

MANAGEMENT DISCUSSION & ANALYSIS

管理層討論及分析

For the six months ended 30 September 2018 (“period”), the Group’s turnover for the continuing operations amounted to HK\$4,147.2 million, representing an increase of 16.3% from HK\$3,567.0 million for the six months ended 30 September 2017 (“previous period”). Retail sales in Hong Kong and Macau increased by 18.5% from HK\$2,945.7 million to HK\$3,489.9 million.

Excluding the loss making retail business in Taiwan, which was discontinued in the last financial year, profit for the period from continuing operations rose by 66.0% to HK\$204.2 million against the same period last year. Taking into account the discontinued operation, the Group’s profit for the period was HK\$202.9 million, representing an increase of 84.5% from HK\$109.9 million for the previous period.

Basic earnings per share amounted to 6.7 HK cents as compared to 3.7 HK cents for the previous period. The Board resolved to declare an interim dividend of 7.0 HK cents (2017: 3.5 HK cents) per share, payable in cash with a scrip dividend alternative. The Group continued to expand its retail network in a cautious manner during the period. The total number of stores of continuing operations increased to 273, a net increase of 11 as compared to the previous period.

The Group is a constituent member of the Hang Seng Composite MidCap Index and has been a constituent member of Hang Seng Corporate Sustainability Benchmark Index since 2011. On 8 June 2015, the Group was included in the Hang Seng High Dividend Yield Index. It has also been an eligible stock for Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect in 2014 and 2016 respectively.

截至2018年9月30日止6個月(「本期內」)，集團之持續經營業務的營業額為4,147.2百萬港元，較截至2017年9月30日止6個月(「去年同期」)的3,567.0百萬港元增長16.3%。集團於香港及澳門市場的零售銷售額由2,945.7百萬港元增長18.5%至3,489.9百萬港元。

撇除自上一個財政年度終止經營並錄得虧損的台灣地區零售業務，本期內來自持續經營業務的溢利較去年同期增長66.0%至204.2百萬港元。計及已終止經營的業務，集團本期內溢利為202.9百萬港元，較去年同期的109.9百萬港元增長84.5%。

每股基本盈利為6.7港仙，去年同期則為3.7港仙。董事會議決宣派中期股息每股7.0港仙(2017年：3.5港仙)，將以現金支付並提供以股代息選擇。本期內，集團繼續審慎地拓展零售網絡，持續經營業務的店舖總數增至273間，與去年同期比較淨增加11間。

集團為「恒生綜合中型股指數」成份股，於2011年起獲選為「恒生可持續發展企業基準指數系列」成份股，並於2015年6月8日被納入「恒生高股息率指數」。集團亦自2014年及2016年起分別為滬港通及深港通合資格股票。

Market Overview 市場概覽

Retail Sales/Cosmetics Retail Sales in 2018 (year-on-year change)

2018年零售銷售額／化粧品零售銷售額(按年變動)

Market 市場	Retail sales change 零售銷售變動	Cosmetics retail sales change 化粧品零售銷售變動
Hong Kong 香港	+9.4% (Apr – Sep) (4至9月)	+14.8% (Apr – Sep) (4至9月)
Mainland China 中國內地	+9.3% (Jan – Sep) (1至9月)	+12.0% (Jan – Sep) (1至9月)
Singapore 新加坡	+0.3% (Apr – Sep) (4至9月)	+5.1% (Apr – Sep) (4至9月)
Malaysia 馬來西亞	+11.4% (Apr – Sep) (4至9月)	Note 1 附註1

Note:

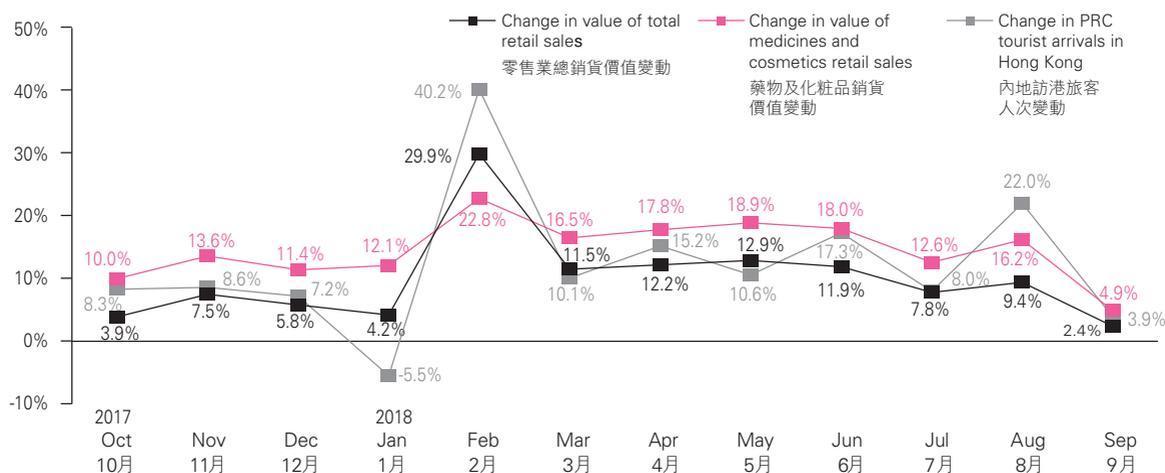
- There were no cosmetics retail sales statistics provided by the Malaysian Government.
- All of the above data were sourced and estimated from statistics published by corresponding governments' statistics bureaus.
- There are some inconsistencies in definition and survey methodology for cosmetics retail sales by different government statistics bureaus.

