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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

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The Board of the Company announces the consolidated results of the Group for the year ended 31 December 2023.

FINANCIAL HIGHLIGHTS			
	2023	2022	
	HK\$'000	HK\$'000	Change
CONTINUING OPERATIONS			
Turnover			
Retail	24,274,496	19,751,940	+23%
Other businesses	738,843	804,576	-8%
	<u>25,013,339</u>	<u>20,556,516</u>	+22%
Profit/(loss) for the year attributable to owners of the Company			
Continuing operations	1,060,359	486,365	+118%
Discontinued operation	(47,679)	(34,039)	+40%
	<u>1,012,680</u>	<u>452,326</u>	+124%
Earnings per share - Basic and diluted			
For profit for the year	149.5 cents	66.8 cents	+124%
For profit from continuing operations	156.5 cents	71.8 cents	+118%
Dividend per share			
- Interim	20.0 cents	15.0 cents	
- Final	40.0 cents	15.0 cents	
Total dividend per share for the year	<u>60.0 cents</u>	<u>30.0 cents</u>	
Dividend payout ratio	40%	45%	
Equity attributable to owners of the Company	12,204,072	11,890,543	+3%
Equity per share	\$18.02	\$17.55	+3%

* For identification purpose only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Note	2023 HK\$'000	2022 HK\$'000
CONTINUING OPERATIONS			
Turnover	3		
Retail		24,274,496	19,751,940
Other businesses		<u>738,843</u>	<u>804,576</u>
		25,013,339	20,556,516
Cost of sales		<u>(18,409,837)</u>	<u>(15,140,010)</u>
Gross profit		6,603,502	5,416,506
Other income and gains, net	5	106,158	37,513
Selling and distribution costs		(4,253,838)	(3,847,602)
Administrative expenses		(971,528)	(862,228)
Foreign exchange differences, net		(14,499)	(82,905)
Finance income		17,556	13,340
Finance costs		<u>(129,899)</u>	<u>(81,860)</u>
Profit before tax from continuing operations	6	1,357,452	592,764
Income tax	7	<u>(310,590)</u>	<u>(117,003)</u>
Profit for the year from continuing operations		1,046,862	475,761
DISCONTINUED OPERATION			
Loss for the year from discontinued operation	9	<u>(47,679)</u>	<u>(34,039)</u>
Profit for the year		<u>999,183</u>	<u>441,722</u>
Profit/(loss) for the year attributable to:			
Owners of the Company		1,012,680	452,326
Non-controlling interests		<u>(13,497)</u>	<u>(10,604)</u>
		<u>999,183</u>	<u>441,722</u>
Profit/(loss) for the year attributable to owners of the Company:			
Continuing operations		1,060,359	486,365
Discontinued operation		<u>(47,679)</u>	<u>(34,039)</u>
		<u>1,012,680</u>	<u>452,326</u>

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Note	2023 HK\$'000	2022 HK\$'000
Earnings per share attributable to owners of the Company	10		
Basic and diluted			
- For profit for the year		<u>149.5 cents</u>	<u>66.8 cents</u>
- For profit from continuing operations		<u>156.5 cents</u>	<u>71.8 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023 HK\$'000	2022 HK\$'000
PROFIT FOR THE YEAR	<u>999,183</u>	<u>441,722</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	<u>(223,819)</u>	<u>(651,647)</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>(238,296)</u>	<u>(392,633)</u>
Revaluation upon transfer of buildings to investment properties	<u>-</u>	<u>20,622</u>
Other comprehensive loss that will not be reclassified subsequently to profit or loss	<u>(238,296)</u>	<u>(372,011)</u>
Other comprehensive loss for the year	<u>(462,115)</u>	<u>(1,023,658)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u><u>537,068</u></u>	<u><u>(581,936)</u></u>
Total comprehensive income/(loss) for the year attributable to:		
Owners of the Company	<u>550,631</u>	<u>(571,280)</u>
Non-controlling interests	<u>(13,563)</u>	<u>(10,656)</u>
	<u><u>537,068</u></u>	<u><u>(581,936)</u></u>
Total comprehensive income/(loss) for the year attributable to owners of the Company:		
Continuing operations	<u>598,310</u>	<u>(537,241)</u>
Discontinued operation	<u>(47,679)</u>	<u>(34,039)</u>
	<u><u>550,631</u></u>	<u><u>(571,280)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	2023 HK\$'000	2022 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		1,202,495	1,085,850
Investment properties		428,210	508,335
Right-of-use assets		1,052,169	964,050
Other assets		220,340	205,021
Financial assets designated at fair value through other comprehensive income		920,520	1,158,816
Deferred tax assets		59,179	68,244
Total non-current assets		<u>3,882,913</u>	<u>3,990,316</u>
CURRENT ASSETS			
Inventories		12,256,832	12,112,349
Accounts receivable	11	969,359	818,472
Receivables arising from securities and futures broking	12	78,144	123,642
Prepayments, other receivables and other assets		848,763	815,415
Financial assets at fair value through profit or loss		12,417	14,334
Derivative financial instruments		528	10,008
Tax recoverable		10,575	15,623
Cash held on behalf of clients		479	2,070
Cash and cash equivalents		1,096,146	748,628
Total current assets		<u>15,273,243</u>	<u>14,660,541</u>
CURRENT LIABILITIES			
Accounts payable	13	134,917	130,442
Payables arising from securities and futures broking	13	479	2,070
Other payables and accruals		674,688	609,147
Derivative financial instruments		4,842	12,371
Interest-bearing bank borrowings		1,088,888	1,026,163
Bullion loans		3,047,732	3,073,102
Lease liabilities		517,216	466,241
Tax payable		166,189	37,274
Total current liabilities		<u>5,634,951</u>	<u>5,356,810</u>
NET CURRENT ASSETS		<u>9,638,292</u>	<u>9,303,731</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>13,521,205</u>	<u>13,294,047</u>

