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CHOW SANG SANG HOLDINGS INTERNATIONAL LIMITED

周生生集團國際有限公司*

(Incorporated in Bermuda with limited liability)

Stock code: 116

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

The Board of the Company announces the unaudited interim results of the Group for the six months ended 30 June 2022. The interim results have been reviewed by the Audit Committee of the Board.

FINANCIAL HIGHLIGHTS

| | Unaudited | | Change |
|--|-------------------------------|-------------------------|--------|
| | Six months ended 30 June 2022 | 2021 | |
| | HK\$'000 | HK\$'000 | |
| CONTINUING OPERATIONS | | | |
| Turnover | | | |
| Retail | 9,668,795 | 9,775,832 | -1% |
| Other businesses | 423,265 | 1,049,487 | -60% |
| | 10,092,060 | 10,825,319 | -7% |
| Profit/(loss) for the period attributable to owners of the Company | | | |
| Continuing operations | 481,239 | 537,023 | -10% |
| Discontinued operation | (9,475) | (921) | +929% |
| | 471,764 | 536,102 | -12% |
| Earnings per share - Basic and diluted | | | |
| For profit for the period | 69.6 cents | 79.1 cents | -12% |
| For profit from continuing operations | 71.0 cents | 79.3 cents | -10% |
| Interim dividend per share | 15.0 cents | 14.0 cents | |
| Dividend payout ratio | 22% | 18% | |
| Equity attributable to owners of the Company | 12,425,885 | 12,753,120 [^] | -3% |
| Equity per share | \$18.3 | \$18.8 [^] | -3% |

[^] Audited as at 31 December 2021

* For identification purpose only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

| | | Unaudited | |
|--|------|--------------------------|--------------------|
| | | Six months ended 30 June | |
| | Note | 2022 | 2021 |
| | | HK\$'000 | HK\$'000 |
| CONTINUING OPERATIONS | | | |
| Turnover | 3 | | |
| Retail | | 9,668,795 | 9,775,832 |
| Other businesses | | 423,265 | 1,049,487 |
| | | <u>10,092,060</u> | <u>10,825,319</u> |
| Cost of sales | | <u>(7,213,546)</u> | <u>(8,415,371)</u> |
| Gross profit | | 2,878,514 | 2,409,948 |
| Other income/(losses), net | | (12,738) | 47,985 |
| Selling and distribution costs | | (1,862,944) | (1,447,011) |
| Administrative expenses | | (421,556) | (370,234) |
| Other gains, net | | 83,851 | 116,620 |
| Finance costs | | <u>(33,352)</u> | <u>(30,088)</u> |
| Profit before tax from continuing operations | 5 | 631,775 | 727,220 |
| Income tax | 6 | <u>(154,840)</u> | <u>(190,337)</u> |
| Profit for the period from continuing operations | | 476,935 | 536,883 |
| DISCONTINUED OPERATION | | | |
| Loss for the period from the discontinued operation | 7 | <u>(9,475)</u> | <u>(921)</u> |
| Profit for the period | | <u>467,460</u> | <u>535,962</u> |
| Profit/(loss) for the period attributable to: | | | |
| Owners of the Company | | 471,764 | 536,102 |
| Non-controlling interests | | <u>(4,304)</u> | <u>(140)</u> |
| | | <u>467,460</u> | <u>535,962</u> |
| Profit/(loss) for the period attributable to owners of the Company: | | | |
| Continuing operations | | 481,239 | 537,023 |
| Discontinued operation | | <u>(9,475)</u> | <u>(921)</u> |
| | | <u>471,764</u> | <u>536,102</u> |

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

| | | Unaudited | |
|---|------|--------------------------|-------------------|
| | | Six months ended 30 June | |
| | Note | 2022 | 2021 |
| | | HK\$'000 | HK\$'000 |
| Earnings per share attributable to owners of the Company | | | |
| | 9 | | |
| Basic and diluted | | | |
| - For profit for the period | | <u>69.6 cents</u> | <u>79.1 cents</u> |
| - For profit from continuing operations | | <u>71.0 cents</u> | <u>79.3 cents</u> |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

| | Unaudited | |
|---|--------------------------|----------------|
| | Six months ended 30 June | |
| | 2022 | 2021 |
| | HK\$'000 | HK\$'000 |
| PROFIT FOR THE PERIOD | <u>467,460</u> | <u>535,962</u> |
| OTHER COMPREHENSIVE INCOME/(LOSS) | | |
| Item that may be reclassified subsequently to profit or loss: | | |
| Exchange differences on translation | <u>(378,470)</u> | <u>93,929</u> |
| Items that will not be reclassified subsequently to profit or loss: | | |
| Changes in fair value of financial assets designated at fair value through other comprehensive income | <u>(230,897)</u> | 130,089 |
| Revaluation upon transfer of buildings to investment properties | <u>-</u> | <u>106,686</u> |
| Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss | <u>(230,897)</u> | <u>236,775</u> |
| Other comprehensive income/(loss) for the period | <u>(609,367)</u> | <u>330,704</u> |
| TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD | <u>(141,907)</u> | <u>866,666</u> |
| Total comprehensive income/(loss) for the period attributable to: | | |
| Owners of the Company | <u>(137,553)</u> | 866,812 |
| Non-controlling interests | <u>(4,354)</u> | <u>(146)</u> |
| | <u>(141,907)</u> | <u>866,666</u> |
| Total comprehensive income/(loss) for the period attributable to owners of the Company: | | |
| Continuing operations | <u>(128,078)</u> | 867,733 |
| Discontinued operation | <u>(9,475)</u> | <u>(921)</u> |
| | <u>(137,553)</u> | <u>866,812</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