附註：

- 馬來西亞政府沒有提供有關化粧品行業零售的統計數據。
- 以上所有數據來自及推算自相關政府部門公佈之統計數據。
- 不同的政府統計處對化粧品行業零售的釋義和統計方法各有差異。

Retail Sales Performance in Hong Kong and PRC Tourist Arrivals in Hong Kong (year-on-year change)

香港零售業銷售表現及內地訪港旅客人次(按年變動)



Source: Hong Kong Census and Statistics Department & Hong Kong Tourism Board
資料來源：香港政府統計處及香港旅遊發展局

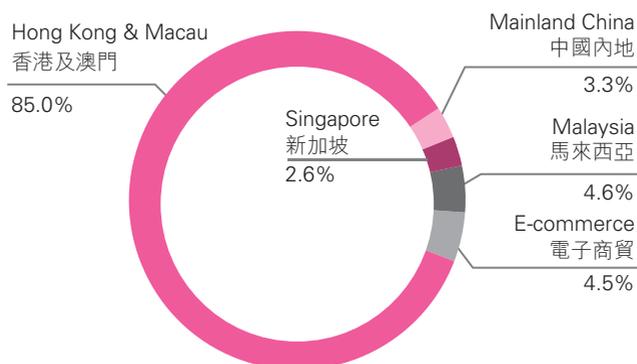
MANAGEMENT DISCUSSION & ANALYSIS

管理層討論及分析

Retail and Wholesale Business 零售及批發業務

1st Half FY18/19 Turnover Mix by Market

18/19財政年度上半年按市場劃分的營業額



Store Network By Market

按市場劃分的店舖網絡

Market (Continuing operations) 市場 (持續經營業務)	As of 30 Sep 2017 於2017年 9月30日	As of 31 Mar 2018 於2018年 3月31日	Opened* 開店*	Closed* 關店*	As of 30 Sep 2018 於2018年 9月30日
Hong Kong & Macau 香港及澳門	116	118	10	8	120
Mainland China 中國內地	54	55	4	5	54
Singapore 新加坡	19	20	5	3	22
Malaysia 馬來西亞	73	72	5	–	77
Total 總數	262	265	24	16	273

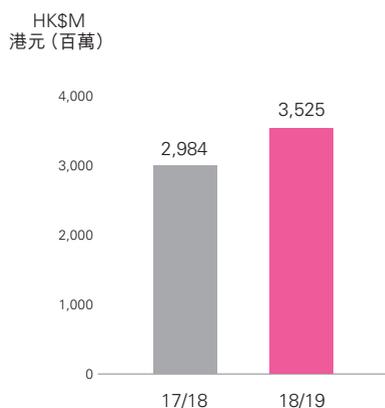
*Note: The number of stores opened and closed within 6 months between 1 Apr 2018 and 30 Sep 2018.

*附註：2018年4月1日至2018年9月30日6個月期間之開店及關店數目。

Hong Kong and Macau 香港及澳門

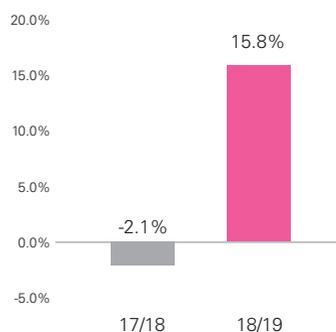
1st Half Turnover (Retail & Wholesale)

上半年營業額(零售及批發)



1st Half Same Store Sales Change

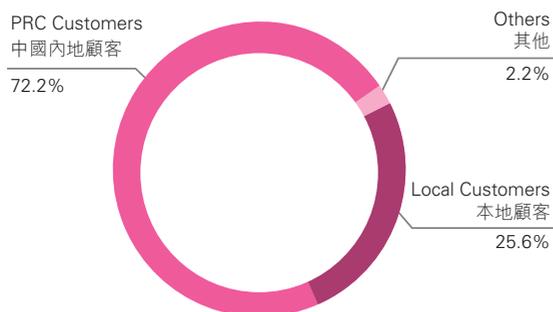
上半年同店銷售變動



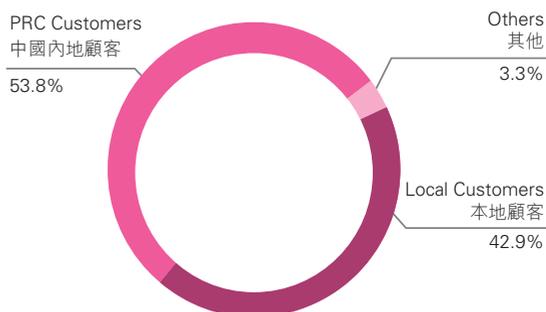
Customer Mix (1st Half FY18/19 Retail Sales)

顧客組合(18/19財政年度上半年零售銷售額)

By sales value 按銷售價值



By no. of transactions 按交易宗數



MANAGEMENT DISCUSSION & ANALYSIS

管理層討論及分析

Hong Kong and Macau (Continued)

In the environment of a 4% rise in Hong Kong's GDP for the first half of 2018, the Group's retail sales in Hong Kong and Macau for the period increased by 18.5%, with same store sales rising 15.8% in comparison to the previous period. The number of transactions by Mainland Chinese customers increased by 21.8% compared to 0.2% for local customers. With customers buying less quantity but more expensive items in each transaction, average sales value per transaction increased overall by 7.0%.

With early positive benefits of the Greater Bay Area development driving the growth of same-day Mainland tourist arrivals, coupled with the stronger sentiment over spending by local customers, retail sales in Hong Kong and Macau performed strongly. However, from late June onwards, consumer sentiment was affected by fluctuations in both the stock market and the Renminbi (RMB) exchange rate due to growing uncertainties generated by the Sino-US trade war. Sales growth in the second quarter was also slowed by the attention given to the 2018 FIFA World Cup in June and July and a major typhoon that hit Hong Kong and Macau.

In September, Typhoon Mangkhut, the most powerful storm hitting Hong Kong since records began in 1946, had a severe impact on business performance in Hong Kong and Macau for a week with sales weakness lingering for a second week, although the impact was not as significant. As a result, sales for the month of September were flat, as compared to double-digit sales growth in all other months in the first half year.

On a more positive note, the Hong Kong Section of Guangzhou-Shenzhen-Hong Kong Express Railway Link ("XRL") was launched on 23 September 2018 to facilitate the flow of people within the Greater Bay Area. According to the government statistics, the railway provides quick access to Guangdong province and beyond for travellers from Hong Kong. However, the passengers were mostly Mainland visitors to Hong Kong. To capture this business opportunity, the Group opened a new shop in the Hong Kong West Kowloon station of XRL to attract customers, who are also served by more than 20 Sa Sa outlets in the neighbourhood. Following the launch of XRL, encouraging business growth was recorded for the Sa Sa retail outlets in Tsim Sha Tsui district.