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	2023 HK\$'000	2022 HK\$'000
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	429,030	540,761
Lease liabilities	541,922	516,744
Deferred tax liabilities	380,059	366,314
Total non-current liabilities	<u>1,351,011</u>	<u>1,423,819</u>
Net assets	<u>12,170,194</u>	<u>11,870,228</u>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	169,359	169,359
Reserves	12,034,713	11,721,184
	<u>12,204,072</u>	<u>11,890,543</u>
Non-controlling interests	<u>(33,878)</u>	<u>(20,315)</u>
Total equity	<u>12,170,194</u>	<u>11,870,228</u>

NOTES:

1. Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, except for investment properties, customer gold deposits, bullion loans, derivative financial instruments and certain financial assets which have been measured at fair value. These consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

2. Changes in accounting policies and disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current year’s consolidated financial statements:

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform - Pillar Two Model Rules

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group’s consolidated financial statements.

2. Changes in accounting policies and disclosures (continued)

Amendments to HKAS 8 Definition of Accounting Estimates

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's consolidated financial statements.

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments did not have any significant impact on the financial position or performance of the Group upon initial application.

Amendments to HKAS 12 International Tax Reform - Pillar Two Model Rules

Amendments to HKAS 12 International Tax Reform - Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has not yet applied the temporary exception during the current year because the entities comprising the Group are operating in jurisdictions in which the Pillar Two tax law has not yet been enacted or substantively enacted. The Group will disclose known or reasonably estimable information related to its exposure to Pillar Two income taxes in the consolidated financial statements by the time when the Pillar Two tax law has been enacted or substantively enacted and will disclose separately the current tax expense or income related to Pillar Two income taxes when it is in effect.

3. Turnover

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

	2023 HK\$'000	2022 HK\$'000
<i>Revenue from contracts with customers</i>	25,003,417	20,544,680
<i>Revenue from other sources</i>		
Gross rental income from investment properties operating leases:		
Other lease payments, including fixed payments	<u>9,922</u>	<u>11,836</u>
	<u>25,013,339</u>	<u>20,556,516</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 trading of laboratory-grown diamond and gemstones ("LGD") segment trades jewellery set with LGD. During the year ended 31 December 2023, the Directors have decided to rename this segment from "e-commerce platform" to reflect its current business activities.
- 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. During the year ended 31 December 2022, the Directors have reassessed the basis of adjusted profit before tax for reportable operating segments from continuing operations and considered that it is more appropriate to be measured consistently with the Group's profit before tax from continuing operations except that dividend income, fair value gain or loss on investment properties, fair value gain or loss on bullion loans designated as at fair value through profit or loss, fair value gain or loss on derivative financial instruments - transactions not qualifying as hedges, fair value gain or loss on financial assets at fair value through profit or loss, finance income, finance costs and foreign exchange differences, net are excluded from such measurement. The Directors believe that the current presentation could provide better understanding to the users of the financial statements to evaluate the Group's operating performance.

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.

