



**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**

***2023 Annual Results Presentation***

***March 2024***

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# Presentation Outline

- I. Financial Highlights**
- II. Financial Review**
- III. Strategies and Future Plans**
- IV. Q&A Session**
- V. Appendix**

# I. Financial Highlights

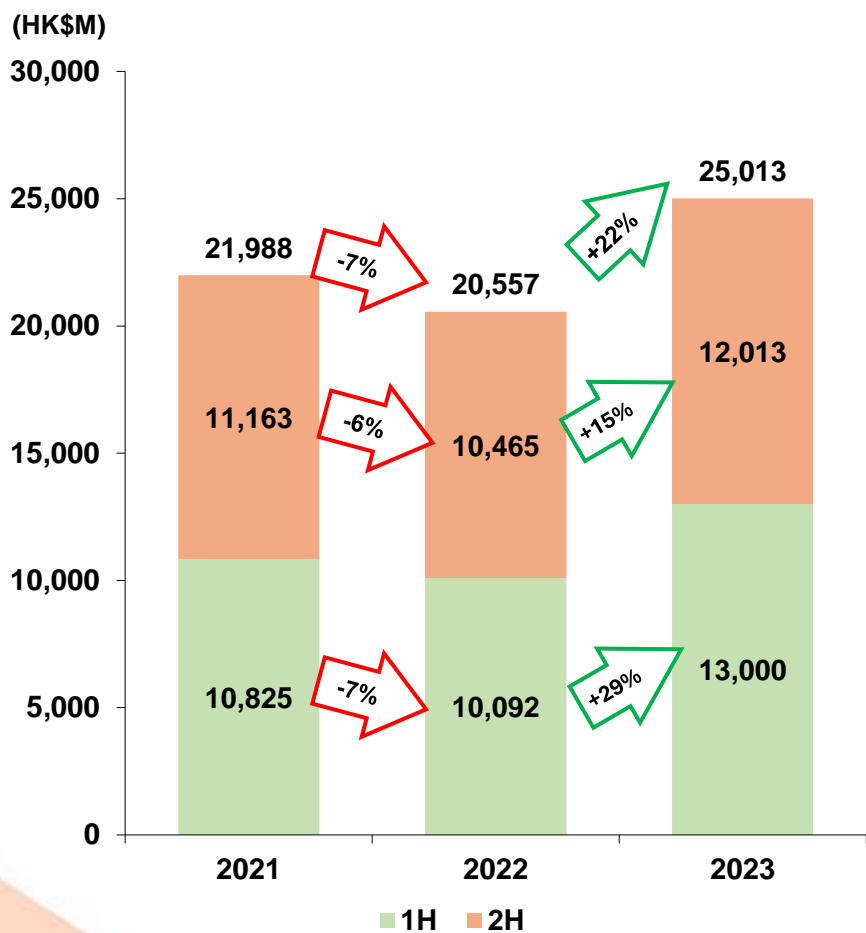
## Financial Highlights

(HK\$'M)	For the year ended 31 Dec			Change
	2021	2022	2023	23 vs 22
<b>Turnover - Continuing operations</b>	<b>21,988</b>	<b>20,557</b>	<b>25,013</b>	<b>+22%</b>
<i>Retail of jewellery and watches</i>	19,922	19,752	24,274	+23%
<i>Wholesale of precious metals</i>	2,033	766	711	-7%
<i>Others</i>	33	39	28	-28%
<b>Gross profit - Continuing operations</b>	<b>5,556</b>	<b>5,417</b>	<b>6,604</b>	<b>+22%</b>
<b>Gross profit margin - Continuing operations</b>	<b>25.3%</b>	<b>26.3%</b>	<b>26.4%</b>	
<b>Total segment results - Continuing operations</b>	<b>976</b>	<b>829</b>	<b>1,438</b>	<b>+73%</b>
	(Restated)			
<b>Profit before tax - Continuing operations</b>	<b>1,006</b>	<b>593</b>	<b>1,357</b>	<b>+129%</b>
<b>Profit attributable to owners</b>	<b>643</b>	<b>452</b>	<b>1,013</b>	<b>+124%</b>
<b>Basic EPS (HK cents)</b>	<b>95.0</b>	<b>66.8</b>	<b>149.5</b>	<b>+124%</b>
<b>Dividend per share (HK cents)</b>	<b>42.0</b>	<b>30.0</b>	<b>60.0</b>	<b>+100%</b>

