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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 Updates for the Fourth Quarter ended 31 March 2020

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 2020.

Highlights

Group - Retail and Wholesale (including the discontinued retail business in Singapore)

	<i>3 months ended 31 March 2020</i>
Turnover (HK\$ million)	892.4
YoY% change	-56.5%

HK and Macau SARs - Retail and Wholesale

Turnover (HK\$ million)	657.6
YoY% change	-62.0%
Same store sales YoY % change	-59.6%
Average sales per transaction (HK\$)	229
YoY% change	-34.6%
Total no. of transactions (million)	2.7
YoY% change	-43.4%

The rapid outbreak of novel coronavirus around the world has wreaked havoc on the global economy, and the Group has been inevitably affected. For the fourth quarter from 1 January to 31 March 2020, the Group's retail and wholesale turnover (including the discontinued retail business in Singapore) decreased by 56.5% on a year on year basis.

In the Hong Kong and Macau SARs, the Group's retail and wholesale turnover decreased by 62.0% year on year, while the same store sales dropped by 59.6% year on year, mainly attributable to 80.8% decline in the number of transactions of the mainland tourists. The number of local customers increased by 4.1% year on year, however the overall transaction volume decreased by 43.4%. The average sales per transaction of local customers dropped by 19.9%, while that of mainland tourists rose by 2.8%. While the basket size of the local customers is smaller, their transaction volume mix has become very significant, this change in the customer mix has resulted in a 34.6% drop in overall basket size.

In the Hong Kong and Macau SARs, as the governments implemented various border controls to limit the flow of people to prevent the spread of the novel coronavirus, the resulting plunge in the number of mainland tourists led to a sharp decrease in the transaction volume of mainland tourists in the fourth quarter. In addition, due to the two-week shutdown of casinos in the Macau SAR, the closures of some railway stations at the border of Hong Kong SAR, and the decrease in business demand, some shops have been closed temporarily while opening hours of some others have been shortened starting in late January. This measure lowered the Group's operating cost, but have also contributed to the sales decline.

In view of the persistent severe operating environment, the Group will continue to implement strategies for reducing costs so as to maintain its competitiveness and reduce losses. The Group will also do its best to protect the livelihood of its staff. In the second half of the financial year, the Group closed 9 stores to save on rents. The Group will continue to downsize its store network in the Hong Kong SAR, and request short term rental concessions from landlords where leases are yet to expire. Furthermore, the Group reduced non-essential and non-productive expenses substantially across all departments, streamlined its organisation structure and implemented short-term measures such as reducing salaries and adopting the scheme of unpaid leave to reduce operating costs.

Local customers now account for the majority of the Group's revenue, the Group will continue to adjust its product mix to meet their demand for protective and pandemic related products and other beauty products. The Group will continue to strictly control the inventory level by eliminating products with unsatisfactory sales performance and reducing those with excess inventory. This would help preserve cash and reduce the risk of product expiry. Since late last year, the Group has further reduced inventory levels, and has adequate cash to meet its current business needs.

The Group's retail and wholesale turnover in other markets outside Hong Kong and Macau SARs (including Mainland China, Singapore, Malaysia and e-commerce) decreased by 27.0% in the fourth quarter, mainly attributable to the novel coronavirus epidemic. Most of the Group's retail stores in Mainland China and Malaysia have been temporarily closed from the beginning of February and mid-March respectively, leading to corresponding decreases of 51.0% and 16.9% in turnover for the fourth quarter. The Group's e-commerce business was affected in early and mid-February as logistics services in Mainland China was obstructed by the epidemic. In Singapore, all of the Group's stores had already been closed by 31 March 2020 in accordance with the announcement about the Group's withdrawal from the local retail market.

**Number of Retail Outlets by Market
(including the discontinued retail business in Singapore)**

	As at 31 March 2020	As at 31 December 2019	As at 31 March 2019
Hong Kong and Macau SARs	112	115	118
Mainland China	44	48	54
Singapore*	0	22	21
Malaysia	79	80	81
Total	235	265	274

Remarks:

* The Group announced the closure of all retail stores in the Singapore market on 2 December, 2019.

Figures in this announcement include adjustments in accordance with the Hong Kong International Financial Reporting Interpretation Committee – Interpretation 13 on the bonus point scheme.

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, 15 April 2020

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

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*