



*For the year ended 31 March 2022*

# **Annual Results**

*30 June 2022*

Sa Sa International Holdings Limited  
( Stock Code : 178 )

# Speakers



**Dr Guy LOOK**

**Chief Financial Officer  
and  
Executive Director**



**Dr Simon KWOK**

**Chairman and CEO**



**Mr Danny HO**

**Co-Chief Financial Officer  
and  
Executive Director**

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# **Group's Financial Performance**

# FY2021/22 Annual Results Performance Highlights



**Saisai**  
making life beautiful



## Continuing Operations<sup>(1)</sup>

### Turnover

**HK\$3,412.7M**

▲ **12.1%**

### Gross profit

**HK\$1,260.5M**

▲ **19.8%**

### Gross profit margin

**36.9%**

▲ **2.3 p.p.**

### Loss for the year

**HK\$343.7M<sup>(2)</sup>**

(LY Loss: HK\$351.4M)<sup>(2)</sup>

▲ **2.2%<sup>(2)</sup>**

Excluding government subsidies\*,  
temporary rental concessions and  
store impairments^

▲ **41.5%**

### Basic loss per share

**11.1 HK cents<sup>(2)</sup>**

(LY LPS: 11.3 HK cents)<sup>(2)</sup>

#### Remarks:

1. All data in this presentation refer to continuing operations unless otherwise stated

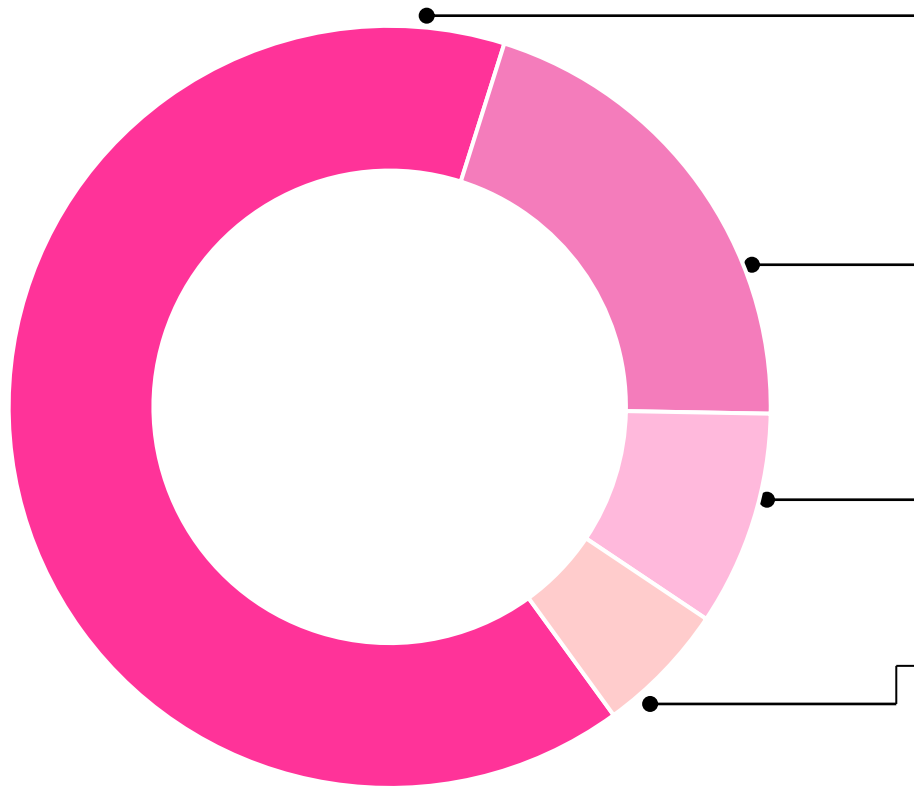
2. Include discontinued operation

3. In view of the challenging and uncertain operating environment, the Board does not propose a final dividend for this reporting year in accordance with the Group's policy to pay dividends out of profits and for reasons of responsible risk management in the current operating environment

4.^Store Impairments refer to provision for impairment of retail store assets (include right-of-use assets and property, plant and equipment) of continuing operations made in accordance with the Hong Kong Accounting Standard 36

5. \* Only includes government subsidies classified as "other revenue" in Income Statement

# Group Geographical Sales Mix



Year ended 31 Mar 2022

	Turnover (HK\$M)	Turnover YoY change	% to Group Turnover
HK & Macau SARs physical stores	2,212.5	+10.6%	64.9%(LY: 65.7%)
Online Business	695.6	+38.8%	20.4%(LY: 16.5%)
Mainland China physical stores	312.0	+7.6%	9.1% (LY: 9.5%)
Malaysia	192.6	-23.6%	5.6% (LY: 8.3%)
<b>Total</b>	<b>3,412.7</b>	<b>+12.1%</b>	<b>100.0%</b>

# Group's Retail Outlets



	YoY change	As at 31 Mar 2022
Hong Kong & Macau SARs	-15	<b>85</b>
Mainland China	+20	<b>77</b>
Malaysia	-3	<b>72</b>
<b>Total</b>	<b>+2</b>	<b>234</b>

<b>Hong Kong &amp; Macau SARs</b>			
	As at 31 Mar 2022	YoY change	
<b>Hong Kong SAR</b>			
Tourist districts	<b>32</b>	<b>-13</b>	Closed : 14 Opened : 1
Non-tourist districts	<b>44</b>	<b>-2</b>	Closed : 3 Opened : 1
<b>Total</b>	<b>76</b>	<b>-15</b>	
<b>Macau SAR</b>			
Tourist districts	<b>8</b>	<b>0</b>	Closed : 1 Opened : 1
Non-tourist districts	<b>1</b>	<b>0</b>	
<b>Total</b>	<b>9</b>	<b>0</b>	

# Group's Continuing Operations: Profit/Loss – By Markets

Year ended 31 Mar (HK\$M)	FY2020/21	FY2021/22	YoY change
HK & Macau SARs	-352.9	<b>-198.9</b>	+154.0
Online Business	8.8	<b>6.9</b>	-1.9
Mainland China	-12.7	<b>-144.3</b>	-131.5
Malaysia	-2.5	<b>-7.5</b>	-5.0
<b>(Loss) / Profit for the Year for Continuing Operations</b>	<b>-359.3</b>	<b>-343.7</b>	<b>+15.6</b> <b>(+4.3%)</b>
<b>Non-recurring items:</b>			
Government subsidies	118.8	<b>5.0</b>	-113.8
Temporary rental concessions	88.5	<b>35.9</b>	-52.6
Store impairments <sup>^</sup>	-57.7	<b>-87.0</b>	-29.3
<b>Total for non-recurring items</b>	<b>149.6</b>	<b>-46.1</b>	<b>-195.7</b>
<b>(Loss) / Profit for the Year for Continuing Operations (Excludes non-recurring items)</b>	<b>-508.9</b>	<b>-297.6</b>	<b>+211.3</b> <b>(+41.5%)</b>

Remarks:

<sup>^</sup> Store Impairments refer to provision for impairment of retail store assets (include right-of-use assets and property, plant and equipment) of continuing operations made in accordance with the Hong Kong Accounting Standard 36