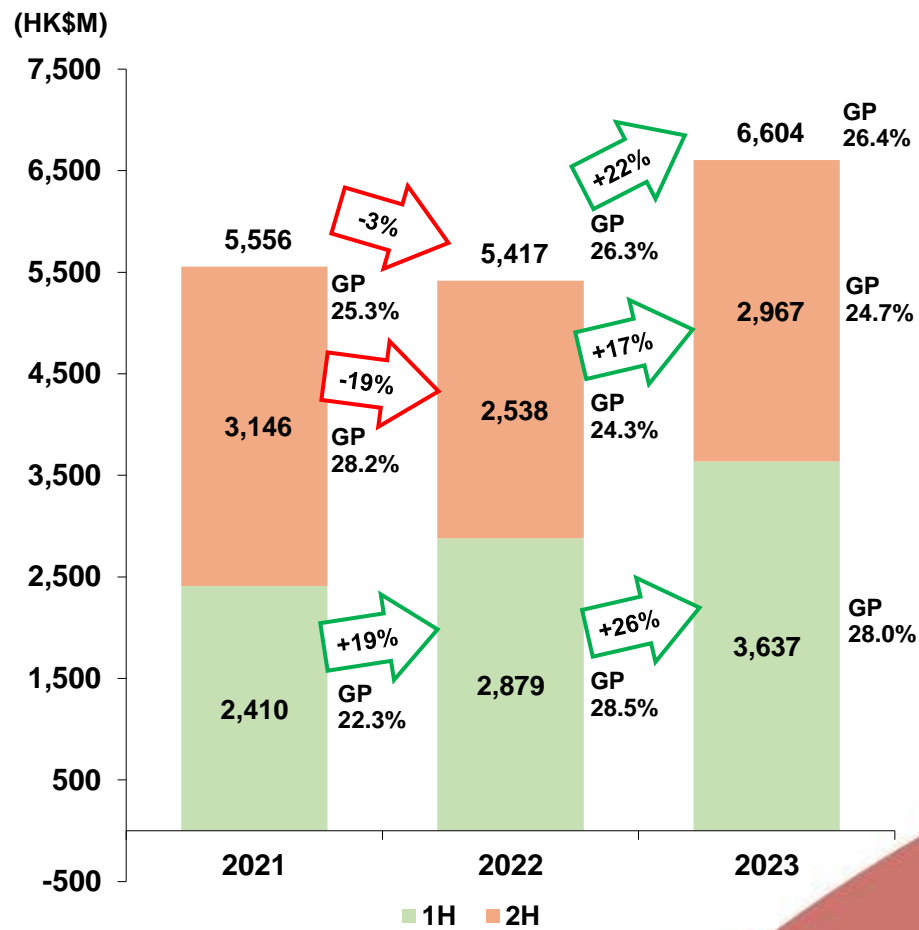
## II. Financial Review

# Group Operating Performance

## Turnover – Continuing operations

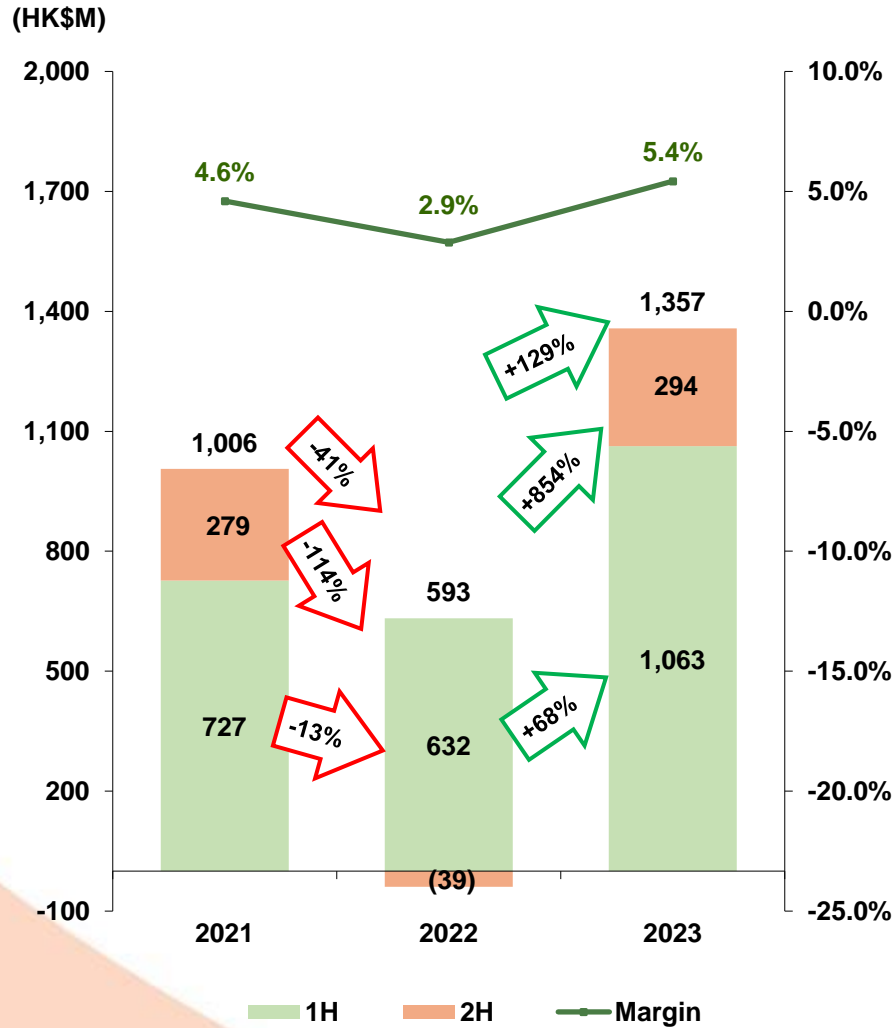


## Gross profit – Continuing operations

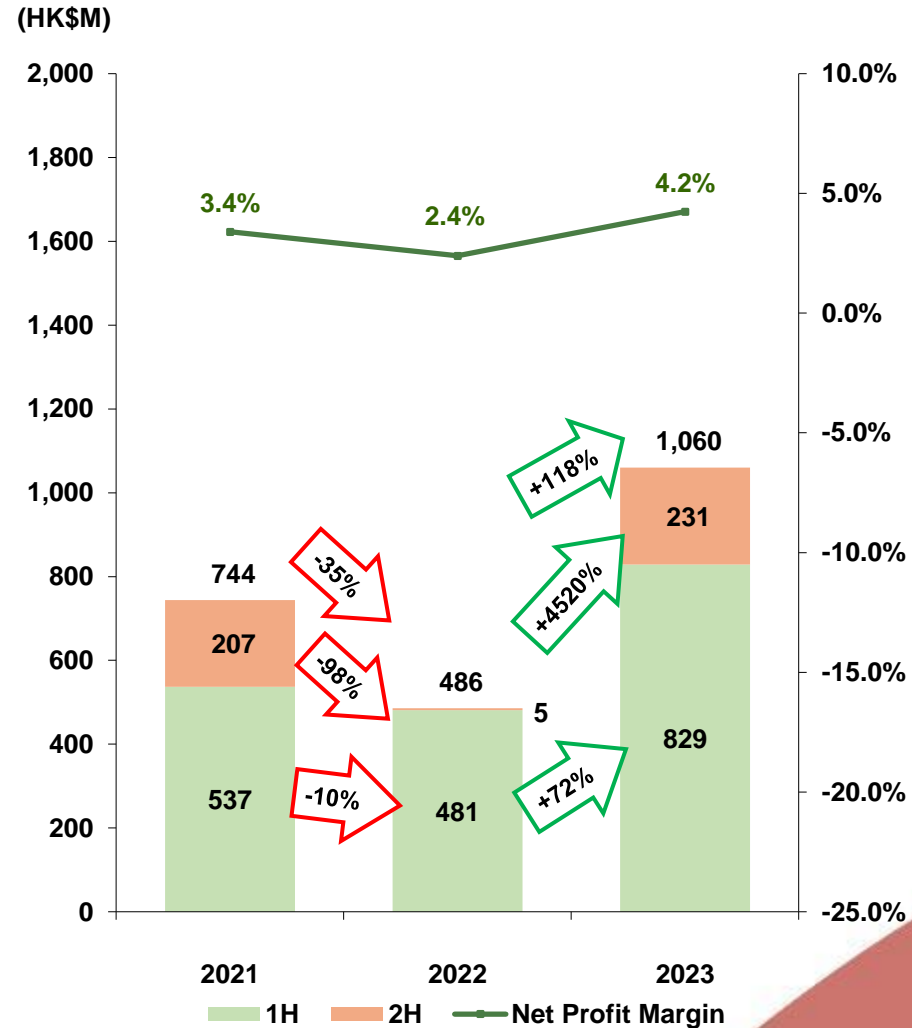


# Group Operating Performance (Continued)

## Profit before tax – Continuing operations



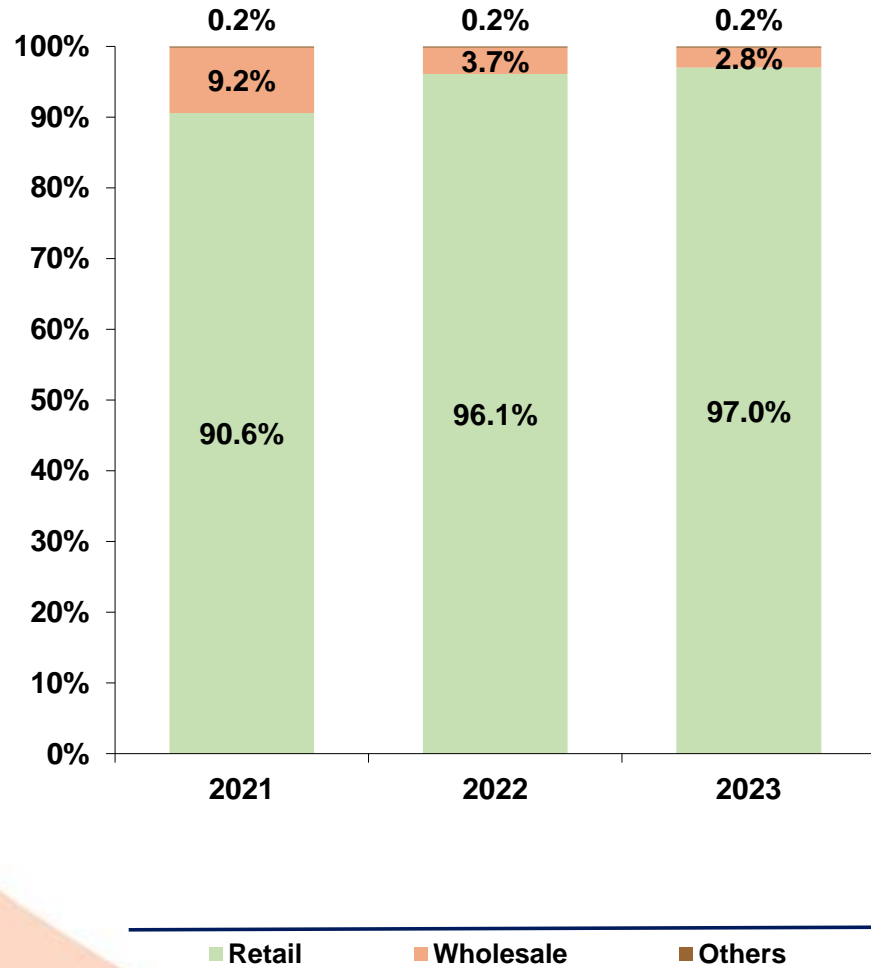
## Profit attributable to owners – Continuing operations



