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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 2024

The Board of the Company announces the consolidated results of the Group for the year ended 31 December 2024.

FINANCIAL HIGHLIGHTS			
	2024	2023	
	HK\$'000	HK\$'000	Change
CONTINUING OPERATIONS			
Turnover			
Retail	20,697,125	24,274,496	-15%
Other businesses	478,902	738,843	-35%
	<u>21,176,027</u>	<u>25,013,339</u>	-15%
Profit/(loss) for the year attributable to owners of the Company			
Continuing operations	772,144	1,060,359	-27%
Discontinued operation	33,437	(47,679)	+170%
	<u>805,581</u>	<u>1,012,680</u>	-20%
Earnings per share - Basic and diluted			
For profit for the year	119.1 cents	149.5 cents	-20%
For profit from continuing operations	114.1 cents	156.5 cents	-27%
Dividend per share			
- Interim	15.0 cents	20.0 cents	
- Final	36.0 cents	40.0 cents	
Total dividend per share for the year	<u>51.0 cents</u>	<u>60.0 cents</u>	
Dividend payout ratio	43%	40%	
Equity attributable to owners of the Company	12,430,469	12,204,072	+2%
Equity per share	\$18.5	\$18.0	+3%

* For identification purpose only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
CONTINUING OPERATIONS			
Turnover	3		
Retail		20,697,125	24,274,496
Other businesses		478,902	738,843
		<u>21,176,027</u>	<u>25,013,339</u>
Cost of sales		<u>(15,187,855)</u>	<u>(18,409,837)</u>
Gross profit		5,988,172	6,603,502
Other income and gains, net	5	124,661	106,158
Selling and distribution costs		(4,014,156)	(4,253,838)
Administrative expenses		(957,146)	(971,528)
Foreign exchange differences, net		(34,413)	(14,499)
Finance income		29,274	17,556
Finance costs		(140,054)	(129,899)
Profit before tax from continuing operations	6	996,338	1,357,452
Income tax	7	(236,217)	(310,590)
Profit for the year from continuing operations		760,121	1,046,862
DISCONTINUED OPERATION			
Profit/(loss) for the year from discontinued operation	9	33,437	(47,679)
Profit for the year		793,558	999,183
Profit/(loss) for the year attributable to:			
Owners of the Company		805,581	1,012,680
Non-controlling interests		(12,023)	(13,497)
		<u>793,558</u>	<u>999,183</u>
Profit/(loss) for the year attributable to owners of the Company:			
Continuing operations		772,144	1,060,359
Discontinued operation		33,437	(47,679)
		<u>805,581</u>	<u>1,012,680</u>

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
Earnings per share attributable to owners of the Company	10		
Basic and diluted			
- For profit for the year		<u>119.1 cents</u>	<u>149.5 cents</u>
- For profit from continuing operations		<u>114.1 cents</u>	<u>156.5 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000
PROFIT FOR THE YEAR	<u>793,558</u>	<u>999,183</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	<u>(273,475)</u>	<u>(223,819)</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	89,407	(238,296)
Revaluation upon transfer of buildings to investment properties	<u>7,841</u>	<u>-</u>
Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss	<u>97,248</u>	<u>(238,296)</u>
Other comprehensive loss for the year	<u>(176,227)</u>	<u>(462,115)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>617,331</u></u>	<u><u>537,068</u></u>
Total comprehensive income/(loss) for the year attributable to:		
Owners of the Company	629,446	550,631
Non-controlling interests	<u>(12,115)</u>	<u>(13,563)</u>
	<u><u>617,331</u></u>	<u><u>537,068</u></u>
Total comprehensive income/(loss) for the year attributable to owners of the Company:		
Continuing operations	596,009	598,310
Discontinued operation	<u>33,437</u>	<u>(47,679)</u>
	<u><u>629,446</u></u>	<u><u>550,631</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		1,038,243	1,202,495
Investment properties		418,397	428,210
Right-of-use assets		905,431	1,052,169
Trading licences		3,195	1,500
Other assets		208,062	218,840
Financial assets designated at fair value through other comprehensive income		1,009,927	920,520
Deferred tax assets		61,007	59,179
Total non-current assets		<u>3,644,262</u>	<u>3,882,913</u>
CURRENT ASSETS			
Inventories		12,784,690	12,256,832
Accounts receivable	11	793,822	969,359
Receivables arising from securities and futures broking	12	106,112	78,144
Prepayments, other receivables and other assets		962,023	848,763
Financial assets at fair value through profit or loss		16,911	12,417
Derivative financial instruments		4,407	528
Tax recoverable		1,366	10,575
Cash held on behalf of clients		312	479
Cash and cash equivalents		1,335,827	1,096,146
Total current assets		<u>16,005,470</u>	<u>15,273,243</u>
CURRENT LIABILITIES			
Accounts payable	13	111,623	134,917
Payables arising from securities and futures broking	13	312	479
Other payables and accruals		572,746	674,688
Derivative financial instruments		8,093	4,842
Interest-bearing bank borrowings		1,318,230	1,088,888
Bullion loans		3,382,992	3,047,732
Lease liabilities		465,220	517,216
Tax payable		226,135	166,189
Total current liabilities		<u>6,085,351</u>	<u>5,634,951</u>
NET CURRENT ASSETS		<u>9,920,119</u>	<u>9,638,292</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>13,564,381</u>	<u>13,521,205</u>

