth Measures Fuel the Market Development

Persistent geopolitical tensions and Western nations' efforts to diversify away from Mainland China continue to weigh on foreign direct investment and exports activities. While economic stimulus efforts face headwinds, the introduction of various economic stimulus and job retention measures in Mainland China, beginning in September 2024, has improved market liquidity and boosted trading activity in Hong Kong's stock and capital markets, sending positive signals for the coming year.

In 2024, China's GDP reached RMB132.3 trillion, reflecting a year-on-year increase of 5.0%. Of which, total retail sales of consumer goods in China rose by 3.5% compared to the previous year. The total transaction value of the Chinese cosmetics market was approximately RMB1.1 trillion, representing a year-on-year increase of 2.8%.

Intense Competition and a Shakedown Period in the Beauty Retail Sector, with Functional and Niche Beauty Products Gaining Traction

Amid the fiercely competitive business environment, beauty retailers are adjusting their operating models by optimising the balance between online and offline stores to enhance economic efficiency. Short, high-frequency, and fast-paced online content has become the predominant sales approach in Mainland China. The market increasingly favours value-for-money products, particularly those with functionality (including synthetic biology, recombinant collagen, and medical aesthetics), rather than established big name brands. This trend is creating opportunities for domestic and niche brands.

Southeast Asia

Southeast Asia's Economy Further Recovers, But Tariff Issues Introduces Greater Uncertainty into Trading Activities

In 2024, Southeast Asian economies continued to rebound, with Singapore's GDP growth rate reaching 4.0%, surpassing market expectations. Malaysia's GDP increased by 5.1% year-on-year in 2024, meeting the local government's target and reflecting consumer and investor confidence in the country's economic outlook.

However, since 2025, the issue of tariffs began to impact Southeast Asian nations and regions, adding substantial uncertainties to local trade and import-export business. Local enterprises are increasingly concerned that these tariffs may undermine existing trade agreements, elevate commodity costs, and potentially hinder the pace of economic growth.

Digital Economy Flourishes in Southeast Asia with High Internet Penetration and Robust E-commerce Growth

Southeast Asia has a total population of approximately 600 million, with approximately 80% being internet users, underscoring the growing significance of the digital economy in the region. In 2023, the region achieved double-digit growth in both gross merchandise volume (GMV) and turnover, with e-commerce becoming a primary channel for business expansion. The turnover generated by the beauty and personal care sector ranked among the top five in the region's business-to-consumer (B2C) sector.

BUSINESS OVERVIEW

FINANCIAL PERFORMANCE SUMMARY

Chart 4: Turnover by Market in Financial Year 2024/25

HK $ Million	Offline	Online	Turnover	Year-on-year change (%)	% to Group Turnover (%)
Hong Kong & Macau	$2,792.2	$199.6	$2,991.8	▼ 12.3%	75.9% (LY: 78.1%)
Mainland China	$102.6	$417.9	$520.5	▼ 10.5%	13.2% (LY: 13.3%)
Southeast Asia	$331.5	$88.1	$419.6	▲ 14.7%	10.6% (LY: 8.4%)
Others	–	$9.8	$9.8	▼ 5.8%	0.3% (LY: 0.2%)
Total	$3,226.3	$715.4	$3,941.7	▼ 9.7%	100.0%

Chart 5: Breakdown of Offline Turnover (by Market)

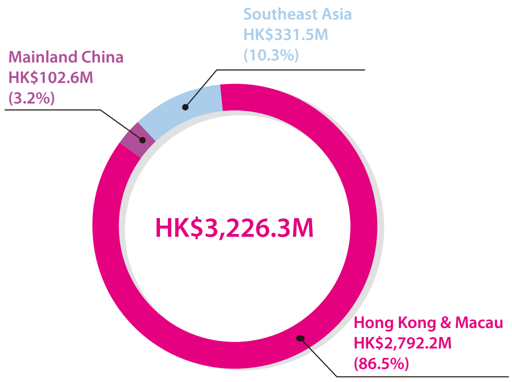
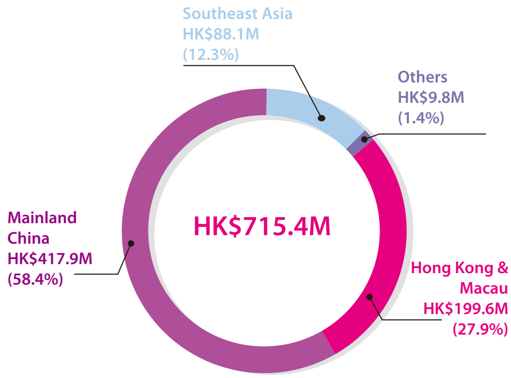