香港及澳門(續)

2018年上半年，香港的本地生產總值錄得4%的增長，集團本期內於港澳地區的零售銷售額較去年同期增長18.5%，同店銷售則增長15.8%。中國內地顧客的交易宗數增長21.8%，本地顧客的升幅則為0.2%。顧客每宗交易件數雖有減少，但購買的產品單價較高，每宗交易平均金額整體增長7.0%。

大灣區發展的初期利好因素，帶動內地即日來回的港澳旅客人次增長，加上本地顧客消費相對積極，令港澳零售銷售額表現強勁。然而，自6月底起，中美貿易戰增添不明朗因素，令股票市場及人民幣匯率波動，影響消費意欲。另外，6至7月全城聚焦2018年國際足協世界盃，加上超強颱風的打擊，令第二季銷售額增長放緩。

今年9月，自1946年有紀錄以來最強的颱風山竹襲港，重挫港澳兩地業務表現，其後一週亦持續受到影響，不過影響相對較低。因此，9月份銷售額僅屬持平，相對於上半年其他所有月份的雙位數增長明顯疲弱。

令人鼓舞的是，廣深港高鐵(香港段)(「高鐵」)於2018年9月23日開通，有助帶動大灣區內人流。按政府統計的數字顯示，高鐵通車讓乘客來往廣東省以至其他內陸地區時更為便捷，而乘客則以內地訪港旅客居多。為抓緊商機，集團於高鐵香港西九龍站內開設新店，連同區內逾20間莎莎分店，為這批訪港顧客服務。高鐵通車後，位於尖沙咀區的莎莎零售店銷售錄得理想增幅。

Product strategy, in particular fast product rollout, was one of the key winning factors for the strong first quarter performance. Sa Sa enjoyed early competitive advantage for the launch of new products. Since Sa Sa was among the first to sell those brands in the region, the increasing popularity of these products with consumers in Hong Kong and Mainland China significantly boosted sales.

Sales-boosting trendy products demonstrated stronger sales performance over house brands, leading to a decrease in the sales mix of house brands from 39.8% to 35.8%. Despite the gross profit margin declining year-on-year to approximately 39.9%, operating leverage was realised on the strength of higher sales growth to deliver a drop in the rental to sales and frontline staff cost to sales ratio. This in turn led to an improvement of 1.8 percentage points in the net profit margin over the period.

In regard to shop strategy, the Group continued to record a net increase in openings, with 10 stores opened and 8 closed over the period, making a total of 120 shops as of 30 September 2018. Net retail space, however, reduced by 1.8% in the six-month period due to closure of larger shops. Cost control was good during the period, with rental renewals for 32 shops leading to a modest 0.8% increment in rentals. The Group launched a new shop image at 6 shops in Hong Kong in the first half year.

In late August, to celebrate the Group's 40th anniversary, a pop-up store called "Beauty Land" was launched for one month in Causeway Bay. Themed as a floral fairyland, it offered selected products from Sa Sa's vast portfolio of house brands beautifully displayed alongside stunning experiential and game zones. This outstanding branding event attracted visitors and customers.

集團的產品策略乃是第一季銷售表現強勁的關鍵，尤其是適時推出潮流新品。莎莎經常享有搶先發行潮流產品的優勢。由於該等新產品在中港兩地備受消費者歡迎，而莎莎作為首批於區內推出這些產品的零售商之一，有助推動銷售額增長。

潮流新品刺激銷情，銷售比獨家品牌銷售額強勁，因此令獨家品牌銷售額佔比由39.8%下降至35.8%。儘管毛利率按年下降至39.9%，經營槓桿卻因銷售額升幅增長而有所改善，而租金成本及前線員工成本對銷售的佔比均有所下降，帶動本期內的純利率上升1.8個百分點。

店舖策略方面，店舖數目繼續錄得淨增長，本期內開設10間新店並關閉8間店舖，截至2018年9月30日止店舖總數達120間。然而，關閉較大的店舖令本期內的淨零售空間減少1.8%。集團於本期內有效控制成本，為32間店舖續約，租金僅錄得0.8%溫和升幅。此外，集團於上半年在6間香港店舖推出新形象。

為慶祝莎莎成立40周年，集團於8月下旬在銅鑼灣開設為期一個月的「莎莎40周年暨美麗世界」期間限定店，以仙境花園為主題，展示集團強大獨家品牌組合中的精選產品，加上各式各樣互動體驗及遊戲專區，成功吸引市民及顧客到場參觀及購物。

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Following relocation to ATL Logistics Centre last October, the Group's new warehouse, with more concentrated and spacious conditions for automated operations, improved operational efficiency, which in turn supported the Group's robust sales growth over the period. The relocation of overflow capacity from Hong Kong to Shenzhen was completed in July 2018, which further lowered operating costs.

The Group also made progress in new retail and IT advancement and digitalisation. A new online-offline retail model was trialled in partnership with Taobao Global. This model gives Sa Sa greater exposure to consumer marketing in the PRC through Taobao buyers. The August pilot obtained favourable publicity in Mainland China and will be followed by more collaboration with Taobao Global in the near future.

Customer database integration took a step forward over the period. Customer contact information from three separate business units was integrated into a centralised cloud platform of customer relationship management system. In the coming months, more emphasis will be placed on customer data verification with the ultimate aim of achieving cross-selling to boost sales. During the review period, the Group conducted pilot testing of the referral of customers registered in Hong Kong to the physical stores in Mainland China and e-commerce platform using the Group's centralised customer database. The objective was to assess the most cost effective methodology of customer outreach and services.

IT is one of the key improvement areas for the Group's future success. During the review period, the in-store Point of Sale (POS) system was upgraded, and the in-store network and customer WiFi were enhanced to improve the overall shopping experience.

繼於去年10月將倉庫搬遷至亞洲貨櫃物流中心後，新倉庫空間更加集中及寬敞，能提供條件令運作更為自動化，提升營運效率，支持集團本期內強勁的銷售額增長。為進一步減低營運成本，香港的溢流容量倉庫已於2018年7月轉移至深圳。

集團於新零售、資訊科技發展及數碼化方面獲取新進展，並與淘寶全球購合作試行全新線上線下零售模式，為集團在淘寶買家群增加曝光率，繼而吸引更多中國內地消費者的關注。8月的試行在中國內地備受注目，集團擬短期內探索更多與淘寶全球購合作的機會。

本期內整合顧客數據庫亦取得進展，已著手把三個業務單位的顧客聯絡資料整合至顧客關係管理系統的中央雲端。未來數月，集團將加強顧客資料核實工作，冀能最終透過交叉銷售刺激銷情。回顧期內，集團嘗試利用中央顧客數據庫，向在香港登記的顧客推介中國內地實體店及電子商貿平台，從而評估最具成本效益的顧客服務和拓展方案。

提升資訊科技乃集團邁向未來成功的踏腳石。回顧期內，店內收銀系統(POS)、店內網絡及顧客無線網絡均已升級，以提升整體購物體驗。

Mainland China

Overall turnover for the Mainland China operations decreased by 1.8% in local currency terms to HK\$138.4 million, while same store sales in local currency decreased 2.0% for the period.

