

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2022

The Board of the Company announces the consolidated results of the Group for the year ended 31 December 2022.

FINANCIAL HIGHLIGHTS			
	2022	2021	
	HK\$'000	HK\$'000	Change
CONTINUING OPERATIONS			
Turnover			
Retail	19,751,940	19,921,938	-1%
Other businesses	804,576	2,065,621	-61%
	<u>20,556,516</u>	<u>21,987,559</u>	-7%
Profit/(loss) for the year attributable to owners of the Company			
Continuing operations	486,365	743,868	-35%
Discontinued operation	(34,039)	(100,611)	-66%
	<u>452,326</u>	<u>643,257</u>	-30%
Earnings per share - Basic and diluted			
For profit for the year	66.8 cents	95.0 cents	-30%
For profit from continuing operations	71.8 cents	109.8 cents	-35%
Dividend per share			
- Interim	15.0 cents	14.0 cents	
- Final	15.0 cents	28.0 cents	
Total dividend per share for the year	<u>30.0 cents</u>	<u>42.0 cents</u>	
Dividend payout ratio	45%	44%	
Equity attributable to owners of the Company	11,890,543	12,753,120	-7%
Equity per share	\$17.6	\$18.8	-7%

* For identification purpose only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000 (Restated)
CONTINUING OPERATIONS			
Turnover	3		
Retail		19,751,940	19,921,938
Other businesses		<u>804,576</u>	<u>2,065,621</u>
		20,556,516	21,987,559
Cost of sales		<u>(15,140,010)</u>	<u>(16,431,474)</u>
Gross profit		5,416,506	5,556,085
Other income and gains, net	5	37,513	35,818
Selling and distribution costs		(3,847,602)	(3,754,696)
Administrative expenses		(862,228)	(816,432)
Foreign exchange differences, net		(82,905)	31,816
Finance income		13,340	13,606
Finance costs		<u>(81,860)</u>	<u>(60,486)</u>
Profit before tax from continuing operations	6	592,764	1,005,711
Income tax	7	<u>(117,003)</u>	<u>(265,331)</u>
Profit for the year from continuing operations		475,761	740,380
DISCONTINUED OPERATION			
Loss for the year from discontinued operation	9	<u>(34,039)</u>	<u>(100,611)</u>
Profit for the year		<u>441,722</u>	<u>639,769</u>
Profit/(loss) for the year attributable to:			
Owners of the Company		452,326	643,257
Non-controlling interests		<u>(10,604)</u>	<u>(3,488)</u>
		<u>441,722</u>	<u>639,769</u>
Profit/(loss) for the year attributable to owners of the Company:			
Continuing operations		486,365	743,868
Discontinued operation		<u>(34,039)</u>	<u>(100,611)</u>
		<u>452,326</u>	<u>643,257</u>

continued/...

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000 (Restated)
Earnings per share attributable to owners of the Company	10		
Basic and diluted			
- For profit for the year		<u>66.8 cents</u>	<u>95.0 cents</u>
- For profit from continuing operations		<u>71.8 cents</u>	<u>109.8 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	2022 HK\$'000	2021 HK\$'000
PROFIT FOR THE YEAR	<u>441,722</u>	<u>639,769</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	<u>(651,647)</u>	<u>250,127</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	(392,633)	105,366
Revaluation upon transfer of buildings to investment properties	<u>20,622</u>	<u>107,968</u>
Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss	<u>(372,011)</u>	<u>213,334</u>
Other comprehensive income/(loss) for the year	<u>(1,023,658)</u>	<u>463,461</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u>(581,936)</u>	<u>1,103,230</u>
Total comprehensive income/(loss) for the year attributable to:		
Owners of the Company	(571,280)	1,106,724
Non-controlling interests	<u>(10,656)</u>	<u>(3,494)</u>
	<u>(581,936)</u>	<u>1,103,230</u>
Total comprehensive income/(loss) for the year attributable to owners of the Company:		
Continuing operations	(537,241)	1,207,335
Discontinued operation	<u>(34,039)</u>	<u>(100,611)</u>
	<u>(571,280)</u>	<u>1,106,724</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		1,085,850	1,117,179
Investment properties		508,335	472,897
Right-of-use assets		964,050	831,916
Other assets		205,021	225,234
Financial assets designated at fair value through other comprehensive income		1,158,816	1,551,449
Deferred tax assets		68,244	71,209
Total non-current assets		<u>3,990,316</u>	<u>4,269,884</u>
CURRENT ASSETS			
Inventories		12,112,349	11,343,277
Accounts receivable	11	818,472	804,334
Receivables arising from securities and futures broking	12	123,642	154,922
Prepayments, other receivables and other assets		815,415	822,905
Financial assets at fair value through profit or loss		14,334	10,204
Derivative financial instruments		10,008	-
Tax recoverable		15,623	7,799
Cash held on behalf of clients		2,070	3,885
Cash and cash equivalents		748,628	671,548
Total current assets		<u>14,660,541</u>	<u>13,818,874</u>
CURRENT LIABILITIES			
Accounts payable	13	130,442	181,304
Payables arising from securities and futures broking	13	2,070	3,885
Other payables and accruals		609,147	591,375
Derivative financial instruments		12,371	12,117
Interest-bearing bank borrowings		1,026,163	813,689
Bullion loans		3,073,102	2,029,588
Lease liabilities		466,241	483,735
Tax payable		37,274	66,366
Total current liabilities		<u>5,356,810</u>	<u>4,182,059</u>
NET CURRENT ASSETS		<u>9,303,731</u>	<u>9,636,815</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>13,294,047</u>	<u>13,906,699</u>

continued/...