Chart 6: Breakdown of Online Turnover (by Market)



During the Financial Year, the Group's turnover reached HK$3,941.7 million, a decrease of 9.7% compared with the previous year. Offline sales reached HK$3,226.3 million, with a notable improvement in performance from the initial decline of 17.4% in the first half, reducing to 6.2% in the second half. This trend was driven by the continued resurgence of Mainland Chinese tourists in the Group's core Hong Kong and Macau markets, along with the Group's strategic efforts to optimise its offline store network and product portfolio in response to market change to enhance sales execution. The year-on-year decline of offline sales during the Financial Year was contained to approximately 11.9%. As of March 31, 2025, the Group operated 174 physical stores, a net reduction of nine stores compared to the previous year, with offline operations accounting for 81.9% of total turnover.

Online sales increased marginally by 1.2%, totalling HK$715.4 million. This was primarily attributed to the growth of the Group's third-party e-commerce platforms in the Southeast Asian market, recording a 12.4% year-on-year increase. The economy in Mainland China remains sluggish, prompting the Group to adjust its local online strategy, resulting in performance that is largely consistent with last year, while online sales in Hong Kong and Macau exhibited stable growth. Online sales accounted for 18.1% of the Group's total turnover.

Shifting consumer preferences towards value-driven purchases, the strong US dollar, and increasing economic uncertainties brought by trade tariffs, led to more cautious spending by tourists visiting Hong Kong and Macau, putting pressure on the Group's gross profit margins. During the Financial Year, the Group's gross profit was HK$1,570.7 million, a decrease of 11.9% year-on-year, resulting in a gross profit margin of 39.8%. Sales and distribution costs as well as administrative expenses, as percentages of turnover, increased from 29.8% and 5.2% to 31.9% and 6.0%, respectively.

Excluding the one-off provision for closure costs of retail stores in Mainland China of HK$30.0 million, recurring profit during the Financial Year was HK$107.0 million. (2024: HK$218.9 million).

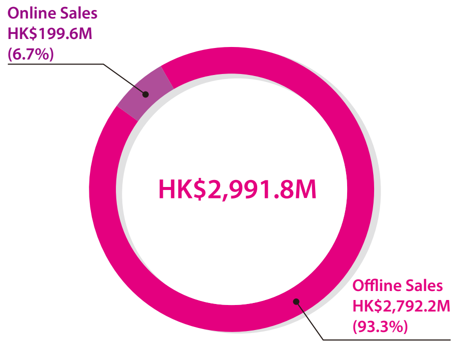
The Group's total cash balance at 31 March 2025 was HK$371.1 million (2024: HK$457.8 million) and is adequate for the Group's needs. Net cash generated from operating activities (less the payment of lease liabilities and interest) for the Financial Year was HK$137.4 million (2024: HK$253.6 million), aligning with the downward trend in both turnover and profit. Investment in capex was HK$59.3 million mainly for IT investment, new stores and existing store upgrades.

Core earnings per share was 3.5 HK cents while basic earnings per share amounted to 2.5 HK cents (2024: 7.1 HK cents). The Board resolved to pay a final dividend for the Year of 1.7 HK cents per share. Total annual dividend amounted to 2.45 HK cents per share (2024: 5.0 HK cents), representing approximately 70% of core profit for the Year, indicating optimistic outlook for the Group. The Group will seek to maintain a sustainable and steady dividend policy going forwards.

1. Hong Kong & Macau

Outbound Travel of Hong Kong and Macau Residents Dampen Spending Power; Despite Tourist Volume Continues to Recover, Cautious Tourist Spending Due to Strong US Dollar Results in a 12.3% Decrease in Hong Kong and Macau Turnover to HK$2,991.8 Million

Chart 7: Turnover in Hong Kong & Macau (by Online and Offline Channels)



Hong Kong and Macau constitute Sa Sa's largest market. In addition to providing local customers with an extensive range of beauty and personal care products and services, the Group also serves as a hot shopping destination for tourists visiting the region. During the Financial Year, online and offline turnover in Hong Kong and Macau accounted for 75.9% of the Group's total turnover, reaching HK$2,991.8 million, and generating a profit of HK$128.6 million compared to HK$233.8 million in the previous year, which represented a year-on-year decrease of 45.0%. The online and offline sales in the region will be further elaborated upon in the following sections.