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	2024 HK\$'000	2023 HK\$'000
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	327,122	429,030
Lease liabilities	461,493	541,922
Deferred tax liabilities	391,290	380,059
Total non-current liabilities	<u>1,179,905</u>	<u>1,351,011</u>
Net assets	<u>12,384,476</u>	<u>12,170,194</u>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	168,180	169,359
Reserves	12,262,289	12,034,713
	<u>12,430,469</u>	<u>12,204,072</u>
Non-controlling interests	<u>(45,993)</u>	<u>(33,878)</u>
Total equity	<u>12,384,476</u>	<u>12,170,194</u>

NOTES:

1. Basis of preparation

The 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. The 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 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the “2020 Amendments”)
Amendments to HKAS 1	Non-current Liabilities with Covenants (the “2022 Amendments”)
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

Amendments to HKFRS 16 Lease Liability in a Sale and Leaseback

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

2. Changes in accounting policies and disclosures (continued)

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and Amendments to HKAS 1 Non-current Liabilities with Covenants

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

Amendments to HKAS 7 and HKFRS 7 Supplier Finance Arrangements

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's consolidated financial statements.

3. Turnover

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

	2024 HK\$'000	2023 HK\$'000
<i>Revenue from contracts with customers</i>	21,165,656	25,003,417
<i>Revenue from other sources</i>		
Gross rental income from investment properties operating leases:		
Other lease payments, including fixed payments	<u>10,371</u>	<u>9,922</u>
	<u>21,176,027</u>	<u>25,013,339</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 had 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. The adjusted profit before tax for reportable operating segments from continuing operations is 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.