The Group continued to optimise its retail network, with 4 stores opened and 5 underperforming stores closed. The new shops were mainly clustered within the Greater Bay Area in Zhuhai, Dongguan, Jiangmen, as well as in Nanjing, totalling 54 shops as of 30 September 2018. Currently, a total of 16 shops are operated in 7 Mainland cities within the Greater Bay Area.

However, owing to weakness in the sales of house brand products during the period, gross profit decreased by 5.3% to HK\$67.8 million as compared with the same period last year, while gross profit margin dipped 2.8 percentage points to 49.0%. This resulted in a loss of HK\$15.9 million for the business in Mainland China. In the second half of the year, the Group actively improved the management of its house brand products, thereby increasing the sales of products with higher gross profit margins. The Group saw favourable results from October onwards. Further improvements on gross profit margin are expected to come through in the second half in order to narrow the losses.

Stable logistics costs were maintained in Mainland China against a backdrop of rising operating costs, thanks to a regular flow of manpower to support operations, various enhancement projects for cost optimisation, and an effective partnership with the main logistics service provider. Cost performance will continue to be closely monitored.

中國內地

本期內，中國內地業務的整體營業額按當地貨幣計算下跌1.8%至138.4百萬港元，而同店銷售按當地貨幣計算則下跌2.0%。

集團不斷優化零售網絡，於期內開設4間新店及關閉另外5間表現欠佳的店舖。新店位於珠海、東莞、江門及南京，以大灣區為主，截至2018年9月30日止店舖總數為54間，目前在大灣區內7個內地城市經營合共16間店舖。

惟本期內獨家品牌產品的銷售疲軟，使毛利較去年同期下降5.3%至67.8百萬港元，而毛利率則下跌2.8個百分點至49.0%，引致中國內地業務的虧損擴大至15.9百萬港元。集團下半年積極改善獨家品牌產品的管理，藉此提升毛利率較高的產品銷售，10月開始已漸見成效，有望改善下半年的毛利率水平及收窄虧損。

在經營成本上升的情況下，集團在中國內地仍能保持穩定的物流成本，主要受惠於穩定的人手以支持營運，並同時實施多項優化項目以改善成本效益，加上與主要物流服務供應商的合作效果理想。集團將繼續密切監察成本績效。

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E-commerce

Turnover for the Group's e-commerce business amounted to HK\$185.3 million, representing an increase of 4.6% over the previous period. Sales from third party platforms including Tmall, Kaola, Xiaohongshu and JD.com etc. grew more than 120% year-on-year. These third party platforms contributed more than 50% of sales in Sa Sa's e-commerce segment.

During the period, non-recurring expenses of HK\$5.2 million were incurred, mainly attributable to currency losses from depreciation of the RMB, which impacted the profitability of the e-commerce business. Excluding non-recurring expenses, losses from the e-commerce segment narrowed from HK\$18.8 million in the previous year to HK\$11.8 million.

After successful efforts made last year to reduce logistics costs and shorten fulfilment time, the Group lowered the free delivery barrier to around RMB290 in April 2018. This caused a reduction in the average basket size over the first half of this year. Previously, in April 2017, the Group raised the minimum spending limit for free delivery to avoid incurring losses due to high fulfilment costs. However, the Group found it challenging to recover customers lost over the last year, which resulted in weaker sales through its own website and mobile app.

Nevertheless, Sa Sa's website and mobile app remain important channels for the Group's overall business, despite recording a weaker performance. Taken together, these channels have the ultimate aim of providing a seamless shopping experience for Sa Sa's customers via the strategic integration of online shopping and physical stores in Hong Kong, Macau and Mainland China. Serving the Group's customers as one of a number of touch points across different regions, they strengthen the Group's customer engagement and cross-channel sales.

電子商貿

集團電子商貿業務的營業額較去年同期增長4.6%至185.3百萬港元，當中來自天貓、網易考拉、小紅書、京東等第三方平台的銷售額按年增長逾120%。該等第三方電子商貿平台佔莎莎電子商貿業務銷售額逾50%。

本期內產生非經常性開支5.2百萬港元，主要由人民幣貶值帶來的匯率損失所致，影響盈利表現。撇除非經常性開支，電子商貿業務的虧損由去年的18.8百萬港元收窄至11.8百萬港元。

繼去年成功降低物流成本及縮短送貨時間後，免費送貨門檻於2018年4月下調至約人民幣290元，此舉令今年上半年的每宗交易平均金額有所減少。集團此前曾於2017年4月提高免費送貨最低消費額，以避免因送貨成本高企而招致虧損。集團在重新吸引去年流失的顧客方面遇到挑戰，導致自家網站及手機應用程式銷售疲弱。

儘管來自莎莎自家網站及手機應用程式的銷售表現有所放緩，兩者仍然是集團整體業務的重要渠道，可策略性地透過結合線上購物與中港澳三地實體店，為顧客提供無縫的購物體驗。莎莎自家網站及手機應用程式將繼續作為集團不同地區顧客的多重接觸點之一，加強與顧客的互動及進行跨渠道的交叉銷售。

In March 2018, cross-border e-commerce B2C direct mailing services were launched in various phases for the majority of online purchases via Sa Sa's own online channels and third-party platforms. This initiative offered faster delivery by completely eliminating the possibility of detention of goods at China Customs while it also offered more convenience for PRC consumers. Additional cost benefits accrued from the change of warehouse partner in early 2018. The logistics to sales ratio reduced to around 12.9% from 16.6% last year, with delivery time to Mainland China decreasing from 6.2 days to 6.0 days.

Singapore

During the period, the turnover for the Singapore operations was HK\$105.8 million, an increase of 5.4% in local currency terms over the previous period. Same store sales showed a slight increase in local currency terms to 1.7% for the period.

As of 30 September 2018, the Group operated 22 shops in Singapore with 2 net openings during the period. The slowdown in same store sales growth was primarily due to the downtrend in footfall in retail stores, and the "cannibalisation" of sales with customers moving to new Sa Sa stores nearby for purchases.

The Group continued to build stronger foundations during the period. The local management team structure was strengthened to create synergies across departments. Operations were streamlined by closing underperforming stores, while new stores were strategically opened in suburban malls with good potential, thereby enhancing operational efficiency.

Strategic opportunities to boost sales and enhance customer loyalty included effective member-centric marketing and promotional campaigns as well as the launch of a mobile app for locals in June 2018.