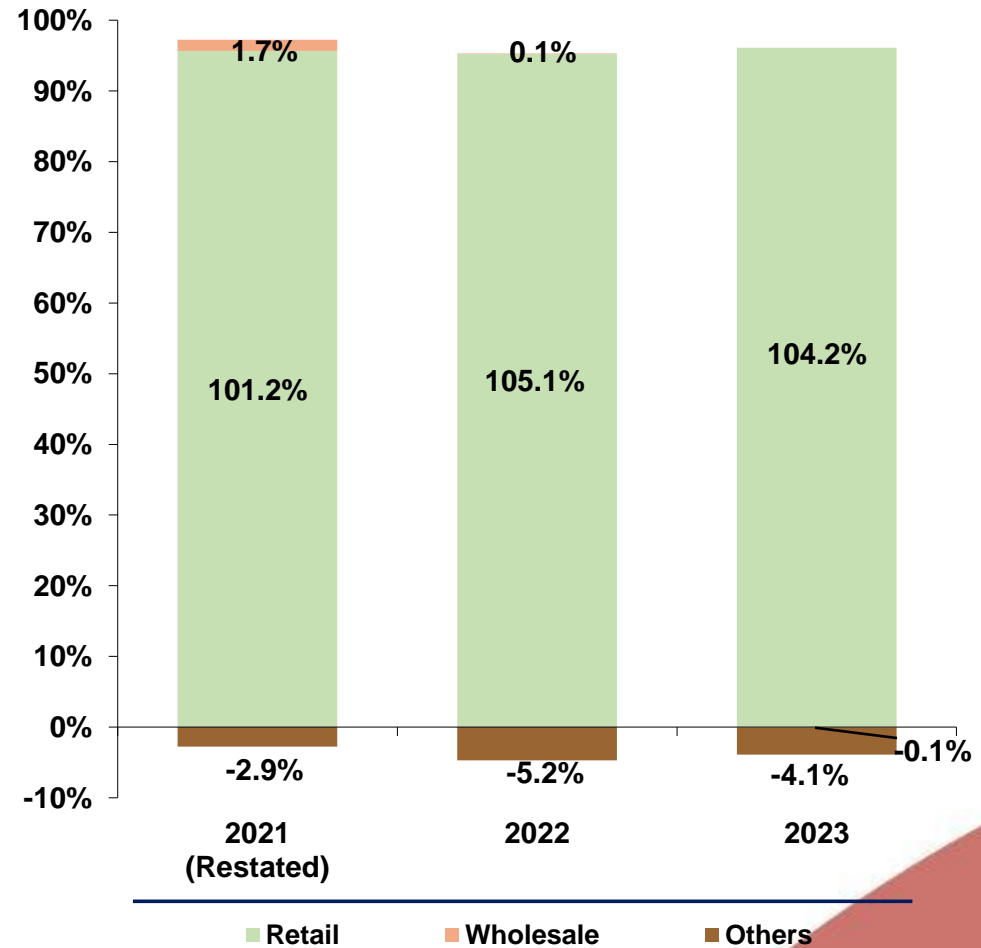


# Group Operating Results by Segment

Turnover breakdown – Continuing operations

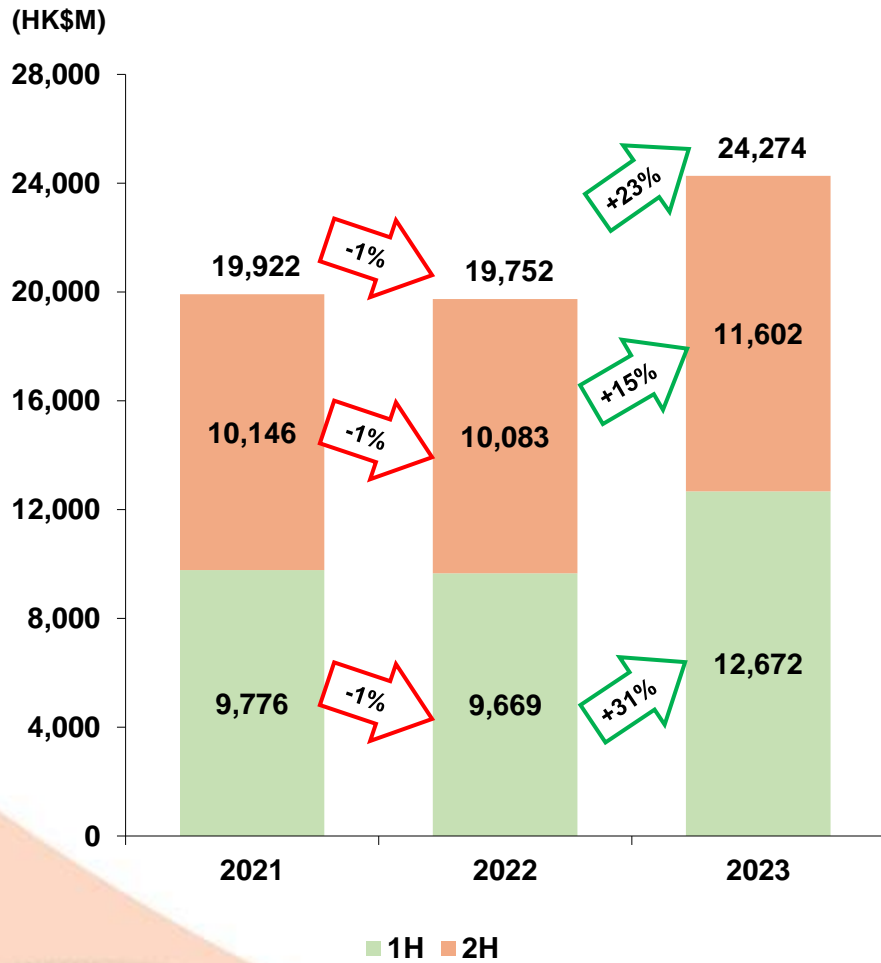


Results breakdown – Continuing operations

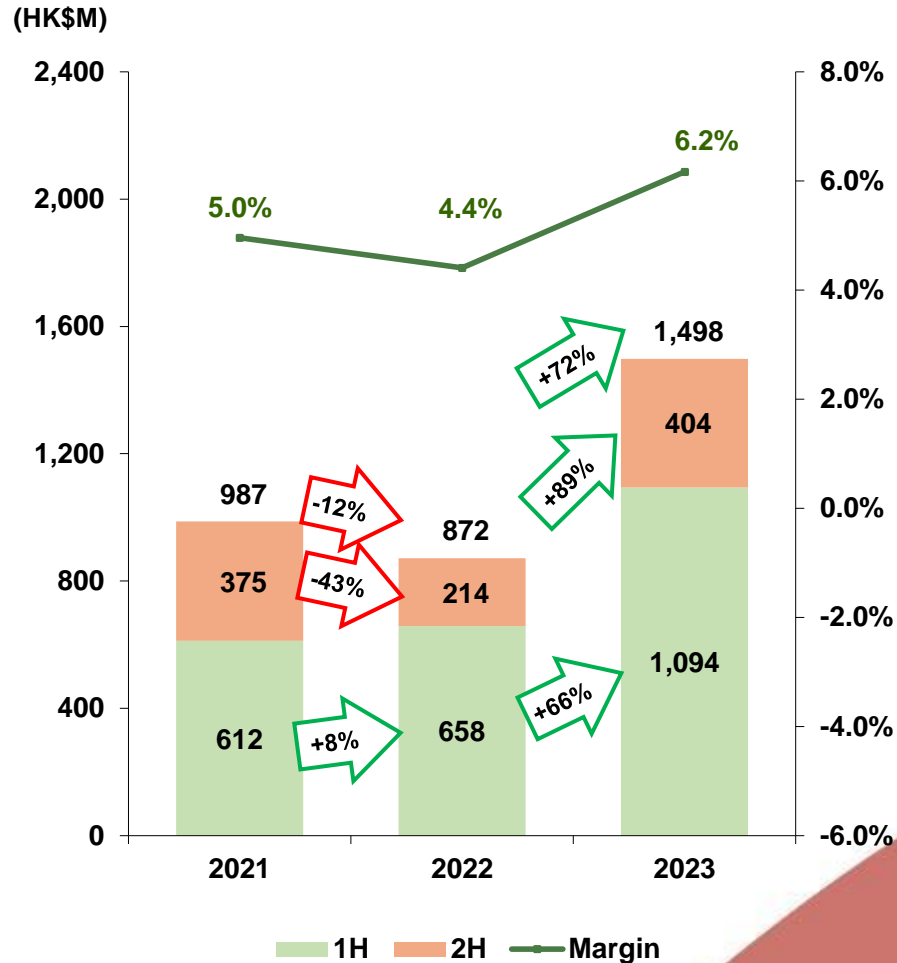


# Retail Segment Performance

## Turnover

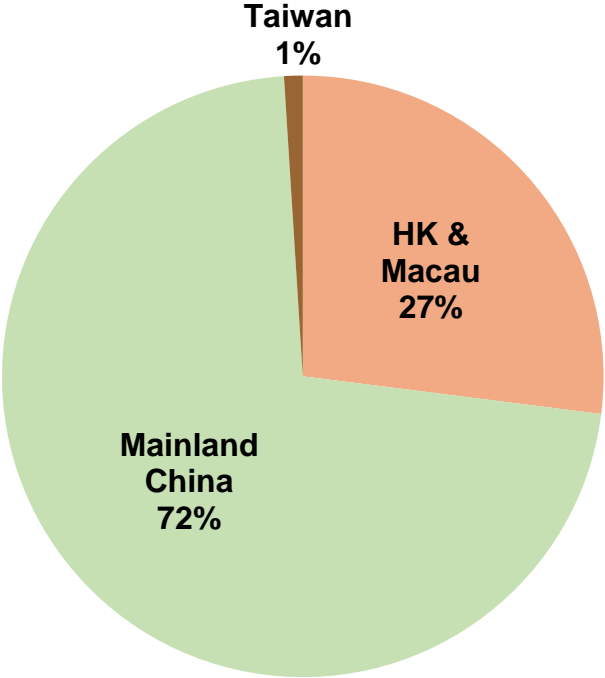


## Segment results

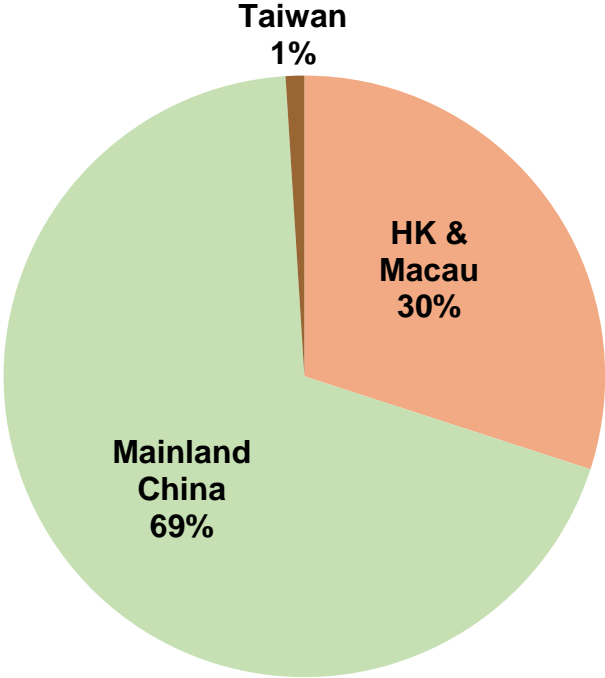


# Retail Turnover by Geographical Area

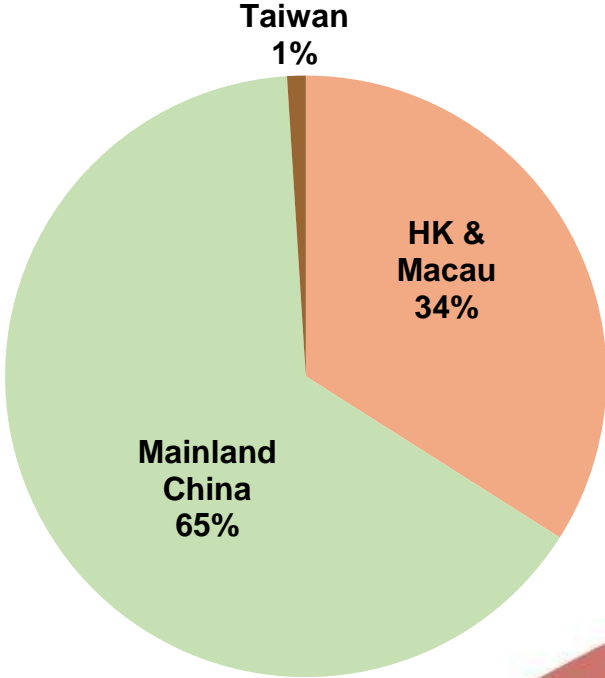