Offline Sales

Hong Kong and Macau

Chart 8: Same-store Sales Growth

(Year-on-Year Change)

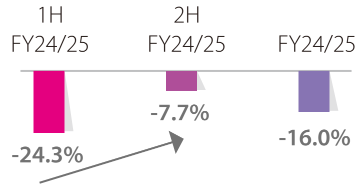
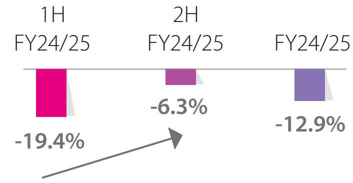


Chart 9: Offline Sales Performance

(Year-on-Year Change)



Note: 1H: Apr – Sept; 2H: Oct – Mar

Hong Kong

Chart 10: Same-store Sales Growth

(Year-on-Year Change)

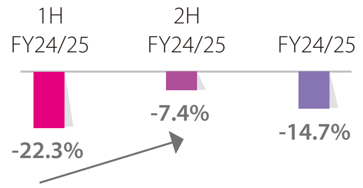
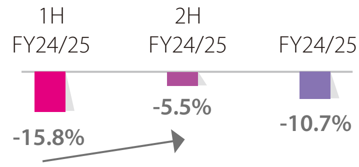


Chart 11: Offline Sales Performance

(Year-on-Year Change)



Note: 1H: Apr – Sept; 2H: Oct – Mar

Macau

Chart 12: Same-store Sales Growth

(Year-on-Year Change)

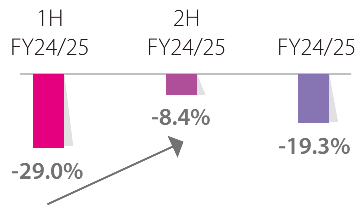
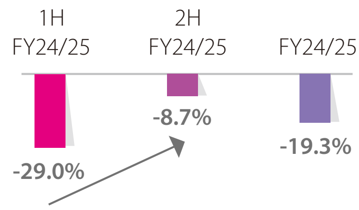


Chart 13: Offline Sales Performance

(Year-on-Year Change)



Note: 1H: Apr – Sept; 2H: Oct – Mar

The Norm of Residents of Hong Kong and Macau Tripping North to Mainland China and Abroad Affects Offline Sales

The continued outbound travel of Hong Kong and Macau residents has impacted local customer traffic. Additionally, the strong US dollar has resulted in cautious spending by tourists in both regions, impacting offline turnover.

Sa Sa Introduces Trendy Products and Optimise Brand Portfolio in Response to Market Change, Enhancing VIP Customer Loyalty; Tourism Stimulus Measures Improve Customer Traffic, Significantly Narrowing the Year-on-Year Decline in Offline Sales from 19.4% in 1H to 6.3% in 2H

In response to these challenges, the Group remains dedicated to sourcing trending products aligning with market needs and optimising our product portfolio. By introducing sought-after items such as inner beauty and health products and beauty equipment, we aim to attract more traffic and increase customer spending. In addition, the Group enhanced service quality through Sa Sa's professional beauty consultants to improve customer loyalty and repurchase rates. The Group also complemented promotions across various channels, including online platforms like Facebook, Instagram, Threads, as well as offline in-store, to draw customer traffic.

In the second half of the Financial Year, the Group saw improvement in both customer traffic and sales, thanks to the implementation of various economic and tourism stimulus measures and visa policies introduced by the Central Government promoting visits to Hong Kong and Macau from Mainland China.

The year-on-year decline in the Group's offline sales in this market gradually narrowed, improving from 19.4% in the first half to 6.3% in the second half, with an overall decline managed to approximately 12.9%. While same-store sales narrowed from 24.3% in the first half of the Financial Year to 7.7% in the second half, leading to an overall decline of approximately 16.0%.

Approximately 37.1% and 78.2% of the Group's sales in Hong Kong and Macau were from tourists respectively. On a combined basis 47.6% of the Group's offline sales were from tourists compared to approximately 74% pre-pandemic period.