自2018年3月起，莎莎自家網上渠道及第三方電子商貿平台已陸續轉用海外跨境直郵服務，使送貨速度有所提升，同時完全消除內地海關扣留貨品的風險，方便中國內地顧客。自2018年初起更換倉庫合作夥伴，亦繼續帶來成本效益。物流成本對銷售的佔比由去年的16.6%下降至約12.9%，而中國內地的送貨時間亦由6.2天減少至6.0天。

新加坡

本期內，新加坡業務營業額為105.8百萬港元，按當地貨幣計算較去年同期增長5.4%，而同店銷售按當地貨幣計算則微升1.7%。

截至2018年9月30日，集團在新加坡經營22間店舖，本期內店舖數目淨增長2間。由於當地人減少到零售店購物，以致店舖人流減少，加上部分顧客轉往附近的莎莎新店購物，產生銷售同化效應，因此同店銷售增長較去年同期有所放緩。

集團於本期內持續穩固業務基礎，包括強化當地管理團隊以提升跨部門間的協同合作、關閉表現較差的店舖以精簡業務，同時策略性地於潛力優厚的近郊購物中心開設新店，從而提升營運效率。

憑藉特別為會員而設的市場推廣及宣傳活動，以及於2018年6月推出當地的手機應用程式，集團策略性地刺激銷售，並提升顧客忠誠度。

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The Group continued to offer a diversified product portfolio, eliminating underperforming SKUs and launching more in-trend products and exclusive new brands to differentiate Sa Sa from the market. Trainings for staff were further enhanced to improve staff morale and skills, which in turn helped improve service standards.

Malaysia

The turnover for the Group's Malaysia operations was HK\$192.3 million, an increase of 6.9% in local currency terms over the previous period. Same store sales rose 3.3% in local currency terms. The Group's Malaysian business experienced month-to-month fluctuations due to various changes in consumption tax policy implemented by the new Malaysian government.

The Group opened 5 new stores, including 1 in Kuala Lumpur and 4 in other areas during the first half, totalling 77 as of 30 September 2018.

The Group devoted more resources to enhancing customer relationship management, with a strategic focus on Malay customers during the period. More Malay staff members were hired to better serve Malay-speaking customers as part of the business development strategy. In the product portfolio, a strategy was developed to highlight the make-up category, with more affordable offerings to meet customer demand. In addition, the Group began to focus greater efforts on targeting and retaining domestic Chinese customers.

集團不斷提供多元化產品組合，一方面淘汰低效益的產品，同時增加流行產品及推出獨家新品牌，讓莎莎在市場中脫穎而出。集團亦進一步加強員工培訓，提升員工士氣及銷售技巧，繼而改善服務質素。

馬來西亞

集團在馬來西亞市場的營業額為192.3百萬港元，按當地貨幣計算較去年同期增長6.9%，而同店銷售按當地貨幣計算則增長3.3%。由於馬來西亞新一屆政府多番修改消費稅政策，集團在當地的銷售按月出現波動。

截至2018年9月30日止的店舖總數為77間，上半年開設5間新店，其中1間位於吉隆坡，4間位於其他地區。

集團於本期內增加資源強化顧客關係管理系統，策略性對準馬來人顧客。因此，為配合業務發展策略，集團增聘馬來人員工，為馬來語顧客提供更佳服務。產品組合方面，集團強化彩粧類別，增加價廉物美的產品選擇，迎合顧客需要。此外，集團亦加大力度吸引保留當地華人顧客。

Outlook

Hong Kong and Macau

Following the launch of the Express Railway Link and the Hong Kong-Zhuhai-Macau (“HZM”) Bridge in September and October 2018 respectively, the Group is optimistic about the future growth of same-day Mainland tourist arrivals. According to estimates from the HKSAR Government, the target of daily ridership for XRL is 80,100 in 2018. This figure will gradually rise to 95,000 and 129,300 in 2021 and 2031, respectively.

The early benefits from the Greater Bay Area development on the Group’s operations can be seen in the increased sales performance in the Tsim Sha Tsui district since the launch of XRL on 23 September 2018. Sales at the Sa Sa store in Hong Kong West Kowloon station were satisfactory during Golden Week in early October. The Group is studying the feasibility of opening new shops in tourist areas and cross-border areas near XRL station and the HZM bridge. The Group’s vision is to operate a retail network of 180 shops in Hong Kong and Macau.

The Greater Bay Area national plan will bring vast opportunities to support the Group’s long-term development. In the short term, however, consumption sentiment is likely to continue to be impacted by the Sino-US trade war, RMB fluctuations and stock market volatility. The Group aims at faster product rollout, along with boosting traffic and sales through high volume trendy products to offset the short-term negative impacts.

Embracing the Era of New Retail

The Group is committed to become more customer-centric, in particular via customer database integration, with customer data uploading currently in progress. The system aims to cover all customers in Hong Kong and Macau stores, Mainland China stores, online stores and local marketing by integrating them into a large and consolidated database.

展望

香港及澳門

隨着高鐵於2018年9月開通，以及港珠澳大橋於2018年10月通車，集團對未來即日來回內地訪港旅客增長前景感到樂觀。根據香港特別行政區政府的估算，預計2018年高鐵每日目標客流量約為80,100人次，並將逐步上升至2021年的95,000人次及2031年的129,300人次。

集團的業務已初見大灣區發展帶來之益處。自2018年9月23日高鐵開通起，集團的尖沙咀區店舖銷售額錄得增長，而十一黃金週期間於香港西九龍站莎莎分店的銷售額亦令人滿意。集團將研究於鄰近高鐵站及港珠澳大橋邊境口岸附近的遊客區增設新店，長遠而言，實現在港澳兩地經營180間零售店舖的願景。

大灣區國策將帶來龐大機遇，推動集團長遠發展，惟消費意欲短期內或受中美貿易戰、人民幣及股市波動影響，集團會銳意加快推出新產品，透過引入高銷量的潮流新品來增加店舖人流及銷售，抵銷短期負面因素帶來的影響。

邁向「新零售」時代

集團致力整合顧客數據庫，以提供更「以客為先」的貼心服務。目前，集團正把所有來自中港澳店舖、莎莎網上購物平台及各地市場推廣活動的顧客資料整合，並上傳至單一大型綜合平台。

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Solid foundations will be laid for targeted promotions, cross-selling and loyalty enhancement initiatives across the three business units. After the integration and alignment across business units is completed, customers will enjoy a seamless shopping experience spanning online and offline operations within Greater China.

