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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 First Quarter ended 30 June 2021

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 first quarter from 1 April to 30 June 2021.

Highlights

The Group's Continuing Operations (Retail and Wholesale)

Three months ended 30 June 2021	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	563.6	+38.7%	-68.7%
Online business	162.8	+108.8%	+64.0%
Mainland China	74.0	+27.5%	+4.2%
Malaysia	38.5	-31.9%	-56.2%
The Group's total turnover (in Hong Kong Dollar terms)	838.9	+42.1%	-59.3%

Operations in Hong Kong and Macau SARs (Retail Sales)

Three months ended 30 June 2021	YoY% change
Same-store sales	+44.5%
Average sales per transaction	+27.1%
Total no. of transactions	+11.2%

For the first quarter from 1 April to 30 June 2021, the Group's retail and wholesale turnover increased by 42.1% year on year. This was due to the low comparison base caused by the COVID-19 pandemic last year and the higher growth in sales at the Group's online business and Macau SAR operations. Turnover at the Group's continuing operations would have decreased by 59.3% if it is compared with that in the same period of the financial year of 2018/19 ("FY2018/19"), and the decline is similar to that in the previous quarter.

The retail and wholesale turnover at the Group's operations in the Hong Kong and Macau SARs rose by 38.7% year on year in the first quarter but decreased by 68.7% compared with that in the same period of FY2018/19. In Mainland China, the outbreak of the COVID-19 variant in Guangdong province in mid-May sent the number of visitor arrivals from Mainland China in the Macau SAR plunging, and sales to the Mainland Chinese customers in June decreased by over 60% from the previous month. Nevertheless, on a whole quarter basis, Sa Sa's sales from Mainland tourists in Macau SAR in the first quarter improved as compared with the previous quarter and recovered to more than a half of the sales recorded in the same period of FY2018/19. The Group's sales from Mainland tourists in the Hong Kong SAR, however, had not yet shown any signs of significant improvement because the border between the city and Mainland China has not opened yet.

Sales to local customers at the Group's operations in the Hong Kong and Macau SARs increased by 3.5% year on year but decreased by 15.2% compared with those in the same period of FY2018/19. The Consumption Subsidy Scheme launched by the Macau SAR Government last year brought new customers to Sa Sa. Such new customers frequented repeatedly at Sa Sa's stores in the city, resulting in continued growth in sales to the local customers there in the first quarter. In the Hong Kong SAR, the Group's sales were dominated by local customers. To fully capitalise on the Hong Kong SAR Government's Consumption Voucher Scheme, the Group has planned to offer enticing promotions that can boost sales to the local customers.

The Group's online business continued improving in the first quarter, recording a year-on-year increase of 108.8% in sales. The growth, which exceeded that in the previous quarter, was due to the sales performances of Sa Sa on third-party platforms and WeChat mini-programme in Mainland China on the back of the country's "618 shopping festival". During the quarter, the Group pressed ahead with the integration of its O2O (online-to-offline) operations. It further expanded its "click-and-collect" service and launched a scheme that allows customers to enjoy shopping discounts offered by Sa Sa's online store at both online and offline operations of the Group. This has enabled the Group to drive customer conversion between its online and offline operations, increase repeated purchases and enhance customer loyalty.

For the first quarter, the Group's operations in Mainland China opened four stores and recorded year-on-year increases of 27.5% and 7.2% in retail sales and same-store sales respectively. Retail sales also grew by 4.2% in the first quarter compared with those in the same period of FY2018/19. Excluding the impact of extending the VIP reward point programme for customers, sales at the Group's operations in Mainland China would have increased by 34.0% year on year on the same comparison base. In Malaysia, the Group's business was still seriously affected by the COVID-19 pandemic as its stores were temporarily closed for a total of 30 days during the quarter due to the Government's movement control order, resulting in 31.9% decline in turnover in the first quarter.

For the first quarter, the Group's retail and wholesale turnover in other markets outside the Hong Kong and Macau SARs (including online business, Mainland China and Malaysia) increased by 49.5% year on year and 4.8% as compared with that in the same period of FY2018/19.

As at 30 June 2021, the Group's cash on hand was HK\$354.3 million, though less than the HK\$526.4 million on 31 March 2021, it would still be sufficient to meet the needs of our daily operations. The decrease in cash on hand was partly due to a narrowing loss in the first quarter, as well as the Group's use of funds in procuring products to satisfy the expansion needs of its online business and operations in Mainland China. As at 30 June 2021, the Group's inventory level was HK\$853.9 million, representing an increase of HK\$87.8 million comparing to three months ago. The Group will also continue to rationalise its store network in the Hong Kong SAR to reduce its overall cost and optimise its cost structure, aiming at a faster turnaround for the Group and enhancing its profitability in the long term.

Number of Retail Outlets by Market (Continuing Operations)

	As at 30 June 2021	As at 31 March 2021	As at 30 June 2020
Hong Kong and Macau SARs	98	100	109
Mainland China	61	57	43
Malaysia	75	75	79
Total	234	232	231

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 July 2021

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*