| | | Unaudited | Audited |
|---|------|--------------------------|-------------------|
| | | 30 June | 31 December |
| | | 2022 | 2021 |
| | Note | HK\$'000 | HK\$'000 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 1,044,895 | 1,117,179 |
| Investment properties | | 472,897 | 472,897 |
| Right-of-use assets | | 846,423 | 831,916 |
| Other assets | | 229,699 | 225,234 |
| Financial assets designated at fair value through other comprehensive income | | 1,320,552 | 1,551,449 |
| Deferred tax assets | | 63,104 | 71,209 |
| Total non-current assets | | <u>3,977,570</u> | <u>4,269,884</u> |
| CURRENT ASSETS | | | |
| Inventories | | 11,109,051 | 11,343,277 |
| Accounts receivable | 10 | 861,061 | 804,334 |
| Receivables arising from securities and futures broking | 11 | 148,070 | 154,922 |
| Prepayments, other receivables and other assets | | 781,995 | 822,905 |
| Financial assets at fair value through profit or loss | | 14,189 | 10,204 |
| Derivative financial instruments | | 11,047 | - |
| Tax recoverable | | 333 | 7,799 |
| Cash held on behalf of clients | | 3,841 | 3,885 |
| Cash and cash equivalents | | 910,777 | 671,548 |
| Total current assets | | <u>13,840,364</u> | <u>13,818,874</u> |
| CURRENT LIABILITIES | | | |
| Accounts payable | 12 | 161,733 | 181,304 |
| Payables arising from securities and futures broking | 12 | 3,841 | 3,885 |
| Other payables and accruals | | 497,847 | 591,375 |
| Derivative financial instruments | | 2,794 | 12,117 |
| Interest-bearing bank borrowings | | 909,368 | 813,689 |
| Bullion loans | | 2,079,165 | 2,029,588 |
| Lease liabilities | | 451,094 | 483,735 |
| Tax payable | | 100,436 | 66,366 |
| Total current liabilities | | <u>4,206,278</u> | <u>4,182,059</u> |
| NET CURRENT ASSETS | | <u>9,634,086</u> | <u>9,636,815</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>13,611,656</u> | <u>13,906,699</u> |

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

| | Unaudited 30 June 2022 HK\$'000 | Audited 31 December 2021 HK\$'000 |
|--|--|--|
| NON-CURRENT LIABILITIES | | |
| Interest-bearing bank borrowings | 395,289 | 372,019 |
| Lease liabilities | 421,327 | 423,485 |
| Deferred tax liabilities | 383,168 | 367,734 |
| Total non-current liabilities | <u>1,199,784</u> | <u>1,163,238</u> |
| Net assets | <u>12,411,872</u> | <u>12,743,461</u> |
| EQUITY | | |
| Equity attributable to owners of the Company | | |
| Issued capital | 169,359 | 169,359 |
| Reserves | 12,256,526 | 12,583,761 |
| | 12,425,885 | 12,753,120 |
| Non-controlling interests | <u>(14,013)</u> | <u>(9,659)</u> |
| Total equity | <u>12,411,872</u> | <u>12,743,461</u> |

NOTES:

1. Basis of preparation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Listing Rules.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the Annual Report 2021.

The accounting policies and basis of preparation used in these condensed consolidated interim financial statements are the same as those used in the Group’s audited financial statements for the year ended 31 December 2021, except for the adoption of revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) for the first time for the current period’s consolidated interim financial statements as disclosed in note 2 below.

2. Changes in accounting policies and disclosures

The Group has adopted the following revised HKFRSs for the first time for the current period’s consolidated interim financial statements:

| | |
|---|--|
| Amendments to HKFRS 3 | Reference to the Conceptual Framework |
| Amendments to HKAS 16 | Property, Plant and Equipment: Proceeds before Intended Use |
| Amendments to HKAS 37 | Onerous Contracts - Cost of Fulfilling a Contract |
| Annual Improvements to HKFRSs 2018-2020 | Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41 |

The nature and impact of the revised HKFRSs are described below:

Amendments to HKFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

2. Changes in accounting policies and disclosures (continued)

Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.

Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

Annual Improvements to HKFRSs 2018-2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

- HKFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
- HKFRS 16 Leases: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

3. Turnover

Revenue from the following activities has been included in turnover from continuing operations:

| | Six months ended 30 June | |
|--|--------------------------|--------------------------|
| | 2022 | 2021 |
| | HK\$'000 | HK\$'000 |
| <i>Revenue from contracts with customers</i> | 10,085,728 | 10,819,575 |
| <i>Revenue from other sources</i> | | |
| Gross rental income from investment properties operating leases: | | |
| Other lease payments, including fixed payments | <u>6,332</u> | <u>5,744</u> |
| | <u>10,092,060</u> | <u>10,825,319</u> |

4. Operating segment information

For management purposes, the Group is organised into business units based on their products and services and the Group's reportable operating segments are as follows:

Continuing operations

- the retail of jewellery and watches segment produces and sells jewellery products and distributes watches for the Group's retail business and operates retail stores mainly in Mainland China, Hong Kong, Macau and Taiwan
- the wholesale of precious metals segment trades precious metals to wholesale customers
- the e-commerce platform segment trades jewellery set with laboratory-grown diamond
- the other businesses segment comprises, principally, the investment in properties for their rental income and capital appreciation potential, and other jewellery related businesses

Discontinued operation

- the securities and futures broking segment provides brokering and dealing services for securities and futures

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax from continuing operations. The adjusted profit before tax from continuing operations is measured consistently with the Group's profit before tax from continuing operations except that dividend income is excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Following the commencement of operation of e-commerce platform during the second half of 2021, a change on the reporting structure of operating segments was made for facilitating management to make decisions about operating matters, resources allocation and performance assessment. Accordingly, an additional reportable operating segment of "E-commerce platform" was separately disclosed.

