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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 Fourth Quarter ended 31 March 2023

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 2023.

Highlights

The Group (Retail and Wholesale)			
Three months ended 31 March 2023	Turnover (HK\$ million)	YoY% change (in local currency terms)	Recovered compared to the same period in FY2018/19 (in local currency terms)
Hong Kong and Macau SARs	812.8	+ 60.1%	47.0%
Online business	138.6	- 22.3%	156.0%
Mainland China	61.4	- 19.9%	78.5%
Malaysia	72.6	+ 16.4%	79.3%
The Group's total turnover (in Hong Kong Dollar terms)	1,085.4	+ 30.3%	54.4%

Hong Kong and Macau SARs (Retail Sales)	
Three months ended 31 March 2023	YoY% change
Same store sales	+ 59.7%
Average sales per transaction	+ 19.6%
Total no. of transactions	+ 33.2%

For the fourth quarter from 1 January to 31 March 2023 ("the Period"), the Group's retail and wholesale turnover increased by 30.3% 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 has recovered by 54.4%.

Normal travel between Hong Kong SAR and Mainland China partially resumed from 8 January 2023 and had fully resumed on 6 February 2023. Hong Kong SAR reported 0.5 million and 1.5 million tourist visits in January 2023 and February 2023 respectively. Daily retail sales in Hong Kong SAR during the Period had increased by approximately 30% as compared with the previous quarter (Oct – Dec 2022) benefiting from the return of Mainland tourists. In our core tourist stores, sales had recovered to approximately 70% against the pre-pandemic period. We expect the return of Mainland visitors to continue at a gradual pace with an ongoing positive impact on our performance in Hong Kong SAR. We have been preparing for Hong Kong SAR border reopening adopting agile management practices including, extending store opening hours, refreshing the product mix, flexibly adjusting frontline staff deployment and inventory to cope with the increasing demand after tourists return. Hong Kong SAR same store sales improved by 59.3% compared to the same period in the previous financial year with year-on-year growth of 55.6% in retail and wholesale turnover despite a net decrease in stores of 6 over the same period of the previous financial year to 70 as at 31 March 2023.

The return of Mainland tourists has been much more pronounced in Macau SAR with daily sales recovering to approximately 80% of pre-pandemic levels. We recorded a 70.5% year-on-year growth in retail and wholesale turnover in Macau SAR during the Period.

Consequently, the overall retail and wholesale turnover in Hong Kong and Macau SARs increased by 60.1% year on year, while same store sales increasing by 59.7% year on year. Retail sales in Hong Kong and Macau SARs increased nearly 50% in the fourth quarter as compared to the previous quarter, approximating to performance after the reopening of the border. Sale mix of Mainland tourists in Hong Kong and Macau SARs is now over 40% compared with approximately 70% during the pre-pandemic period.

The online business recorded a 22.3% year-on-year decrease in sales in the fourth quarter. Online sales in Mainland China fell by 33.2% caused by time taken to restock our e-commerce warehouses in Mainland China after COVID-19 measures relaxed during December 2022. While online sales in Hong Kong SAR decreased by 20.4% year on year due to strong demand for and sales of anti-epidemic products as the fifth wave of the COVID-19 pandemic broke out during the same period last year. We continue to enhance our product and service offering while adapting and leveraging 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. We anticipate a promising start to the new financial year from 1 April 2023, as we put COVID-19 issues behind us.

In Mainland China, same store sales reported year-on-year growth of 5.1% (in local currency terms) benefiting from post COVID-19 recovery. Turnover, however, decreased by 19.9% (in local currency terms) year-on-year driven by the strategic decision to close 33 loss-making stores during the peak of COVID-19 from July to December 2022 which helped to narrow our overall loss from operations during the Period. While COVID-19 measures have now been relaxed, it will take some time for consumer sentiment to improve. The Group’s mid- to long-term market objectives in Mainland China remain unchanged. We will continue to explore OMO strategies in Mainland China to improve Sa Sa’s overall competitiveness and reach, including leveraging WeChat mini-programme to connect Sa Sa’s beauty consultants with customers in Mainland China.

Despite a net decrease of 2 stores over the same period of the previous financial year, our Malaysia business grew by 16.4% (in local currency terms) year on year or same stores growth of 20.9%. We continue to enhance collaboration with brand owners in Malaysia and successfully ran a fragrance roadshow in IOI City Mall during the fourth quarter. Our Malaysia operation is sustaining its recovery at 79.3% of the pre-pandemic levels despite a

decrease of 11 stores (compared to 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. The Group's cash position is improving and as at 31 March 2023, had net cash of HK\$273 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 March 2023	As at 31 December 2022	As at 31 March 2022
Hong Kong and Macau SARs	79	80	85
Mainland China	37	38	77
Malaysia	70	71	72
Total	186	189	234

The Group's store portfolio changes from time-to-time as leases are due for renewal and re-located in accordance with the Groups overall expansion plans.

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, 18 April 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*