Number of stores

Market	As at 31 Mar 2024	Opened	Closed	**As at 31 Mar 2025**
Hong Kong & Macau	82	2	–	**84**

The Group is committed to continually enhancing its store aesthetics to provide customers with improved shopping experience. As the Group's core market, Hong Kong and Macau are poised to benefit from the further increase in tourist arrivals driven by the IVS Policies and mega event economy. The Group will strategically expand and optimise its store network in the region, provided that rental costs are reasonable and economically viable.

As of the Financial Year ended 31 March 2025, the Group operated 84 stores in Hong Kong and Macau, including two new stores opened at Hopewell Centre in Wan Chai, Hong Kong, and at The Kai Tak Mall in Kowloon. Tourist traffic from Mainland China is primarily concentrated in Tsim Sha Tsui, Causeway Bay, Mong Kok, and the West Kowloon area, a key hub for cross-border travel. The Group currently operates 26 stores in these core tourist areas of Hong Kong and Macau (pre-pandemic: 45 stores).

The Group operated nine stores in Macau. Four were located in downtown area near major tourist attractions, three were within hotel resort complex and two were in local areas. These stores are larger in size which allow greater customer reception capacity.

Online Sales – Hong Kong and Macau

Sa Sa Online Penetration in Hong Kong and Macau increased from 0.1% pre-pandemic to 6.7%

During the Financial Year, online turnover in Hong Kong and Macau markets totaled HK$199.6 million, a year-over-year marginal decrease of 1.4%. Hong Kong and Macau accounted for 27.9% of the Group's total online sales, with VIP members contributing approximately 78.3%.

Online penetration is primarily facilitated through the Group's own Hong Kong e-shop, accessible via both mobile app and website at https://www.sasa.com.hk/. The Group is also active on major local third-party platforms such as HKTVmall. The Sa Sa e-shop features a wide variety of brands and products, including exclusive online items, comprehensive product descriptions and user-generated content. The e-shop accepts all major forms of digital payment and offers various delivery options, including in-store pickup.

"Buy Online Pick-up In-Store" Continues to be a Popular Choice, Creating a Seamless OMO Experience

The Group's convenient store locations make Buy-Online-Pick-Up-In-Store (BOPIS) a preferred fulfilment method for customers. When picking up their orders in person, customers benefit from the comprehensive, personalised, and seamless online-merged-offline (OMO) service experience provided by Sa Sa's professional beauty consultants. This enhances interaction between Sa Sa and its customers and supports increased sales. The Group has also innovated its packaging methods, reducing the size of BOPIS orders, significantly decreasing its carbon footprint and storage space requirements, and improving the ability of stores to offer BOPIS services.

Live Commerce Delivering Tangible Results for Exclusive Brand Development and Sales

During the Financial Year, live streaming began to yield results, generating sales that accounted for 18.3% of Hong Kong and Macau's total online sales. These events were hosted by professionally trained beauty consultants and often featured guest appearances by popular influencers, offering limited-time shopping incentives, trend insights, and new product introductions, as well as answering audience questions on beauty care and products.

During the Year, the Group further broadened its live commerce repertoire by diversifying its livestreaming scenarios. This included inviting overseas Key Opinion Leaders (KOLs) to host live events at our Hong Kong stores, as well as organising livestream sessions with both local and international KOLs to undertake "Brand Origin Journeys" in prominent locations such as Europe, South Korea, and Taiwan. These journeys not only introduced an element of excitement and authenticity to the livestreams but also enhanced brand storytelling and image building.

By integrating these creative elements, the Group successfully strengthened customer engagement and elevated overall awareness of our brands (particularly our exclusive brands).

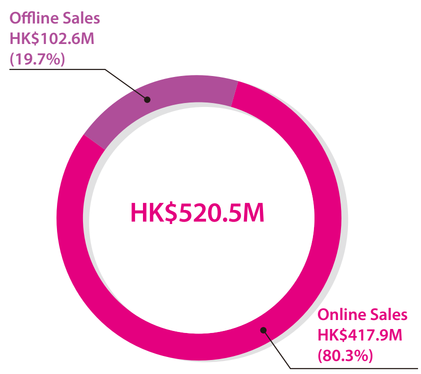
Establishing Sa Sa Community Through Social Media to Listen to Customer Needs

Sa Sa continued to enhance its promotion and visibility across various social media platforms, including Facebook, Instagram, Threads, and other third-party collaborations. In addition to showcasing the latest curated products and various shopping offers, Sa Sa actively engaged with customers through interactions, allowing the Group to adjust its procurement and promotional strategies in response to customer's feedback and demands.