4. Operating segment information (continued)

| | Continuing operations | | | | Total for continuing operations HK\$'000 | Discontinued operation | Total HK\$'000 |
|--------------------------------------|---|--|---------------------------------|---------------------------------|---|--|-------------------|
| | Retail of jewellery and watches HK\$'000 | Wholesale of precious metals HK\$'000 | E-commerce platform HK\$'000 | Other businesses HK\$'000 | | Securities and futures broking HK\$'000 | |
| Six months ended 30 June 2022 | | | | | | | |
| Segment revenue (note 3) | | | | | | | |
| Sales to external customers | 9,668,795 | 404,696 | 64 | 12,173 | 10,085,728 | - | 10,085,728 |
| Intersegment sales | - | 100,751 | - | 264 | 101,015 | - | 101,015 |
| Other revenue | - | - | - | 6,332 | 6,332 | - | 6,332 |
| | <u>9,668,795</u> | <u>505,447</u> | <u>64</u> | <u>18,769</u> | <u>10,193,075</u> | <u>-</u> | <u>10,193,075</u> |
| <i>Reconciliation:</i> | | | | | | | |
| Elimination of intersegment sales | | | | | (101,015) | | (101,015) |
| | | | | | <u>10,092,060</u> | | <u>10,092,060</u> |
| Segment results | 633,195 | 192 | (22,420) | 6,321 | 617,288 | (9,475) | 607,813 |
| <i>Reconciliation:</i> | | | | | | | |
| Dividend income | | | | | 14,487 | | 14,487 |
| Profit before tax | | | | | <u>631,775</u> | | <u>622,300</u> |
| | | | | | | | |
| | Continuing operations | | | | Total for continuing operations HK\$'000 | Discontinued operation | Total HK\$'000 |
| | Retail of jewellery and watches HK\$'000 | Wholesale of precious metals HK\$'000 | Other businesses HK\$'000 | E-commerce platform HK\$'000 | | Securities and futures broking HK\$'000 | |
| Six months ended 30 June 2021 | | | | | | | |
| Segment revenue (note 3) | | | | | | | |
| Sales to external customers | 9,775,832 | 1,030,944 | 12,799 | 12,799 | 10,819,575 | 13,194 | 10,832,769 |
| Intersegment sales | - | 277,977 | 788 | 788 | 278,765 | - | 278,765 |
| Other revenue | - | - | 5,744 | 5,744 | 5,744 | - | 5,744 |
| | <u>9,775,832</u> | <u>1,308,921</u> | <u>19,331</u> | <u>19,331</u> | <u>11,104,084</u> | <u>13,194</u> | <u>11,117,278</u> |
| <i>Reconciliation:</i> | | | | | | | |
| Elimination of intersegment sales | | | | | (278,765) | | (278,765) |
| | | | | | <u>10,825,319</u> | | <u>10,838,513</u> |
| Segment results | 709,047 | 10,524 | (7,378) | 712,193 | 712,193 | (371) | 711,822 |
| <i>Reconciliation:</i> | | | | | | | |
| Dividend income | | | | | 15,027 | | 15,027 |
| Profit before tax | | | | | <u>727,220</u> | | <u>726,849</u> |

5. Profit before tax from continuing operations

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

| | Six months ended 30 June | |
|--|---------------------------------|-----------------|
| | 2022 | 2021 |
| | HK\$'000 | HK\$'000 |
| Write-down of inventories to net realisable value ¹ | 4,401 | 992 |
| Depreciation of property, plant and equipment | 170,693 | 151,488 |
| Depreciation of right-of-use assets | 266,005 | 250,489 |
| Lease payments not included in the measurement of lease liabilities | | |
| - Mainland China | 353,095 | 41,047 |
| - Hong Kong and others | 28,343 | 25,435 |
| Covid-19-related rent concessions from lessors | (10,325) | (7,957) |
| Impairment/(reversal of impairment) of accounts receivable ² | (16,245) | 12,148 |
| Net fair value gain on bullion loans designated as at fair value through profit or loss ² | (28,723) | (77,130) |
| Net fair value gain on derivative financial instruments | | |
| - transactions not qualifying as hedges ² | (20,402) | (32,135) |
| Net loss on bullion loans designated as at fair value through profit or loss ³ | 127,611 | 3,232 |
| Net loss/(gain) on disposal of derivative financial instruments ³ | (7,237) | 8,591 |
| Net loss on disposal of items of property, plant and equipment | 4,149 | 3,398 |
| Interest income ⁴ | (7,077) | (9,076) |
| Dividend income ⁴ | (14,487) | (15,351) |
| Government grants ^{2, 5} | (26,580) | (17,846) |

¹ This balance is included in "Cost of sales" on the face of the consolidated statement of profit or loss.

² These balances are included in "Other gains, net" on the face of the consolidated statement of profit or loss.

³ The net loss on bullion loans designated as at fair value through profit or loss of HK\$127,611,000 (2021: HK\$3,232,000) and the net gain on disposal of derivative financial instruments included a net gain on bullion contracts of HK\$7,237,000 (2021: net loss of HK\$5,425,000), which are included in "Cost of sales" on the face of the consolidated statement of profit or loss. The purpose of the above bullion transactions entered into by the Group is to manage the Group's bullion price risk. Such loans and contracts did not meet the criteria for hedge accounting. The net loss on disposal of derivative financial instruments for the period ended 30 June 2021 also included a net loss on cross currency swaps of HK\$3,166,000, which was included in "Other income/(losses), net" on the face of the consolidated statement of profit or loss.

⁴ These balances are included in "Other income/(losses), net" on the face of the consolidated statement of profit or loss.

⁵ Government grants for the period mainly represent subsidies received in connection with the support from the Anti-epidemic Fund of the Government of Hong Kong Special Administrative Region and municipal governments in Mainland China. In the prior period, government grants mainly represented subsidies received from municipal governments in Mainland China. There are no unfulfilled conditions or contingencies relating to these subsidies.

6. Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2021: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%).

Under the Law of the People's Republic of China on Corporate Income Tax (the "CIT Law") and Implementation Regulation of the CIT Law, the tax rate of the Mainland China subsidiaries is 25% (2021: 25%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

| | Six months ended 30 June | |
|---|--------------------------|----------------|
| | 2022 | 2021 |
| | HK\$'000 | HK\$'000 |
| Current - Hong Kong | | |
| Charge for the period | 15,058 | 6,362 |
| Overprovision in prior periods | (7) | (947) |
| Current - Mainland China and elsewhere | | |
| Charge for the period | 118,357 | 127,145 |
| Underprovision in prior periods | 57 | 88 |
| Deferred | 21,375 | 57,689 |
| | <u>154,840</u> | <u>190,337</u> |
| Total tax charge for the period from continuing operations | 154,840 | 190,337 |
| Total tax charge for the period from the discontinued operation | - | 550 |
| | <u>154,840</u> | <u>190,887</u> |

7. Discontinued operation

On 29 January 2021, the Board came to the decision to wind down the operation of the securities and futures broking business. The operation of the securities and futures broking business, which had ceased in May 2021, was classified as a discontinued operation.