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	Trading of LGD HK\$'000	Other businesses HK\$'000		Securities and futures broking HK\$'000	
Year ended 31 December 2023							
Segment revenue (note 3)							
Sales to external customers	24,274,496	710,728	7,743	10,450	25,003,417	-	25,003,417
Intersegment sales	-	812,358	-	528	812,886	-	812,886
Other revenue	-	-	-	9,922	9,922	-	9,922
	<u>24,274,496</u>	<u>1,523,086</u>	<u>7,743</u>	<u>20,900</u>	<u>25,826,225</u>	<u>-</u>	<u>25,826,225</u>
<i>Reconciliation:</i>							
Elimination of intersegment sales					(812,886)		(812,886)
					<u>25,013,339</u>		<u>25,013,339</u>
Segment results	1,498,403	(2,091)	(67,931)	9,466	1,437,847	(47,711)	1,390,136
<i>Reconciliation:</i>							
Dividend income					28,754	-	28,754
Net fair value gain/(loss) on:							
Investment properties					(4,053)	-	(4,053)
Bullion loans designated as at fair value through profit or loss					15,555	-	15,555
Derivative financial instruments - transactions not qualifying as hedges					7,979	-	7,979
Financial assets at fair value through profit or loss					(1,788)	-	(1,788)
Finance income					17,556	32	17,588
Finance costs					(129,899)	-	(129,899)
Foreign exchange differences, net					(14,499)	-	(14,499)
Profit before tax					<u>1,357,452</u>	<u>(47,679)</u>	<u>1,309,773</u>
Other segment information							
Net loss on bullion loans designated as at fair value through profit or loss	505,390	-	-	-	505,390	-	505,390
Net loss on disposal of derivative financial instruments	33,386	484	-	-	33,870	-	33,870
Net loss/(gain) on disposal of items of property, plant and equipment	7,377	-	3	(29)	7,351	-	7,351
Depreciation of property, plant and equipment	346,241	-	451	30	346,722	-	346,722
Depreciation of right-of-use assets	588,760	-	1,650	-	590,410	-	590,410
Reversal of impairment of accounts receivable, net	(9,003)	-	-	-	(9,003)	-	(9,003)
Impairment of receivables arising from securities and futures broking	-	-	-	-	-	45,233	45,233
Write-down of inventories to net realisable value	12,948	-	-	-	12,948	-	12,948
Capital expenditure	433,296	-	1,498	-	434,794	-	434,794

4. Operating segment information (continued)

	Continuing operations				Discontinued operation		Total HK\$'000
	Retail of jewellery and watches HK\$'000	Wholesale of precious metals HK\$'000	Trading of LGD HK\$'000	Other businesses HK\$'000	Total for continuing operations HK\$'000	Securities and futures broking HK\$'000	
Year ended 31 December 2022							
Segment revenue (note 3)							
Sales to external customers	19,751,940	765,862	1,845	25,033	20,544,680	-	20,544,680
Intersegment sales	29,320	618,982	-	528	648,830	-	648,830
Other revenue	-	-	-	11,836	11,836	-	11,836
	<u>19,781,260</u>	<u>1,384,844</u>	<u>1,845</u>	<u>37,397</u>	<u>21,205,346</u>	<u>-</u>	<u>21,205,346</u>
<i>Reconciliation:</i>							
Elimination of intersegment sales					(648,830)		(648,830)
					<u>20,556,516</u>		<u>20,556,516</u>
Segment results	871,603	747	(55,051)	11,833	829,132	(34,042)	795,090
<i>Reconciliation:</i>							
Dividend income					26,525	-	26,525
Net fair value gain/(loss) on:							
Investment properties					28	-	28
Bullion loans designated as at fair value through profit or loss					(121,116)	-	(121,116)
Derivative financial instruments - transactions not qualifying as hedges					9,284	-	9,284
Financial assets at fair value through profit or loss					336	-	336
Finance income					13,340	3	13,343
Finance costs					(81,860)	-	(81,860)
Foreign exchange differences, net					(82,905)	-	(82,905)
Profit before tax					<u>592,764</u>	<u>(34,039)</u>	<u>558,725</u>
Other segment information							
Net loss on bullion loans designated as at fair value through profit or loss	138,560	-	-	-	138,560	-	138,560
Net loss/(gain) on disposal of derivative financial instruments	(13,274)	858	-	-	(12,416)	-	(12,416)
Net loss on disposal of items of property, plant and equipment	6,607	-	-	-	6,607	-	6,607
Depreciation of property, plant and equipment	332,876	-	431	-	333,307	-	333,307
Depreciation of right-of-use assets	535,966	-	1,304	-	537,270	-	537,270
Reversal of impairment of accounts receivable, net	(38,655)	-	-	-	(38,655)	-	(38,655)
Impairment of receivables arising from securities and futures broking	-	-	-	-	-	30,889	30,889
Write-down of inventories to net realisable value	6,149	-	-	-	6,149	-	6,149
Capital expenditure	<u>378,414</u>	<u>-</u>	<u>154</u>	<u>16,172</u>	<u>394,740</u>	<u>-</u>	<u>394,740</u>

4. Operating segment information (continued)

(a) Geographical information

Revenue from external customers - Continuing operations

	2023 HK\$'000	2022 HK\$'000
Mainland China	15,826,481	13,700,246
Hong Kong and Macau	8,904,631	6,625,123
Taiwan	281,713	231,085
Other regions	514	62
	<u>25,013,339</u>	<u>20,556,516</u>

The revenue information of continuing operations above is based on the locations of the customers.