# Group's Financial Position



Year ended 31 Mar / As of 31 Mar (HK\$M)	FY2020/21	FY2021/22	YoY change
CAPEX	57.4	<b>55.7</b>	-1.7
Net cash used in operating activities* (Include payment for lease liabilities)	-79.8	<b>-274.7</b>	-194.9
Cash and bank balance	526.4	<b>296.7</b>	-229.7
Accounts payable	290.2	<b>279.2</b>	-11.0
Accounts payable (days)	53 days	<b>47 days</b>	-6 days
Stock on hand	766.1	<b>747.9</b>	-18.2
Inventory turnover (days)	140 days	<b>127 days</b>	-13 days

*Remarks:*

*All data in this slide has included discontinued operations unless otherwise stated*

*\*Including payment for lease liabilities. Lease payment was deducted in net cash used in operating activities before the adoption of HKFRS 16 "Leases", which was classified as cash used in financing activities after this adoption*

# Group's Cash & Borrowings



<i>As of 31 Mar (HK\$M)</i>	2021	2022
Cash and bank balances	526.4	<b>296.7</b>
Bank borrowings	0	<b>102.5</b>
Unutilized borrowing facilities <sup>^</sup>	167.3	<b>376.6</b>

*Remarks:*

*All data in this slide has included discontinued operations unless otherwise stated*

*<sup>^</sup>As of 31 March 2022, the Group's unutilized borrowing facilities include: undrawn available bank facilities of HK\$176.6 million and revolving loan facility of HK\$200 million provided by the controlling shareholders*

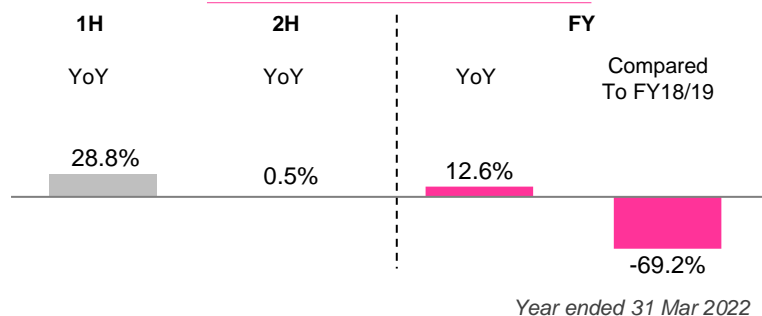


# **Business Review**

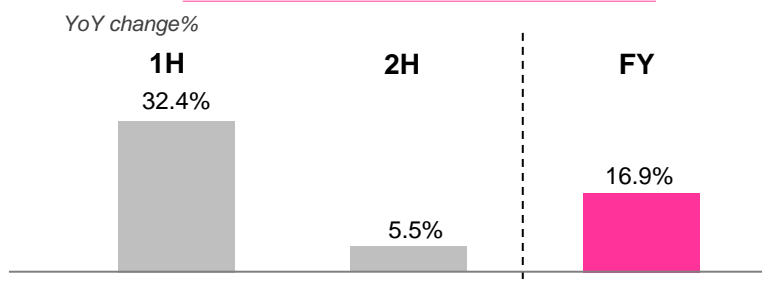
# HK & Macau SARs: Improved Performance Despite Unrelenting Pandemic



## Retail Sales Performance



## Same Store Sales Performance

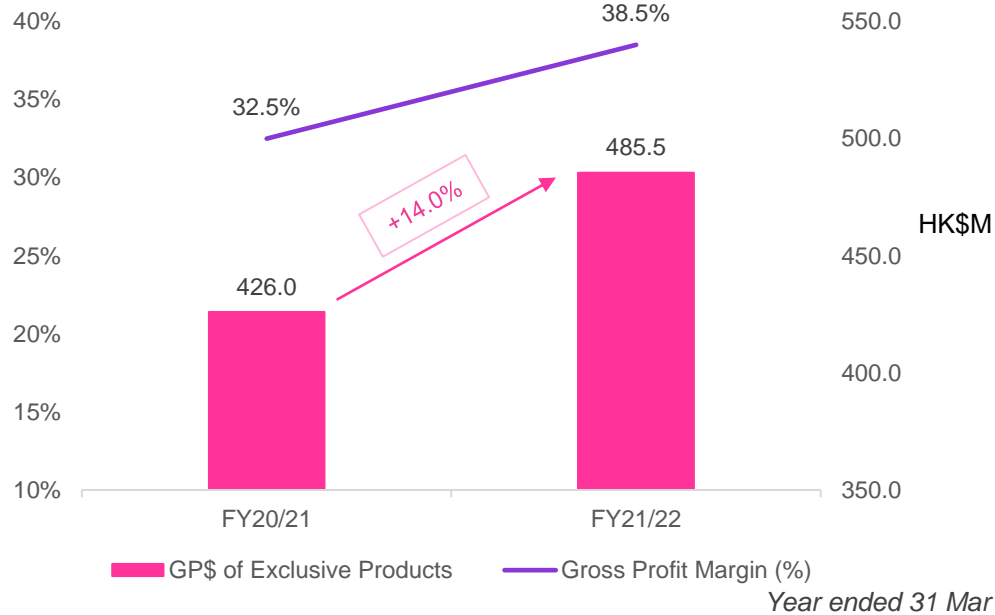


Year ended 31 Mar 2022	1H	2H	FY
<b>Total no. of transactions</b> (Million/YoY change%)	4.4 / +8.7%	4.3 / -2.2%	<b>8.7 / +3.1%</b>
- Mainland customers (YoY change%)	+536.4%	-17.7%	<b>+63.4%</b>
- Local customers (YoY change%)	-0.5%	+0.4%	<b>0%</b>
<b>Avg. ticket size (ASP)</b> (HK\$/YoY change%)	238 / +18.5%	257 / +2.7%	<b>248 / +9.3%</b>
- Mainland customers (YoY change%)	+23.6%	+9.7%	<b>+8.1%</b>
- Local customers (YoY change%)	+2.5%	+3.4%	<b>+3.0%</b>
<b>Customer Mix</b> (By sales value/volume)			
- Mainland customers	25.2% / 11.6%	19.6% / 9.1%	<b>22.3% / 10.4%</b>
- Local customers	74.6% / 88.0%	79.7% / 90.0%	<b>77.2% / 89.0%</b>