The results of the discontinued operation for the period are presented below:

| | Six months ended 30 June | |
|---|--------------------------|----------------|
| | 2022 | 2021 |
| | HK\$'000 | HK\$'000 |
| Turnover | - | 13,194 |
| Cost of sales | - | - |
| | <u>-</u> | <u>-</u> |
| Gross profit | - | 13,194 |
| Other income, net | 10 | 12,441 |
| Selling and distribution costs | - | (10,184) |
| Administrative expenses | (2,633) | (14,842) |
| Impairment of receivables arising from securities and futures broking | (6,852) | - |
| Other gains, net | - | 2,073 |
| Finance costs | - | (3,053) |
| | <u>-</u> | <u>(3,053)</u> |
| Loss before tax from the discontinued operation | (9,475) | (371) |
| Income tax | - | (550) |
| | <u>-</u> | <u>(550)</u> |
| Loss for the period from the discontinued operation | <u>(9,475)</u> | <u>(921)</u> |

7. Discontinued operation (continued)

The major classes of assets and liabilities associated with the discontinued operation at the end of the reporting period are as follows:

| | 30 June 2022 HK\$'000 | 31 December 2021 HK\$'000 |
|---|--------------------------------------|---------------------------------|
| <i>Assets</i> | | |
| Receivables arising from securities and futures broking (note 11) | 148,070 | 154,922 |
| Prepayments, other receivables and other assets | 443 | 943 |
| Tax recoverable | - | 6,190 |
| Cash held on behalf of clients | 3,841 | 3,885 |
| Cash and cash equivalents | 1,877 | 3,317 |
| | <u>154,231</u> | <u>169,257</u> |
| <i>Liabilities</i> | | |
| Payables arising from securities and futures broking (note 12) | 3,841 | 3,885 |
| Other payables and accruals | 2,430 | 1,312 |
| | <u>6,271</u> | <u>5,197</u> |
| Liabilities associated with the discontinued operation | | |
| | <u>147,960</u> | <u>164,060</u> |
| Net assets directly associated with the discontinued operation | | |

The net cash flows incurred by the discontinued operation are as follows:

| | Six months ended 30 June | |
|--|---------------------------------|-------------------|
| | 2022 HK\$'000 | 2021 HK\$'000 |
| Operating activities | (1,440) | 150,608 |
| Financing activities | - | (181,759) |
| | <u>(1,440)</u> | <u>(31,151)</u> |
| Net cash outflow | | |
| Loss per share: | | |
| Basic and diluted, from the discontinued operation | <u>(1.4) cents</u> | <u>(0.2) cent</u> |

The calculation of the basic loss per share amounts from the discontinued operation is based on the loss for the period attributable to owners of the Company from the discontinued operation of HK\$9,475,000 (2021: HK\$921,000) and the weighted average number of ordinary shares of 677,434,000 (2021: 677,434,000) in issue during the period.

There were no potentially dilutive ordinary shares in issue during the current and prior periods.

8. Dividends

| | Six months ended 30 June | |
|---|--------------------------|----------------|
| | 2022 | 2021 |
| | HK\$'000 | HK\$'000 |
| Dividends recognised as distribution during the period: | | |
| Final dividend for 2021: HK28.0 cents (2020: HK26.0 cents) per ordinary share | 189,682 | 176,133 |
| Special final dividend for 2021: Nil (2020: HK16.0 cents) per ordinary share | - | 108,389 |
| | <u>189,682</u> | <u>284,522</u> |
| Dividends declared after the end of the reporting period: | | |
| Interim dividend declared for 2022: HK15.0 cents (2021: HK14.0 cents) per ordinary share | <u>101,615</u> | <u>94,841</u> |

The interim dividend is not recognised as a liability as at 30 June 2022 because it has been declared after the end of the reporting period.

9. Earnings per share attributable to owners of the Company

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to owners of the Company and the weighted average number of ordinary shares of 677,434,000 (2021: 677,434,000) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the current and prior periods.

The calculations of basic and diluted earnings per share are based on:

| | Six months ended 30 June | |
|---|--------------------------|----------------|
| | 2022 | 2021 |
| | HK\$'000 | HK\$'000 |
| Earnings: | | |
| Profit/(loss) for the period attributable to owners of the Company, used in the basic and diluted earnings per share calculation | | |
| From continuing operations | 481,239 | 537,023 |
| From the discontinued operation | <u>(9,475)</u> | <u>(921)</u> |
| | <u>471,764</u> | <u>536,102</u> |

10. Accounts receivable

| | 30 June 2022 HK\$'000 | 31 December 2021 HK\$'000 |
|-----------------------------------|--------------------------------------|---------------------------------|
| Trade and credit card receivables | 951,426 | 916,523 |
| Impairment | (90,365) | (112,189) |
| Accounts receivable | <u>861,061</u> | <u>804,334</u> |

The Group's trading terms with its retail and e-commerce platform customers are mainly on cash and credit card settlement while trading terms with corporate clients and wholesale customers are on credit with credit period generally up to 60 days. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

An ageing analysis of the accounts receivable at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

| | 30 June 2022 HK\$'000 | 31 December 2021 HK\$'000 |
|----------------|--------------------------------------|---------------------------------|
| Within 1 month | 804,000 | 737,480 |
| 1 to 2 months | 28,990 | 47,906 |
| 2 to 3 months | 22,495 | 16,538 |
| Over 3 months | 5,576 | 2,410 |
| | <u>861,061</u> | <u>804,334</u> |

11. Receivables arising from securities and futures broking

| | 30 June 2022 HK\$'000 | 31 December 2021 HK\$'000 |
|---|--------------------------------------|---------------------------------|
| Receivables arising from securities and futures broking conducted in the ordinary course of business: | | |
| Loans to margin clients [#] | 737,573 | 737,573 |
| Impairment | (589,503) | (582,651) |
| Receivables arising from securities and futures broking | <u>148,070</u> | <u>154,922</u> |

[#] The loans to margin clients were secured by the underlying pledged securities, repayable on demand and bore interest at commercial rates. No ageing analysis was disclosed as, in the opinion of the Directors, an ageing analysis was not relevant in view of the nature of the business of securities margin financing. As at 30 June 2022, the total market value of securities pledged as collateral and securities held by guarantors in respect of the loans to margin clients was HK\$148,070,000 (31 December 2021: HK\$154,922,000).

Receivables from margin clients arising from the business of dealing in securities and futures broking are repayable on demand subsequent to settlement date.

12. Accounts payable/Payables arising from securities and futures broking

An ageing analysis of the accounts payable and payables arising from securities and futures broking at the end of the reporting period, based on the invoice date, is as follows:

| | 30 June 2022 HK\$'000 | 31 December 2021 HK\$'000 |
|---|--------------------------------------|---------------------------------|
| Within 1 month | 160,710 | 94,199 |
| 1 to 2 months | 819 | 87,105 |
| Over 2 months | 204 | - |
| | <hr/> | <hr/> |
| Accounts payable | 161,733 | 181,304 |
| Payables arising from securities and futures broking* | 3,841 | 3,885 |
| | <hr/> | <hr/> |
| | 165,574 | 185,189 |
| | <hr/> <hr/> | <hr/> <hr/> |

The accounts payable are non-interest-bearing.