2. Mainland China

Restructure Business Operations in Response to Market Conditions in Mainland China, Resulting in Reduction in Turnover

Chart 14: Mainland China Turnover (by Online and Offline Channels)



During the Financial Year, consumer spending in Mainland China remains sluggish, prompting consumers to adopt a more cautious approach and retain cash reserves in anticipation of future uncertainties. In light of this, the Group has undertaken a comprehensive review and strategic adjustment of its operations in the region to enhance cost-effectiveness and minimise both losses and cash outflows.

As online sales accounted for over 80% of the Group's turnover in this region, and a growing proportion of customers are favouring online shopping. In addition, the Group's existing physical stores are insufficient to achieve economies of scale. In light of this, the Group has decided to reallocate resources to align with local consumer trends. All physical stores will be closed by 30 June 2025, allowing the Group to focus on developing its online business and continuing to serve local customers.

As of 31 March 2025, the Group has closed 14 stores. This has impacted offline sales, resulting in an overall annual turnover decline of 10.5%, amounting to HK$520.5 million.

Conversely, the Group seized on the trend among Mainland Chinese consumers who are willing to explore niche brands and increased promotions across local online channels and popular social media platforms, thereby enhancing the visibility and competitiveness of Sa Sa's exclusive brands.

The loss in the Mainland China market continued to narrow during the Financial Year, decreasing from HK$17.1 million in the previous year to HK$14.9 million during the Year (before closure cost provision). The Group remains cautiously optimistic on the medium to long-term prospects for the Mainland Chinese market.

Offline Sales – Mainland China

Number of stores

Market	As at 31 Mar 2024	Opened	Closed	**As at 31 Mar 2025**
Mainland China	32	–	14	**18**

As at March 31, 2025, the Group operated 18 physical stores in Mainland China, a decrease of 14 stores compared to the same period last year. The Group's offline store footprint decreased by 43.8%, offline sales for the Year was HK$102.6 million, representing a year-on-year decrease of 38.2%.

Online Sales – Mainland China

Online Remains the Predominant Sales Channel in a Digitally Native Mainland China; Sa Sa Enhances Its Promotion and Exposure on Social Media Platforms and Provide Wider Variety of Shopping Options through its Cross-border E-commerce Platform

Chart 15: Offline Average Ticket Size (ATS)

HK$443

▲ 3.2%

(In local currency)

Chart 16: No. of Third-Party Online Platforms

7

▲ 2

LY：5

The Group's online sales in Mainland China are primarily generated through a cross-boundary model via the Group's WeChat mini-programme store and third-party platforms such as T-mall, JD.com and Douyin. Online sales in Mainland China saw a marginal increase of 0.6% year-on-year to HK$417.9 million during the Year. Online sales accounted for 80.3% of the region's total sales and 58.4% of the Group's total online sales.

The Group will enhance its online business subject to the change in the local consumer market, aiming to maintain a low return rate and ensure stable development.

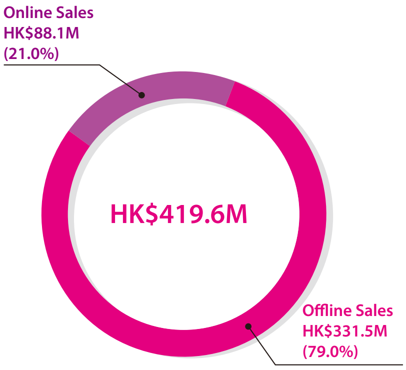
The Group will invest in strengthening promotion on popular social media platforms and digital channels, with influencers to promote and increase brand awareness, and credibility among target consumers. The Group will continue to leverage WeChat mini-programme, enabling Sa Sa's beauty consultants to connect with customers who have returned to Mainland China from Hong Kong and Macau, allowing them to shop and purchase online.

During the Year, the average monthly active users (MAU) of our own WeChat mini-programme increased by 13.4% year-on-year.

3. Southeast Asia

Growing VIP Membership and Stable Business in Southeast Asia Despite Rising Living Costs and Economic Headwinds

Chart 17: Southeast Asia Turnover (by Online and Offline Channels)



During the Financial Year, the Group recorded turnover of HK$419.6 million in Southeast Asia, marking a 14.7% increase against the previous year. Within this, offline sales contributed HK$331.5 million or 79.0% of the total sales for this region. During the Financial Year, the Group re-entered the Singapore market and operated five stores, incurring associated additional costs and leading to a loss of HK$5.0 million in the Southeast Asian market (2024: profit of HK$5.0 million).