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	2022 HK\$'000	2021 HK\$'000
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	540,761	372,019
Lease liabilities	516,744	423,485
Deferred tax liabilities	366,314	367,734
Total non-current liabilities	<u>1,423,819</u>	<u>1,163,238</u>
Net assets	<u>11,870,228</u>	<u>12,743,461</u>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	169,359	169,359
Reserves	11,721,184	12,583,761
	<u>11,890,543</u>	<u>12,753,120</u>
Non-controlling interests	<u>(20,315)</u>	<u>(9,659)</u>
Total equity	<u>11,870,228</u>	<u>12,743,461</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”), accounting principles generally accepted in Hong Kong 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 revised HKFRSs for the first time for the current year’s consolidated 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 the impact of the revised HKFRSs that are applicable to the Group are described below:

Amendments to HKFRS 3

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 (the “Conceptual Framework”) 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 business combinations during the year, 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

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 as determined by HKAS 2 Inventories, 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 prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

Amendments to HKAS 37

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

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 from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

3. Turnover

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

	2022 HK\$'000	2021 HK\$'000
<i>Revenue from contracts with customers</i>	20,544,680	21,975,277
<i>Revenue from other sources</i>		
Gross rental income from investment properties operating leases:		
Other lease payments, including fixed payments	<u>11,836</u>	<u>12,282</u>
	<u>20,556,516</u>	<u>21,987,559</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. 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. Accordingly, the comparative figures in segment results have been restated.

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				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	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)

	Continuing operations				Discontinued operation		Total HK\$'000 (Restated)
	Retail of jewellery and watches HK\$'000 (Restated)	Wholesale of precious metals HK\$'000 (Restated)	E- commerce platform HK\$'000 (Restated)	Other businesses HK\$'000 (Restated)	Total for continuing operations HK\$'000 (Restated)	Securities and futures broking HK\$'000 (Restated)	
Year ended 31 December 2021							
Segment revenue (note 3)							
Sales to external customers	19,921,938	2,033,068	62	20,209	21,975,277	13,197	21,988,474
Intersegment sales	-	548,901	-	1,066	549,967	-	549,967
Other revenue	-	-	-	12,282	12,282	-	12,282
	<u>19,921,938</u>	<u>2,581,969</u>	<u>62</u>	<u>33,557</u>	<u>22,537,526</u>	<u>13,197</u>	<u>22,550,723</u>
<i>Reconciliation:</i>							
Elimination of intersegment sales					(549,967)		(549,967)
					<u>21,987,559</u>		<u>22,000,756</u>
Segment results	987,262	16,818	(35,432)	7,338	975,986	(108,462)	867,524
<i>Reconciliation:</i>							
Dividend income					31,777	-	31,777
Net fair value gain/(loss) on:							
Investment properties					1,364	-	1,364
Bullion loans designated as at fair value through profit or loss					16,025	-	16,025
Derivative financial instruments - transactions not qualifying as hedges					(4,947)	-	(4,947)
Financial assets at fair value through profit or loss					570	-	570
Finance income					13,606	11,217	24,823
Finance costs					(60,486)	(3,064)	(63,550)
Foreign exchange differences, net					31,816	-	31,816
Profit before tax					<u>1,005,711</u>	<u>(100,309)</u>	<u>905,402</u>
Other segment information							
Net gain on bullion loans designated as at fair value through profit or loss	(17,276)	-	-	-	(17,276)	-	(17,276)
Net loss/(gain) on disposal of derivative financial instruments	(21,124)	717	-	-	(20,407)	-	(20,407)
Net loss on disposal of items of property, plant and equipment	4,744	-	-	-	4,744	281	5,025
Depreciation of property, plant and equipment	310,166	-	351	-	310,517	131	310,648
Depreciation of right-of-use assets	502,469	-	1,093	-	503,562	1,926	505,488
Impairment of accounts receivable, net	60,726	-	-	-	60,726	-	60,726
Impairment of receivables arising from securities and futures broking	-	-	-	-	-	92,907	92,907
Write-down of inventories to net realisable value	10,661	-	-	-	10,661	-	10,661
Capital expenditure	<u>396,514</u>	<u>-</u>	<u>306</u>	<u>21,286</u>	<u>418,106</u>	<u>-</u>	<u>418,106</u>

4. Operating segment information (continued)

(a) Geographical information

Revenue from external customers - Continuing operations

	2022 HK\$'000	2021 HK\$'000
Mainland China	13,700,246	14,316,314
Hong Kong and Macau	6,625,123	7,481,254
Taiwan	231,085	189,929
Other regions	<u>62</u>	<u>62</u>
	<u>20,556,516</u>	<u>21,987,559</u>

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

Non-current assets

	2022 HK\$'000	2021 HK\$'000
Mainland China	1,422,359	1,465,415
Hong Kong and Macau	1,303,660	1,142,136
Taiwan	<u>37,237</u>	<u>39,675</u>
	<u>2,763,256</u>	<u>2,647,226</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:

	2022 HK\$'000	2021 HK\$'000
Dividend income from listed investments	25,888	30,889
Dividend income from unlisted investments	637	888
Government grants*	45,635	21,937
Reversal of impairment/(impairment) of accounts receivable, net	38,655	(60,726)
Net fair value gain/(loss) on:		
Investment properties	28	1,364
Bullion loans designated at fair value through profit or loss	(121,116)	16,025
Derivative financial instruments		
- transactions not qualifying as hedges	9,284	(4,947)
Financial assets at fair value through profit or loss	336	570
Others	<u>38,166</u>	<u>29,818</u>
	<u><u>37,513</u></u>	<u><u>35,818</u></u>

* Government grants for the year mainly represent 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. In prior year, government grants mainly represented subsidies received 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):

	2022 HK\$'000	2021 HK\$'000 (Restated)
Cost of inventories sold	15,001,337	16,458,496
Write-down of inventories to net realisable value ¹	6,149	10,661
Depreciation of property, plant and equipment	333,307	310,517
Depreciation of right-of-use assets	537,270	503,562
Lease payments not included in the measurement of lease liabilities		
- Mainland China	710,497	860,745
- Hong Kong and others	55,148	51,300
Covid-19-related rent concessions from lessors	(15,527)	(14,901)
Net loss/(gain) on bullion loans designated as at fair value through profit or loss ²	138,560	(17,276)
Net gain on disposal of derivative financial instruments ²	(12,416)	(20,407)
Net loss on disposal of items of property, plant and equipment	<u>6,607</u>	<u>4,744</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\$138,560,000 (2021: net gain of HK\$17,276,000) and the net gain on disposal of derivative financial instruments included a net gain on bullion contracts of HK\$6,036,000 (2021: net gain of HK\$23,573,000), 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 gain on disposal of derivative financial instruments also included a net gain on foreign currency forward contracts of HK\$6,380,000 (2021: net loss on cross currency swaps of HK\$3,166,000), which were included in "Other income and gains, net" on the face of the consolidated statement of profit or loss.

7. 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 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 (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.

	2022 HK\$'000	2021 HK\$'000
Current - Hong Kong		
Charge for the year	23,130	11,851
Overprovision in prior years	(62)	(1,014)
Current - Mainland China and elsewhere		
Charge for the year	96,326	187,115
Underprovision in prior years	50	372
Deferred	<u>(2,441)</u>	<u>67,007</u>
Total tax charge for the year from continuing operations	117,003	265,331
Total tax charge for the year from the discontinued operation	<u>-</u>	<u>302</u>
	<u>117,003</u>	<u>265,633</u>

8. Dividends

	2022 HK\$'000	2021 HK\$'000
Dividends recognised as distribution during the year:		
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
Interim dividend for 2022: HK15.0 cents (2021: HK14.0 cents) per ordinary share	<u>101,615</u>	<u>94,841</u>
	<u>291,297</u>	<u>379,363</u>
Dividend proposed after the end of the reporting period:		
Final dividend for 2022: HK15.0 cents (2021: HK28.0 cents) per ordinary share	<u>101,615</u>	<u>189,682</u>

The proposed final dividend for 2022 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:

	2022 HK\$'000	2021 HK\$'000 (Restated)
Turnover	-	13,197
Cost of sales	<u>-</u>	<u>-</u>
Gross profit	-	13,197
Other income and gains, net	191	2,054
Selling and distribution costs	-	(10,373)
Administrative expenses	(3,344)	(20,433)
Impairment of receivables arising from securities and futures broking	(30,889)	(92,907)
Finance income	3	11,217
Finance costs	<u>-</u>	<u>(3,064)</u>
Loss before tax from the discontinued operation	(34,039)	(100,309)
Income tax	<u>-</u>	<u>(302)</u>
Loss for the year from the discontinued operation	<u>(34,039)</u>	<u>(100,611)</u>

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

	2022 HK\$'000	2021 HK\$'000
<i>Assets</i>		
Receivables arising from securities and futures broking (note 12)	123,642	154,922
Prepayments, other receivables and other assets	409	943
Tax recoverable	-	6,190
Cash held on behalf of clients	2,070	3,885
Cash and cash equivalents	<u>5,338</u>	<u>3,317</u>
Assets associated with the discontinued operation	<u>131,459</u>	<u>169,257</u>
<i>Liabilities</i>		
Payables arising from securities and futures broking (note 13)	2,070	3,885
Other payables and accruals	<u>546</u>	<u>1,312</u>
Liabilities associated with the discontinued operation	<u>2,616</u>	<u>5,197</u>
Net assets directly associated with the discontinued operation	<u>128,843</u>	<u>164,060</u>

9. Discontinued operation (continued)

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

	2022 HK\$'000	2021 HK\$'000
Operating activities	2,021	124,692
Financing activities	<u>-</u>	<u>(181,759)</u>
Net cash inflow/(outflow)	<u>2,021</u>	<u>(57,067)</u>
Loss per share:		
Basic and diluted, from the discontinued operation	<u>(5.0) cents</u>	<u>(14.8) 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\$34,039,000 (2021: HK\$100,611,000) and the weighted average number of ordinary shares of 677,434,000 (2021: 677,434,000) in issue during the year.

There were no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 31 December 2021.

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 (2021: 677,434,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 31 December 2021.