* No ageing analysis is disclosed as, in the opinion of the Directors, an ageing analysis is not meaningful in view of the nature of such business.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The recurring covid-19 outbreak continues to plague the Group's business performance. Sales in Mainland China, Hong Kong and Macau performed well in the 2022 Chinese New Year period, but a new wave of outbreak followed, with strict social distancing measures in some major Mainland China cities stifling consumer spending and paralysing retail in Hong Kong and Macau. By June, with the gradual easing of the pandemic, jewellery and watch sales in Mainland China began to record year-on-year growth, while Hong Kong benefited from consumption vouchers to drive sales to rebound sharply in April.

In the first half of 2022, the Group opened a net total of 33 stores. Additional sales from new stores partially offset the decline in SSSG brought about by the pandemic. The Group's total jewellery and watch sales in the first half of 2022 fell 1% year-on-year.

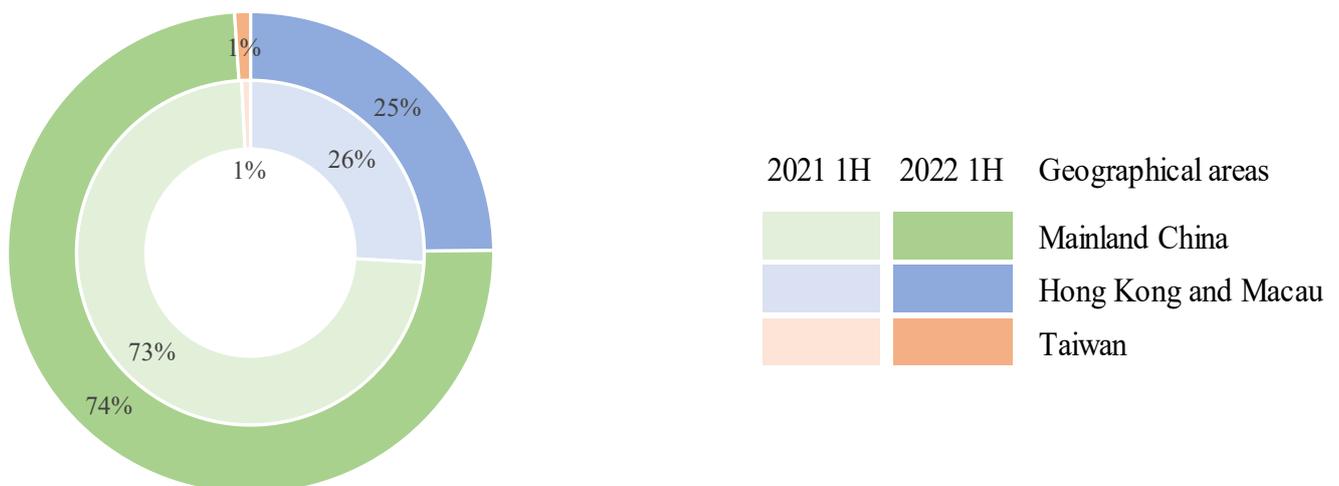
The international gold price exhibited a V-shaped trend during the first half of 2021, however gold price demonstrated an inverted V-shaped trend during the same period of 2022. This resulted in the Group gaining an apparent higher gross profit margin in the sales of gold jewellery in comparison. The overall gross margin from continuing operations increased by 6.2 percentage points to 28.5% in the first half of 2022. On the product side, gold jewellery products remained the preferred choice of customers and were more resilient to pandemic impact. Sales of watches were affected by pandemic lockdowns that throttled supply from the distributor.

The Group's consolidated turnover from continuing operations for the first half of 2022 decreased by 7% to HK\$10,092 million. Profit attributable to owners of the Company decreased by 12% to HK\$472 million. Profit attributable to owners of the Company from continuing operations decreased by 10% to HK\$481 million.

Retail of Jewellery and Watches

Analysis by Geographical Area

Retail Turnover

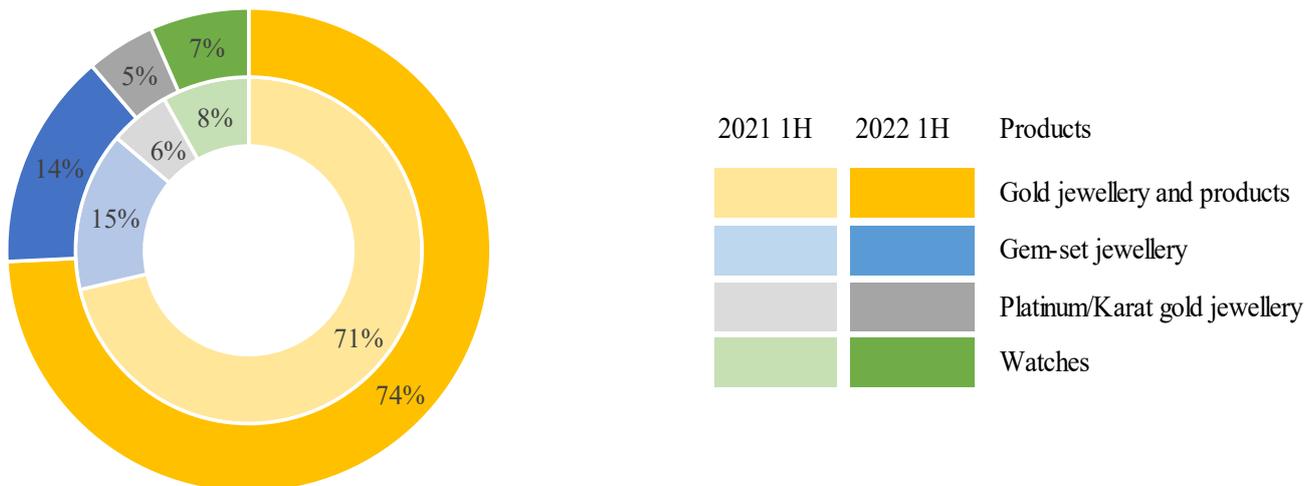


| | Segment revenue | | | Segment results | | |
|---------------------|--------------------------|-----------|--------|--------------------------|----------|--------|
| | Six months ended 30 June | | | Six months ended 30 June | | |
| | 2022 | 2021 | Change | 2022 | 2021 | Change |
| | HK\$'000 | HK\$'000 | | HK\$'000 | HK\$'000 | |
| Mainland China | 7,164,718 | 7,163,814 | 0% | 478,516 | 556,840 | -14% |
| Hong Kong and Macau | 2,403,486 | 2,533,049 | -5% | 151,478 | 147,692 | +3% |
| Taiwan | 100,591 | 78,969 | +27% | 3,201 | 4,515 | -29% |
| Total | 9,668,795 | 9,775,832 | -1% | 633,195 | 709,047 | -11% |

Mainland China

The new wave of pandemic erased the upward sales momentum generated by the 2022 Spring Festival. Large-scale crowd-control measures were implemented in areas of Mainland China which seriously affected retail and logistics activities, especially in Eastern China. Overall SSSG in the first half of 2022 fell 9% year-on-year. The impact of the pandemic was partially offset by increased revenue from new store openings giving rise to approximately the same level of sales in the first six-month periods in 2021 and 2022. A higher proportion of stores recorded sales based on total trade receipts where related rentals were recorded as lease payments, resulting in an increase in selling and distribution costs. Segment results were down 14% year-on-year.