Non-current assets

	2023 HK\$'000	2022 HK\$'000
Mainland China	1,386,694	1,422,359
Hong Kong and Macau	1,477,910	1,303,660
Taiwan	38,610	37,237
	<u>2,903,214</u>	<u>2,763,256</u>

The non-current asset information above is based on the locations of the assets and excludes financial assets designated at fair value through other comprehensive income and deferred tax assets.

(b) Information about major customers

The turnover from the Group's largest customer amounted to less than 10% of the Group's total turnover for the current and prior years.

5. Other income and gains, net

An analysis of other income and gains, net from continuing operations is as follows:

	2023 HK\$'000	2022 HK\$'000
Dividend income from listed investments	27,772	25,888
Dividend income from unlisted investments	982	637
Government grants*	8,194	45,635
Gain on disposal of an investment property	5,900	-
Reversal of impairment of accounts receivable, net	9,003	38,655
Net fair value gain/(loss) on:		
Investment properties	(4,053)	28
Bullion loans designated at fair value through profit or loss	15,555	(121,116)
Derivative financial instruments - transactions not qualifying as hedges	7,979	9,284
Financial assets at fair value through profit or loss	(1,788)	336
Net gain/(loss) on disposal of derivative financial instruments:		
Foreign currency forward contracts	11,044	6,380
Cross currency swaps	(3,677)	-
Others	<u>29,247</u>	<u>31,786</u>
	<u>106,158</u>	<u>37,513</u>

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

6. Profit before tax from continuing operations

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

	2023 HK\$'000	2022 HK\$'000
Cost of inventories sold	17,850,262	15,001,337
Write-down of inventories to net realisable value ¹	12,948	6,149
Depreciation of property, plant and equipment	346,722	333,307
Depreciation of right-of-use assets	590,410	537,270
Lease payments not included in the measurement of lease liabilities	818,852	765,645
Covid-19-related rent concessions from lessors	-	(15,527)
Net loss on bullion loans designated as at fair value through profit or loss ²	505,390	138,560
Net loss/(gain) on disposal of derivative financial instruments ²	33,870	(12,416)
Net loss on disposal of items of property, plant and equipment	<u>7,351</u>	<u>6,607</u>

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

² The net loss on bullion loans designated as at fair value through profit or loss of HK\$505,390,000 (2022: HK\$138,560,000) and the net loss on disposal of derivative financial instruments included a net loss on bullion contracts of HK\$41,237,000 (2022: net gain of HK\$6,036,000), 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/(gain) on disposal of derivative financial instruments also included a net gain on foreign currency forward contracts of HK\$11,044,000 (2022: HK\$6,380,000) and a net loss on cross currency swaps of HK\$3,677,000 (2022: Nil) (note 5).

7. Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, 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 (2022: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 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% (2022: 25%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2023 HK\$'000	2022 HK\$'000
Current - Hong Kong		
Charge for the year	85,956	23,130
Under/(over)provision in prior years	1,542	(62)
Current - Mainland China and elsewhere		
Charge for the year	201,309	96,326
Underprovision in prior years	529	50
Deferred	<u>21,254</u>	<u>(2,441)</u>
Total tax charge for the year from continuing operations	310,590	117,003
Total tax charge for the year from the discontinued operation	<u>-</u>	<u>-</u>
	<u>310,590</u>	<u>117,003</u>

8. Dividends

	2023 HK\$'000	2022 HK\$'000
Dividends recognised as distribution during the year:		
Final dividend for 2022: HK15.0 cents (2021: HK28.0 cents) per ordinary share	101,615	189,682
Interim dividend for 2023: HK20.0 cents (2022: HK15.0 cents) per ordinary share	<u>135,487</u>	<u>101,615</u>
	<u>237,102</u>	<u>291,297</u>
Dividend proposed after the end of the reporting period:		
Final dividend for 2023: HK40.0 cents (2022: HK15.0 cents) per ordinary share	<u>270,974</u>	<u>101,615</u>

The proposed final dividend for 2023 was recommended after the end of the reporting period and has not been recognised as a liability at the end of the reporting period, and it is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. 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 year are presented below:

	2023 HK\$'000	2022 HK\$'000
Other income and gains, net	28	191
Administrative expenses	(2,506)	(3,344)
Impairment of receivables arising from securities and futures broking	(45,233)	(30,889)
Finance income	<u>32</u>	<u>3</u>
Loss for the year from the discontinued operation	<u>(47,679)</u>	<u>(34,039)</u>