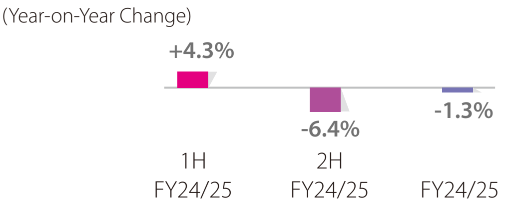
Offline Sales – Southeast Asia

Strengthening Sa Sa's Brand Influence in Southeast Asia through Offline Stores in Singapore, Complementing the Online Business to Provide a Seamless Shopping Experience

Number of stores

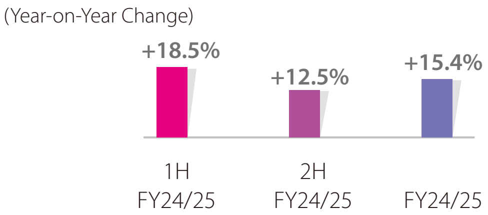
Market	As at 31 Mar 2024	Opened	Closed	As at 31 Mar 2025
Southeast Asia	69	6	3	**72**

Chart 18: Same-store Sales Growth*#



In local currency   *# only refers to Malaysia*
Note: 1H: Apr – Sept; 2H: Oct – Mar

Chart 19: Offline Sales Performance^



^ Singapore offline operation started since December 2023

Since Singapore is an important hub in Southeast Asia, the Group re-entered its offline market in Singapore in December 2023 and managed through its regional office in Kuala Lumpur, Malaysia.

As at 31 March 2025, the Group operated 67 stores in Malaysia and five in Singapore in Southeast Asia.

The Group will continue to review the situation in the Singapore and Malaysia markets to adjust the store portfolio accordingly when appropriate. The Group will also closely monitor the impact of tariffs on the Southeast Asian retail market and adopt a prudent approach to expanding offline operations.

Offline Sales in Southeast Asia Grew 15.4%, Laying a Good Foundation for the New Financial Year

Despite the Group faced pressures from the rising cost of living in Malaysia, Southeast Asian offline sales reached HK$331.5 million, a year-on-year increase of 15.4%. In the first half of the Year, same-store sales in Malaysia and offline sales in Southeast Asia saw increases of 4.3% and 18.5% respectively. However, in November 2024, the business was impacted by seasonal climate change, with floods in the coastal regions of Malaysia affecting hundreds of thousands of residents. This resulted in a 6.4% decline in same-store sales in Malaysia during the second half of the Year, alongside a marginal year-on-year decline of 1.3% in same-store sales in Southeast Asia during the Year.

Brand Investment and Collaboration with Brand Partners to Deliver Innovative Consumer Engagement Programmes

Local business unit actively embraced the Group's brand-building ethos through strategic collaborations with brand partners. Key initiatives during the Financial Year included a series of influential roadshows at prominent malls featuring brands such as Mercedes-Benz, TOUS, MCM, Versace and Ulike etc. The Group also hosted Sa Sa Beauty Bash roadshows across various high-traffic locations, extending brand reach beyond Sa Sa's stores and engaging a broader audience.

In addition, the Group hosted major promotional events for Suisse Programme, Artdeco, and Cell Fusion C respectively, showcasing their key skincare and makeup offerings. Innovative brand activations – such as Sa Sa's collaboration with partner brand to make appearances in festive-season music videos – were strategically rolled out to boost visibility and foster deeper emotional connections with consumers during the important festive seasons.

Online Sales – Southeast Asia

Strengthening Online Presence Across Southeast Asia

The Group's online presence in the region is mainly through third-party platforms, Shopee, Lazada and Zalora, covering Singapore, Malaysia, the Philippines and Thailand. During the Year, the Group expanded our footprint by launching on Shopee in Thailand and adding Zalora as a new sales channel in Singapore. During the Year, total online sales in Southeast Asia grew 12.4% year-on-year to HK$88.1 million, contributing 21.0% of the total sales in this region, driven by both existing and newly expanded online businesses.

During the Year, the Group's flagship stores consistently maintained top-tier rankings in the Beauty & Health category on Shopee and Lazada in Singapore and Malaysia. These achievements underscore the Group's strong brand positioning and competitive edge in these highly dynamic e-commerce platforms. By leveraging the broad reach of these platforms and building customer trust, the Group has solidified Sa Sa's presence in the growing online retail landscape.