2021



2022

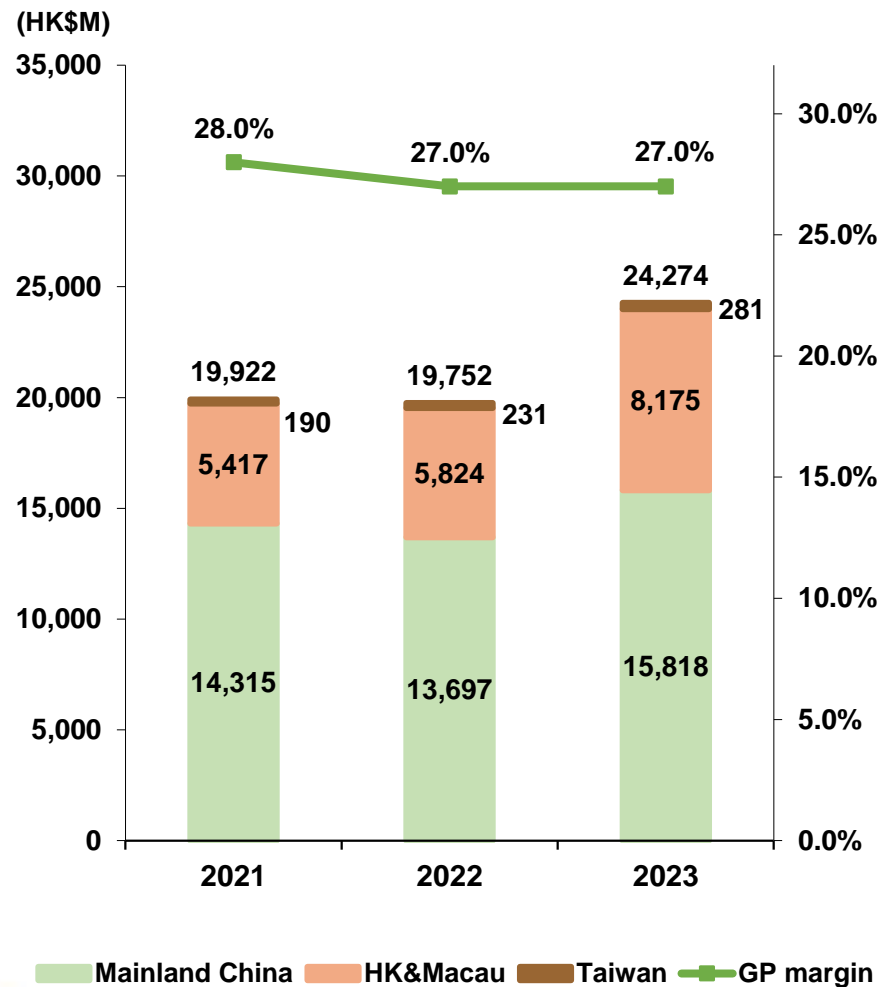


2023

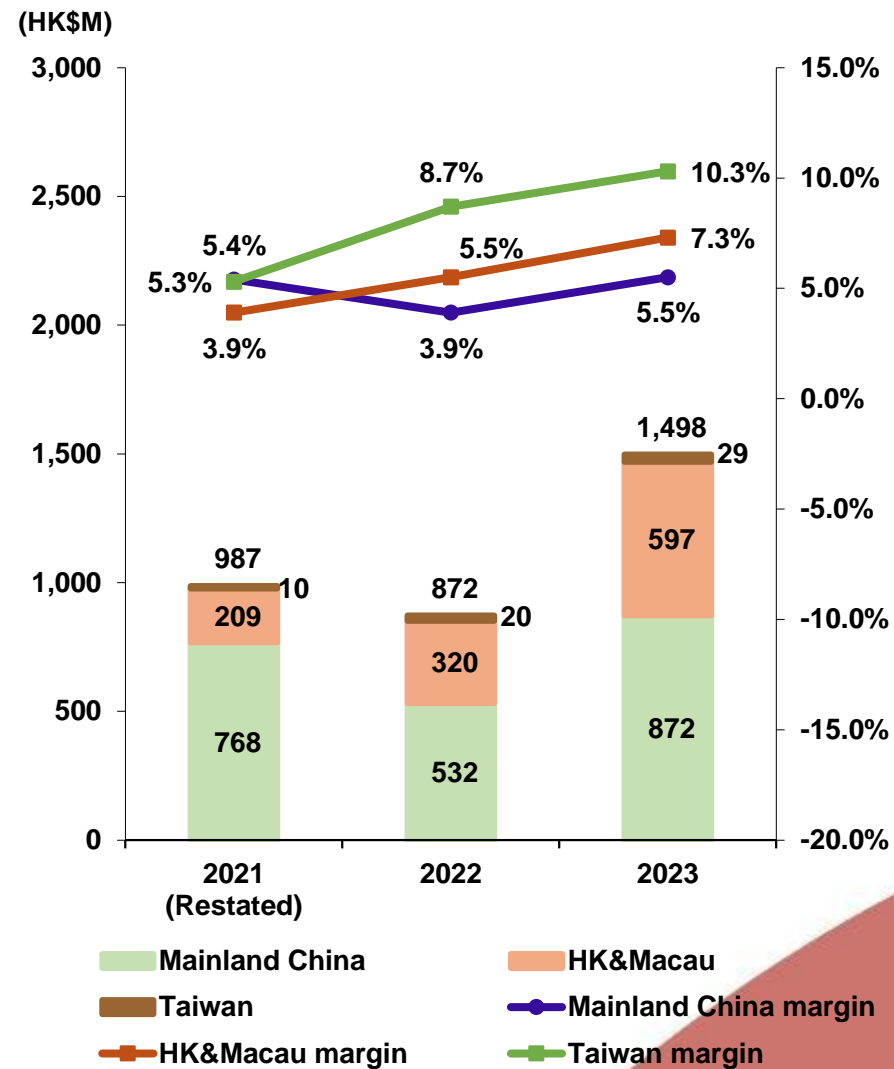


# Retail Segment Performance by Geographical Area

## Retail segment turnover and GP margin

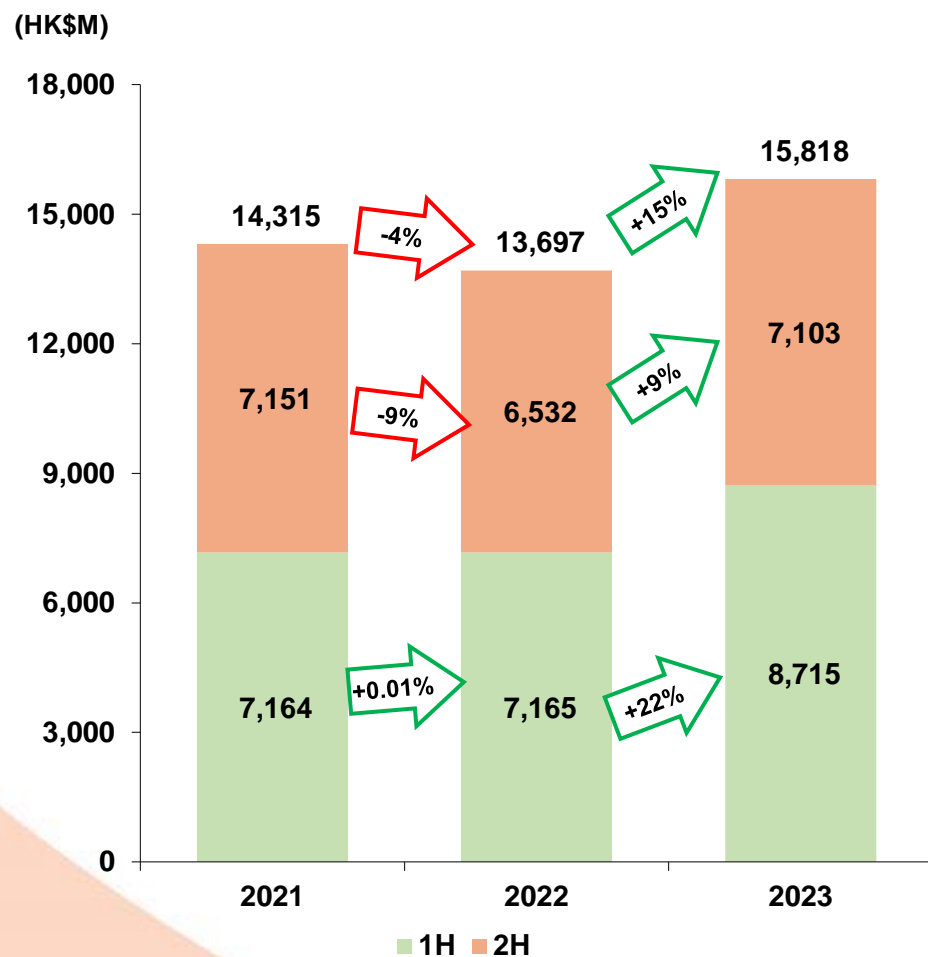


## Retail segment results and margin



# Mainland China Retail: Turnover & Average Selling Price

## Mainland China retail turnover



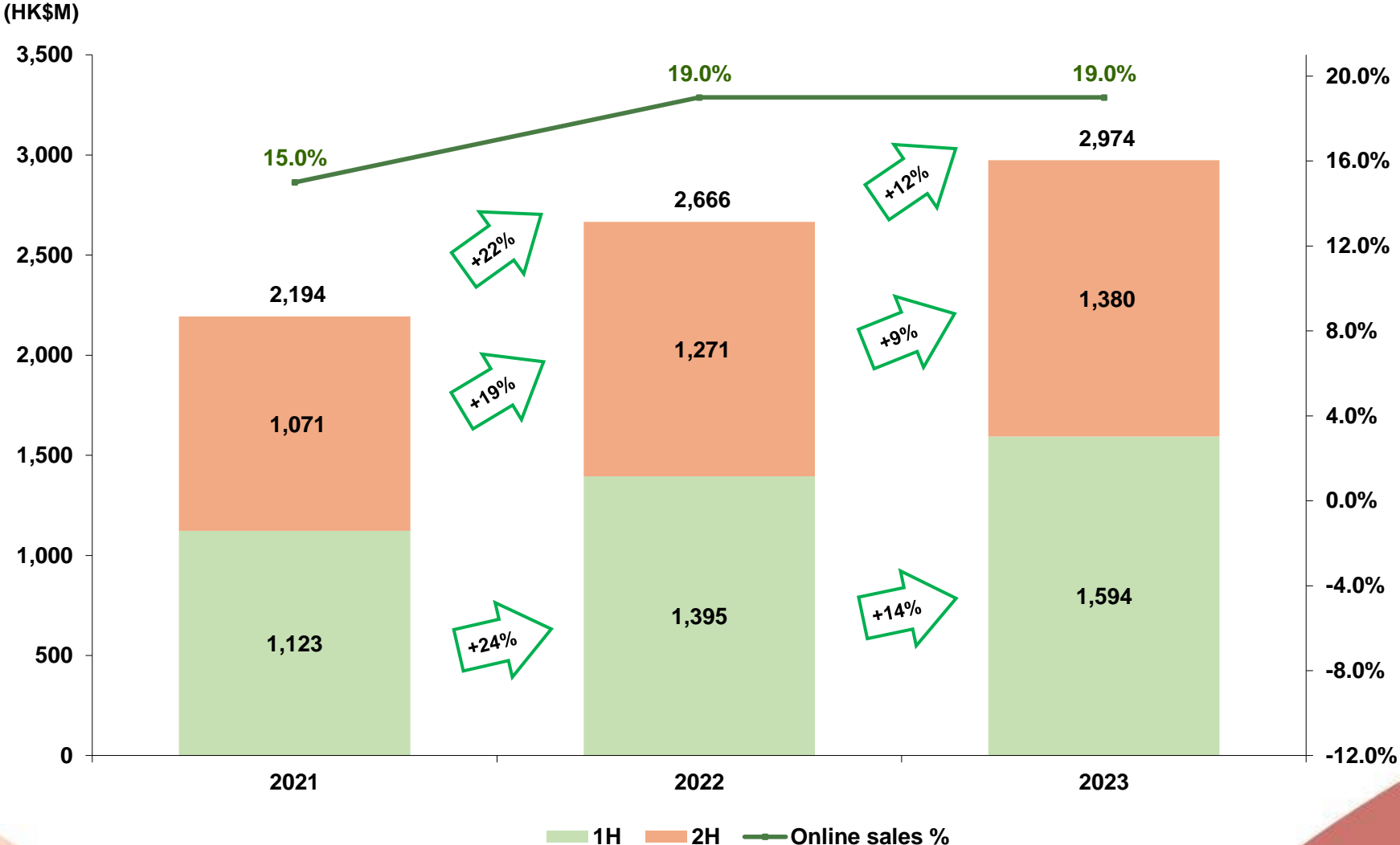