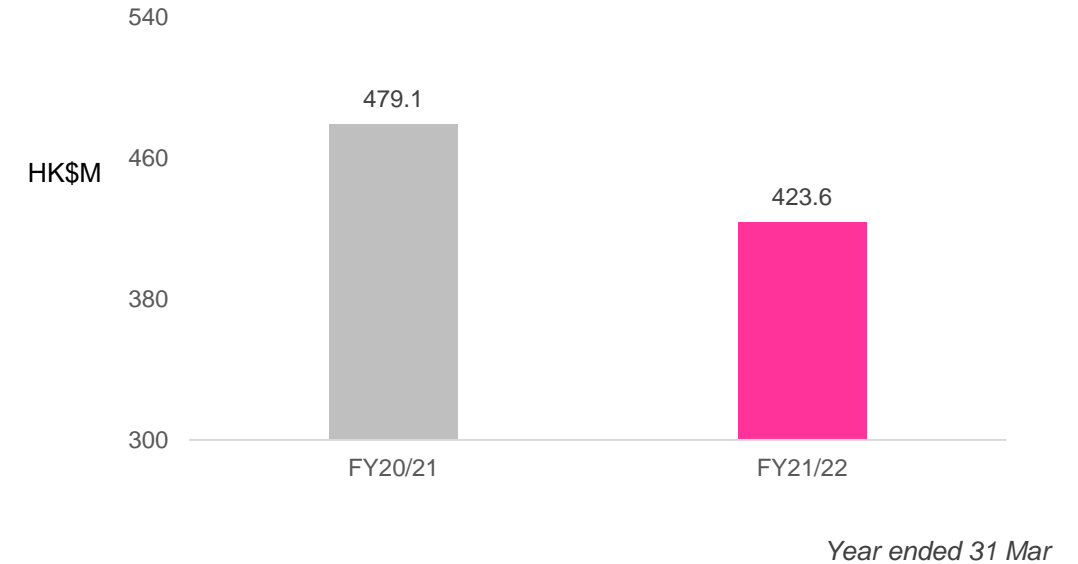
- HK & Macau SAR's retail sales rose 12.6% and SSS rose 16.9%
- Transaction volume and basket size grew 3.1% and 9.3% respectively
- 2H success in targeting local customers riding on Consumption Voucher Scheme in HK. Growth subdued but positive during 5<sup>th</sup> wave due to timely launch of pandemic preventive and testing products
- Macau SAR: Mainland customers drove a retail sales increase of 27.9%. The performance would be better if not adversely affected by the pandemic in 2H

# HK & Macau SARs: Improved GP Margin and Product Competitiveness

## Gross Profit Margin & Exclusive Products GP\$ Growth



## Inventory Level



- ❑ Gross profit margin was 38.5% (LY: 32.5% (depressed by large-scale stock clearance))
- ❑ Inventory reduced by 11.6%
- ❑ Developed strategic product categories to attract locals and enhance Sa Sa's position as a "one-stop beauty specialty store"
  - Closer cooperation with local suppliers
  - Product categories: personal care, health & fitness and beauty devices



# HK & Macau SARs: Main Contributors of Loss Reduction



<i>Year ended 31 Mar 2022</i> <i>(HK\$M)</i>	<b>FY</b>
Gross profit contribution from sales growth	<b>+73.7</b>
Gross profit margin improvement <sup>^</sup>	<b>+129.0</b>
Cost savings <sup>*</sup>	<b>+114.0</b>
Others	<b>+16.9</b>
Taxation	<b>-48.6</b>
<b>Reduction of Loss</b> <b>(Excludes government subsidies, temporary rental concessions and store impairments)</b>	<b>+285.0</b> <b>(+58.4%)</b>
<i>Year ended 31 Mar</i> <i>(HK\$M)</i>	<b>YoY change</b>
Government subsidies (CY : 0.3 LY : 110.5)	<b>-110.2</b>

<sup>^</sup>Gross profit margin improvement includes stock provision savings

<sup>\*</sup>Cost savings include actual rental reduction, shop fixed salary, office overheads, logistics expenses, variable cost for additional sales growth, ROU amortisation savings and others

# HK & Macau SARs: Significant Rental Reduction

	YoY change (HK\$M)
Net store closure in the last 12 months	-87.8
Rental reduction upon contract renewal	-68.5
<b>Store closure &amp; savings from shop renewals</b>	<b>-156.3 (-38.8%)</b>
Temporary rental concessions CY: -28.0 LY: -83.6	+55.6
Turnover rent and others	+6.4
Less reversal of ROU amortization	+40.9
<b>Net reduction in rental this year</b>	<b>-53.3 (-13.5%)</b>

Monthly Rental Costs				
HK\$M	Mar 2019	Mar 2020	Mar 2021	Mar 2022
Number of shops	118	112	100	85
Before rental concessions	69.4	61.2	48.4	35.4

# Online Business: Boosting Growth by OMO



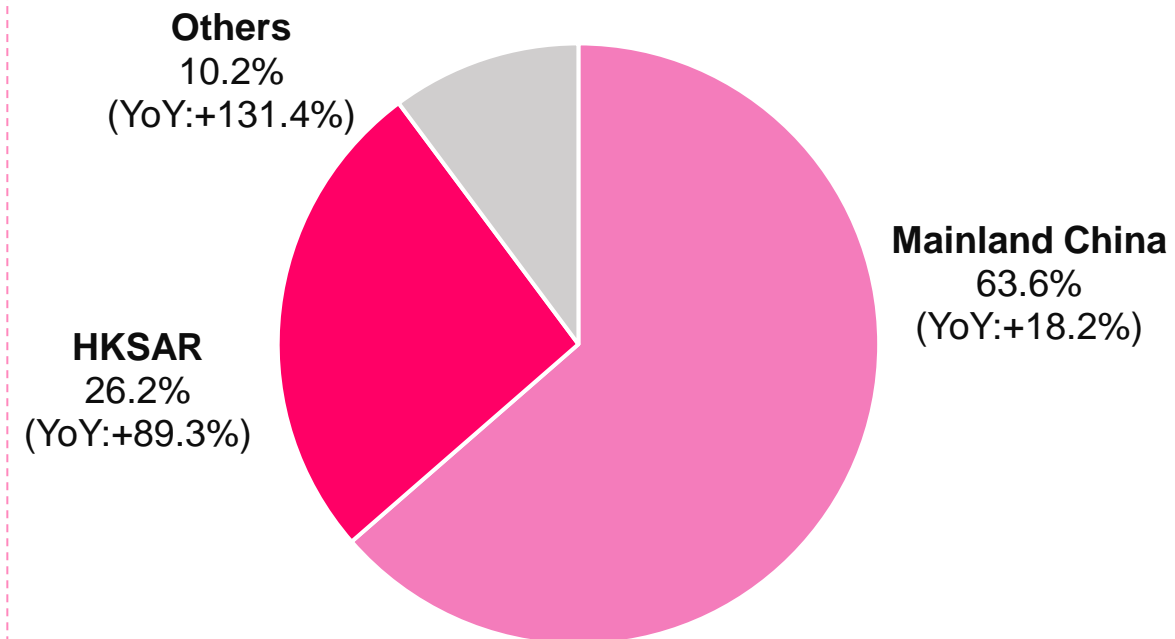
## Mainland China

- Rapid growth in 1H
- 2H affected by “Double 11” weakness and cross-border logistics disruptions amid major pandemic outbreak
- Extended OMO to Mainland China using cross-border WeChat mini-programme
- Livestream on Douyin to attract young customers

## HKSAR

- OMO offers multiple touch points interactive customer experience
  - Significant sales growth after website revamp
  - Began to achieve online and offline synergies
    - ✓ Mutual conversion of customers
    - ✓ Boost customer loyalty and repurchases
    - ✓ Drive sales growth