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

	2022 HK\$'000	2021 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	486,365	743,868
From the discontinued operation	<u>(34,039)</u>	<u>(100,611)</u>
	<u>452,326</u>	<u>643,257</u>

11. Accounts receivable

	2022 HK\$'000	2021 HK\$'000
Trade and credit card receivables	875,695	916,523
Impairment	<u>(57,223)</u>	<u>(112,189)</u>
Accounts receivable	<u>818,472</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:

	2022 HK\$'000	2021 HK\$'000
Within 1 month	700,198	737,480
1 to 2 months	70,042	47,906
2 to 3 months	25,746	16,538
Over 3 months	<u>22,486</u>	<u>2,410</u>
	<u>818,472</u>	<u>804,334</u>

12. Receivables arising from securities and futures broking

	2022 HK\$'000	2021 HK\$'000
Receivables arising from securities and futures broking conducted in the ordinary course of business:		
Loans to margin clients [#]	737,182	737,573
Impairment	<u>(613,540)</u>	<u>(582,651)</u>
Receivables arising from securities and futures broking	<u>123,642</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 31 December 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\$123,642,000 (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.

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:

	2022 HK\$'000	2021 HK\$'000
Within 1 month	124,911	94,199
1 to 2 months	5,347	87,105
Over 2 months	<u>184</u>	<u>-</u>
Accounts payable	130,442	181,304
Payables arising from securities and futures broking*	<u>2,070</u>	<u>3,885</u>
	<u>132,512</u>	<u>185,189</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.

14. Events after the reporting period

Subsequent to the end of the reporting period, on 31 January 2023, an indirect wholly-owned subsidiary of the Company (the “HK Purchaser”) entered into a sale and purchase agreement with a group of related parties (the “HK Vendors”), pursuant to which the HK Vendors had agreed to sell, and the HK Purchaser had agreed to purchase, a building situated at Hong Kong at a total consideration of HK\$116,000,000.

On the same day, an indirect wholly-owned subsidiary of the Company (the “PRC Purchaser”) entered into two sale and purchase agreements with a related party (the “PRC Vendor”), pursuant to which the PRC Vendor had agreed to sell, and the PRC Purchaser had agreed to purchase, two parcel of land located in PRC at a total consideration of RMB7,175,000 and RMB2,954,000, respectively (equivalent to approximately HK\$8,307,000 and HK\$3,420,000, respectively).

Further details of the transactions are contained in the Company’s announcement dated 31 January 2023.

Apart from the above events, there were no other significant events occurred after the reporting period and up to the date of this announcement.

15. Comparative amounts

Save as disclosed in note 4 of this announcement, certain comparative amounts have been reclassified to conform to the current year’s presentation. The Directors consider that such reclassifications allow a more appropriate presentation of the Group’s financial performance and/or better reflect the nature of the transactions/balances.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

It was a rollercoaster ride. In the beginning of 2022, just before the Chinese New Year, retail sales on the Mainland started an uptake which was soon wiped out by a new wave of the pandemic. Many parts of the Mainland were then subjected to large-scale crowd control measures that precluded any public activities for weeks on end. A respite came around June, and jewellery and watch sales started to pick up through the third quarter. However, in the fourth quarter, widespread infections shut down cities again. Quite a significant number of our stores had to suspend business because of the lack of uninfected staff, if not the enforced closures.

In 2022 then, the loss of business due to the pandemic, partially offset by sales generated at new stores but compounded by the fall in Renminbi, led to a 4% year-on-year decline in jewellery and watch sales on the Mainland. Gold was very much at the centre stage: in Renminbi terms, gold jewellery sales in Mainland China actually increased by 3% year-on-year, while gem-set jewellery sales recorded a decrease of 16%. Watch sales went up 10%.

In Hong Kong, although the first quarter sales were decimated by the pandemic, from April onward sales rebounded sharply, buoyed no doubt by the consumption vouchers. Growth in sales were recorded for most of the remaining months of the year. In 2022, Hong Kong and Macau gold jewellery sales grew by 15%, gem-set jewellery up 7% but watch sales decreased by 13%, and thus the combined jewellery and watch sales increased 8% year-on-year.

All territories combined, jewellery and watch sales decreased by 1% year-on-year.

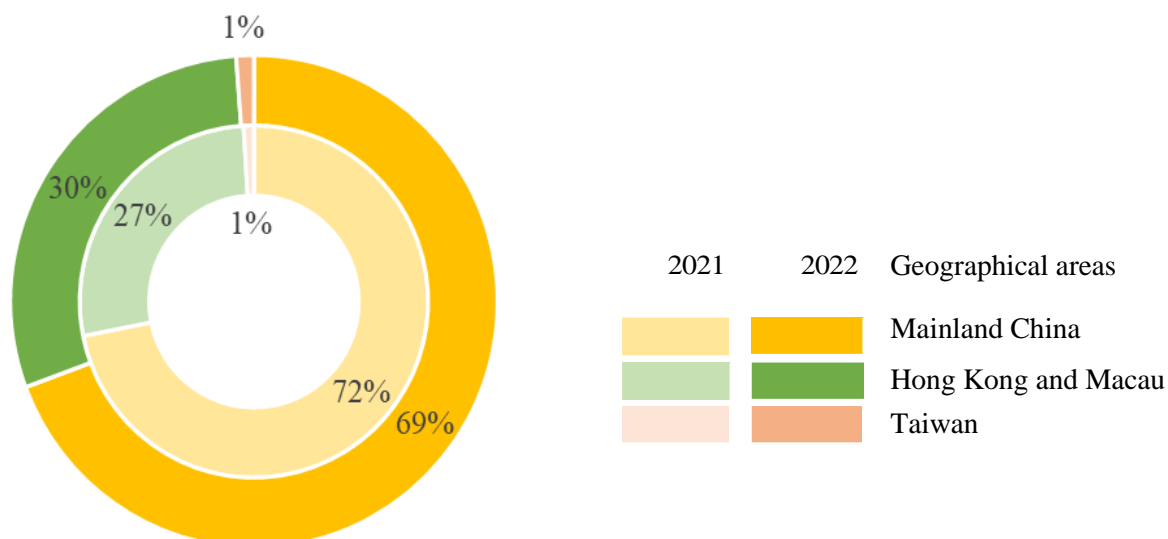
The Group's consolidated turnover from continuing operations decreased by 7% to HK\$20,557 million in 2022. The overall gross margin from continuing operations stood at 26.3% (2021: 25.3%). Depreciation of Renminbi and rebound in international gold price during the fourth quarter caused significant exchange loss and unrealised net fair value loss on bullion loans in 2022. The Group's profit before tax from continuing operations decreased by 41% to HK\$593 million in 2022. In terms of combined segment contributions and taking out the material exceptional effects, total segment results from continuing operations decreased by 15% to HK\$829 million.