## Retail sales mix by product type

	2022			2023		
	1H	2H	Overall	1H	2H	Overall
Gold jewellery and products	74%	74%	74%	78%	80%	79%
Gem-set jewellery	14%	12%	13%	10%	8%	9%
Platinum/Karat gold jewellery	5%	4%	4%	3%	3%	3%
Watches	7%	10%	9%	9%	9%	9%

## Average selling price

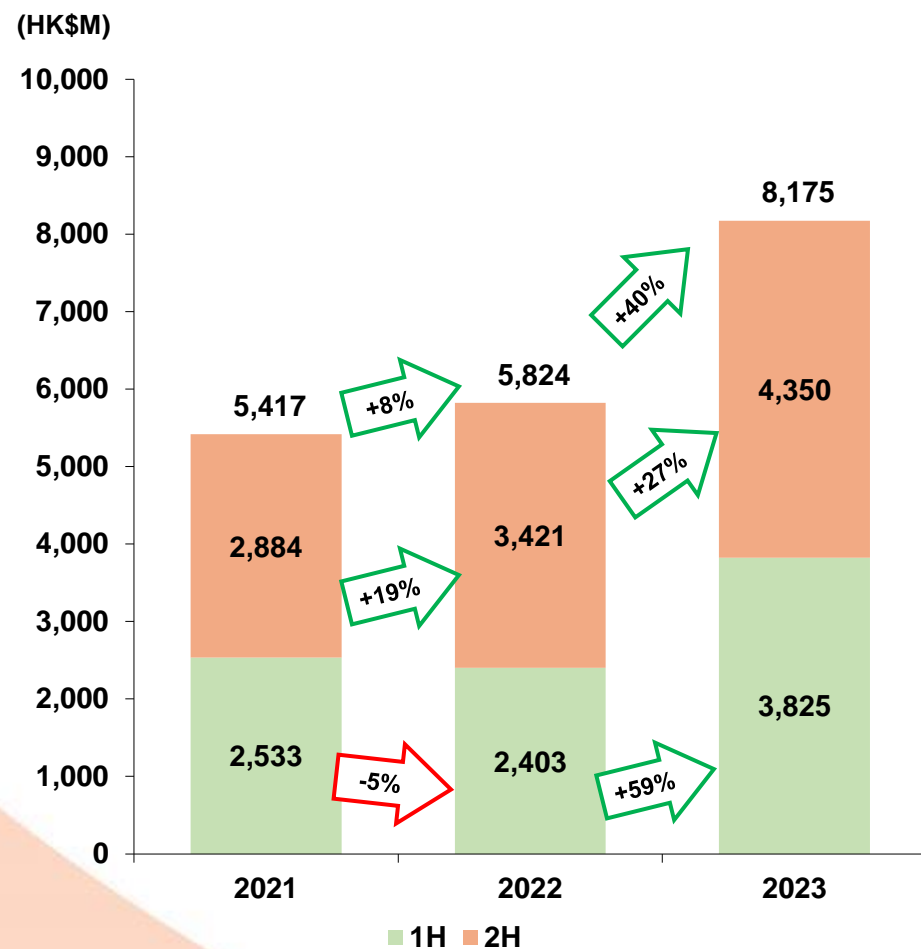
	2022		2023	
	Online	Physical store	Online	Physical store
RMB				
Gold jewellery and products	1,700	3,400	1,800	3,500
Gem-set jewellery	3,000	8,600	3,100	7,700

# Online Sales as a Percentage of Mainland China Sales



# Hong Kong and Macau Retail: Turnover & Average Selling Price

## Hong Kong and Macau retail turnover



## Retail sales mix by product type

	2022			2023		
	1H	2H	Overall	1H	2H	Overall
Gold jewellery and products	60%	70%	66%	70%	75%	73%
Gem-set jewellery	14%	11%	12%	12%	10%	11%
Platinum/Karat gold jewellery	4%	4%	4%	4%	3%	3%
Watches	22%	15%	18%	14%	12%	13%