## Geographical Distribution of Sales and Growth Rate



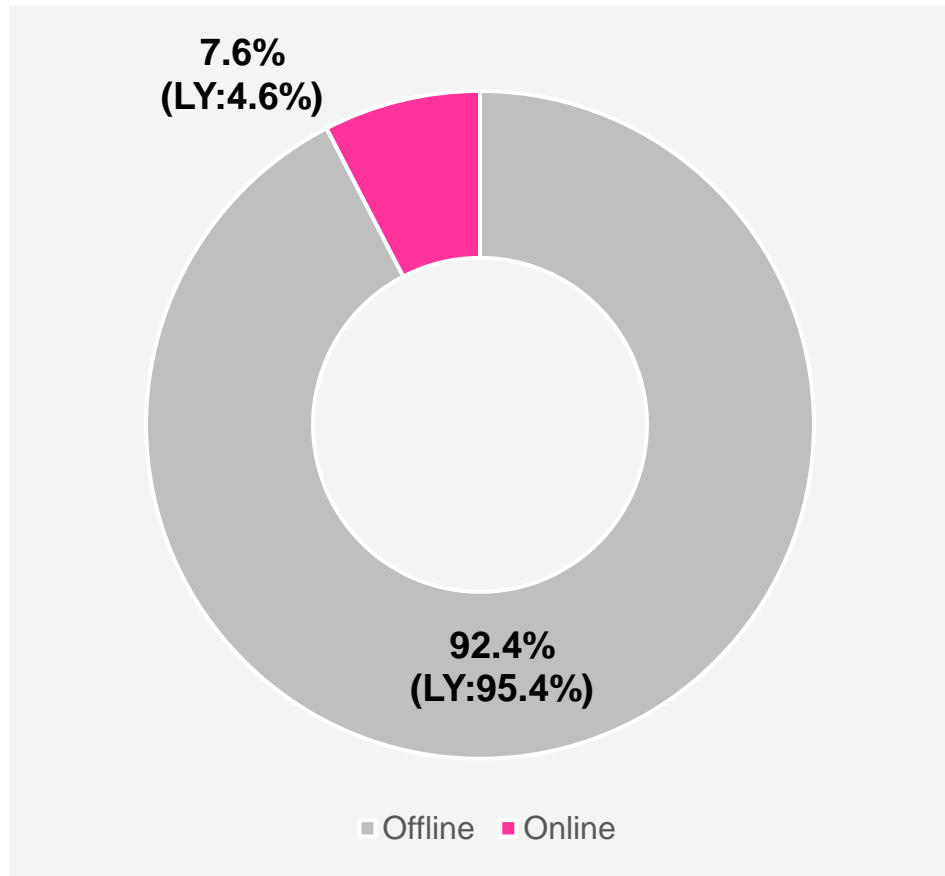
*In HK\$, for the year ended 31 Mar 2022*



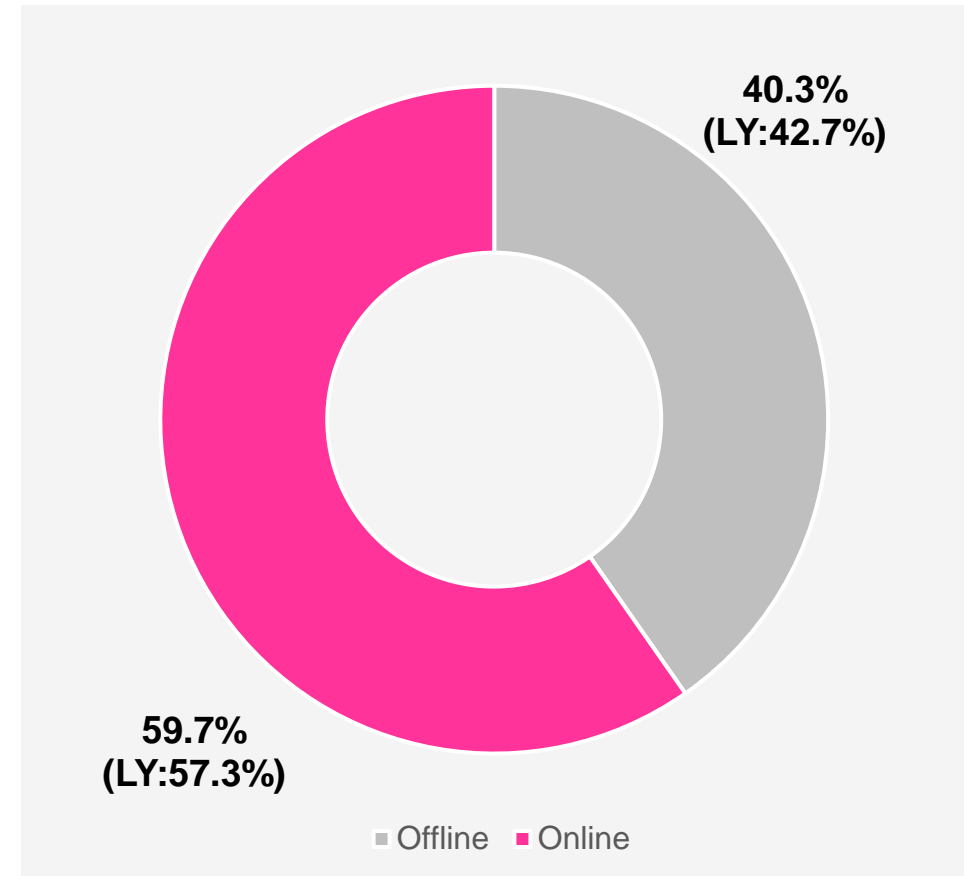
# Online & Offline Sales Breakdown



## HK & Macau SARs



## Mainland China



*In HK\$, for the year ended 31 Mar 2022*

# Online Business: Recurring Profit Improved Despite 2H Outbreak Disruptions

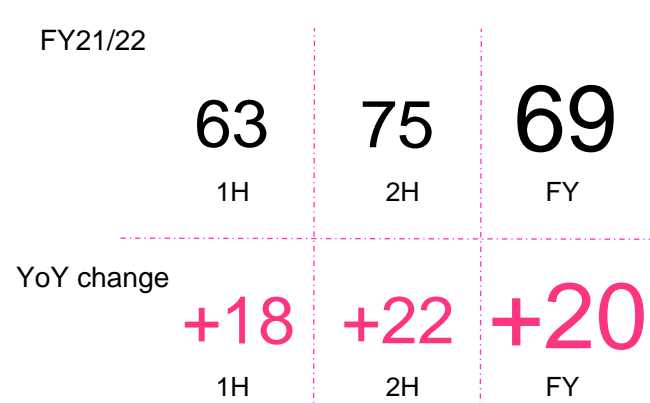


Year ended 31 Mar (HK\$M)	1H			2H			FY		YoY change
	FY 2020/21	FY 2021/22	YoY change	FY 2020/21	FY 2021/22	YoY change	FY 2020/21	FY 2021/22	
Total sales	186.1	307.4	+65.2%	315.2	388.2	+23.2%	501.3	<b>695.6</b>	<b>+38.8%</b>
Recurring profit/ (loss)	-8.4	2.7	+132.4%	5.3	2.6	-51.5%	-3.1	<b>5.3</b>	<b>+273.8%</b>
(Reversal of) Non- recurring costs and provision	-5.8	1.5	+126.4%	-6.1	-3.1	+48.5%	-11.9	<b>-1.6</b>	<b>+86.5%</b>
Total operating profit / (loss)	-2.6	1.2	+145.6%	11.4	5.7	-49.9%	8.8	<b>6.9</b>	<b>-21.2%</b>