Profit attributable to owners of the Company decreased by 30% to HK\$452 million. Profit attributable to owners of the Company from continuing operations decreased by 35% to HK\$486 million.

Retail of Jewellery and Watches

Analysis by Geographical Area

Retail Turnover

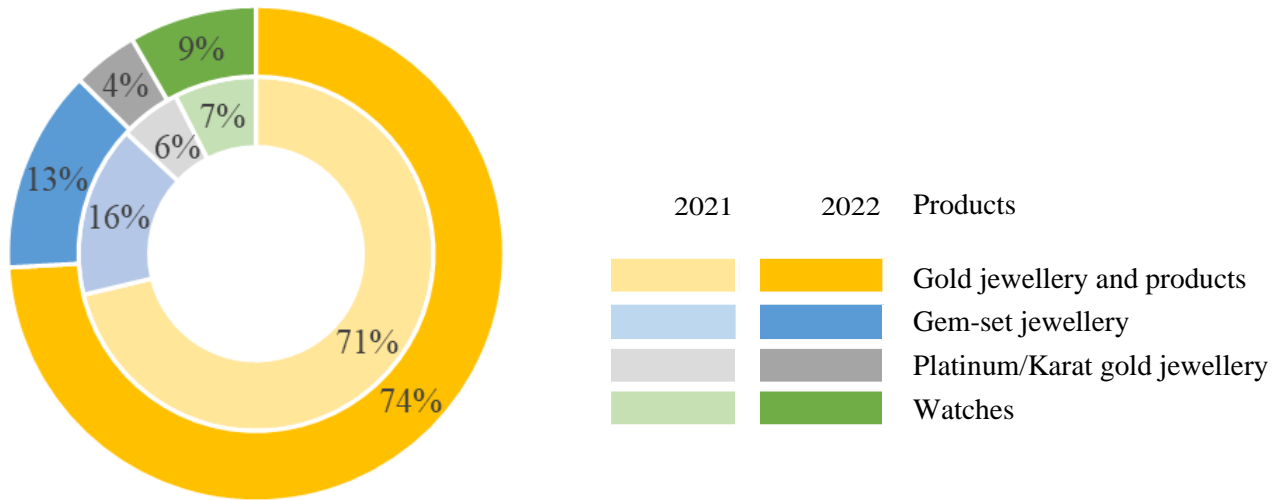


	Segment revenue			Segment results		
	2022 HK\$'000	2021 HK\$'000	Change	2022 HK\$'000	2021 HK\$'000 (Restated)	Change
Mainland China	13,697,207	14,315,010	-4%	531,803	767,867	-31%
Hong Kong and Macau	5,823,648	5,416,999	+8%	320,006	209,293	+53%
Taiwan	231,085	189,929	+22%	19,794	10,102	+96%
Total	<u>19,751,940</u>	<u>19,921,938</u>	-1%	<u>871,603</u>	<u>987,262</u>	-12%

Mainland China

The first half of 2022 was seriously affected by the pandemic, especially in Eastern China. Rebound in sales in the second half of the year and sales from new stores could not offset the impact of the pandemic and the fall in Renminbi. Total 2022 sales decreased by 1% (in Renminbi) and 4% (in Hong Kong dollar) year-on-year, while same-store-sales decreased by 5% year-on-year. Segment results were down 31% as a result of higher gold sales mix and operating deleveraging.