Mainland China Sales Mix



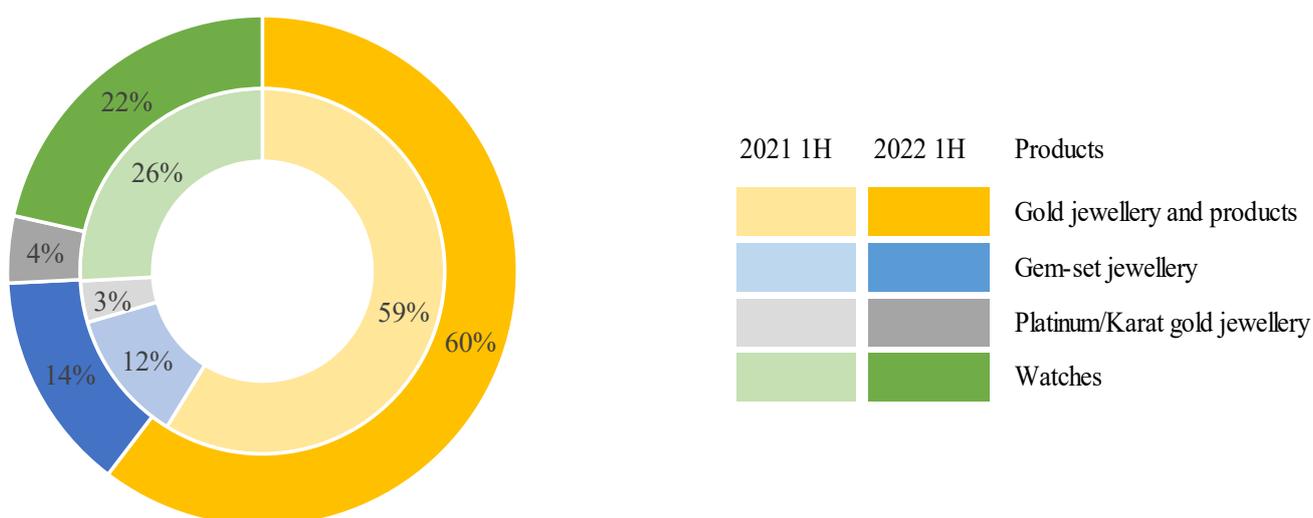
| SSSG | 2021 1H vs 2020 1H | 2021 2H vs 2020 2H | 2022 1H vs 2021 1H |
|-----------------------------|--------------------------|--------------------------|--------------------------|
| Gold jewellery and products | +93% | +44% | -4% |
| Gem-set jewellery | +6% | -12% | -17% |
| Watches | +193% | +10% | -24% |
| Overall | +69% | +23% | -9% |

- Overall SSSG expanded from -6% in the first quarter of 2022 to -14% in the second quarter.
- Gold jewellery is prized for its beauty and its perceived role as a storage of value. Sales remained solid under the pandemic.
- Diamond jewellery sales, particularly sales of high unit price diamond jewellery from Personalised Jewellery Service, declined significantly in the second quarter of 2022, resulting in downward pressure on SSSG of gem-set jewellery.
- Stringent anti-epidemic measures in Mainland China hindered the supply, thus stifling the sales of Rolex and Tudor watches.

Hong Kong and Macau

Following the outbreak of the fifth wave of pandemic after Chinese New Year, retail environment dramatically worsened. A large percentage of Hong Kong stores had to suspend business intermittently. Since early April, the gradual relaxation of social distance control in Hong Kong, coupled with the overall retail spending sentiment driven by consumption vouchers, led to a significant rebound in jewellery sales in Hong Kong, but the Macau business was hit by repeated pandemic outbreaks. Revenue in Hong Kong and Macau declined by 5% year-on-year in the first half of 2022, while segment results increased by 3%.

Hong Kong and Macau Sales Mix



| | 2021 1H vs 2020 1H | 2021 2H vs 2020 2H | 2022 1H vs 2021 1H |
|-----------------------------|--------------------------|--------------------------|--------------------------|
| SSSG | | | |
| Gold jewellery and products | +27% | +38% | -3% |
| Gem-set jewellery | +21% | +47% | +14% |
| Watches | +55% | -2% | -21% |
| Overall | +31% | +29% | -5% |

- Overall SSSG was -27% in the first quarter of 2022 and rebounded to +19% in the second quarter.
- Starting from April 2022, social distancing measures relaxed gradually and demand for gold wedding and gifting products strengthened. SSSG of gold jewellery and products rebounded in the second quarter of 2022, recovering most of the ground lost in the first quarter.
- The sales of diamond wedding jewellery showed a good growth and a new series of “Infini Love Diamond” collection marketing campaign also contributed to SSSG.
- Watch sales became weak in the first half of 2022 due to the impact of the pandemic disruptions and supply shortage.

Taiwan

Sales in Taiwan maintained steady growth. Benefitting from both SSSG and sales from store expansion, sales for the first half of 2022 grew 27% year-on-year. Excluding the factors of gold price and currency fluctuations, segment results grew 50%.