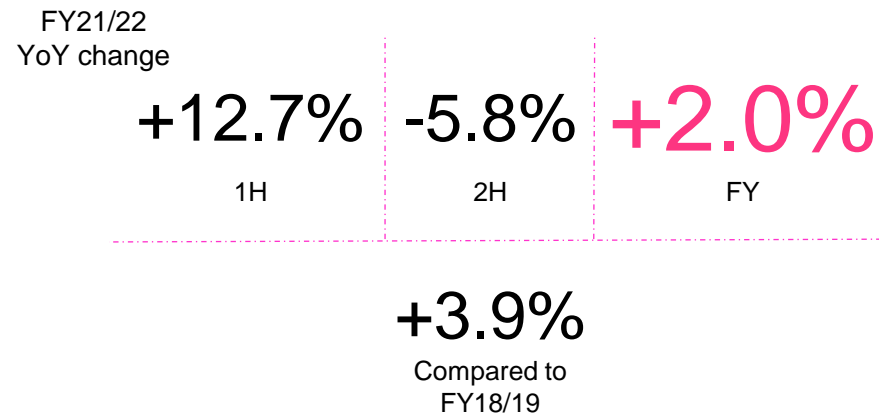
- Total sales increased by 38.8%
- Good recovery in Q4, after a weak Double 11 performance in Q3
- Recurring profit improved, turning around into a profit of HK\$5.3 million from the loss of HK\$3.1 million LY

# Mainland China: Severely Hit by Pandemic starting Q2

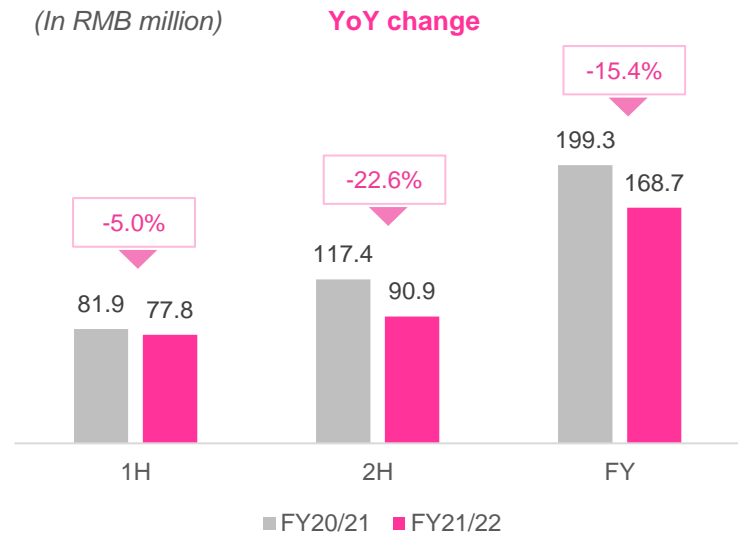
## Average Number of Stores\*



## Retail Sales Performance



## Same Store Sales



Year ended 31 Mar

\*Average number of stores during the stated period

- ❑ Hit by pandemic and consumption slowdown
  - Retail sales rose 2.0%, SSS fell 15.4%
  - Loss exacerbated by store impairment provisions amounted to RMB118.4 million (LY: loss of RMB11.0 million)
  - Suspended new store opening in Q4 and focused on improving the performance of existing stores and online operations
- ❑ Started cross border mini-programme in 2H with store-based beauty consultants
  - Enrichment of product portfolio for physical stores customers
  - Strengthened overall competitiveness

# Malaysia: Turnaround in 2H



## Average Number of Stores\*

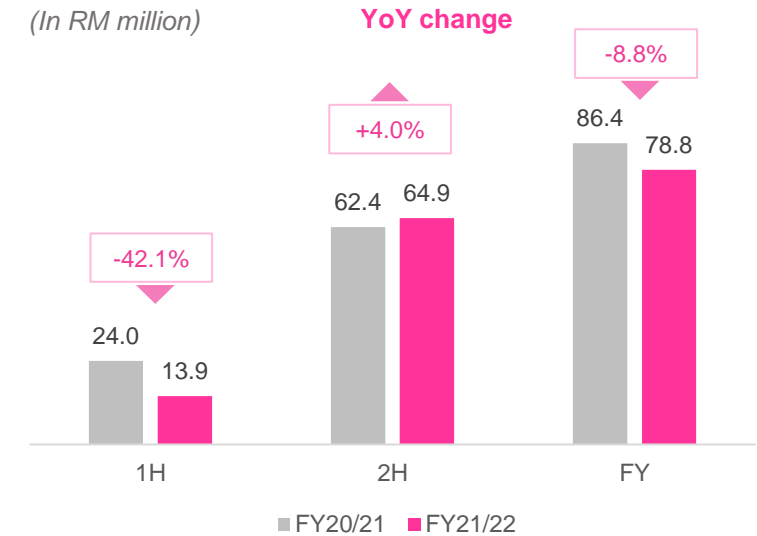
FY21/22	74	73	74
	1H	2H	FY
YoY change	-5	-4	-4
	1H	2H	FY

Year ended 31 Mar

## Retail Sales Performance

FY21/22	-53.7%	+7.8%	-23.7%
YoY change	1H	2H	FY
	-48.5%		
	Compare to FY18/19		

## Same Store Sales



- 1H: Strict movement control measures led to 53.7% sales decline and losses
- 2H: Returned to profitability with change in quarantine policy in October
- Loss for the year was HK\$7.5 million

\*Average no. of stores during the stated period



# **Outlook And Future Plans**

# Our Strategic Focus



Purpose

***Making Life Beautiful***

Strategy

**DESIRED  
ASSORTMENT**

**ACCESSIBLE &  
ENGAGING**

**ASPIRATIONAL  
BRANDS**

Excellent Business Partnering with Brands & Suppliers to drive value creation through product assortment and deliver at leading efficiency

Build a consumer centric engagement experience embedding our route-to-market strategy to the consumer journey

Invest and nurture portfolio of Exclusive Brands

**ENABLERS**

People

Culture and Talent Development

Digitalisation

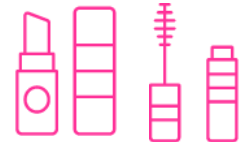
Customer Journey Digitalisation

Partnerships

Industry Players

Compliance

Compliance Excellence



# Strategic Pillar 1: Desired Assortment



BB Lab's Launch (Aug 2021)

**9,000+**  
SKUs

**100+**  
Exclusive brands



Dr G promotion (Dec 2021)