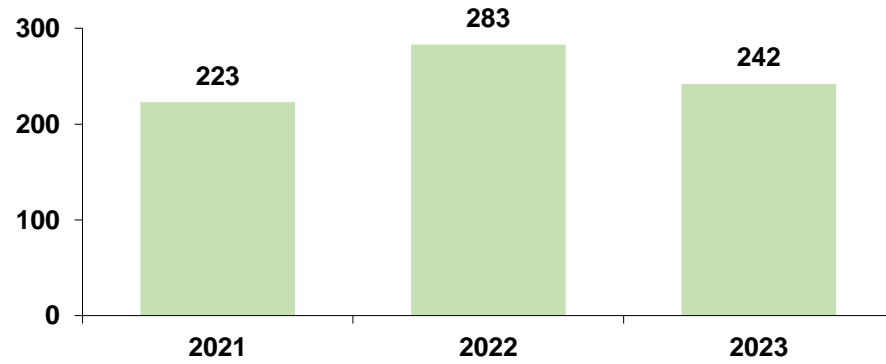
## Average selling price

HK\$	2022	2023
	Physical store	Physical store
Gold jewellery and products	7,700	7,300
Gem-set jewellery	11,700	10,300

# Working Capital Trends

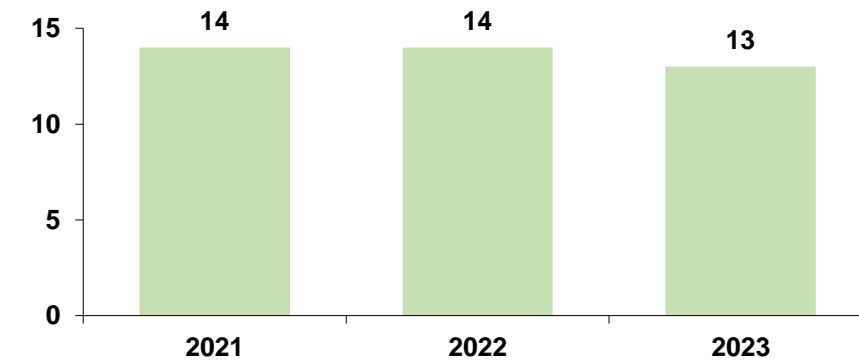
## Average inventory turnover days

(No. of Days)



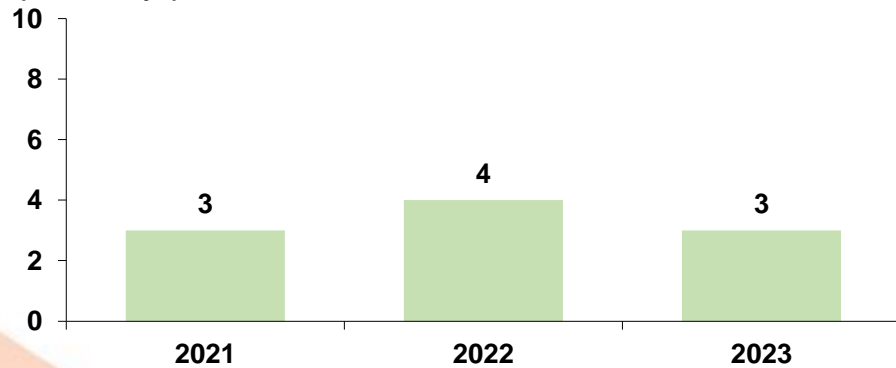
## Average receivables turnover days

(No. of Days)



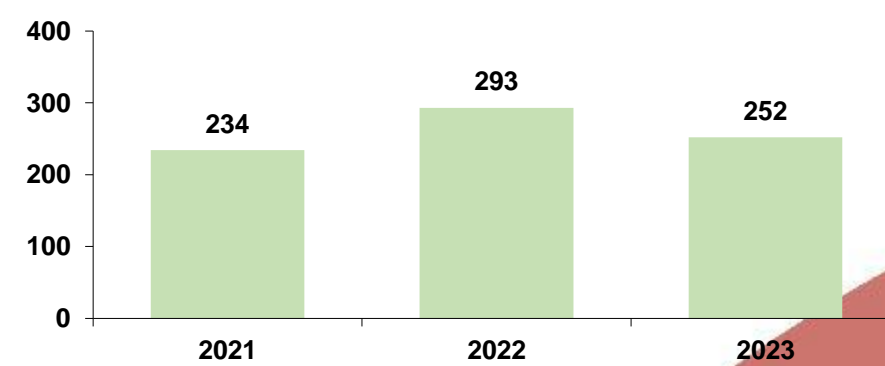
## Average payables turnover days

(No. of Days)



## Cash conversion cycle

(No. of Days)





## Other Financial Information

(HK\$'M)	As at		
	31 Dec	31 Dec	31 Dec
	2021	2022	2023
<b>Inventories</b>	11,343	12,112	12,257
<b>Cash and cash equivalents</b>	672	749	1,096
<b>Long term listed investments*</b>	1,515	1,122	892
<b>Equity attributable to owners</b>	12,753	11,891	12,204
<b>Gearing<sup>#</sup></b>	25.2%	39.0%	37.4%
<b>Total banking facilities</b>	6,418	8,772	10,910
<b>Unused banking facilities</b>	3,038	3,879	6,111
<b>Capital expenditure (For the year ended 31 Dec)</b>	418	395	435

\* Long term listed investments represents HKEC shares which valued at quoted market prices

# Total borrowings to total equity attributable to owners of the Company. Total borrowings includes interest-bearing bank borrowings and bullion loans

### III. Strategies and Future Plans

# Jewellery and Watch Store Network Expansion

As at 31 Dec 2023



Mainland China			
Region	Number of stores	City tier	Number of stores
North	217	1	199
East	245	2	518
South	314	3	124
West	150	4	85
<b>Total</b>	<b>926</b>	<b>Total</b>	<b>926</b>

e-shop

- chowsangsang.com
- Tmall
- JD
- VIP
- Douyin
- Amazon US
- Lazada
- The Future Rocks
- other e-commerce platforms