Mainland China Sales Mix



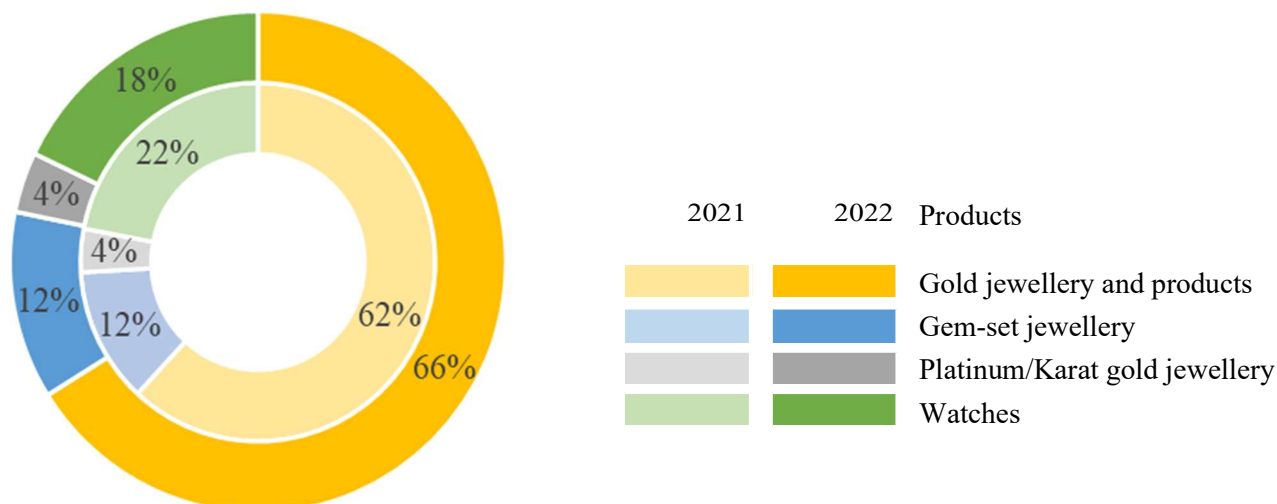
SSSG	2022 1H	2022 2H	2022 FY
	vs 2021 1H	vs 2021 2H	vs 2021 FY
Gold jewellery and products	-4%	+4%	-1%
Gem-set jewellery	-17%	-26%	-21%
Watches	-24%	+47%	+5%
Overall	-9%	0%	-5%

- With our major markets in Eastern and Southern China impacted by the pandemic, overall contraction in SSSG expanded from -6% in the first quarter to -14% in the second quarter. Following the easing of pandemic in the third quarter, SSSG rebounded to +10%. However, SSSG fell sharply to -9% in the fourth quarter due to pandemic resurgence.
- While gold jewellery sales were hit by the pandemic during the traditional festival peak season in the first half of the year, sales returned to growth track in the second half of the year, partly driven by the fall in international gold price.
- The gem-set jewellery market continued to be weak, especially for high unit price diamond jewellery, resulted in -21% SSSG for gem-set jewellery in 2022.
- Watch supply was delayed by the pandemic in the first half of the year. SSSG of watches rebounded rapidly in the second half of the year.

Hong Kong and Macau

Hong Kong and Macau operations were hit hard by the pandemic after Chinese New Year in 2022, with low customer traffic and intermittent closure of stores. Since April, the gradual relaxation of social distancing measures, the distribution of consumption vouchers as well as the fall in international gold price had stimulated retail spending. Turnover in 2022 increased by 8% year-on-year while segment results were up 53%.

Hong Kong and Macau Sales Mix



	2022 1H vs 2021 1H	2022 2H vs 2021 2H	2022 FY vs 2021 FY
SSSG			
Gold jewellery and products	-3%	+30%	+15%
Gem-set jewellery	+14%	+2%	+8%
Watches	-21%	+2%	-11%
Overall	-5%	+20%	+8%

- Overall SSSG recovered rapidly from -27% in the first quarter to +19% in the second quarter, and subsequently to +38% in the third quarter owing to the continued growth momentum. However, SSSG fell back to +2% in the fourth quarter due to an increase in number of local infections towards the end of the year and an outflow of local spending following cross-border prevention measures adjustment.
- The gradual relaxation of social distancing measures and the increase in wedding and gifting activities in 2022 led to an increase in sales of gold and gem-set jewellery.
- The “Infini Love Diamond” collection marketing campaign achieved good results, but sales of high unit price diamond jewellery softened in the second half of the year, stifling gem-set jewellery SSSG in the second half of the year.
- Watch sales in the first half of the year were affected by the pandemic disruptions and supply shortage. The sales normalised in the second half of the year.

Taiwan

Taiwan business has enjoyed healthy growth over the past few years. Supported by an orderly store expansion strategy and SSSG improvement, 2022 sales and segment results grew by 22% and 96% respectively.

Store Network

Region		As at 31.12.2021	Opening	Closure	Net change	As at 31.12.2022
Mainland China	Chow Sang Sang	635	+94	-32	+62	697
	周生生 生生·活宇 (Oasis by Chow Sang Sang)	55	+20	-6	+14	69
	Rolex/Tudor	13	+1	0	+1	14
	MINTYGREEN	34	+20	-4	+16	50
	EMPHASIS	19	+4	-4	0	19
	PROMESSA	18	+7	-1	+6	24
	MARCO BICEGO	1	0	0	0	1
Sub-total:		775	+146	-47	+99	874
Hong Kong	Chow Sang Sang	44	+2	-1	+1	45
	Rolex/Tudor	11	0	-1	-1	10
	EMPHASIS	5	0	-1	-1	4
	PROMESSA	1	+1	0	+1	2
Sub-total:		61	+3	-3	0	61
Macau	點睛品	5	+3	0	+3	8
Sub-total:		5	+3	0	+3	8
Taiwan	點睛品	27	+3	0	+3	30
	PROMESSA	4	0	0	0	4
Sub-total:		31	+3	0	+3	34
Total:		872	+155	-50	+105	977

