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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 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 third quarter from 1 October to 31 December 2022.

Highlights

The Group (Retail and Wholesale)			
Three months ended 31 December 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	575.9	- 6.9%	- 68.7%
Online business	164.0	- 21.8%	+ 39.4%
Mainland China	44.2	- 42.4%	- 34.0%
Malaysia	80.5	+ 28.1%	- 7.7%
The Group's total turnover (in Hong Kong Dollar terms)	864.6	- 12.0%	- 59.2%

Operations in Hong Kong and Macau SARs (Retail Sales)	
Three months ended 31 December 2022	YoY% change
Same store sales	- 4.1%
Average sales per transaction	- 2.8%
Total no. of transactions	- 4.5%

For the third quarter from 1 October to 31 December 2022 ("the Period"), the Group's retail and wholesale turnover decreased by 12.0% 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 59.2%, which has narrowed by 2.9 percentage points compared to the previous quarter. Within this Malaysia has recovered to 92.3% of the pre-pandemic levels, reflecting a continued recovery following relaxation of its pandemic measures since 1 April 2022.

There has been a gradual partial easing of social distancing measures in the Hong Kong SAR during the Period while local consumer sentiment towards Covid-19 has somewhat relaxed. Sa Sa has benefitted from the improving consumer sentiment and refreshed its product mix and launched effective theme-based promotions in the Christmas shopping season that has led to Hong Kong SAR same store sales improving by 9.3% compared to the same period in the previous financial year and year-on-year growth of 3.6% in overall retail sales despite a net decrease in stores of 7 over the same period of the previous financial year to 71 as at 31 December 2022.

However, our business in the Macau SAR was severely hit by a sharp spike in Covid-19 infection cases in the Greater Bay Area. The Macau SAR government tightened its covid test requirement for inbound travellers during the Period which led to a significant decline in tourist visitors. We recorded a 30.2% year-on-year decline in retail and wholesale turnover in Macau SAR.

Consequently, the overall retail and wholesale turnover in Hong Kong and Macau SARs decreased by 6.9% year on year in the third quarter, while same store sales also decreased by 4.1% year on year.

The online business recorded a 21.8% year-on-year decrease in sales in the third quarter, mainly due to the pandemic outbreaks in Mainland China, which led to partial or complete lockdowns in different regions. Covid-19 outbreaks severely disrupted cross-border logistics arrangements into Mainland China, including restocking of our e-commerce warehouses and direct deliveries to our Mainland customers, depressing sales performance and increasing sales returns. In contrast, sales of our online business in the Hong Kong SAR increased by 19.1% year on year in the Period, driven by the Group's own online store. We continued to enhance our product and service offering while we adapted and leveraged our offline store network and unique team of Sa Sa Professional Beauty Consultants to truly deliver online-merge-offline ("OMO") services, addressing the needs of modern consumers who are looking for a seamless experience wherever they appear.

In Mainland China, sales and same store sales decreased by 42.4% and 21.4% year on year (in local currency terms) respectively in the third quarter. The Covid-19 pandemic and weak consumption continued to weigh on our operations in Mainland China and were the root cause of the decrease in sales. Pandemic outbreaks in various parts of Mainland China continued during the Period, lowering foot traffic in our retail stores and prompting lockdowns in affected cities and towns in more severe cases. Lockdown measures have resulted in a significant increase in lost operating days for our stores during the Period while the impact on the consumer sentiment is impacting both our online and offline business units.

Malaysian consumers have returned to their usual shopping behavior and patterns, and we have seen a very good festive shopping season over Christmas that will be extending into the Chinese New Year in January 2023. In the third quarter, our business in Malaysia grew 28.1% (in local currency terms) year on year and recovered to 92.3% of the pre-pandemic levels in the same period of the financial year 2018/19.

The Group has sufficient liquidity and loan facilities to meet the operational needs of its business. As at 31 December 2022, the Group had net cash of HK\$153 million and total available loan facilities of approximately HK\$480 million (including HK\$280 million from banks and HK\$200 million from the Company's controlling shareholders).

Number of Retail Outlets by Market

	As at 31 December 2022	As at 30 September 2022	As at 31 December 2021
Hong Kong and Macau SARs	80	80	87
Mainland China	38	42	77
Malaysia	71	71	74
Total	189	193	238

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, 11 January 2023

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 Danny Wing Fi (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*