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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 Third Quarter ended 31 December 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 third quarter from 1 October to 31 December 2021.

Highlights

The Group's Continuing Operations (Retail and Wholesale)

Three months ended 31 December 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	618.7	+ 1.5%	- 66.3%
Online business	209.8	+ 19.9%	+ 78.3%
Mainland China	85.9	- 5.1%	+ 14.6%
Malaysia	67.8	+ 4.4%	- 27.9%
The Group's total turnover (in Hong Kong Dollar terms)	982.3	+ 4.7%	- 53.7%

Operations in Hong Kong and Macau SARs (Retail Sales)

Three months ended 31 December 2021	YoY% change
Same-store sales	+ 7.8%
Average sales per transaction	+ 3.8%
Total no. of transactions	- 0.2%

For the third quarter from 1 October to 31 December 2021, the Group's retail and wholesale turnover for the continuing operations increased by 4.7% year on year. When compared with the same period of the financial year of 2018/19 ("FY2018/19") before the COVID-19 pandemic, the Group's turnover decreased by 53.7%, an improvement over the 61.7% decrease in the second quarter.

In the Hong Kong SAR, the fruits of the Group's still ongoing efforts to attract local customers begin to emerge, sales were further bolstered by the launch of the second phase of the Government's Consumption Voucher Scheme in October 2021, the Group's large-scale promotional campaigns and introduction of new products that were appealing to the locals, resulting an increase of 14.3% in retail sales growth in the third quarter at the Group's local consumption dominated Hong Kong SAR market. Although the average number of stores decreased by 16 or 16.7% year on year during the quarter, same-store sales increased by 22.9% as a result of the redeployment of the frontline beauty consultants from the closed stores to other stores, this also enhanced same-store profitability.

In the Macau SAR, the border with Mainland China had been reopened for more than a year but the COVID-19 pandemic broke out again in the end of September in 2021, with strengthened entry and quarantine measures. As a result, the foot traffic and sales of mainland Chinese customers at Sa Sa's stores in October were both seriously affected, resulting a decrease of 13.7% in sales in the third quarter. Nevertheless, the pandemic started improving in November and sales continued to rebound in December.

Consequently, the overall retail and wholesale turnover at the Group's operations in the Hong Kong and Macau SARs rose by 1.5% year on year in the third quarter, while same-store sales increased by 7.8%.

The Group's online business recorded a year-on-year sales growth of 19.9% in the third quarter. The increase was mainly driven by the Group's Hong Kong-based online shopping website which had been revamped at the beginning of last year. The Group avoided excessive price competition during the Double 11 shopping festival resulting in a lower single digit sales growth for the third-party platforms during the quarter when compared to the previous year.

In Mainland China, due to the COVID-19 pandemic outbreaks in many parts of the country, as well as a slowdown in consumer sentiment, the Group's same-store sales declined by 22.2% year on year in the third quarter. The decline rate of the Group's total retail sales was relatively lower, at 5.1%, as the Group recorded a net increase of eight stores in the quarter. Since the consumption sentiment of Mainland China fell short of expectations, the Group had decided to slow down the expansion of its retail network and had set the short-term goal of achieving growth by enhancing the operational performance of its existing stores.

In Malaysia, most of the Group's stores in the country had resumed business since mid-September of 2021 when the Government adopted the strategy of "living with the virus". Turnover at the Group's operations there rose by 4.4% year on year in the third quarter.

The Group is in a stable financial position with sufficient cash on hand to meet the needs of business operations and has in addition obtained extra banking facilities. As at 31 December 2021, the Group had net cash of about HK\$312.7 million, this is higher than the HK\$267.5 million net cash as at 30 September 2021. This was mainly attributable to the narrowed loss in the third quarter and the effective stock management.

In the core markets of the Hong Kong and Macau SARs, the Group expects that the fifth wave of the pandemic will have a negative impact on sales, and is closely monitoring the latest development of the pandemic and adjusting its business strategy in a timely manner. The Group will move forward with its effective cost reduction plans, including the rationalisation of its retail network in the Hong Kong SAR. It will also expand its product portfolio by adding new categories with the aim of increasing footfall and sales, as well as enhancing the profitability of its stores and the Group's overall competitiveness. These will serve the purpose of enabling the Group to reach breakeven the soonest, even before the Hong Kong SAR reopens its border.

Number of Retail Outlets by Market (Continuing Operations)

	As at 31 December 2021	As at 30 September 2021	As at 31 December 2020
Hong Kong and Macau SARs	87	91	103
Mainland China	77	69	54
Malaysia	74	73	77
Total	238	233	234

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, 13 January 2022

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*