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

	2023 HK\$'000	2022 HK\$'000
<i>Assets</i>		
Receivables arising from securities and futures broking (note 12)	78,144	123,642
Prepayments, other receivables and other assets	409	409
Cash held on behalf of clients	479	2,070
Cash and cash equivalents	<u>4,791</u>	<u>5,338</u>
Assets associated with the discontinued operation	<u>83,823</u>	<u>131,459</u>
<i>Liabilities</i>		
Payables arising from securities and futures broking (note 13)	479	2,070
Other payables and accruals	<u>166</u>	<u>546</u>
Liabilities associated with the discontinued operation	<u>645</u>	<u>2,616</u>
Net assets directly associated with the discontinued operation	<u>83,178</u>	<u>128,843</u>

9. Discontinued operation (continued)

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

	2023 HK\$'000	2022 HK\$'000
Net cash inflow/(outflow) from operating activities	<u>(547)</u>	<u>2,021</u>
Loss per share:		
Basic and diluted, from the discontinued operation	<u>(7) cents</u>	<u>(5) cents</u>

The calculation of the basic loss per share amounts from the discontinued operation is based on the loss for the year attributable to owners of the Company from the discontinued operation of HK\$47,679,000 (2022: HK\$34,039,000) and the weighted average number of ordinary shares of 677,434,000 (2022: 677,434,000) in issue during the year.

There were no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 31 December 2022.

10. 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 year attributable to owners of the Company and the weighted average number of ordinary shares of 677,434,000 (2022: 677,434,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 31 December 2022.

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

	2023 HK\$'000	2022 HK\$'000
Earnings:		
Profit/(loss) for the year attributable to owners of the Company, used in the basic and diluted earnings per share calculation		
From continuing operations	1,060,359	486,365
From the discontinued operation	<u>(47,679)</u>	<u>(34,039)</u>
	<u>1,012,680</u>	<u>452,326</u>

11. Accounts receivable

	2023 HK\$'000	2022 HK\$'000
Trade and credit card receivables	996,557	875,695
Impairment	<u>(27,198)</u>	<u>(57,223)</u>
Accounts receivable	<u>969,359</u>	<u>818,472</u>

The Group's trading terms with its retail and LGD trading 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:

	2023 HK\$'000	2022 HK\$'000
Within 1 month	906,424	700,198
1 to 2 months	46,138	70,042
2 to 3 months	16,294	25,746
Over 3 months	<u>503</u>	<u>22,486</u>
	<u>969,359</u>	<u>818,472</u>

12. Receivables arising from securities and futures broking

	2023 HK\$'000	2022 HK\$'000
Receivables arising from securities and futures broking conducted in the ordinary course of business:		
Loans to margin clients [#]	736,917	737,182
Impairment	<u>(658,773)</u>	<u>(613,540)</u>
Receivables arising from securities and futures broking	<u>78,144</u>	<u>123,642</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 31 December 2023, the total market value of securities pledged as collateral and securities held by guarantors in respect of the loans to margin clients was HK\$78,144,000 (2022: HK\$123,642,000).

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

13. 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:

	2023 HK\$'000	2022 HK\$'000
Within 1 month	130,152	124,911
1 to 2 months	1,074	5,347
Over 2 months	<u>3,691</u>	<u>184</u>
Accounts payable	134,917	130,442
Payables arising from securities and futures broking*	<u>479</u>	<u>2,070</u>
	<u>135,396</u>	<u>132,512</u>

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

Following the end of epidemic-related restrictions in Mainland China, Hong Kong and Macau, total jewellery and watch sales of the Group in the first half of 2023 rebounded significantly by 31% year-on-year. In the second half of the year, the pace slackened, especially in Mainland China, to 15% year-on-year. The growth was fueled by the robust demand for gold by consumers which continued unabated despite the rising gold price.

Although we have expanded online sales into countries like the United States, Britain, Malaysia and Australia, our key markets are Mainland China, Hong Kong, Macau and Taiwan. Our retail networks in the key markets widened with a net increase of 55 stores, which are mostly located in Mainland China.

Gross profit margin increased slightly by 0.1 percentage point from 26.3% to 26.4%. Because of the predominance of gold in the sales mix, the gross profit margin would have gone down if the price of gold had not been on a rising trend in the year.

The Group's consolidated turnover from continuing operations increased by 22% to HK\$25,013 million in 2023. Profit attributable to owners of the Company increased by 124% to HK\$1,013 million. Profit attributable to owners of the Company from continuing operations increased by 118% to HK\$1,060 million.