Satisfying the Customer – Digitalisation and IT Advancement

The launch of the new POS system, Internet of Things (IoT), and real-time inventory management will help the Group offer customers a seamless online-and-offline shopping experience while also keeping it up to date with the latest customer trends. The customer journey will be further enhanced with shorter delivery time and a unified experience for both in-store and online shopping.

A feasibility study was launched during the review period for streamlining the store checkout process to improve checkout efficiency. The upgrading project of the entire POS system is expected to kick start in the first quarter of 2019. This brand new POS system will further accelerate the checkout process through a much higher degree of automation. Benefits will include handling extensive promotions and supporting the advanced functions required for the Group's drive towards online and offline integration. The rollout of the new POS system is expected to start by end of 2019.

In addition, pilot testing of the new mobile checkout device that supports mobile payment has begun at the shops in Hong Kong as an alternative payment solution for purchases. It is expected that this will eventually help alleviate labour shortages and reap cost savings.

System improvements in warehouse automation will also improve the overall efficiency of the logistics function. Since labour shortages, especially of frontline staff, have been an acute problem for most retailers in Hong Kong and Macau, the Group's aim is to increase the degree of process automation and digitalisation to mitigate this issue.

此將為橫跨三個業務單位的目標營銷、交叉銷售及提升顧客忠誠度項目奠定穩固基礎。完成整合業務單位後，集團顧客將可於大中華地區享受線上線下無縫購物體驗。

發展數碼化及資訊科技以提升顧客體驗

推出全新的收銀系統(POS)、物聯網(IoT)及實時存貨管理系統，將會有助集團為顧客提供無縫線上線下購物體驗，以及緊貼最新的顧客趨勢，同時縮短送貨時間，讓顧客享受流暢的店內及網上服務，提升整體購物體驗。

回顧期內，集團已進行可行性研究，計劃精簡店舖付款程序以改善付款效率，目標在2019年第一季啟動項目，更新整套收銀系統。全新收銀系統可望於2019年底推行，使付款流程更加自動化，可處理各種市場推廣優惠，並支援整合線上線下購物所需的先進功能，將進一步簡化付款流程。

此外，集團已於香港分店試用支持移動支付的流動收銀工具，引入另一種付款方式，預期可長遠減輕勞工短缺的壓力，同時節省成本。

倉庫系統自動化亦將進一步提升物流整體效率。鑑於勞工短缺(尤其是前線員工)乃大部分港澳零售商面對的難題，集團致力提升物流自動化及數碼化水平，可望紓緩人才短缺情況。

Seamless delivery is at the core of the successful launch of the new retail model. In order to enhance inventory and logistics management, intensive training will be held for shop management and operational teams.

Customer-centric Product Strategy

The Group is aiming at faster product rollout, along with boosting traffic through high volume trendy products. Low productivity SKUs will continue to be eliminated to dedicate more shelf space to new and existing products with high productivity. Overall productivity will be raised while the risk of product obsolescence and expiry will be reduced.

The Group's overriding goal is to provide personalised products and services through multiple touch points, as well as to cater for customers' ever changing needs by means of big data analysis. As part of this strategy, the Group will regularly adjust the product portfolio and accelerate product launches to adapt to fast changing market trends, to maintain close partnerships with suppliers, and to enhance the image and promotion of Sa Sa's house brands and products sourced from local agents. The Group will further strengthen digital media promotion and raise the profile of house brands products in Hong Kong and the PRC.

Partnering Closely with Taobao Global

Taobao Global offers an established platform with an enormous number of fans, buyers and consumers. The Group expects that collaboration with Taobao Global will ultimately raise awareness of Sa Sa's exclusive and house brands, boosting exposure among PRC consumers while offering better access to big data for understanding customer behaviour. This data will also result in a more targeted product sourcing strategy.

The second wave of the promotional campaign will be scheduled for November in Hong Kong. Following the initial success of the inaugural campaign, further resources will be allocated to realise the full potential of this partnership.

無縫送貨服務乃新零售業務模式的重中之重。為了提升存貨及物流管理，集團亦將加強店舖管理層及營運團隊培訓。

「以客為先」的產品策略

集團銳意加快推出新產品，並引入高銷量的流行產品以增加店舖人流。同時，集團將繼續淘汰銷售表現欠佳的產品，以騰出貨架空間展示新產品及高銷售效益的現有產品，從而提升整體銷售效益，並減低產品報銷及過期的風險。

集團的首要目標，乃是通過大數據分析，並透過多重顧客接觸點提供個人化的產品及服務，滿足其日新月異的需要。為此，集團將順應市場趨勢適時調整產品組合，加快推出新產品，同時與供應商保持緊密的合作關係，提升形象及宣傳莎莎的獨家品牌和本地代理產品。此外，集團將進一步加強數碼媒體的宣傳推廣，從而提升莎莎獨家品牌在中港兩地的知名度。

與淘寶全球購加強合作

淘寶全球購的粉絲、買手群及消費者眾多，為集團提供完善的平台。與淘寶全球購合作之最終目標可望提升莎莎獨家代理及獨家品牌的曝光率，在中國內地消費者之間聲名鵲起。同時，集團能更快掌握大數據，了解顧客的消費習慣，從而優化產品的採購策略。

集團計劃於11月在香港推出第二波淘寶全球購的宣傳活動。隨着第一波宣傳活動初見成效，集團銳意投放更多資源促進發展，以充份體現此合作的協同效益。

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Mainland China

With bright development prospects, the Greater Bay Area is expected to create a “one hour living circle” – whereby travelling between various PRC cities and Hong Kong will only take around an hour. This in turn will allow greater access to a much greater population.

Given the uncertainty generated by the recent Sino-US trade war, and the associated depreciation of the RMB would translate into higher import costs for Mainland China, and impact the consumption sentiment of Mainland customers, the Group will expand its retail network with caution. A new store will be opened in Dongguan by the end of the current financial year, covering 8 out of 9 Mainland cities in the Greater Bay Area. The Group will continue to optimise the retail network by closing underperforming shops in remote cities. New Sa Sa shops will be strategically located and in well-managed store clusters.

Logistics operations will continue to be upgraded to improve cost and delivery time. In addition to launching an enhancement project to alleviate general cost increments, the Group has focused on the strategic development of its warehouses across various regions in Mainland China to achieve performance optimisation. Currently, the Group operates rented warehouses in Beijing, Shanghai and Guangzhou to support its retail business in northern, eastern and southern China respectively. To cater for the stores in central and western China, the Group has established a fourth warehouse in Wuhan, with operations beginning in November 2018. Delivery costs and lead times are expected to improve further in these regions. As part of the Group’s strategic plan, the fifth warehouse in Mainland China will be located in Chengdu. This warehouse will be established once the Group’s retail network in western China reaches the targeted threshold.

