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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 Fourth Quarter ended 31 March 2022

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 fourth quarter from 1 January to 31 March 2022.

### Highlights

#### The Group's Continuing Operations (Retail and Wholesale)

Three months ended 31 March 2022	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	508.8	- 4.7%	- 70.6%
Online business	178.4	+ 27.2%	+ 100.8%
Mainland China	82.5	- 6.5%	- 2.0%
Malaysia	64.6	+ 11.5%	- 31.9%
The Group's total turnover (in Hong Kong Dollar terms)	834.3	+ 1.9%	- 58.2%

#### Operations in Hong Kong and Macau SARs (Retail Sales)

Three months ended 31 March 2022	YoY% change
Same-store sales	+ 3.0%
Average sales per transaction	+ 1.4%
Total no. of transactions	- 4.5%

For the fourth quarter from 1 January to 31 March 2022, the retail and wholesale turnover at the Group's continuing operations increased by 1.9% year on year. Compared with the same period of the financial year of 2018/19 before the COVID-19 pandemic ("pre-pandemic period"), the Group's turnover decreased by 58.2%. The decrease was 53.7% in the third quarter.

In the Hong Kong SAR, the fifth wave of the COVID-19 pandemic broke out on a large scale at the beginning of the calendar year. Sa Sa reacted promptly to serve the public with anti-epidemic products including rapid test kits and masks with utmost urgency. This was executed in the spirit of joining hands to serve the community in need and to fight the outbreak. During the quarter, a number of the Group's stores were temporarily closed when staff members in our stores tested positive for COVID-19, resulting in a total loss of about 480 business days (accounting for around 7% of the total in the fourth quarter). At the same time, foot traffic also decreased considerably due to the social distancing measures. As a result, the year-on-year growth in retail sales slowed to 9.4% in the fourth quarter from 14.3% in the third quarter. The Group rationalised its retail network in the Hong Kong SAR according to business needs, cutting excess capacity and costs while continue serving customers with the remaining stores in the same district. This, coupled with the effect of a low comparison base, resulted in a year-on-year increase of 22.6% in same-store sales in the fourth quarter.

In the Macau SAR, the border with Mainland China had been reopened for more than a year but was affected by the COVID-19 outbreak raging in the fourth quarter. Macau SAR promptly stepped up quarantine measures at the border to manage the outbreak seriously affecting sales to Mainland tourists in the quarter. Sales value in March almost reached the lowest point in the financial year, leading to a year-on-year decrease of 22.9% in retail sales in the fourth quarter.

The overall retail and wholesale turnover at the Group's operations in the Hong Kong and Macau SARs decreased by 4.7% year on year in the fourth quarter and fell by 70.6% compared with the pre-pandemic level.

The Group's online business recorded a year-on-year sales increase of 27.2% in the fourth quarter. The growth was mainly driven by the Group's shopping website in Hong Kong SAR. During the quarter, large scale COVID-19 outbreak in the Hong Kong SAR triggered a strong demand for anti-epidemic products from the public. This, coupled with a shift towards online shopping among some consumers, resulted in a fourfold year-on-year increase in sales at the Group's shopping website in Hong Kong SAR. However, at the worse point, the pandemic affected the Group's warehousing operation and cross-border logistic arrangement in the Hong Kong SAR in March, leading to a low single-digit year-on-year decrease in sales at the Group's online business outside of the Hong Kong SAR in the quarter.

In Mainland China, the COVID-19 pandemic worsened, compelling some of the Group's stores to close temporarily. This, coupled with the dampened consumer sentiment, led to a 23.1% year-on-year decrease in the Group's same-store sales and a 6.5% year-on-year decline in its retail sales there in the fourth quarter. Since the sales performance fell short of expectations, the Group did not open any new stores in the fourth quarter but focused instead on enhancing the operational performance of its existing stores and online business.

In Malaysia, the strategy of "living with the virus" was adopted. Despite pandemic resurgence in the fourth quarter, the Group's turnover there in the quarter increased by

11.5% year on year due to a low comparison base. The growth was higher than that in the third quarter.

The Group has sufficient liquidity and loan facilities to meet the needs of its business operation. The Group had net cash of HK\$192.5 million as at 31 March 2022. Taking into account a loan facility of HK\$200 million provided by two controlling shareholders and executive directors (please refer to the Company's voluntary announcement dated 31 March 2022 for further details) and bank loans of approximately HK\$280 million, the Group's total available loan facilities amount to HK\$480 million.

In the core markets of the Hong Kong and Macau SARs, the worst of the fifth wave of the pandemic is believed to be over and the social distancing measures will likely be gradually relaxed. The Consumption Voucher Scheme and the Employment Support Scheme launched by the Hong Kong SAR Government are expected to help facilitate retail market recovery and stabilisation of the job market. However, the epidemic and global political instabilities are still posing uncertainties. In the next few months, the Group will launch promotional discounts to capitalise on the Consumption Voucher Scheme to stimulate sales, while actively expanding its product portfolio to attract new customers. In the next twelve months, the Group plans to continue rationalising loss-making stores that are incurring exorbitant rents, as well as to further build its online-merge-offline ("OMO") operations. Such efforts will enable Sa Sa to leverage the synergies between its physical stores and online platforms to provide customers with a more pleasant and personalised omni-channel shopping experience, driving Sa Sa's next stage development.

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

	<b>As at 31 March 2022</b>	<b>As at 31 December 2021</b>	<b>As at 31 March 2021</b>
<b>Hong Kong and Macau SARs</b>	<b>85</b>	87	100
<b>Mainland China</b>	<b>77</b>	77	57
<b>Malaysia</b>	<b>72</b>	74	75
<b>Total</b>	<b>234</b>	238	232

**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, 14 April 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*