Retail of Jewellery and Watches - by geographical key markets

	Segment revenue			Segment results		
	2023	2022	Change	2023	2022	Change
	HK\$'000	HK\$'000		HK\$'000	HK\$'000	
Mainland China	15,818,061	13,697,207	+15%	872,251	531,803	+64%
Hong Kong and Macau	8,174,722	5,823,648	+40%	597,527	320,006	+87%
Taiwan	281,713	231,085	+22%	28,625	19,794	+45%
Total	24,274,496	19,751,940	+23%	1,498,403	871,603	+72%

- The result of the Group's retail of jewellery and watches segment improved 72% year-on-year, benefitting from overall positive SSSG in all our key markets.
- The Group's total jewellery and watch sales in 2023 grew by 23% year-on-year. Turnover growth in Mainland China, Hong Kong and Macau are driven by strong demand for gold. Sales in Taiwan achieved steady growth at 22% year-on-year.

Retail of Jewellery and Watches - by products

SSSG	Mainland China			Hong Kong and Macau		
	2023 1H	2023 2H	2023 FY	2023 1H	2023 2H	2023 FY
Gold jewellery and products	+26%	+15%	+21%	+78%	+28%	+47%
Gem-set jewellery	-18%	-30%	-23%	+34%	+11%	+21%
Watches	+37%	-11%	+9%	+16%	+2%	+9%
Overall	+19%	+6%	+12%	+56%	+21%	+35%

Sales Mix	2023	2022	2023	2022
Gold jewellery and products	79%	74%	73%	66%
Gem-set jewellery	9%	13%	11%	12%
Watches	9%	9%	13%	18%
Platinum/Karat gold jewellery	3%	4%	3%	4%

- Strong demand for gold jewellery and products drove SSSG in Mainland China to grow 21%, and in Hong Kong and Macau 47%, year-on-year.
- Diamond jewellery sales, particularly those at higher price bands, were on a downward trend in Mainland China, resulting in -23% SSSG for gem-set jewellery. However, jewellery sales in Hong Kong and Macau managed to record +21% SSSG with "PROMESSA" and "Infini Love Diamond" brand making significant contributions.
- Watch sales slowed down in the second half of 2023, but for the whole year SSSG in Mainland China was +9% and in Hong Kong and Macau +9%.

Store Network

Region		As at 31.12.2022	Opening	Closure	Net change	As at 31.12.2023
Mainland China	Chow Sang Sang	766	+101	-52	+49	815
	Rolex/Tudor	14	+3	-2	+1	15
	MINTYGREEN	50	+9	-3	+6	56
	EMPHASIS	19	0	-3	-3	16
	PROMESSA	24	+7	-8	-1	23
	MARCO BICEGO	1	0	0	0	1
Sub-total:		874	+120	-68	+52	926
Hong Kong	Chow Sang Sang	45	+3	0	+3	48
	Rolex/Tudor	10	0	-1	-1	9
	EMPHASIS	4	0	-1	-1	3
	PROMESSA	2	+1	0	+1	3
Sub-total:		61	+4	-2	+2	63
Macau	點睛品	8	+1	-1	0	8
Sub-total:		8	+1	-1	0	8
Taiwan	點睛品	30	+1	-1	0	30
	PROMESSA	4	+2	-1	+1	5
Sub-total:		34	+3	-2	+1	35
Total:		977	+128	-73	+55	1,032

- During the year, 101 new Chow Sang Sang stores were opened in Mainland China, of which 72 of the new stores were located in shopping malls.
- In Hong Kong, we added 3 Chow Sang Sang stores, one each in Tsim Sha Tsui, Kai Tak and Tin Shui Wai and 1 PROMESSA store in Tuen Mun. The number of 點睛品 stores in Macau remained at 8 at the end of 2023.
- We had net increase of 1 new PROMESSA store in Taiwan.

Chow Sang Sang Omni-Channel Retailing

The Group's Omni-Remote Sales strategy encompasses online sales, Star Concierge Service and remote sales concluded outside-of-store with remote inventory. Omni-channel retailing remained strong even after the lifting of epidemic-related restrictions, bringing in 31% (2022: 34%) of total sales in Mainland China.

Online Sales

<u>Online Sales by Market</u>	<u>2023</u>	<u>2022</u>	<u>Change</u>
	<u>HK\$'M</u>	<u>HK\$'M</u>	
Mainland China	2,974	2,666	+12%
Hong Kong, Taiwan and Others	274	228	+20%

- The online sales in Mainland China maintained its growth momentum and accounted for approximately 19% of total Mainland China sales, the same as in 2022. Growth in sales of gold jewellery and products continued to outpace other categories. We have continued to invest in live-streaming using home-grown and external talents in over 22,000 (2022: 19,000) hours of shows.
- Online sales in Hong Kong, Taiwan and other regions continued to grow at a steady pace in 2023. This had been achieved by channel expansion and to other overseas markets through collaborators' e-commerce platforms and joint promotion with local partners.