Store Network

| Region | | As at 31.12.2021 | Opening | Closure | Net change | As at 30.6.2022 |
|----------------|---|---------------------|------------|------------|---------------|--------------------|
| Mainland China | Chow Sang Sang | 635 | +33 | -15 | +18 | 653 |
| | 周生生 生生·活宇 (Oasis by Chow Sang Sang) | 55 | +7 | -3 | +4 | 59 |
| | Rolex/Tudor | 13 | 0 | 0 | 0 | 13 |
| | MINTYGREEN | 34 | +5 | -2 | +3 | 37 |
| | EMPHASIS | 19 | 0 | -1 | -1 | 18 |
| | PROMESSA | 18 | +4 | 0 | +4 | 22 |
| | MARCO BICEGO | 1 | 0 | 0 | 0 | 1 |
| Sub-total: | | 775 | +49 | -21 | +28 | 803 |
| Hong Kong | Chow Sang Sang | 44 | +1 | -1 | 0 | 44 |
| | Rolex/Tudor | 11 | 0 | 0 | 0 | 11 |
| | EMPHASIS | 5 | 0 | 0 | 0 | 5 |
| | PROMESSA | 1 | +1 | 0 | +1 | 2 |
| Sub-total: | | 61 | +2 | -1 | +1 | 62 |
| Macau | 點睛品 | 5 | +2 | 0 | +2 | 7 |
| Sub-total: | | 5 | +2 | 0 | +2 | 7 |
| Taiwan | 點睛品 | 27 | +2 | 0 | +2 | 29 |
| | PROMESSA | 4 | 0 | 0 | 0 | 4 |
| Sub-total: | | 31 | +2 | 0 | +2 | 33 |
| Total: | | 872 | +55 | -22 | +33 | 905 |

- During the period, 40 new Chow Sang Sang stores were opened in Mainland China and a total of 18 stores were closed. Of the new stores 80% were located in shopping malls. 生生·活宇 (Oasis by Chow Sang Sang) remains a key driver in expanding our store network and enhancing our community coverage in Mainland China. The total number of 生生·活宇 stores represented about 7% of all stores in Mainland China.
- In Hong Kong and Macau, we have partnered with Victoria and Albert Museum in London to create the world's first V&A Chow Sang Sang jewellery concept stores: one at K11 MUSEA in Hong Kong and one at the Londoner in Macau. We also added 1 PROMESSA store in Tsuen Wan, Hong Kong and 1 點睛品 store at the Grand Lisboa, Macau, and closed 1 Chow Sang Sang store in Tsim Sha Tsui, Hong Kong.
- We added 2 點睛品 stores in Taiwan as part of our steady retail network expansion to capture higher market share.

Chow Sang Sang Omni-Channel Retailing

On-line Sales

| On-line Sales by Market | 2022 1H HK\$'M | 2021 1H HK\$'M | Change |
|------------------------------|-------------------|-------------------|--------|
| Mainland China | 1,395 | 1,123 | +24% |
| Hong Kong, Taiwan and Others | 98 | 57 | +72% |

- The online sales in Mainland China maintained its growth momentum despite covid-19 disruptions. Sales accounted for approximately 19% of total Mainland China sales during the period (2021 1H: 16%). Growth in sales of gold jewellery and products outpaced other product categories.
- In terms of channel expansion in Mainland China, we launched Chow Sang Sang and MINTYGREEN flagship stores on the Douyin live-streaming platform in October 2021. New EMPHASIS Douyin flagship store was opened in June 2022.
- Online sales in Hong Kong, Taiwan and other regions continued to grow at a fast pace in 2022. Continual growth has been achieved by channel expansion and exploring overseas markets through third-party e-commerce platforms and joint promotion with local partners.

Omni-Remote Sales

- Omni-Remote Sales include sales generated from e-commerce platforms, Star Concierge Service and other remote sales concluded out of in-person branch environment or with remote inventory.
- Customers have been growing increasingly comfortable with e-commerce shopping. On-line sales remained solid and supported overall Omni-Remote Sales despite relatively weak physical stores sales during the period. Percentage of Omni-Remote Sales to total sales in Mainland China increased to 35% (2021 1H: 32%).

Product and Marketing

- On the product front, gold is still the preferred jewellery choice among different product categories and is relatively resilient to uncertain economic environment. Our “Cultural Blessings” collection of gold ornaments, which is inspired by traditional Chinese culture and mythology, maintained sales growth during the period.
- Sales from Personalised Jewellery Service has suffered from cyclical setback due to business disruptions caused by covid-related lockdowns and social distancing measures in major Mainland cities during the first half of the year. Total sales conducted through Personalised Jewellery Service during the first half of 2022 was down 15% year-on-year. Total diamond jewellery sales from this service accounted for 31% (2021 1H: 34%) of the Group’s corresponding sales during the period. Nevertheless, benefitting from the addition of PROMESSA stores, we saw significant growth in sales generated from this service in Taiwan.
- Pandemic lockdowns and temporary supply chain disruptions caused a decline in watch sales.
- The Group strives to engage customers and enhance shopping experience through various pop-up stores, display points, wedding expos and online campaigns. Our culture-themed pop-up stores were well received by customers in Mainland China.
- To cope with increasingly popular live streaming activities, we hosted over 8,200 hours (2021 1H: 2,700 hours) of live shows across multiple e-commerce platforms during the first half of 2022.

Wholesale of Precious Metals

The covid-19 pandemic and the continued levels of cross-border restrictions put a halt to manufacturing and trading activities which require bulk precious metal supplies. Turnover decreased by 61% to HK\$405 million and segment operating profit dropped by 98%.

E-commerce Platform for Lab-Grown Diamond Jewellery

Our “The Future Rocks” e-commerce business is set to connect consumers with selected jewellery brands worldwide. The Future Rocks opened its flagship store in Tmall and started to ship to Japan in May 2022. A series of online and offline promotion campaigns and marketing activities have been in progress to push brand awareness.

Securities and Futures Broking – the Discontinued Operation

The Securities and Futures Broking business has since early May 2021 ceased operation. We have been processing unclaimed assets. Complete shutdown will occur when all such assets are returned or placed into court custody.

Since the commencement of legal actions against the customers who defaulted on the repayment of margin loans, the payment of commission fees and margin facility interests, and their respective guarantors in the Court of First Instance of the High Court of Hong Kong in February 2021, the Group has obtained judgments in certain actions and is now in the process of enforcing the judgments.

Additional provision for impairment loss on margin loans of HK\$7 million was made for the six months ended 30 June 2022. Total loans due from the customers in default, net of total credit loss allowance, amounted to HK\$148 million as at 30 June 2022.

Investments

Investment Properties

The Group holds various properties with a total carrying value of HK\$473 million for rental purpose as at 30 June 2022. During the period, rental income from investment properties amounted to HK\$6 million.

Shares in HKEC

The Group's investment in 3,326,800 shares or 0.26% of HKEC is of strategic nature and is the remaining part of the distribution received from the reorganisation of the then exchanges in the year 2000. Such investment was carried at fair value of HK\$1,284 million, representing 7.2% of the Group's total assets as at 30 June 2022. During the period, the Group received dividends in the amount of HK\$14 million and recorded a loss of HK\$231 million recognised in other comprehensive income in respect of fair value change of the Group's financial assets designated at fair value through other comprehensive income.