# Strategic Pillar 2: Customer Centricity





# Strategic Pillar 3: Nurture Exclusive Brands & Hero Products



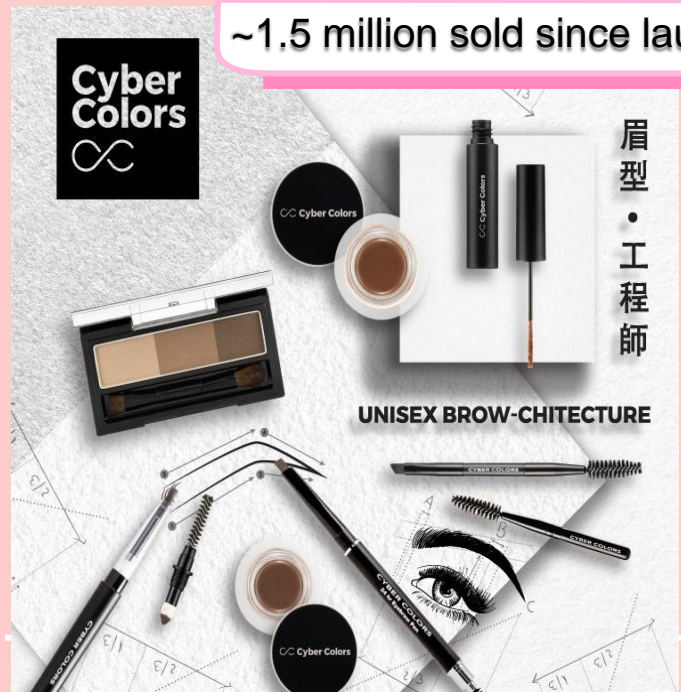
~1.3 million sold since launch

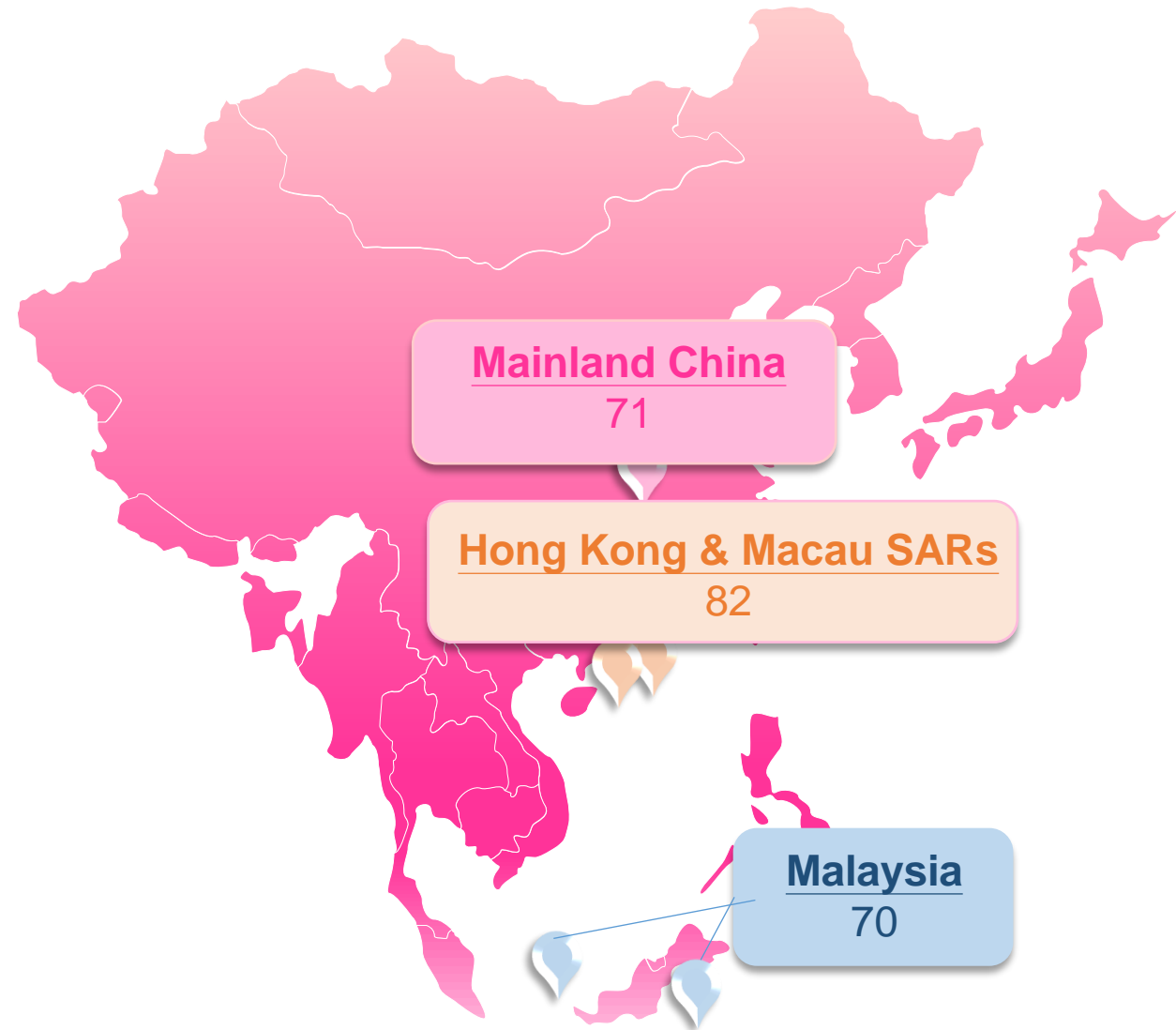


~1.5 million sold since launch



~700,000 sold since launch





\*Shop count as of 30 Jun 2022



# Appendix

# Appendix 1: FY2022/23 Q1 Performance



(QTD: 1 April – 26 June 2022)

<i>In local currencies</i>	YoY Change (%)	
	Retail Sales	Same Store Sales
HK & Macau SARs	-9.5%	-4.1%
Online Business	-4.2%	N/A
Mainland China	-16.4%	-22.0%
Malaysia	+102.4%	+50.5%
Group turnover	-4.7%	N/A

## Appendix 2: HK SAR Rental Condition



No. of stores		No. of stores	
Total no. (As of 31 Mar 22)	76	Total no. (As of 26 Jun 22)	73
New leases (1 Apr 21 – 31 Mar 22)	2	New leases (1 Apr 22 – 26 Jun 22)	0
Renewal during FY21/22 Tenancy period: (above one year ) (1 Apr 21 – 31 Mar 22)	33 (Rental change : -34.9%^)	Renewal during FY22/23 (1 Apr 22 – 26 Jun 22)	16 (Rental change : -27.6%*)
Short term renewal during FY21/22 Tenancy period: (within one year) (1 Apr 21 – 31 Mar 22)	9 (Rental change : -67.3%)	Leases yet to be renewed during FY22/23 (27 Jun 22 – 31 Mar 23)	37

*^If the 10 leases with pre-determined increment are included, the rental change was -19.6% as of 31 Mar 2022*

*\*If the 9 leases with pre-determined increment are included, the rental change was -11.8 % as of 26 Jun 2022*

# Appendix 3: Store Network Strategy

**Total : 234** Points of sales\*



- ❑ Hong Kong & Macau SARs: Store network rationalisation
- ❑ Mainland China: Store network rationalisation
- ❑ Malaysia: : Achieve organic growth