中國內地

大灣區未來發展前景亮麗，集團預計該區將發展為「一小時生活圈」— 多個內地城市往返香港只需約一小時。因此，由香港延伸出去一小時可達的人口將會大大增加。

鑑於中美近期爆發貿易戰令市況不明朗，連帶的人民幣貶值壓力或增加集團的進口成本，並影響內地市民的消费意欲，因此，集團於考慮拓展零售網絡時會加倍審慎。集團的店舖覆蓋大灣區9個內地城市的其中8個，計劃在本財年底於東莞再增設1間新店。集團將不斷優化零售網絡，並關閉偏遠地區表現欠佳的店舖，同時，新店將開設於策略性位置以及管理良好的店舖群的所在地區內。

集團亦將繼續提升物流營運，改善成本及送貨時間。集團已經實施優化項目以減輕整體成本升幅，同時策略性於中國內地多個地區設立倉庫，以提升營運表現。目前，集團於北京、上海及廣州租用倉庫，分別支持華北、華東及華南的零售業務。集團剛於武漢設立第4個倉庫，並已於2018年11月投入運作，為華中及華西地區的店舖服務，區內送貨成本及速度可望將進一步改善。按照集團的策略性部署，待華西零售網絡發展成熟並達到一定規模後，集團將於成都開設中國內地的第5個倉庫。

E-commerce

The Group's e-commerce business provides a strong foundation for driving forward the Group's current and future development. At the same time, e-commerce supports Sa Sa's retail stores in Hong Kong, Macau and the PRC, while offering a more comprehensive online-to-offline shopping experience to customers.

In the coming half year, e-commerce operations will be enhanced to improve overall efficiency, logistics flows, and to reduce operating costs. Data analysis will be strengthened in the backend, including customer and sales data from third party platforms, in order to optimise marketing activities and sales strategy.

More resources will be invested in developing business in current third party platforms and to explore potential strategic partners. The Group is now merging the backend system of its e-commerce websites to the new central system, with the aim of enhancing processing efficiency, and providing real-time promotions and updates for customers in different geographies. This will enhance the customer experience. Meanwhile, further efforts will be devoted to driving faster delivery at lower cost. The warehouse in Hangzhou will be upgraded to improve logistics costs and lead time performance in early 2019.

Singapore

The Ministry of Trade and Industry Singapore has maintained its GDP growth forecast for 2018 at the range of 2.5% to 3.5%. With rising living costs potentially leading to less disposable income, coupled with rental rebounds, it is expected that the operating environment in Singapore will remain challenging.

電子商貿

電子商貿業務為集團目前及未來發展奠下堅實基礎，長遠能配合香港、澳門及中國內地的實體店營運，為顧客提供更全面的線上線下購物體驗。

集團將於下半年進一步優化電子商貿業務，從而提升整體營運效益、物流效率並減省營運成本。同時，集團將加強後端數據分析，涵蓋第三方平台的顧客及銷售數據，以優化集團的市場推廣活動及銷售策略。

集團亦會投放更多資源，發展現有的第三方平台業務，同時發掘更多戰略夥伴。集團現正合併其電子商貿網站至全新中央系統，以提升處理效率，務求達致為不同地域的顧客同步提供新產品推廣，進一步提升顧客體驗。同時，集團將加大力度提高送貨速度，同時減低物流成本，計劃於2019年初為杭州倉庫升級，改善物流成本及速度。

新加坡

新加坡貿易和工業部將2018年國內生產總值增長預測維持於2.5%至3.5%。隨著生活成本上升或會令可支配收入減少，加上租金回升，集團預計新加坡的經營環境仍然存在挑戰。

MANAGEMENT DISCUSSION & ANALYSIS

管理層討論及分析

The Group will continue to stabilise the local management team, and to streamline the store network by further penetrating into suburban areas to cater for the drastic changes in consumption behaviour over recent years. The Group is in a good position to further build the retail network, with the aim of operating a network of about 30 stores in Singapore in the next two years.

The customer experience will continue to be improved by utilising both online and offline resources; for example, by introducing new features on the Singapore mobile app. More digital efforts will also be devoted to marketing and strengthening customer relationship management, thereby further broadening the customer base and differentiating the brand and uniqueness of Sa Sa.

Malaysia

In Malaysia, the upcoming impact from the drastic change in consumption tax policy may affect consumption sentiment. The Sales and Services Tax (SST) was reintroduced, effective from 1 September 2018, to replace the previous Goods and Services Tax (GST). Under the new SST launched by the government, goods are taxed from 5 to 10 percent and services at 6 percent.

An independent research association in Malaysia adjusted the growth forecast for the retail market in Malaysia from 3.5% to 4.3% for October to December 2018, taking into account shopping behaviour during the tax-free holiday and the current economic environment.

The Group is committed to opening 4 stores outside the capital city in the second half year. The Sa Sa in-store experience will be further optimised, and the mobile app will be enhanced with new features that allow better access to a wider range of products by customers nationwide. The product offerings will be improved, and the in-store experience optimised with better service. Further efforts will also be made to tap into the preferences of Malay customers and attract more domestic Chinese customers.

集團將繼續鞏固當地的管理團隊，精簡店舖網絡，進一步滲透至近郊地區，從而迎合近年顧客消費習慣的顯著轉變。此外，集團著手在新加坡拓展零售網絡，目標於未來兩年經營約30間店舖。

集團亦將利用線上線下資源繼續提升顧客體驗，例如於新加坡使用的手機應用程式引入新功能。集團將加強數碼化的市場推廣工作，同時強化顧客關係管理，進一步擴大顧客基礎，突顯莎莎品牌及獨特性。

馬來西亞

馬來西亞政府推出新的銷售及服務稅(SST)並於2018年9月1日生效，以取代以往的貨品及服務稅(GST)。在新的銷售及服務稅下，貨品按5至10%徵稅，服務則按6%徵收，消費意欲日後或會受消費稅政策的變動影響。

鑑於免稅期間的消費模式以及目前經濟環境，馬來西亞獨立零售市場顧問將馬來西亞零售市場於2018年10月至12月的增長預測由3.5%調高至4.3%。

集團計劃於下半年在首都外開設4間新店，並繼續提升店舖體驗，同時推出包括增添新功能的手機應用程式，以方便全國更廣泛地區的顧客接觸莎莎產品。集團亦會不斷優化產品組合，並以優質顧客服務提升店內體驗。集團另將加強吸納馬來人顧客，同時吸引當地華人顧客。

Human Resources

As at 30 September 2018, the Group had close to 4,800 employees. The Group's staff costs for the six months ended 30 September 2018 were HK\$577.2 million.