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	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 2024							
Segment revenue (note 3)							
Sales to external customers	20,697,125	450,531	11,463	6,537	21,165,656	-	21,165,656
Intersegment sales	-	-	-	528	528	-	528
Other revenue	-	-	-	10,371	10,371	-	10,371
	<u>20,697,125</u>	<u>450,531</u>	<u>11,463</u>	<u>17,436</u>	<u>21,176,555</u>	<u>-</u>	<u>21,176,555</u>
<i>Reconciliation:</i>							
Elimination of intersegment sales					(528)		(528)
					<u>21,176,027</u>		<u>21,176,027</u>
Segment results	1,118,497	1,805	(59,797)	(1,503)	1,059,002	33,401	1,092,403
<i>Reconciliation:</i>							
Dividend income					28,941	-	28,941
Net fair value gain/(loss) on:							
Investment properties					(16,948)	-	(16,948)
Bullion loans designated as at fair value through profit or loss					65,172	-	65,172
Derivative financial instruments							
- transactions not qualifying as hedges					636	-	636
Financial assets at fair value through profit or loss					4,728	-	4,728
Finance income					29,274	36	29,310
Finance costs					(140,054)	-	(140,054)
Foreign exchange differences, net					(34,413)	-	(34,413)
Profit before tax					<u>996,338</u>	<u>33,437</u>	<u>1,029,775</u>
Other segment information							
Net loss on bullion loans designated as at fair value through profit or loss	853,769	-	-	-	853,769	-	853,769
Net loss on disposal of derivative financial instruments	67,132	4,093	-	-	71,225	-	71,225
Net loss on disposal of items of property, plant and equipment	11,454	-	-	-	11,454	-	11,454
Depreciation of property, plant and equipment	337,980	-	601	120	338,701	-	338,701
Depreciation of right-of-use assets	623,907	-	1,836	-	625,743	-	625,743
Impairment of property, plant and equipment	2,665	-	-	-	2,665	-	2,665
Impairment of right-of-use assets	13,697	-	-	-	13,697	-	13,697
Reversal of impairment of accounts receivable, net	(4,577)	-	-	-	(4,577)	-	(4,577)
Reversal of impairment of receivables arising from securities and futures broking	-	-	-	-	-	(33,769)	(33,769)
Write-down of inventories to net realisable value	70,578	-	-	-	70,578	-	70,578
Capital expenditure	213,879	-	68	-	213,947	-	213,947

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 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	<u>433,296</u>	<u>-</u>	<u>1,498</u>	<u>-</u>	<u>434,794</u>	<u>-</u>	<u>434,794</u>

4. Operating segment information (continued)

(a) Geographical information

Revenue from external customers - Continuing operations

	2024 HK\$'000	2023 HK\$'000
Mainland China	13,516,757	15,826,481
Hong Kong and Macau	7,327,197	8,904,631
Taiwan	331,987	281,713
Other regions	86	514
	<u>21,176,027</u>	<u>25,013,339</u>

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

Non-current assets

	2024 HK\$'000	2023 HK\$'000
Mainland China	1,095,955	1,386,694
Hong Kong and Macau	1,445,062	1,477,910
Taiwan	32,311	38,610
	<u>2,573,328</u>	<u>2,903,214</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:

	2024 HK\$'000	2023 HK\$'000
Dividend income from listed investments	27,971	27,772
Dividend income from unlisted investments	970	982
Government grants*	13,122	8,194
Gain on disposal of an investment property	-	5,900
Reversal of impairment of accounts receivable, net	4,577	9,003
Net fair value gain/(loss) on:		
Investment properties	(16,948)	(4,053)
Bullion loans designated as at fair value through profit or loss	65,172	15,555
Derivative financial instruments - transactions not qualifying as hedges	636	7,979
Financial assets at fair value through profit or loss	4,728	(1,788)
Impairment of property, plant and equipment	(2,665)	-
Impairment of right-of-use assets	(13,697)	-
Net gain/(loss) on disposal of derivative financial instruments:		
Foreign currency forward contracts	11,821	11,044
Cross currency swaps	-	(3,677)
Others	28,974	29,247
	<u>124,661</u>	<u>106,158</u>

* Government grants for the year mainly represent 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:

	2024 HK\$'000	2023 HK\$'000
Cost of inventories sold	14,180,462	17,850,262
Write-down of inventories to net realisable value ¹	70,578	12,948
Depreciation of property, plant and equipment	338,701	346,722
Depreciation of right-of-use assets	625,743	590,410
Lease payments not included in the measurement of lease liabilities	681,132	818,852
Net loss on bullion loans designated as at fair value through profit or loss ²	853,769	505,390
Net loss on disposal of derivative financial instruments ²	71,225	33,870
Net loss on disposal of items of property, plant and equipment	<u>11,454</u>	<u>7,351</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\$853,769,000 (2023: HK\$505,390,000) and the net loss on disposal of derivative financial instruments included a net loss on bullion contracts of HK\$83,046,000 (2023: HK\$41,237,000), which are included in "Cost of sales" on the face of the consolidated statement of profit or loss. The purpose of the above bullion transactions entered into by the Group is to manage the Group's bullion price risk. Such loans and contracts did not meet the criteria for hedge accounting. The net loss on disposal of derivative financial instruments also included a net gain on foreign currency forward contracts of HK\$11,821,000 (2023: a net gain on foreign currency forward contracts of HK\$11,044,000 and a net loss on cross currency swaps of HK\$3,677,000) (note 5).

7. Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 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 (2023: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 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% (2023: 25%). Taxes on profits assessable in other jurisdictions have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2024 HK\$'000	2023 HK\$'000
Current - Hong Kong		
Charge for the year	53,417	85,956
Underprovision in prior years	31	1,542
Current - Mainland China		
Charge for the year	159,475	192,407
Underprovision in prior years	640	529
Current - Other jurisdictions		
Charge for the year	14,734	8,902
Overprovision in prior year	(85)	-
Deferred	<u>8,005</u>	<u>21,254</u>
Total tax charge for the year from continuing operations	236,217	310,590
Total tax charge for the year from the discontinued operation	<u>-</u>	<u>-</u>
	<u><u>236,217</u></u>	<u><u>310,590</u></u>

8. Dividends

	2024 HK\$'000	2023 HK\$'000
Dividends recognised as distribution during the year:		
Final dividend for 2023: HK40.0 cents (2022: HK15.0 cents) per ordinary share	270,974	101,615
Interim dividend for 2024: HK15.0 cents (2023: HK20.0 cents) per ordinary share	<u>101,614</u>	<u>135,487</u>
	<u><u>372,588</u></u>	<u><u>237,102</u></u>
Dividend proposed after the end of the reporting period:		
Final dividend for 2024: HK36.0 cents (2023: HK40.0 cents) per ordinary share	<u>241,816</u>	<u>270,974</u>

8. Dividends (continued)

The amount payable in respect of the proposed final dividend for 2024 is calculated based on the number of shares in issue as at the date of this announcement. In determining the number of shares in issue, shares repurchased by the Company but not yet cancelled are excluded, as none of the shares repurchased but not yet cancelled by the Company would receive the aforesaid dividend. As at the date of this announcement, the number of repurchased shares pending cancellation were 1,008,000 shares. The proposed final dividend for 2024 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. In the event of change in the total number of issued shares of the Company as at the record date for ascertaining the shareholders' entitlement to the proposed final dividend, the total distribution amount will be adjusted accordingly.

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:

	2024 HK\$'000	2023 HK\$'000
Other gains, net	25	28
Administrative expenses	(393)	(2,506)
Reversal of impairment/(impairment) of receivables arising from securities and futures broking	33,769	(45,233)
Finance income	<u>36</u>	<u>32</u>
Profit/(loss) for the year from the discontinued operation	<u><u>33,437</u></u>	<u><u>(47,679)</u></u>

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

	2024 HK\$'000	2023 HK\$'000
<i>Assets</i>		
Receivables arising from securities and futures broking (note 12)	106,112	78,144
Prepayments, other receivables and other assets	409	409
Cash held on behalf of clients	312	479
Cash and cash equivalents	<u>7,039</u>	<u>4,791</u>
Assets associated with the discontinued operation	<u><u>113,872</u></u>	<u><u>83,823</u></u>
<i>Liabilities</i>		
Payables arising from securities and futures broking (note 13)	312	479
Other payables and accruals	<u>105</u>	<u>166</u>
Liabilities associated with the discontinued operation	<u><u>417</u></u>	<u><u>645</u></u>
Net assets directly associated with the discontinued operation	<u><u>113,455</u></u>	<u><u>83,178</u></u>

9. Discontinued operation (continued)

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

	2024 HK\$'000	2023 HK\$'000
Net cash inflow/(outflow) from operating activities	<u>2,248</u>	<u>(547)</u>
Earnings/(loss) per share:		
Basic and diluted, from the discontinued operation	<u>5 cents</u>	<u>(7) cents</u>

The calculation of the basic earnings/(loss) per share amounts from the discontinued operation is based on the profit for the year attributable to owners of the Company from the discontinued operation of HK\$33,437,000 (2023: loss of HK\$47,679,000) and the weighted average number of ordinary shares outstanding, after taking into account the effect of shares repurchased, of 676,622,793 (2023: 677,434,000) during the year.

