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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 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 second quarter from 1 July to 30 September 2022.

Highlights

The Group (Retail and Wholesale)			
Three months ended 30 September 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	478.0	- 8.5%	- 72.3%
Online business	142.1	- 1.7%	+ 65.2%
Mainland China	59.2	- 9.8%	- 10.8%
Malaysia	70.8	+ 248.0%	- 22.6%
The Group's total turnover (in Hong Kong Dollar terms)	750.1	- 1.1%	- 62.1%

Operations in Hong Kong and Macau SARs (Retail Sales)	
Three months ended 30 September 2022	YoY% change
Same-store sales	+ 6.7%
Average sales per transaction	+ 3.3%
Total no. of transactions	- 10.6%

For the second quarter from 1 July to 30 September 2022, the Group's retail and wholesale turnover decreased by 1.1% 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 is trailing by 62.1%, within which Malaysia has recovered to 77.4% of pre-pandemic levels reflecting a relaxation of its pandemic measures since 1 April 2022.

Despite the decrease in retail and wholesale turnover in Hong Kong and Macau SARs, arising from the protracted impact of the pandemic, same-store sales increased by 6.7%. In particular, we recorded year-on-year retail and wholesales growth for each month since the beginning of this financial year in Hong Kong SAR despite a net decrease in stores of 11 over the same period last financial year to 71 as at 30 September 2022. This increase was driven by local consumption and promotional campaigns capitalising on the Hong Kong SAR Government's Consumption Voucher Scheme to attract consumers.

However, we continued to record a significant decline in retail and wholesales in Macau SAR. Our business was severely hit by the COVID-19 pandemic after a sharp spike in infection cases since late June 2022. Macau SAR faced its first citywide Covid-19 lockdown in July 2022, which also led to a significant decline in tourist visitors.

The online business recorded a 1.7% year-on-year decrease in sales in the second quarter, mainly due to the pandemic outbreak in Mainland China, which led to partial or complete lockdowns in different regions. The lockdowns had a significant impact on cross-border logistics and restocking at the Group's e-commerce warehouses on the Mainland. The slowdown in cross-border logistics also delayed the end-to-end delivery of goods from the Hong Kong SAR to our Mainland customers. In contrast, sales of our online business in the Hong Kong SAR increased over 70% year on year, driven by the Group's own online store.

In Mainland China, sales and same-store sales decreased by 9.8% and 11.0% respectively in the second quarter, mainly due to the pandemic outbreak and weak consumption. As part of the Group's measures to enhance profitability through rationalisation of its store network on the Mainland, it closed 29 loss-making stores during the quarter. However, Mainland China remains an important market for Sa Sa. In the near term, the Group will continue to optimise its store network according to the stores' operating performance and profitability, and strictly control overall costs to minimise losses, so as to retain resources to support sustainable development of its business in Mainland China in the long run.

Following the Malaysian government's change in strategy for fighting the pandemic, our business has continued to rebound strongly. Second-quarter sales grew 248.0% year on year, partly due to the low base of last year as a result of lockdowns amid the pandemic, and has recovered to 77.4% of pre-pandemic levels in the same period of the financial year of 2018/19.

The Group has sufficient liquidity and loan facilities to meet the operational needs of its business. As at 30 September 2022, the Group had net cash of HK\$123.2 million and total available loan facilities of approximately HK\$480 million (including HK\$280 million from banks and HK\$200 million from the Group's controlling shareholders).

Number of Retail Outlets by Market

	As at 30 September 2022	As at 30 June 2022	As at 30 September 2021
Hong Kong and Macau SARs	80	82	91
Mainland China	42	71	69
Malaysia	71	70	73
Total	193	223	233

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, 17 October 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)

Ms KWOK Sze Wai Melody, *MH*

Mr HO Wing Fi Danny (Chief Financial Officer)

Ms KWOK Sea Nga Kitty

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*