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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 2024

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 2024.

HK\$ Million	Turnover			YoY change%	% of Group turnover	Same store sales YoY change %*	F19 Offline Sales recovery %**
	Offline	Online	Total				
Hong Kong & Macau SARs	752.6	48.1	800.7	-7.7%	76.9%	-10.9%	42.5%
Mainland China	40.5	109.5	150.0	+18.2%	14.4%	-23.2%	60.5%
Southeast Asia	71.6	16.4	88.0	-1.6%	8.5%	+7.8%^	85.1%^
Others	-	2.2	2.2	+15.3%	0.2%	-	-
Total	864.7	176.2	1,040.9	-4.1%	100.0%	-	44.5%

* % calculated in local currency

Offline retail sales and wholesales (“Offline Sales”)

^ Refers to Malaysia only

For the fourth quarter from 1 January to 31 March 2024 (“the period”), the Group’s turnover decreased by 4.1% year on year to HK\$1,040.9 million. Within this, the Group’s Offline Sales decreased by 8.7% to HK\$864.7 million, while the Group’s online sales increased by 27.1% to HK\$176.2 million representing 16.9% of the Group’s total turnover. Compared with the financial year ended 31 March 2019 before the Covid-19 pandemic (“pre-pandemic period”), the Group’s Offline Sales has recovered to 44.5% of pre-pandemic period.

Hong Kong & Macau SARs

Offline Sales	
Three months ended 31 March 2024	YoY% change
Total Offline Sales	-7.4%
Same store sales	-10.9%
Average sales per transaction	-4.5%
Total no. of transactions	-1.9%

Upon the initial re-opening of boundaries between the Hong Kong and Macau SARs, and Mainland China last year, the Group's turnover in Hong Kong & Macau SARs (January – March 2023) amounted to HK\$867.2 million thanks to a surge in tourism and consumer revenge spending. This year, the total online and offline sales in the Hong Kong and Macau SARs was HK\$800.7 million, representing a year-on-year decline of HK\$66.5 million given the high base effect.

Sales during the past quarter was also impacted by the growing trend of Hong Kong residents “tripping north” to cities in the Mainland, resulting in less local traffic particularly during weekends and public holidays, especially in residential area near the Shenzhen boundary. During the Lunar New Year holiday (10-13 February), the number of Hong Kong residents visiting Mainland China of approximately 1.16 million was twice as much as the number of the Mainland visitors who visited the Hong Kong SAR of approximately 0.65 million. Visitor arrivals to the Hong Kong and Macau SARs during the period have failed to meet expectation as a whole. Furthermore, in light of the economic challenges including depressed equity and real estate markets, the purchasing intent of local consumers is dampened.

Offline Sales decreased by 7.4% year on year while same-store sales decreased by 10.9%. Sales has recovered to 42.5% of pre-pandemic period despite the fact that the number of stores operated by the Group in the Hong Kong and Macau SARs decreased by 36 or 30.5% to 82 stores as at 31 March 2024. Tourists sales mix was 49.7% versus approximately 74% during the pre-pandemic period.

Looking forward, we are pleased to see the inclusion of Qingdao and Xi'an in the Hong Kong SAR's Individual Visit Scheme from 6 March 2024, and look forward to more eligible cities. Meanwhile, we welcome further government policy changes that will increase both the tourist inflow and their tax exempt spending in the Hong Kong SAR.

The Group is actively looking at gaps in non-tourist areas to better serve local consumers and also at prime tourist locations that supplement our existing coverage. Leveraging the Group's offline store network and unique team of professional beauty consultants to deliver online-merge-offline (“OMO”) seamless experience, we have continued to grow our VIP membership during the quarter.

Online sales in the Hong Kong and Macau SARs amounted to HK\$48.1 million, or approximately 6.0% of total sales, a decrease of 11.7% year-on-year as consumers have moved back into the offline stores.

Mainland China

During the period, the Group's turnover in Mainland China was HK\$150.0 million, representing a 18.2% increase compared to the same period last year, with online sales playing a prominent role accounting for 73.0% of the Group's total sales in this region. The growth momentum in online sales has continued from the third quarter and saw a 67.5% year on year growth to HK\$109.5 million. Operating five or 13.5% fewer stores compared to the same period last year, Offline Sales decreased by 30.5% (measured in local currency) to HK\$40.5 million.

The Group will continue to leverage the WeChat Mini-programme to connect Sa Sa's beauty consultants with customers in Mainland China. With the return of and gradual increase in Mainland tourists visiting the Hong Kong and Macau SARs, the Group is seeking to connect with these customers after they return to Mainland China to enable them to shop and purchase online.

Southeast Asia

The Group's turnover in Southeast Asia for the period was HK\$88.0 million and decreased marginally by 1.6% year on year. Within this, Offline Sales contributed HK\$71.6 million or 81.4% of the total sales. Offline Sales in Malaysia recorded a year-on-year growth of 5.8% while same-store sales grew by 7.8% (measured in local currency). The Group is delivering 85.1% of pre-pandemic Offline Sales in Malaysia despite operating 13 fewer stores. In the Singapore market, the Group will open a further four additional stores in the first quarter of next financial year. This physical presence complements the existing online business laying the foundation for continued growth in Southeast Asia. Online sales in Southeast Asia for the period decreased by 2.7% and accounted for 18.6% of total sales in this market.

Number of Retail Stores by Market

	As at 31 March 2024	As at 31 December 2023	As at 31 March 2023
Hong Kong and Macau SARs	82	82	79
Mainland China	32	33	37
Southeast Asia	69	70	70
Total	183	185	186

The Group's store portfolio changes from time-to-time as leases are due for renewal and re-located in accordance with the Group's 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, 12 April 2024

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*