There were no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 31 December 2023.

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 outstanding, after taking into account the effect of shares repurchased, of 676,622,793 (2023: 677,434,000) during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 31 December 2023.

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

	2024 HK\$'000	2023 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	772,144	1,060,359
From the discontinued operation	<u>33,437</u>	<u>(47,679)</u>
	<u>805,581</u>	<u>1,012,680</u>

11. Accounts receivable

	2024 HK\$'000	2023 HK\$'000
Trade and credit card receivables	815,694	996,557
Impairment	<u>(21,872)</u>	<u>(27,198)</u>
Accounts receivable	<u>793,822</u>	<u>969,359</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:

	2024 HK\$'000	2023 HK\$'000
Within 1 month	727,166	906,424
1 to 2 months	46,901	46,138
2 to 3 months	7,880	16,294
Over 3 months	<u>11,875</u>	<u>503</u>
	<u>793,822</u>	<u>969,359</u>

12. Receivables arising from securities and futures broking

	2024 HK\$'000	2023 HK\$'000
Receivables arising from securities and futures broking conducted in the ordinary course of business:		
Loans to margin clients [#]	731,116	736,917
Impairment	<u>(625,004)</u>	<u>(658,773)</u>
Receivables arising from securities and futures broking	<u>106,112</u>	<u>78,144</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 2024, the total market value of securities pledged as collateral and securities held by guarantors in respect of the loans to margin clients was HK\$106,112,000 (2023: HK\$78,144,000).

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:

	2024 HK\$'000	2023 HK\$'000
Within 1 month	109,886	130,152
1 to 2 months	1,337	1,074
Over 2 months	<u>400</u>	<u>3,691</u>
Accounts payable	111,623	134,917
Payables arising from securities and futures broking*	<u>312</u>	<u>479</u>
	<u>111,935</u>	<u>135,396</u>

The accounts payable are non-interest-bearing and normally due for settlement on 30 days. The payables arising from securities and futures broking are repayable on demand and bear interest at commercial rates.

* 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

In 2024, uncertain economic conditions coupled with record-high gold price exerted significant pressure on jewellery demand in both Mainland China, and the Hong Kong and Macau markets, resulting in a 15% year-on-year decline in turnover.

Continuing our efforts to consolidate the store networks, we opened 48 and closed 122 stores, mostly in Mainland China.

By optimising our product mix and riding on the upward trend of the price of gold, the Group's gross profit margin improved by 1.9 percentage points to 28.3%.

The Group's consolidated turnover from continuing operations for 2024 decreased by 15% to HK\$21,176 million. Profit attributable to owners of the Company decreased by 20% to HK\$806 million. Profit attributable to owners of the Company from continuing operations decreased by 27% to HK\$772 million.

Retail of Jewellery and Watches

By geographical key markets

	Segment revenue			Segment results		
	2024 HK\$'000	2023 HK\$'000	Change	2024 HK\$'000	2023 HK\$'000	Change
Mainland China	13,508,333	15,818,061	-15%	637,721	872,251	-27%
Hong Kong and Macau	6,856,805	8,174,722	-16%	429,838	597,527	-28%
Taiwan	331,987	281,713	+18%	50,938	28,625	+78%
Total	20,697,125	24,274,496	-15%	1,118,497	1,498,403	-25%

The segment revenue of the Group's retail of jewellery and watches segment declined 15% year-on-year, with revenue dropping 15% and 16% respectively in Mainland China, and Hong Kong and Macau. In Taiwan, revenue continued to grow, achieving 18% year-on-year.