Capital Expenditure

The Group incurred capital expenditure of HK\$148 million of which HK\$128 million was spent on new openings and refitting of stores.

Finance

Financial Position and Liquidity

The Group generates strong recurring cashflow from its retailing business and continues to enjoy a solid cash position. As at 30 June 2022, the Group had cash and cash equivalents of HK\$911 million (31 December 2021: HK\$672 million). Cash is mostly held in Renminbi or Hong Kong dollar and deposited in leading banks with maturity dates falling within one year.

The Group was well supported by over HK\$7,262 million in banking facilities including bank borrowings and bullion loans, out of which HK\$862 million are committed facilities. As at 30 June 2022, the total unutilised banking facilities amounted to HK\$3,770 million (31 December 2021: HK\$3,038 million).

As at 30 June 2022, total bank borrowings and bullion loans amounted to HK\$1,305 million and HK\$2,079 million respectively, which were unsecured in accordance with the Group's policy. The weighted average tenure of bank borrowings is around three years. The gearing ratio was 27.2%, based on total bank borrowings and bullion loans of HK\$3,384 million as a percentage of equity attributable to owners of the Company of HK\$12,426 million. The current ratio of the Group was 3.3.

The Group manages risk of credit cost and availability by several means: cultivating relationship with a large number of lending banks; diversifying the funding sources by engaging a number of local and overseas banks; putting some loans on a term basis; and fixing interest costs on loans as appropriate. The Group had 12% of its bank loans at fixed rates as at 30 June 2022, decreased from 23% as at 31 December 2021.

As at 30 June 2022, outstanding derivatives on the books were mainly bullion contracts for hedging the bullion price exposure. Management monitors the hedging policy closely and the hedging level of the Group is approximately 40% of the total gold inventories.

Foreign Exchange Risk Management

The Group's assets and liabilities, revenue and expenses are mostly denominated in Hong Kong dollar, Renminbi and US dollar. As such, the risk is easily manageable and slight. Simultaneously, the Group maintains an appropriate level of foreign currency borrowings for natural hedge, foreign currency forward contracts and cross currency swaps, to mitigate foreign exchange exposure. As at 30 June 2022, the borrowing denominated in New Taiwan dollar amounted to NT\$125 million.

Charge on Assets, Lease Liabilities and Contingent Liabilities

As at 30 June 2022 and 31 December 2021, there was no asset pledged to secure banking facilities granted to certain subsidiaries of the Company.

As at 30 June 2022, the Group had lease liabilities of HK\$872 million (31 December 2021: HK\$907 million) and had no material contingent liabilities.

Human Resources

The Group maintains its long-established performance-based remuneration policies with a discretionary annual performance bonus. Training has been provided to new and existing staff at a pace commensurate with the expansion of the networks in all territories.

A share option scheme is in place to provide incentives or rewards to eligible participants for their contribution to the Group and enabling the Group to attract and retain valuable employees.

As at 30 June 2022, the total number of employees of the Group was 11,231, of whom 9,606 in Mainland China, 1,401 in Hong Kong and Macau, and 224 in Taiwan. During the six months ended 30 June 2022, total staff costs amounted to HK\$905 million.

Outlook

Sales were strong over June and July 2022 and there is momentum leading into the second half of 2022. Gold ornaments continues to be our customers' favourite among different product categories. The pandemic and global political instabilities still pose uncertainties for the business. Nevertheless, we stay our course on our long-term strategies, which include steady retail network expansion, leverage on Chow Sang Sang Omni-Channel Retailing, continuous product innovations and robust customer communication.

The nature of the ongoing covid-19 pandemic means the ups and downs of seasonal retail sales will be far more unpredictable than in the past. We have laid down measures to counter this. Planning and execution have been structured in a more agile and flexible mode in order to mobilise the necessary resources in a timely manner. We will continue to proactively pursue our store expansion, but more cautiously and selectively. For the year 2022, we expect the total number of net store additions will remain to be around 100.

DIVIDEND

The Board has declared an interim dividend of HK15.0 cents (2021: HK14.0 cents) per ordinary share for the six months ended 30 June 2022 payable to shareholders whose names appear on the register of members of the Company on Wednesday, 14 September 2022. The dividend will be paid on Friday, 23 September 2022.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 9 September 2022 to Wednesday, 14 September 2022, both dates inclusive, during such period no transfer of shares will be registered. To establish the entitlement to the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 8 September 2022.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

CORPORATE GOVERNANCE

The Company has complied throughout the period under review with the applicable code provisions as set out in Part 2 of the Code, except for the deviation from code provision C.2.1 of the Code which is explained below.

Code provision C.2.1 of the Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Vincent CHOW Wing Shing holds both positions of the Chairman and the Group General Manager of the Company. The Board is of the opinion that the present board structure provides the Group with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Company at www.chowsangsang.com and HKEX at www.hkexnews.hk. The 2022 interim report of the Company will be published on the above websites and despatched to the shareholders of the Company in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Executive Directors of the Company are Mr. Vincent CHOW Wing Shing, Dr. Gerald CHOW King Sing, Mr. Winston CHOW Wun Sing and Ms. Genevieve CHOW Karwing; the Non-executive Directors are Mr. Stephen TING Leung Huel and Mr. CHUNG Pui Lam; and the Independent Non-executive Directors are Dr. CHAN Bing Fun, Mr. LEE Ka Lun, Dr. LO King Man and Mr. Stephen LAU Man Lung.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

| | |
|-----------|---|
| “Board” | the board of Directors |
| “Code” | the Corporate Governance Code contained in Appendix 14 to the Listing Rules |
| “Company” | Chow Sang Sang Holdings International Limited |

| | |
|--------------------------------|---|
| “Directors” | the directors of the Company |
| “Group” | the Company and its subsidiaries |
| “HKEC” | Hong Kong Exchanges and Clearing Limited |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Macau” | the Macao Special Administrative Region of the PRC |
| “Mainland China” or “Mainland” | PRC excluding, for the purpose of this announcement (unless otherwise indicated), Hong Kong, Macau and Taiwan |
| “PRC” or “China” | the People’s Republic of China |
| “SSSG” | same store sales growth |
| “Taiwan” | Taiwan region of the PRC |
| “1H” | the first half of a year, six months ending 30 June |
| “2H” | the second half of a year, six months ending 31 December |
| “%” | percent |

By order of the Board
Vincent CHOW Wing Shing
Chairman

Hong Kong, 25 August 2022