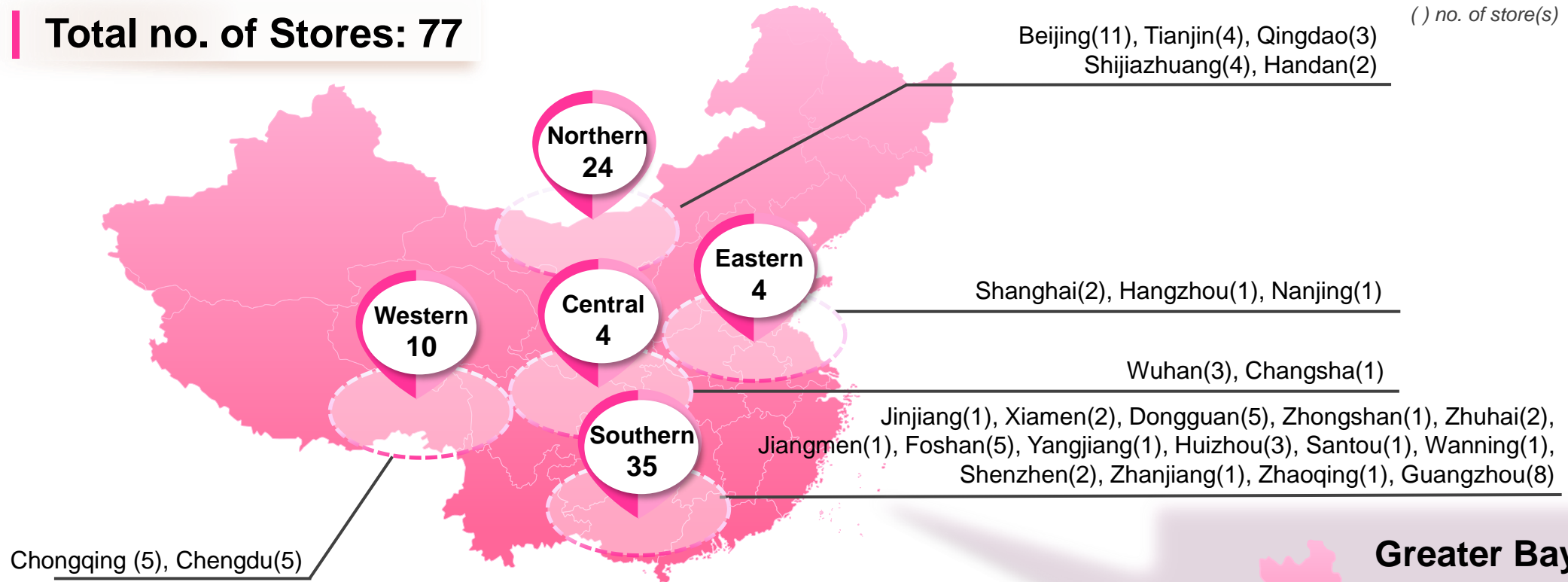
No. of Retail Outlets (Continuing operations)	As of 31 Mar 21	Opened	Closed	As of 31 Mar 22
HK & Macau SARs	100	3*	18**	<b>85</b>
Mainland China	57	22	2	<b>77</b>
Malaysia	75	1	4	<b>72</b>
<b>Total</b>	<b>232</b>	<b>26</b>	<b>24</b>	<b>234</b>

\* Opened: Tourist stores:2; Non-tourist stores: 1  
 \*\* Closed: Tourist stores:15; Non-tourist stores: 3

\*As of 31 Mar 2022

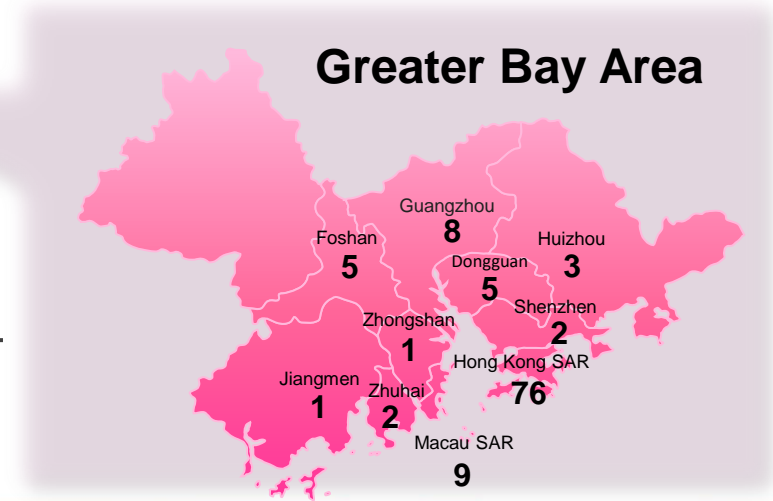
# Appendix 4: Retail Outlets in Mainland China and GBA

**Total no. of Stores: 77**



## 112 stores in Greater Bay Area

Hong Kong SAR(76), Macau SAR(9), Dongguan(5), Zhongshan(1), Zhuhai(2), Jiangmen(1), Foshan(5), Huizhou(3), Shenzhen(2), Guangzhou(8)