Financial Review

Capital Resources and Liquidity

As at 30 September 2018, the Group's total equity funds amounted to HK\$2,654.8 million including reserves of HK\$2,350.8 million. The Group continued to maintain a strong financial position with cash and bank balances of HK\$1,159.2 million. The Group's working capital amounted to HK\$2,177.7 million. Based on the Group's steady cash inflow from operations, coupled with sufficient cash and bank balances and readily available banking facilities, the Group has adequate liquidity and financial resources to meet the working capital requirements as well as to fund its budgeted expansion plans in the next financial year.

During the period, the majority of the Group's cash and bank balances were in Hong Kong dollar, Malaysian Ringgit, Renminbi, Singapore dollar, Swiss Franc and US dollar and deposited in reputable financial institutions with maturity dates falling within a year. This is in line with the Group's treasury policy to maintain liquidity of its funds and continue to contribute a relatively stable yield to the Group.

Financial Position

Total funds employed (representing total equity) as at 30 September 2018 were HK\$2,654.8 million, representing a 6.9% increase over the funds employed of HK\$2,482.8 million as at 31 March 2018.

人力資源

於2018年9月30日，本集團約有接近4,800名僱員。本集團於截至2018年9月30日止6個月內的員工成本為577.2百萬港元。

財務概況

資本及流動資金

於2018年9月30日，本集團權益持有人權益總額為2,654.8百萬港元，其中包括2,350.8百萬港元之儲備金。本集團繼續維持穩健財務狀況，現金及銀行結存累積達1,159.2百萬港元，本集團營運資金為2,177.7百萬港元。基於本集團有穩定的經營業務現金流入，加上現時手持之現金及銀行結存及可用之銀行信貸，本集團掌握充裕財務資源以應付來年預算發展計劃的營運資本。

於期內，本集團大部分現金及銀行結存均為港元、馬來西亞馬幣、人民幣、新加坡元、瑞士法郎及美元，並以一年內到期之存款存放於信譽良好的金融機構。此與本集團維持其資金之流動性之庫務政策相符，並將繼續對本集團帶來穩定收益。

財務狀況

於2018年9月30日之運用資金總額(等同權益總額)為2,654.8百萬港元，較2018年3月31日的2,482.8百萬港元上升6.9%。

MANAGEMENT DISCUSSION & ANALYSIS

管理層討論及分析

The gearing ratio, defined as the ratio of total borrowings to total equity, was zero as at 30 September and 31 March 2018.

Treasury Policies

It is the Group's treasury management policy not to engage in any highly leveraged or speculative derivative products. In this respect, the Group continued to adopt a conservative approach to financial risk management with no borrowings during the period. Most of the assets, receipts and payments of the Group are denominated either in Hong Kong dollar, US dollar, Euro or Renminbi. Based on purchase orders placed, the Group enters into forward foreign exchange contracts with reputable financial institutions to hedge against foreign exchange exposure arising from non-Hong Kong dollar or non-US dollar denominated purchases. These hedging policies are regularly reviewed by the Group.

Charge on Group Assets

As at 30 September 2018, no asset of the Group was under charge to any financial institution.

Contingent Liabilities

The Group had no significant contingent liability as at 30 September 2018.

Capital Commitments

As at 30 September 2018, the Group had total capital commitments in respect of acquisition of property, plant and equipment of HK\$27.7 million.

於2018年9月30日及2018年3月31日，槓桿比率(定義為總借貸與總權益之比例)為零。

庫務政策

本集團之理財政策是不參與高風險之投資或投機性衍生工具。期內，本集團於財務風險管理方面繼續維持審慎態度，並無銀行借貸。本集團大部分資產、收款及付款均以港元、美元、歐元或人民幣計值。根據已下了的採購訂單，本集團與信譽良好的金融機構簽下遠期外匯合約，藉此對沖非港元或非美元進行之採購。本集團會定期檢討對沖政策。

本集團資產之抵押

於2018年9月30日，本集團並無資產於任何財務機構作抵押。

或然負債

本集團於2018年9月30日並無重大或然負債。

資本承擔

於2018年9月30日，本集團於購買物業、機器及設備的資本承擔合共27.7百萬港元。

Conclusion

Sa Sa has a proven track record of delivering a solid performance and remaining resilient in the face of market changes. The Group strongly believes that the ongoing integration of its online and offline business will strengthen relationships and interactions with customers, which is crucial to support the long-term sustainability of the Group. In order to fully embrace the New Retail era, the Group is committed to creating multiple touch points to serve customers through closer cooperation between business units and by utilising an integrated customer database.

The Group aims to further improve the customer experience through a faster POS system to optimise the checkout process, IoT, a real time inventory management system, and improved logistics functions. The Group will continue to adapt to changes in the market and the evolving patterns, preferences and expectations of its customers by utilising both online and offline resources and by enhancing cross-platform promotions.

The Group foresees the long-term potential of the Greater Bay Area national plan, with the launch of the high-speed railway connecting Hong Kong and Mainland China, together with the opening of the Hong Kong-Zhuhai-Macau Bridge. The Group believes that the favourable policies and infrastructure development of the Greater Bay Area will drive foot traffic and economic prosperity within the region while nurturing the further growth of the retail industry. The Group has already set out an expansion blueprint and is poised to capture the full business opportunities of the plan in order to foster sustainable growth.

結語

多年來，莎莎業績穩定增長並取得良好的往績，在瞬息萬變的市場中一直穩步發展。集團深信，線上線下業務持續整合將鞏固集團與顧客的關係，加強雙方互動，對支持集團長遠持續發展至關重要。為迎接新零售時代，集團銳意利用綜合顧客數據庫，加強各業務單位之間的合作，建立多重接觸點為顧客服務。

集團亦將透過付款速度更快的收銀系統、物聯網、實時存貨管理系統和優化物流功能等方式提升顧客體驗。集團將繼續利用線上線下資源，加強跨平台合作，因應市場變化，迎合顧客行為、喜好和期望。

隨著高鐵及港珠澳大橋通車，連接中港兩地的交通，集團看好國家大灣區發展的長遠潛力，並相信大灣區的利好政策及基建發展將刺激區內人流及促進經濟繁榮，並利好零售業進一步發展。集團已確立清晰的發展藍圖，準備就緒，適時掌握商機，促進集團可持續增長。