Chow Sang Sang / 點睛品

- During the year, out of the 94 newly opened Chow Sang Sang stores in Mainland China, 72 of which were located in shopping malls. We aimed to expand store sales and increase market share by adding PROMESSA and/or culture-themed design sales space in and around high customer traffic Chow Sang Sang stores.
- 生生·活字 (Oasis by Chow Sang Sang) continues to be an important part of the expansion of our store network in Mainland China. The total number of stores increased from 55 at the end of 2021 to 69 at the end of 2022.
- In Hong Kong, we added 2 new stores in Tsim Sha Tsui and closed the Chow Sang Sang store in Canton Road. One of the new stores is in K11 MUSEA: V&A Chow Sang Sang which is our first store-collaboration with Victoria and Albert Museum in London. The other store, in Harbour City, has an eye-catching fitting out with allusions to oceans.
- In Macau, we increased the number of 點睛品 stores from 5 to 8 stores at the end of 2022. One of the new stores is the V&A Chow Sang Sang jewellery concept store at The Londoner.
- In Taiwan, we added 3 點睛品 stores in Hsinchu, Kaohsiung and Tainan as part of our retail network expansion program.

PROMESSA

- PROMESSA stores strive to present customers with a personalised and ceremonial shopping experience.
- The store network has been steadily expanded in Mainland China, Hong Kong and Taiwan. With net increase of 6 new stores in the Mainland and one in Hong Kong, the total number of PROMESSA stores reached 30 by the end of 2022.

MINTYGREEN

- MINTYGREEN is an affordable daily wear brand in the Mainland that caters to the younger generation.
- In 2022, MINTYGREEN started to develop its own exclusive products, and further integrated online and offline operations. Store number increased by 16 to 50 in 2022.

EMPHASIS

- EMPHASIS aims to give a new definition to daily-wear jewellery.
- By the end of 2022, there were 19 stores in Mainland China and 4 stores in Hong Kong.

MARCO BICEGO

- MARCO BICEGO is an Italian jewellery brand featuring artisanal craftsmanship and contemporary designs. Aside from offering products of the brand at our Chow Sang Sang store, we maintain a brand store in Beijing.

Rolex/Tudor

- During the year, we added 1 store in The Mixc, Shenzhen, and closed 1 store in Tuen Mun, Hong Kong.
- By the end of 2022, we maintained 24 Rolex/Tudor stores in Mainland China and Hong Kong.

On-line Sales

On-line Sales by Market	2022 HK\$'M	2021 HK\$'M	Change
Mainland China	2,666	2,194	+22%
Hong Kong, Taiwan and Others	228	130	+75%

- Despite a decline in physical store sales in Mainland China due to the pandemic, online sales continued to grow at a fast pace and accounted for approximately 19% of Mainland China sales (2021: 15%). We have applied ourselves assiduously to live streaming using both home-grown and external talents in over 19,000 (2021: 7,900) hours of shows, achieving satisfactory results on the Douyin platform and elsewhere.
- Online sales in Hong Kong and other regions maintained its strong growth in 2022. Remarkable growth was recorded in Chow Sang Sang official website and across all major Hong Kong and international platforms. Our Hong Kong online shop now features Tudor watches as well as gold bars.

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. The percentage of sales in 2022 to total sales in Mainland China slightly increased to 34% (2021: 33%).
- Percentage of Omni-Remote Sales was stable. Online 7x24 sales and in-store sales complemented one another especially during the pandemic period.

Product and Marketing

- On the product front, gold jewellery sales demonstrated great resilience. Our “Culture Blessings” collection of gold ornaments remained the preferred choice of customers. Our newly introduced collections, “Mirror Gold” and “Diamond Symphony”, have been well-received by customers. In terms of market, affordable luxury daily wear jewellery in Mainland China still recorded a slight increase in 2022.
- In 2022, the pandemic particularly affected high unit price gem-set jewellery. While the Personalised Jewellery Service relied more on larger-carat diamond sales, total sales were down 23% year-on-year. Sales from this service accounted for 30% (2021: 37%) of our diamond jewellery sales. However, with the increasing popularity of online channels, 2022 online Personalised Jewellery Service sales in Mainland China and Hong Kong increased by 101% and 32% respectively year-on-year.
- The covid-19 epidemic situation remained volatile throughout 2022. It was not conducive to physical marketing campaigns, but we still managed to launch a number of eye-catching events timely, including the “Infini Love Diamond Kaleidoscope Tunnel Exhibition”, “PROMESSA Interactive Roadshow”, culture-themed gold jewellery exhibition and new product salon, etc. The Group participated in a total of 12 (2021: 27) wedding expos in Mainland China, Hong Kong and Taiwan in 2022.

Wholesale of Precious Metals

The pandemic and ongoing cross-border restrictions brought precious metal trading and sourcing activities to a halt. Turnover in 2022 decreased by 62% year-on-year to HK\$766 million.

E-commerce Platform

We operate an e-commerce platform for the sale of jewellery that are set with laboratory-grown diamond under the business name “The Future Rocks”. In 2022, The Future Rocks continued to add laboratory-grown diamond jewellery brands worldwide to its platform. The Future Rocks also launched on China online platforms TMall International, Xiaohongshu and WeChat mini program in May, followed by Douyin in June. Media events and collaborations with KOLs have also been held in Mainland China, Japan and France.

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. Under the Order of the Court of First Instance of the High Court of Hong Kong (“High Court”) dated 29 March 2022, some of the unclaimed assets were paid into court on 15 July 2022. Other unclaimed assets belonging to several deceased customers will be released to the estates or paid into court, pending the outcome of the relevant grant applications. 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 High Court 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 judgment debts as appropriate.