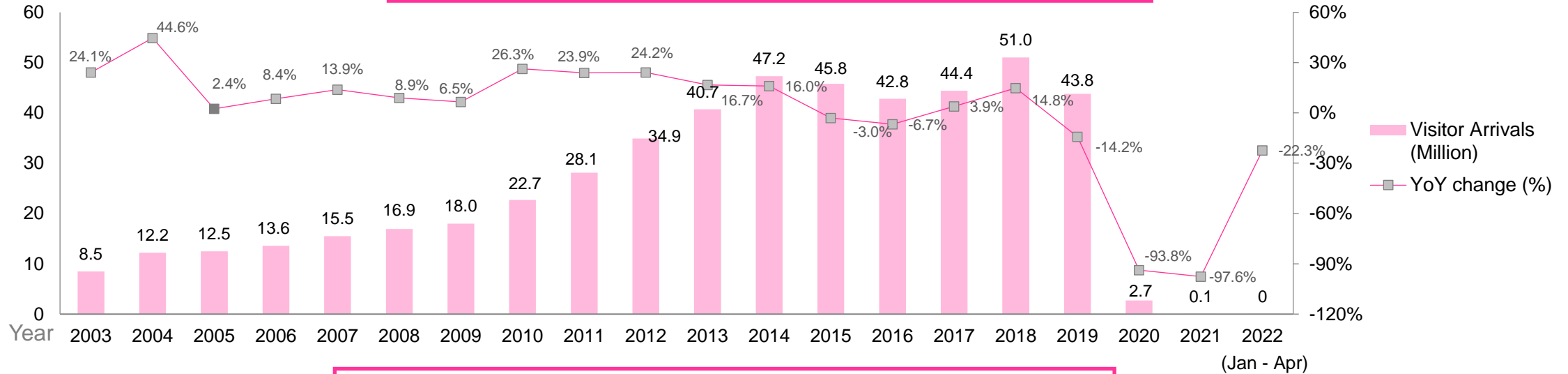


As of 31 Mar 2022

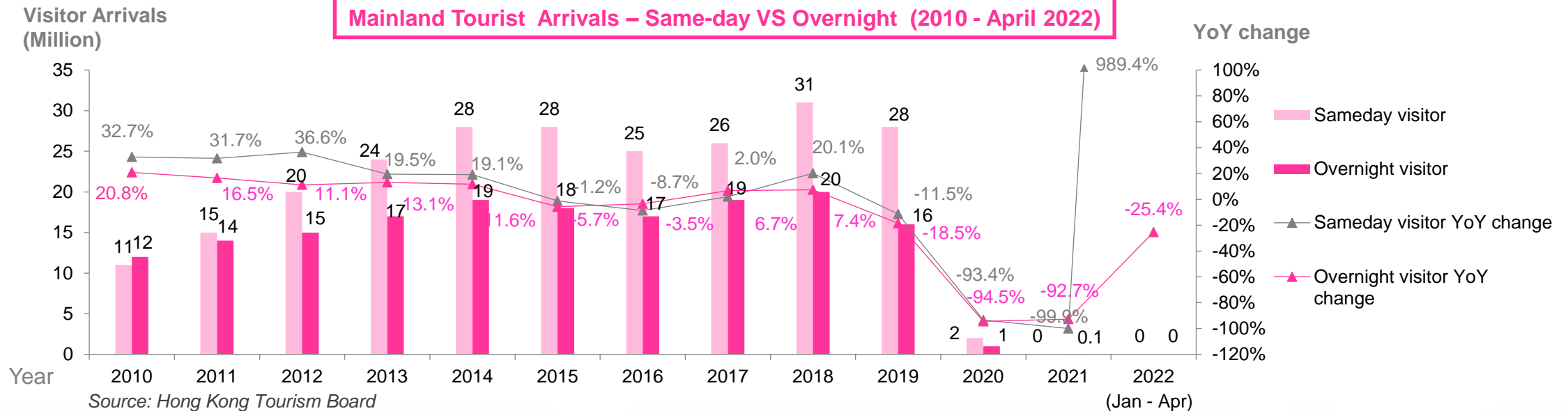
# Appendix 5: Mainland Tourist Arrivals in Hong Kong SAR



**Mainland Tourist Arrivals in Hong Kong SAR (2003 - April 2022)**



**Mainland Tourist Arrivals – Same-day VS Overnight (2010 - April 2022)**



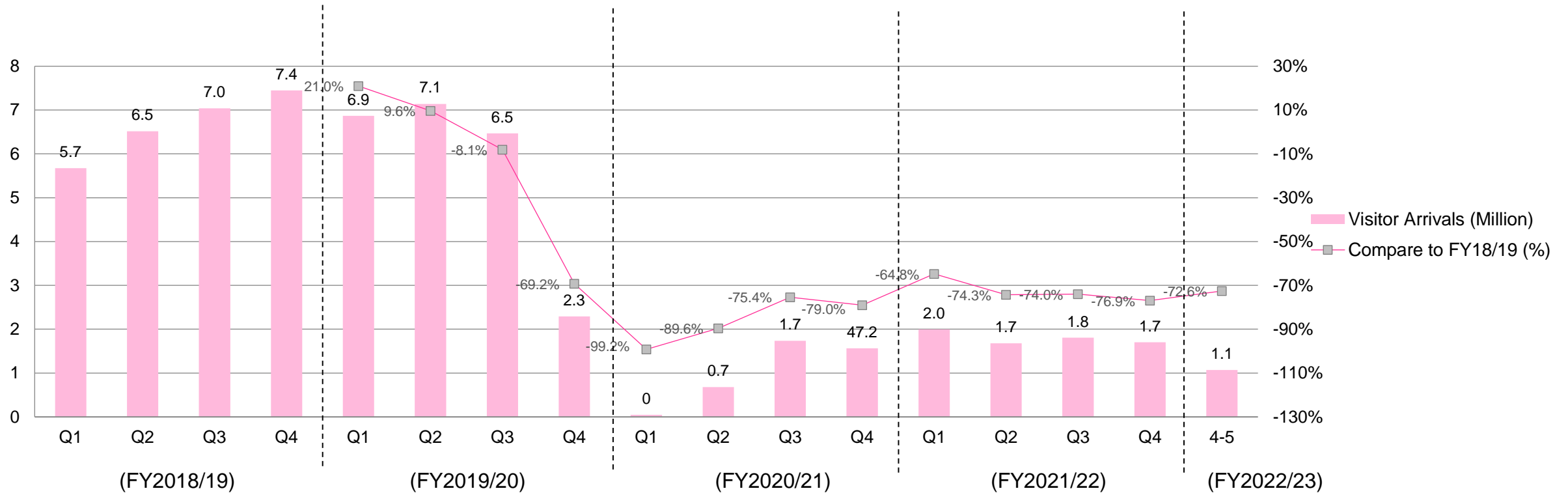
Source: Hong Kong Tourism Board



# Appendix 6: Mainland Tourist Arrivals in Macau SAR



Mainland Tourist Arrivals in Macau SAR (April 2018 - May 2022)

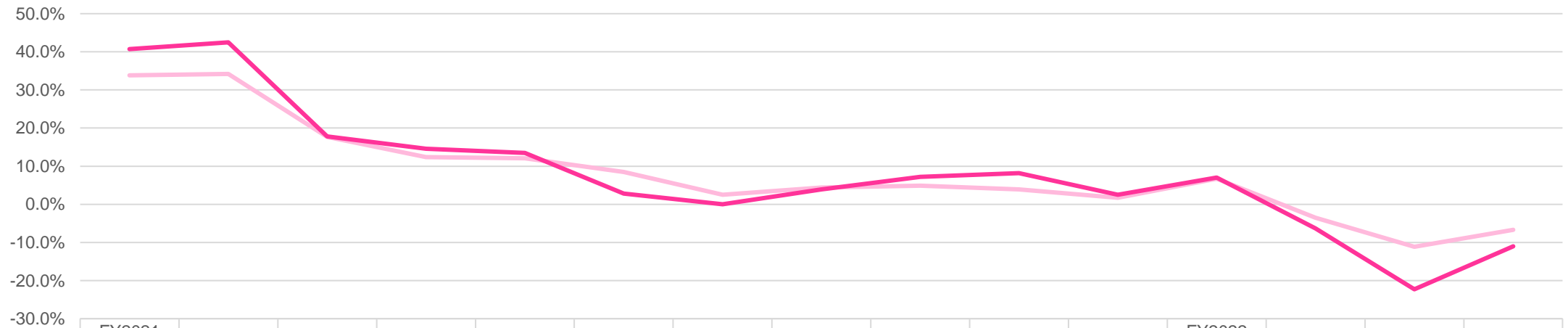


Source: Macao Government Tourism Office

# Appendix 7: Mainland China's Retail Market Performance



## 2021 – May 2022 Total Retail Sales & Cosmetics Retail Sales (YoY Change)



	FY2021 Jan - Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY2022 Jan - Feb	Mar	Apr	May
Retail Sales (YoY%)	33.8%	34.2%	17.7%	12.4%	12.1%	8.5%	2.5%	4.4%	4.9%	3.9%	1.7%	6.7%	-3.5%	-11.1%	-6.7%
Cosmetic Sales (YoY%)	40.7%	42.5%	17.8%	14.6%	13.5%	2.8%	0.0%	3.9%	7.2%	8.2%	2.5%	7.0%	-6.3%	-22.3%	-11.0%

	Cosmetics Retail Sales (YoY Change%)	Total Retail Sales (YoY Change%)
<b>2021</b>	<b>14.0%</b>	<b>12.5%</b>
<b>Jan – May 2022</b>	<b>-5.2%</b>	<b>-1.5%</b>



**Thank You**

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