By products

SSSG	Mainland China			Hong Kong and Macau		
	2024 1H	2024 2H	2024 FY	2024 1H	2024 2H	2024 FY
Gold jewellery and products	-12%	-15%	-13%	-8%	-28%	-19%
Gem-set jewellery	-42%	-31%	-38%	-21%	-27%	-24%
Watches	-6%	+12%	+1%	-10%	-3%	-7%
Overall	-15%	-14%	-15%	-10%	-25%	-18%
Sales Mix		2024	2023		2024	2023
Gold jewellery and products		80%	79%		74%	73%
Gem-set jewellery		7%	9%		10%	11%
Watches		11%	9%		13%	13%
Platinum/Karat gold jewellery		2%	3%		3%	3%

- SSSG for gold jewellery and products in Mainland China, and Hong Kong and Macau declined by 13% and 19% respectively mainly due to the slowing of generic gold jewellery products, while our daily wear collections continue to be popular.
- Gem-set jewellery SSSG in Mainland China, and Hong Kong and Macau declined by 38% and 24% respectively, mostly due to drop in diamond sales.
- Watch sales was stable with SSSG in Mainland China and Hong Kong at +1% and -7% respectively.

Store Network

Store Network by Products		As at 31.12.2023	Opening	Closure	Net change	As at 31.12.2024
Retail of Jewellery						
Mainland China	Chow Sang Sang	815	+36	-80	-44	771
	MINTYGREEN	56	+5	-12	-7	49
	EMPHASIS	16	+1	-8	-7	9
	PROMESSA	23	0	-12	-12	11
	MARCO BICEGO	1	+1	0	+1	2
Sub-total:		911	+43	-112	-69	842
Hong Kong	Chow Sang Sang	48	+2	0	+2	50
	EMPHASIS	3	0	0	0	3
	PROMESSA	3	0	-2	-2	1
Sub-total:		54	+2	-2	0	54
Macau	點睛品	8	0	0	0	8
Sub-total:		8	0	0	0	8
Taiwan	點睛品	30	+1	0	+1	31
	PROMESSA	5	+1	-2	-1	4
Sub-total:		35	+2	-2	0	35
Total for retail of jewellery:		1,008	+47	-116	-69	939
Retail of Watches						
Total for retail of watches:		24	+1	-6	-5	19
Total stores:		1,032	+48	-122	-74	958

- During the year, the Group opened 43 and closed 112 jewellery stores in Mainland China.
- In Hong Kong, we added two Chow Sang Sang stores, one each in Wong Chuk Hang and Ma On Shan and closed two PROMESSA stores. The number of 點睛品 stores in Macau remained at 8.
- We added one new 點睛品 store and had a net decrease of one PROMESSA store in Taiwan.

Chow Sang Sang Omni-Channel Retailing

Omni-Channel Sales

<u>Omni-Channel Sales as a % of Total Sales</u>	<u>2024</u>	<u>2023</u>
Mainland China	31%	31%
Hong Kong and Macau, Taiwan and Others	6%	5%

- The Group continues to refine its Omni-channel strategy which allows for sales conducted online, remote sales concluded outside-of-store, and Star Concierge Service with remote inventory. The goals of such strategy are the maximisation of customer convenience and satisfaction without bloating the inventory. Omni-channel retailing represented 23% (2023: 22%) of total sales for the Group.

Online Sales

<u>Online Sales by Market</u>	<u>2024</u>	<u>2023</u>	<u>Change</u>
	HK\$'M	HK\$'M	
Mainland China	2,967	2,974	-0%
Hong Kong, Taiwan and Others	310	274	+13%

- The online sales in Mainland China remain resilient despite stiff competition and accounted for approximately 22% (2023: 19%) of total Mainland China sales. Growth in sales of gold jewellery and products continued to outpace other categories. Live-streaming using home-grown and external talents with over 26,000 (2023: 22,000) hours of shows in 2024 provided impetus for sales.
- Online sales in Hong Kong, Taiwan and other regions continued to grow at a steady pace in 2024.