Provisions for impairment losses on margin loans totalling HK\$31 million and HK\$93 million were made for the years ended 31 December 2022 and 2021, respectively. Provisions were made with reference to the aggregate market value of the underlying collaterals at closing market prices quoted on The Stock Exchange of Hong Kong Limited as at the respective financial year end dates. As at 31 December 2022, total loans due from the customers in default, net of total credit loss allowance, amounted to HK\$124 million.

Investments

Investment Properties

The Group holds various properties with a total carrying value of HK\$508 million for rental purpose as at 31 December 2022. Rental income for 2022 from investment properties amounted to HK\$12 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\$1,122 million as at 31 December 2022, representing 6% of the Group's total assets. During the year, the Group received dividends in the amount of HK\$25 million and recorded a loss of HK\$393 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\$395 million of which HK\$314 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 2022, the Group had cash and cash equivalents of HK\$749 million (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\$8,772 million in banking facilities including bank borrowings and bullion loans, out of which HK\$1,096 million are committed facilities. As at 31 December 2022, the total unutilised banking facilities amounted to HK\$3,879 million (2021: HK\$3,038 million).

As at 31 December 2022, total bank borrowings and bullion loans amounted to HK\$1,567 million and HK\$3,073 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 39%, based on total bank borrowings and bullion loans of HK\$4,640 million as a percentage of equity attributable to owners of the Company of HK\$11,891 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 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 25% of its bank borrowings at fixed rates as at 31 December 2022, increased from 23% as at 31 December 2021.

As at 31 December 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 31 December 2022, the bank borrowings denominated in US dollar, Renminbi and New Taiwan dollar amounted to US\$9 million, RMB60 million and NT\$175 million respectively.

Charge on Assets, Lease Liabilities and Contingent Liabilities

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

As at 31 December 2022, the Group had lease liabilities of HK\$983 million (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 31 December 2022, the total number of employees of the Group was 11,673, of whom 9,989 in Mainland China, 1,456 in Hong Kong and Macau, and 228 in Taiwan. During the year ended 31 December 2022, total staff costs amounted to HK\$1,935 million.

Outlook

As of the first quarter of 2023 the worst of the covid-19 impact looks to be behind us. This puts our jewellery and watch retail on a strong recovery footing. Sales in Hong Kong and Macau, and Mainland China for the period from 1 January to 15 March 2023 were up approximately 89% and 26% year-on-year respectively.

We remain committed to our long-established business strategy, which includes (1) steady expansion of jewellery and watch store network; (2) Chow Sang Sang Omni-Channel Retailing; and (3) continuous product innovation and robust customer communication.

We continue to steadily expand the number of our jewellery and watch stores, utilising multi-brand strategy and different decorating styles to enhance shopping experience and strengthen brand positioning. We expect the number of net store additions for the Group will be around 100 in 2023. Within the Chow Sang Sang Omni-Channel Retailing ecosystem, customers enjoy all-round jewellery shopping “anytime”, “anywhere” and “at any time”. Greater emphasis is put on developing live-streaming marketing and sales platforms, and realising new retail strategy and online and offline marketing through short videos and new media channels. We are making use of advanced technology to optimise demand forecast, logistics and distributions as well as customer relationship management. We leverage design digitalisation and further production automation to build a more agile and customer-focused supply chain.

Grave geopolitical tensions and worrisome economic indicators notwithstanding, we have faith in riding on the growth trends with our compact but effective self-owned retail network, our disciplined inventory mechanisms and our commitment to digitisation.

DIVIDENDS

The Board has recommended the payment of a final dividend of HK15.0 cents (2021: HK28.0 cents) per ordinary share for the year ended 31 December 2022. Together with the interim dividend of HK15.0 cents (2021: HK14.0 cents) per ordinary share paid by the Company, the total dividend per ordinary share for the year will be HK30.0 cents (2021: HK42.0 cents). Subject to the approval of the shareholders of the Company at the forthcoming annual general meeting (the “2023 Annual General Meeting”), the final dividend will be paid on Wednesday, 21 June 2023 to shareholders whose names appear on the register of members of the Company on Thursday, 8 June 2023.

CLOSURE OF REGISTER OF MEMBERS

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

- (i) from Thursday, 25 May 2023 to Wednesday, 31 May 2023, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2023 Annual General Meeting. In order to be entitled to attend and vote at the 2023 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. on Wednesday, 24 May 2023; and
- (ii) from Tuesday, 6 June 2023 to Thursday, 8 June 2023, 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 Monday, 5 June 2023.

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 C.2.1 and C.5.1 of the Code which are 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.

Code provision C.5.1 of the Code stipulates that regular board meetings should be held at least four times a year. During the year, due to the fifth wave of covid-19, the Company had only held three regular board meetings.

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 2022 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 2022 in conjunction with Ernst & Young.

ANNUAL GENERAL MEETING

The 2023 Annual General Meeting will be held at 2/F, Chow Sang Sang Building, 229 Nathan Road, Kowloon, Hong Kong on Wednesday, 31 May 2023 at 10:30 a.m. The notice of the 2023 Annual General Meeting will be published and issued 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 2022 annual report of the Company will be despatched to the shareholders of the Company and 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 and Mr. Stephen LAU Man Lung.

By order of the Board
Vincent CHOW Wing Shing
Chairman

Hong Kong, 23 March 2023

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
“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
“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