Product and Marketing

- On the product front, demand for gold jewellery and products was strong. "Cultural Blessings" collection of gold ornaments were popular with customers. The stylish new collections "Mirror Gold" and "gin" also continued to grow rapidly in 2023. Gem-set jewellery under the "PROMESSA" brand, comprising affordable luxury and daily wear styles, recorded strong rebound in Hong Kong and Macau as compared to 2022.
- Sales of high unit price gem-set jewellery was sluggish. Total sales conducted through Personalised Jewellery Service in 2023 was down 37% year-on-year. Total diamond jewellery sales from this service accounted for 20% (2022: 30%) of the Group's corresponding sales during the year.
- We have continued our efforts to engage customers and enhance shopping experience through various Chinoiserie (國潮) pop-up stores, display points, wedding expos and online campaigns.

Wholesale of Precious Metals

Turnover decreased by 7% to HK\$711 million during the year, the decline is mainly due to fall in for metals of the platinum family demand.

Trading of Laboratory-grown Diamond and Gemstones

The subsidiary "The Future Rocks Company Limited" was set up to explore the market for laboratory-grown diamond and gemstones ("LGD"). It currently operates an e-commerce platform, with the business name "The Future Rocks", for the sale of LGD-set jewellery curated from around the world as well as those designed in-house. It has launched online stores in Mainland China, on portals Tmall International, Xiaohongshu and WeChat Mini Program in 2022. In 2023 "The Future Rocks" started its own live-streaming, launched a number of pop up stores and conducted a series of online and offline promotion campaigns and marketing activities.

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 and petitioning bankruptcy of certain individuals based on the relevant judgement debts as appropriate.

Provisions for impairment losses on margin loans totalling HK\$45 million and HK\$31 million were made for the years ended 31 December 2023 and 2022, respectively. As at 31 December 2023, total loans due from the customers in default, net of total credit loss allowance, amounted to HK\$78 million.

Investments

Investment Properties

The Group holds various properties with a total carrying value of HK\$428 million for rental purpose as at 31 December 2023. Rental income for 2023 from investment properties amounted to HK\$10 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\$892 million as at 31 December 2023, representing 5% of the Group's total assets. During the year, the Group received dividends in the amount of HK\$27 million and recorded a loss of HK\$230 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\$435 million of which HK\$278 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 31 December 2023, the Group had cash and cash equivalents of HK\$1,096 million (2022: HK\$749 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\$10,910 million in banking facilities including bank borrowings and bullion loans, out of which HK\$994 million are committed facilities. As at 31 December 2023, the total unutilised banking facilities amounted to HK\$6,111 million (2022: HK\$3,879 million).

As at 31 December 2023, total bank borrowings and bullion loans amounted to HK\$1,518 million and HK\$3,048 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 37.4%, based on total bank borrowings and bullion loans of HK\$4,566 million as a percentage of equity attributable to owners of the Company of HK\$12,204 million. The current ratio of the Group was 2.7.

The Group manages risk of credit cost and availability by several means: cultivating relationship with a 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 35% of its bank borrowings at fixed rates as at 31 December 2023, increased from 25% as at 31 December 2022.

As at 31 December 2023, 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 31 December 2023, the bank borrowings denominated in US dollar, Renminbi and New Taiwan dollar amounted to US\$6 million, RMB155 million and NT\$200 million respectively.

Charge on Assets, Lease Liabilities and Contingent Liabilities

As at 31 December 2023 and 2022, there was no asset pledged to secure banking facilities granted to certain subsidiaries of the Company.

As at 31 December 2023, the Group had lease liabilities of HK\$1,059 million (2022: HK\$983 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 31 December 2023, the total number of employees of the Group was 12,175, of whom 10,352 in Mainland China, 1,577 in Hong Kong and Macau, and 246 in Taiwan. During the year ended 31 December 2023, total staff costs amounted to HK\$2,155 million.

Outlook

Stepping into 2024, turnover in Hong Kong and Macau continued its uptrend, supported both by tourists from the Mainland and local customers. In Mainland China, despite strong sales over the Chinese New Year holidays, for January and February of 2024 together there was a slight decline against the high base in 2023. Diamond sales continue to disappoint.

In Hong Kong and Macau, the opening up of more individual travel from the Mainland is encouraging. But the other side of the coin is the worries that store rental is on the rise in unrealistic anticipation, and the influx of potential customers will exacerbate the problem of staffing shortage. The challenge for us is to be able to raise operating efficiency and enhancing customer experience at the same time. Later in the year, new stores are slated to open at THE SOUTHSIDE in Wong Chuk Hang, MOSTown in Ma On Shan and 11 SKIES in Chek Lap Kok.