Product and Marketing

- To meet demand for gold jewellery and products, we have refreshed our popular collections, “Cultural Blessings” and “Charme”, with new designs that have gained good reception.
- As wedding jewellery is going out of fashion, gem-set jewellery sales continues its decline. Nevertheless, daily wear collections under the brands “EMPHASIS” and “MARCO BICEGO” have continued to grow.
- A new collection “YUYU”, encompassing gold jewellery set with diamond, is rolled out to enrich our product assortment.

Wholesale of Precious Metals

Turnover decreased by 37% to HK\$451 million during the year. The decline was mainly due to fall in gold and platinum demand.

Trading of Laboratory-grown Diamond and Gemstones

Our subsidiary, The Future Rocks Company Limited, specialises in the trading of laboratory-grown diamond and gemstones (“LGD”). It operates an e-commerce platform, with the business name “The Future Rocks”, for the sale of LGD-set jewellery designed in-house as well as those curated from around the world. It also maintains online stores on the portals of Tmall International, Xiaohongshu and WeChat Mini Program in Mainland China. “The Future Rocks” launched its first pop-up store in Hong Kong in 2024, complementing with a series of online and offline promotion campaigns and marketing activities. In 2024, “The Future Rocks” has expanded its in-house collection by exploring the combination of laboratory-grown diamond and sapphire.

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 with bankruptcy orders granted on certain individuals based on the relevant judgement debts as appropriate. Total loans due from the customers in default, net of total credit loss allowance, amounted to HK\$106 million as at 31 December 2024.

Investments

Investment Properties

The Group holds various properties with a total carrying value of HK\$418 million for rental purpose as at 31 December 2024. Rental income for 2024 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\$981 million as at 31 December 2024, representing 5% of the Group’s total assets. During the year, the Group received dividends in the amount of HK\$28 million and recorded a gain of HK\$89 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.

Share Repurchase

During the year, the Company repurchased a total of 4,714,000 shares of the Company on the Stock Exchange with an aggregate consideration of approximately HK\$30 million (before expenses). All repurchased shares were subsequently cancelled.

Capital Expenditure

The Group incurred capital expenditure of HK\$214 million of which HK\$169 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 2024, the Group had cash and cash equivalents of HK\$1,336 million (2023: HK\$1,096 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\$11,471 million in banking facilities including bank borrowings and bullion loans, out of which HK\$753 million are committed facilities. As at 31 December 2024, the total unutilised banking facilities amounted to HK\$6,183 million (2023: HK\$6,111 million).

As at 31 December 2024, total bank borrowings and bullion loans amounted to HK\$1,645 million and HK\$3,383 million respectively, which were unsecured in accordance with the Group's policy. The weighted average tenure of bank borrowings is around three years. The net gearing ratio, expressing total bank borrowings and bullion loans, net of cash and cash equivalents, of HK\$3,692 million as a percentage of equity attributable to owners of the Company of HK\$12,430 million, was 29.7%. The current ratio was 2.6.

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 18% of its bank borrowings at fixed rates as at 31 December 2024, decreased from 35% as at 31 December 2023.

As at 31 December 2024, 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 2024, the bank borrowings denominated in US dollar, Renminbi and New Taiwan dollar amounted to US\$3 million, RMB135 million and NT\$100 million respectively.

Charge on Assets, Lease Liabilities and Contingent Liabilities

As at 31 December 2024 and 2023, there was no asset pledged to secure banking facilities granted to certain subsidiaries of the Company.

As at 31 December 2024, the Group had lease liabilities of HK\$927 million (2023: HK\$1,059 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 support and enhance the competencies of all employees across levels or roles.

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. So far no share option has been granted.

As at 31 December 2024, the total number of employees of the Group was 11,005, of whom 9,212 in Mainland China, 1,537 in Hong Kong and Macau, and 256 in Taiwan. During the year ended 31 December 2024, total staff costs amounted to HK\$2,126 million.

Outlook

In Mainland China, recent monetary-easing measures and targeted support for the property market, implemented in late 2024, have generated cautious optimism for domestic consumption. Relaxed restriction for travel to Hong Kong is helping the retail sector in the HKSAR, as does the HKSAR's own effort in promoting inbound tourism.

