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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)**

### **Profit Warning**

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong).

The board of directors of Sa Sa International Holdings Limited (the “**Company**”) announces that based on its preliminary assessment of the unaudited consolidated management accounts of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 September 2020 (the “**Period**”), excluding the provision for the impairment of right-of-use assets and property, plant and equipment, the Group expects to record a loss of approximately HK\$200 million to HK\$230 million. After taking into account the preliminary estimated provision for the impairment of HK\$30 million to HK\$70 million on right-of-use assets and property, plant and equipment, the Group expects to record a loss of approximately HK\$230 million to HK\$300 million for the Period, compared with a loss of HK\$36.5 million for the corresponding period last year.

The above-mentioned provision for the impairment of approximately HK\$30 million to HK\$70 million would be made in accordance with Hong Kong Accounting Standard 36 that applies to the retail store assets (including the right-of-use assets and property, plant and equipment). The impairment has arisen from the drastic decline in sales at the Group’s retail stores (especially those located in the tourist districts of the Hong Kong SAR) amid the COVID-19 pandemic. The provision for the impairment is a non-cash accounting treatment, as such, it has no impact on the Group’s cash reserve for the interim period under review. The Group’s cash and bank balances of around HK\$590 million as at 30 September 2020 is adequate to meet its current business needs.

The global COVID outbreak has affected the operation of all of the Group’s physical stores including its businesses in the Hong Kong SAR, Macau SAR, Mainland China and Malaysia. Local governments have implemented immigration control and quarantine measures that have resulted in a sharp drop in the number of visitors. Sales to local customers have also been weak due to social distancing measures. As a result, both the footfall and retail sales at the Group’s stores in those markets have fallen sharply. Retail consumption has been very weak.

The global impact of COVID-19 has been unprecedented, leading to a highly difficult business environment. Nevertheless, the Group has adopted various contingency measures, including reducing the number of stores in tourist areas and negotiating with landlords for rent reductions and short-term leases. At the same time, the Group has strengthened its product categories management, and has reduced operating expenses through inventory clearance and cost management. In addition, the Group has accelerated its adaptation to the new retail era by actively developing its e-commerce and online-to-offline (O2O) businesses.

The management has already adopted various measures to promptly cope with market changes. Such measures are aimed at maintaining the Group's competitiveness so as to facilitate its long-term development and enable it to more swiftly return to profitability.

The information contained in this announcement is a preliminary assessment by the board of directors of the Company based on the information currently available, including the unaudited consolidated management accounts of the Group for the Period, which have not been reviewed or audited by the auditors of the Company.

The interim results announcement for the six months ended 30 September 2020 will be published before 30 November 2020.

**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.**

**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, 30 October 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*