In Mainland China, the downtrend in gem-set jewellery sales seems to indicate that consumer sentiments have turned cautious, and that fewer people are spending on wedding jewellery. Both phenomena are symptomatic of economic uncertainties and changing demographics. We are continuing our expansion strategy, setting a guideline of 50 new stores located chiefly in second-tier cities and above.

The increasing proportion of gold in our sales mix inevitably puts downward pressure on our gross profit margin. To maintain a healthy margin, we will spare no efforts to create products that will command higher margins, such as jewellery set with gemstones, as well as gold pieces with higher design and workmanship value. We will put highlight on affordable luxury and daily-wear, instead of wedding jewellery.

Chow Sang Sang marks its 90th anniversary in 2024. We will make use of this milestone to strengthen our brand image. A series of marketing events is being planned, kicking off with an exhibition in March, showcasing our “Infini Love Diamond”, in Chengdu.

Experience has shown that “branded” collections such as “Infini Love Diamond”, “Charme” and those under the “EMPHASIS” brand are more resilient and resistant to downturns than generic pieces. A host of well-defined and focused brands can communicate more effectively with different customer segments. Omni-channel retailing and online sales are cost-effective yet capable of fulfilling customer expectations. A well-honed regime of inventory and logistics is imperative to keeping our profit margin. We shall follow these lane-markers into our 90th year.

DIVIDENDS

The Board has recommended the payment of a final dividend of HK40.0 cents (2022: HK15.0 cents) per ordinary share for the year ended 31 December 2023. Together with the interim dividend of HK20.0 cents (2022: HK15.0 cents) per ordinary share paid by the Company, the total dividend per ordinary share for the year will be HK60.0 cents (2022: HK30.0 cents). Subject to the approval of the shareholders of the Company at the forthcoming annual general meeting (the “2024 Annual General Meeting”), the final dividend will be paid on Thursday, 20 June 2024 to shareholders whose names appear on the register of members of the Company on Friday, 7 June 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

- (i) from Monday, 27 May 2024 to Thursday, 30 May 2024, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2024 Annual General Meeting. In order to be entitled to attend and vote at the 2024 Annual General Meeting, 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. Friday, 24 May 2024; and
- (ii) from Wednesday, 5 June 2024 to Friday, 7 June 2024, both days inclusive, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to establish entitlement to the proposed final 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 the address as set out in sub-paragraph (i) above not later than 4:30 p.m. on Tuesday, 4 June 2024.

During the periods mentioned in sub-paragraphs (i) and (ii) above, no transfers of shares will be registered.

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 year.

CORPORATE GOVERNANCE

The Company has complied throughout the year with the applicable code provisions as set out in Part 2 of the Code, except for the deviations from code provisions B.2.4(b) and C.2.1 of the Code which are explained below.

The code provision B.2.4(b) stipulates that where all the INEDs of a listed issuer have served more than nine years on the board, the listed issuer should appoint a new INED on the board at the forthcoming annual general meeting. In accordance, the Company strived to select a suitable candidate for appointment as a new INED before the 2023 annual general meeting of the Company held on 31 May 2023 ("2023 AGM"). Mr. HSU Rockson was appointed as an INED on 1 June 2023, after the 2023 AGM was held.

The code provision C.2.1 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. The composition of the Board, with a strong complement of INEDs and Non-executive Directors, already ensures checks and balances in decision-making.

SCOPE OF WORK OF AUDITOR ON THIS PRELIMINARY ANNOUNCEMENT OF THE ANNUAL RESULTS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this preliminary announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this preliminary announcement.

REVIEW OF ANNUAL RESULTS

The Audit Committee has reviewed the Group's annual results for the year ended 31 December 2023 in conjunction with Ernst & Young.

ANNUAL GENERAL MEETING

The 2024 Annual General Meeting will be held at 2/F, Chow Sang Sang Building, 229 Nathan Road, Kowloon, Hong Kong on Thursday, 30 May 2024 at 10:30 a.m. The notice of the 2024 Annual General Meeting will be published in due course.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company at www.chowsangsang.com and HKEC at www.hkexnews.hk. The 2023 annual report of the Company will be published on the above websites 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, Mr. Stephen LAU Man Lung and Mr. HSU Rockson.

By order of the Board
Vincent CHOW Wing Shing
Chairman

Hong Kong, 22 March 2024

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 C1 (formerly Appendix 14) to the Listing Rules
“Company”	Chow Sang Sang Holdings International Limited
“FY”	the full year, twelve months ended 31 December
“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
“INED(s)”	the independent non-executive Director(s)
“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 ended 30 June
“2H”	the second half of a year, six months ended 31 December
“%”	percent