

RETAILING

# SA SA EXITS SINGAPORE AS LOSSES CONTINUE

**Cosmetics retailer to close 22 stores and lay off 170 staff as it focuses on its Hong Kong business, which is struggling after the city's street protests**

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Sa Sa International, Hong Kong's biggest cosmetics retailer, will close all its 22 stores in Singapore and cut 170 jobs to reduce costs as it struggles to reverse six years of losses.

Attempts to boost sales in recent years by restructuring the Singapore management team and enhancing store displays and the product mix had been "far from satisfactory", chairman and chief executive Simon Kwok Siu-ming said in a filing to the stock exchange yesterday. All laid-off employees would be compensated according to local employment laws, he added.

Sales in Singapore fell 4.6 per cent to HK\$99.4 million in the six months to September, the company said, representing 2.8 per cent of group turnover. At the group level, Sa Sa lost HK\$36.53 million in the period.

**HK\$36.5m**  
Cosmetics chain Sa Sa lost this much in the six months to September, and it will refocus on its Hong Kong business

The decision to withdraw from the Lion City suggests the cosmetics chain is conserving its resources for tougher times at home as months of anti-government protests triggered a slump in tourist arrivals from the mainland, a lifeblood of the local retailing industry.

Hong Kong's retail sales plummeted 24.3 per cent in October, the biggest monthly decline on record, the government said yesterday.

Visitor arrivals plunged by 43.7 per cent year on year in October to 3.31 million, the Hong Kong Tourism Board said. Provisional figures in the first half of November showed arrivals were down more than 50 per cent, according to the Commerce and Economic Development Bureau.

"The double whammy of escalating social unrest across the city and the protracted US-China trade war has resulted in falling retail sales," said David Ji, head of research and consultancy of Greater China at Knight Frank.

"There have been waves of shutdowns and lay-offs at retailers. The situation appears to be as

bad as during the Asian financial crisis."

The operating environment in its core market in Hong Kong had become extremely difficult due to a drastic decline in mainland tourist arrivals, Kwok said.

The primary goal was to focus resources on its core markets and areas with growth potential to restore profitability, he added.

"The closure of the business in Singapore will help improve the performance and profitability of the remaining businesses, and is in the best interests of the group and the shareholders as a whole," the company said.

Sa Sa is not the only Hong Kong retailer to feel the sting of the protests and the consequent economic recession.

Snack-chain operator Best Mart 360, which has incurred the direct wrath of protesters over its alleged links to mainland political bodies, resulting in three quarters of its 102 stores in the city being vandalised, will instead open more stores on the mainland to reduce its reliance on the city.

Dickson Concepts, which runs the Harvey Nichols department stores, said sales had been affected and margins squeezed by attempts to move unsold stock while fixed costs remained elevated. It does not expect a return of Asian and mainland tourists in the foreseeable future.

"The group is extremely pessimistic about the retail climate in Hong Kong," founder and group executive chairman Dickson Poon said in a filing to the stock exchange, adding the second half of its business year could be significantly worse.

"With Hong Kong in recession, the future looks bleak."

Falling sales at Chow Tai Fook have also prompted the world's largest listed jeweller to close up to 16 outlets in Hong Kong while seeking a 20 to 50 per cent reduction in rents from landlords when renewing leases from October to March next year.

The group reported a 48 per cent plunge in same-store sales in Hong Kong and Macau in the October 1-November 21 period.

Luk Fook, another jeweller, is also planning to close down outlets in areas worst hit by violent protests.

"Retailers and malls in key shopping districts, such as those in Causeway Bay, Tsim Sha Tsui and Mong Kok, have been badly affected as the protests centre on these districts," Knight Frank's Ji said. "Many of them had to limit their operating hours or even close temporarily. Consumer sentiment will remain weak."



Sa Sa is pulling out of Singapore to focus on restoring profitability in its struggling Hong Kong home market. Photo: David Wong