However, we expect that demand for gem-set jewellery will need more positive economic signals to begin an uptick; and sale of gold and gold products will be volatile as the price of gold hovers at record-high levels.

Under the present economic climate, it would be prudent to continue our physical store network consolidation. We have been trimming stores that stand alone in lower-tier cities in Mainland China. However, we will increase our presence in high-end locations in the leading cities. In tandem with our omni-channel strategy, we reach the high-end segment by means of physical stores and serve the mass market online and through neighborhood stores.

Our customers take to our products for their fine workmanship and pleasing yet tasteful design. Our portfolio encompasses a wide array of collections, branded or generic. To this we have added "YUYU" which stands out as it is gold jewellery decorated with inlaid diamonds. We plan to expand this collection rapidly.

Times are certainly difficult, and we shall remain vigilant and agile. We expect our efforts in cost containment, in enhancing customer experience, in elevating operational efficiency and in inventory control will maintain our financial well-being.

DIVIDENDS

The Board has recommended the payment of a final dividend of HK36.0 cents (2023: HK40.0 cents) per ordinary share for the year ended 31 December 2024. Together with the interim dividend of HK15.0 cents (2023: HK20.0 cents) per ordinary share paid by the Company, the total dividend per ordinary share for the year will be HK51.0 cents (2023: HK60.0 cents). Subject to the approval of the shareholders of the Company at the forthcoming annual general meeting (the "2025 Annual General Meeting"), the proposed final dividend will be paid on Thursday, 19 June 2025 to shareholders whose names appear on the register of members of the Company on Wednesday, 4 June 2025.

CLOSURE OF REGISTER OF MEMBERS

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

- (i) from Thursday, 22 May 2025 to Tuesday, 27 May 2025, both dates inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2025 Annual General Meeting. In order to be entitled to attend and vote at the 2025 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 Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Wednesday, 21 May 2025; and
- (ii) from Monday, 2 June 2025 to Wednesday, 4 June 2025, both dates 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 Investor Services Limited, at the address as set out in sub-paragraph (i) above not later than 4:30 p.m. on Friday, 30 May 2025.

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

The Company repurchased a total of 4,714,000 shares on the Stock Exchange during the year ended 31 December 2024, which were subsequently cancelled. The repurchase was effected in the interests of the Company and for enhancement of shareholder value in the long term. Details of which are as follows:

<u>Month of repurchase</u>	<u>Number of shares repurchased</u>	<u>Price paid per share</u>		<u>Aggregate purchase price (before expenses)</u> <u>HK\$'000</u>
		<u>Highest</u> <u>HK\$</u>	<u>Lowest</u> <u>HK\$</u>	
August	8,000	6.50	6.32	51
September	267,000	6.29	5.67	1,563
October	2,530,000	6.80	6.26	16,248
November	1,582,000	6.80	6.28	10,303
December	327,000	6.75	6.48	2,170
	<u>4,714,000</u>			<u>30,335</u>

Save as disclosed above, 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 deviation from code provision C.2.1 of the Code which is explained below.

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 Independent Non-executive Directors 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 2024 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 2024 in conjunction with Ernst & Young.

ANNUAL GENERAL MEETING

The 2025 Annual General Meeting will be held at 2/F, Chow Sang Sang Building, 229 Nathan Road, Kowloon, Hong Kong on Tuesday, 27 May 2025 at 10:30 a.m. The notice of the 2025 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 HKEX at www.hkexnews.hk. The 2024 annual report of the Company will be published on the above websites (and will be despatched to the shareholders of the Company, where applicable) 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, Mr. HSU Rockson and Ms. PI Fang.

By order of the Board
Vincent CHOW Wing Shing
Chairman

Hong Kong, 25 March 2025

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 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” or “HKSAR”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macao Special Administrative Region of the PRC
“Mainland China”	PRC excluding, for the purpose of this announcement (unless otherwise indicated), Hong Kong, Macau and Taiwan
“PRC”	the People’s Republic of China
“SSSG”	same store sales growth
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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