

**[For Immediate Release]**



## **Sa Sa Announces Unaudited Sales Update for the First Quarter (April to June 2024) of FY2024/25**

| HK\$ Million      | Turnover |        |       | YoY<br>change% | % of<br>Group<br>turnover | Same-store<br>sales YoY<br>change %* |
|-------------------|----------|--------|-------|----------------|---------------------------|--------------------------------------|
|                   | Offline  | Online | Total |                |                           |                                      |
| Hong Kong & Macau | 638.3    | 46.5   | 684.8 | -20.4%         | 72.5%                     | -28.1%                               |
| Mainland China    | 28.3     | 135.2  | 163.5 | +66.5%         | 17.3%                     | -29.8%                               |
| Southeast Asia    | 76.8     | 17.3   | 94.1  | +8.4%          | 10.0%                     | +4.6%^                               |
| Others            | -        | 2.2    | 2.2   | -8.6%          | 0.2%                      | -                                    |
| Total             | 743.4    | 201.2  | 944.6 | -9.8%          | 100.0%                    | -                                    |

\* % calculated in local currency    ^ Refer to Malaysia only

(15 July 2024 - HONG KONG) - **Sa Sa International Holdings Limited** (the "Company", stock code: 0178) announced today the unaudited sales update of the Company and its subsidiaries (the "Group") for the first quarter from 1 April to 30 June 2024.

For the first quarter from 1 April to 30 June 2024 ("the period"), the Group's turnover was HK\$944.6 million declining 9.8% year-on-year mainly due to headwinds in our core markets of Hong Kong and Macau. The downward pressure in our core markets resulted from: (i) the sluggish macroenvironment, (ii) continued outbound travel causing a double-digit drop in sales in Hong Kong and Macau, and (iii) a higher comparison base in the same period last year caused by revenge spending after the re-opening of boundaries between Hong Kong, Macau and Mainland China. Incorporating the above performance across all markets, the Group minimised the impact in its core markets.

The Group's online sales was a bright spot increasing significantly by 71.3% to HK\$201.2 million and now representing 21.3% of the Group's total turnover (same period in 2023: 11.2%). The online sales growth was mainly due to the robust growth of online business in the Mainland China market from HK\$52.0 million in the same period last year to HK\$135.2 million during the current period.

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

## Hong Kong & Macau

| Offline Sales                   |             |
|---------------------------------|-------------|
| Three months ended 30 June 2024 | YoY% change |
| Total Offline Sales             | -21.6%      |
| Same store sales                | -28.1%      |
| Average sales per transaction   | -9.7%       |
| Total no. of transactions       | -16.7%      |

In Hong Kong and Macau, the Group's recovery has been interrupted by continued northbound travel to Southern China during weekends and a long Easter holiday that stretched over 9 days where local residents either took short a trip to neighbouring Korea and Japan, or long-haul trips to Europe and afar. Hong Kong SAR Government statistics disclosed that retail sales fell 14.7% and 11.5% in April and May 2024, respectively. While retail sales data for Macau during the period has not yet been released as at the date of this announcement.

Ordinarily inbound travel would be able to more than cover the gap created by northbound travel. However, outbound travel for local Hong Kong residents during the 3-day Tuen Ng Festival between 8th and 10th June totalled 1.17 million, while inbound Mainland tourists during the same period totalled only 0.33 million. While there was a year-on-year marginal increase in inbound tourists of approximately 10% over the 3-day holiday, the consumption power was reduced, and the growth in local outbound travel has been much more pronounced with an increase of approximately 60%.

Accordingly, the Group's total sales in the core market of Hong Kong and Macau during the period decreased 20.4% year-on-year to HK\$684.8 million. Tourist sales mix in Hong Kong and Macau during the period was 46.3%.

While northbound travel numbers appear to have settled down at current levels and has become part of the norm, inbound travel numbers are highly dependent on policy stance and visa approvals. Future growth in this market is dependent on an increase in tourist arrivals from Mainland China, and this is dependent upon government policy stance both in terms of tax-free spending per visit and multiple-entry visas. While it was a positive step to see the tax-free allowance for visitors to Hong Kong and Macau raised from RMB5,000 to RMB12,000 with effect from 1 July 2024, it will take time for it to impact retail sales. Despite the decline in same store sales over the period, we are confident market conditions and performance will improve gradually.

## Mainland China

During the period, the Group's sales in Mainland China grew impressively by 66.5% to HK\$163.5 million, continuing from the second half of the financial year 2023/24 and driven by online channels. While the offline channel continues to be challenging, strong growth in online sales channels continued to drive total sales growth and is expected to continue this trajectory. Online business recorded a 160.3% year-on-year growth to HK\$135.2 million and contributed 82.7% of total sales in this region. Operating seven fewer stores compared to the same period last year, Offline Sales decreased by 37.0% (measured in local currency) to HK\$28.3 million. The Group is reviewing our offline operations in Mainland China in light of the current operating environment in order to raise their productivity.

In order to improve the Group's competitiveness in Mainland China, the Group will focus on exclusive brands to build brand loyalty and avoid direct price competition. 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.

Given the product registration requirements in Mainland China, the ability to provide an extended 'aisle' and product range for shoppers in the Group's physical stores via the Group's cross-boundary WeChat Mini-programme is an advantage. The Group will continue to leverage the WeChat Mini-programme to connect Sa Sa's beauty consultants with customers in Mainland China. With the return of and gradual increase in Mainland tourists visiting Hong Kong and Macau, the Group is seeking to connect with these customers after they return to Mainland China to enable them to shop and purchase online.

## Southeast Asia

Sales performance for the period has remained steady in Malaysia despite the continued cost of living challenges. However, following the Group's re-entry to Singapore and addition of four stores taking the total to five stores by May 2024, sales growth in Southeast Asia reached 15.8% by June 2024 giving growth of 8.4% for the period.

Offline Sales in Southeast Asia recorded a year-on-year growth of 10.5% while same-store sales grew by 4.6% (measured in local currency). Within this, Offline Sales contributed HK\$76.8 million or 81.6% of the total sales. Online sales in Southeast Asia for the period increased marginally by 0.2% and accounted for 18.4% of total sales in this market.

## Number of Retail Stores by Market

|                            | As at<br>30 June 2024 | As at<br>31 March 2024 | As at<br>30 June 2023 |
|----------------------------|-----------------------|------------------------|-----------------------|
| <b>Hong Kong and Macau</b> | <b>82</b>             | 82                     | 81                    |
| <b>Mainland China</b>      | <b>31</b>             | 32                     | 38                    |
| <b>Southeast Asia</b>      | <b>73</b>             | 69                     | 69                    |
| <b>Total</b>               | <b>186</b>            | 183                    | 188                   |

The Group's store portfolio changes from time-to-time as leases are due for renewal and re-located in accordance with the Group's overall expansion plans.

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