4. Other Jurisdictions

The Group's online sales in markets outside Hong Kong, Macau, Mainland China, and Southeast Asia are conducted via online third-party channels and an international e-shop.

FUTURE OUTLOOK

Stay Agile and Adaptable to Achieve Sustainable Long-term Profit Growth

Against a backdrop of continued uncertainty in the international geopolitical and economic landscape, the Group's business has remained resilient.

The development trajectory, monetary policies, and interest rate movements of major economies remain subject to a multiple factors, including policy adjustments, increasing economic fragmentation, and evolving political dynamics. The global economic outlook remains uncertain due to trade protectionism and other uncertainties.

The Group will closely monitor market changes and strengthen collaboration across business units to maintain and enhance its competitive edge with greater agility and responsiveness. The Group will adapt to the ever-changing market trends and consumer preferences by reviewing its brand portfolio, so as to curate a selection of skincare and personal care products that best align with current trends. In addition, the Group will align with the new retail landscape by proactively optimising product display and accelerating the upgrade of the digital system. This includes reinforcing the experience of omni-channel integration (OMO) and boosting operational efficiency to create a comprehensive, customer-centric shopping journey. The goal is to achieve growth in both sales and gross profit while maintaining a stable gross profit margin, ultimately establishing a sustainable model to enhance profitability.

Human Resources

As at 31 March 2025, the Group had approximately 2,400 employees. The Group's staff costs for the year under review were HK$679.9 million. Details on the Group's human resources initiatives, training and development will be set out in the environmental, social and governance report and the enterprise risk management report sections of the annual report for the year ended 31 March 2025.

Financial Review

Capital Resources and Liquidity

As at 31 March 2025, the Group's total equity amounted to HK$1,157.7 million including reserves of HK$847.4 million. The Group continued to maintain a strong financial position with working capital of HK$465.3 million that included cash and bank balances of HK$371.1 million, while unutilised banking facilities were approximately HK$315.7 million giving total accessible funds of HK$686.8 million. Based on the Group's steady cash inflow from operations, coupled with sufficient cash and bank balances and the continued availability of the Group's banking loan facilities, the Group has adequate liquidity and financial resources to meet its working capital requirements and operating needs in the next twelve months from the balance sheet date.

During the Year, the majority of the Group's cash and bank balances were in Hong Kong dollar, Malaysian Ringgit, United States dollar, Renminbi and Macau Patac, and deposited in reputable financial institutions with maturity dates falling within a year. This is in line with the Group's treasury policy to maintain liquidity of its funds and continue to contribute a relatively stable yield to the Group.

Financial Position

Total funds employed (representing total equity) as at 31 March 2025 were HK$1,157.7 million, representing a 7.5% decrease over the funds employed of HK$1,252.1 million as at 31 March 2024.

The gearing ratio, defined as the ratio of total borrowings to total equity, was zero as at 31 March 2025 and 2024.

Treasury Policies

It is the Group's treasury management policy not to engage in any highly leveraged or speculative derivative products. In this respect, the Group continued to adopt a conservative approach to financial risk management. Most of the assets, receipts and payments of the Group are denominated either in Hong Kong dollar, United States dollar, Euro, Renminbi or Malaysian Ringgit. Based on purchase orders placed, the Group enters into forward foreign exchange contracts with reputable financial institutions to hedge against foreign exchange exposure arising from non-Hong Kong dollar or non-United States dollar denominated purchases. These hedging policies are regularly reviewed by the Group.

Property, Plant and Equipment

Capital expenditure was HK$58.9 million (2024: HK$73.3 million), mainly for IT investment, new stores and existing store upgrades. Management will continue to devote resources to strengthening our store image, improving consumer experience and raising operational efficiency.

Inventories

Group inventories were HK$670.0 million (2024: HK$705.3 million) while stock turnover days increased by 3 days to 103 days through tightened inventory management practices.

Charge on Group Assets

As at 31 March 2025, land and buildings with carrying value amounting to HK$89.5 million (31 March 2024: HK$94.4 million) were pledged for banking facilities made available to the Group.

Contingent Liabilities

The Group had no significant contingent liability as at 31 March 2025.

Capital Commitments

As at 31 March 2025, the Group had total capital commitments in respect of acquisition of property, plant and equipment of HK$7.8 million.