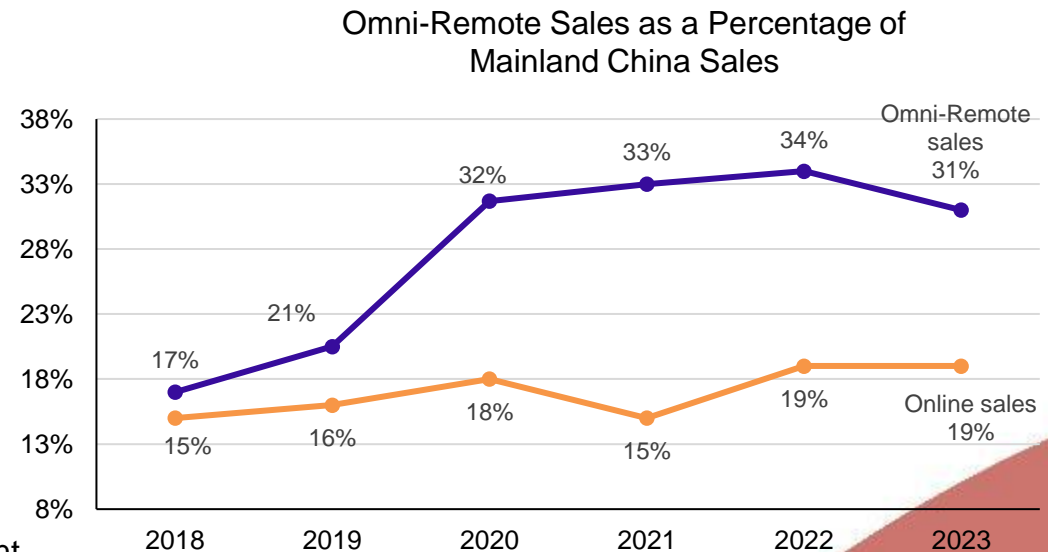
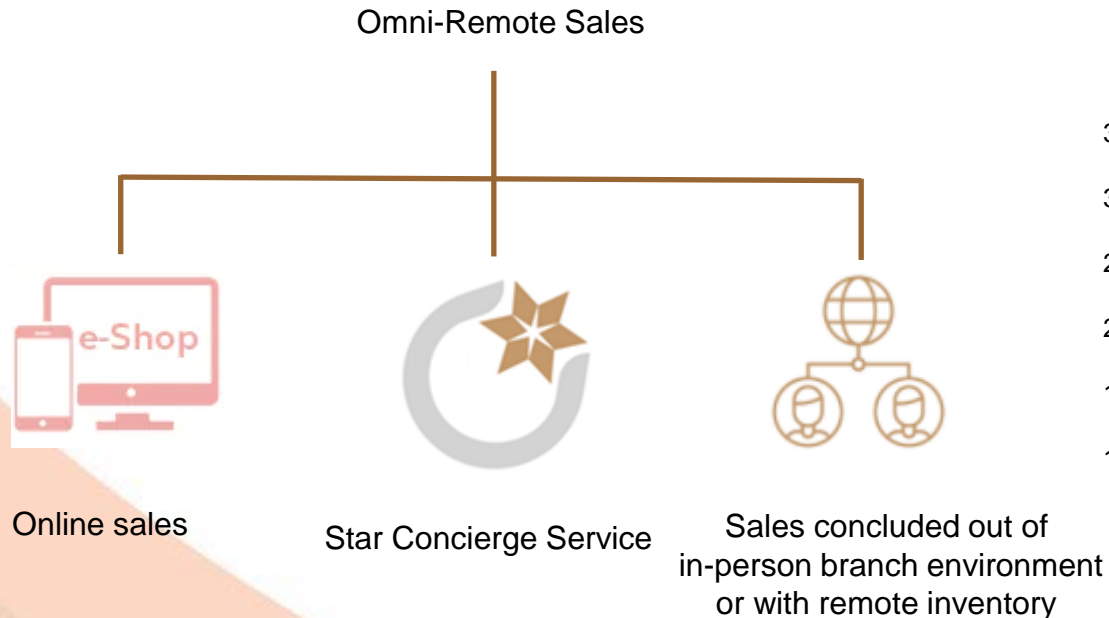
# Jewellery and Watch Store Network Expansion (Continued)

- During 2023, 101 new Chow Sang Sang stores were opened in Mainland China.
- In Hong Kong, we added 3 Chow Sang Sang stores, one each in Tsim Sha Tsui, Kai Tak and Tin Shui Wai and 1 PROMESSA store in Tuen Mun in 2023. New stores are slated to open at THE SOUTHSIDE in Wong Chuk Hang, MOSTown in Ma On Shan and 11 SKIES in Chek Lap Kok in 2024.
- We will continue our expansion strategy, focusing on opening in strategic locations and continue with multi-brand strategy to enhance the Group's store portfolio, setting a guideline of 50 new stores located chiefly in second-tier cities and above in Mainland China.



# Chow Sang Sang Omni-Channel Retailing

- The Group's Omni-Remote Sales strategy encompasses online sales, Star Concierge Service and remote sales concluded outside-of-store with remote inventory. Omni-channel retailing remained strong even after the lifting of epidemic-related restrictions, bringing in 31% (2022: 34%) of total sales in Mainland China.
- The online sales in Mainland China maintained its growth momentum and accounted for approximately 19% of total Mainland China sales, the same as in 2022. Growth in sales of gold jewellery and products continued to outpace other categories.
- Online sales in Hong Kong, Taiwan and other regions continued to grow at a steady pace in 2023. This had been achieved by channel expansion and to other overseas markets through collaborators' e-commerce platforms and joint promotion with local partners.



# Product and Marketing

- We will spare no efforts to create products that will command higher margins, such as jewellery set with gemstones, as well as gold pieces with higher design and workmanship value. We will put highlight on affordable luxury and daily-wear.

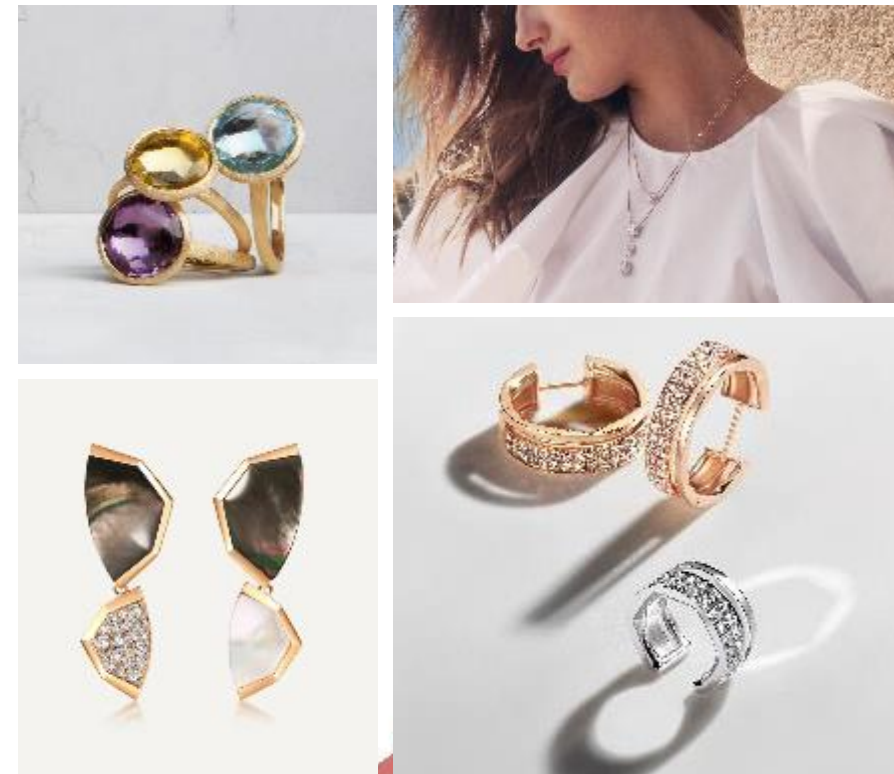
Charme Collection Emphasising Variations



Gold Pieces with Sophisticated Craftsmanship



Gem-set Jewellery for Different Occasions



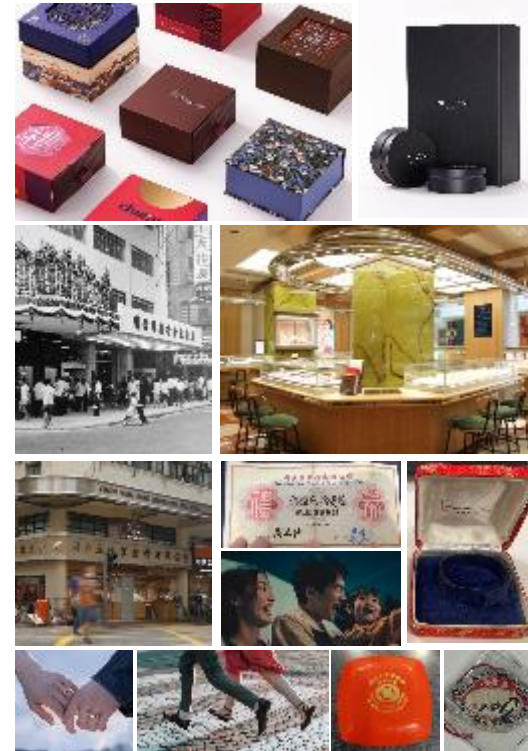
# Product and Marketing (Continued)

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

Infini Love Diamond Immersive Exhibition Debut in Chengdu



90<sup>th</sup> Anniversary Year-round Happenings



周生生  
Chow Sang Sang

90<sup>TH</sup>  
ANNIVERSARY

# Trading of Laboratory-grown Diamond and Gemstones

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



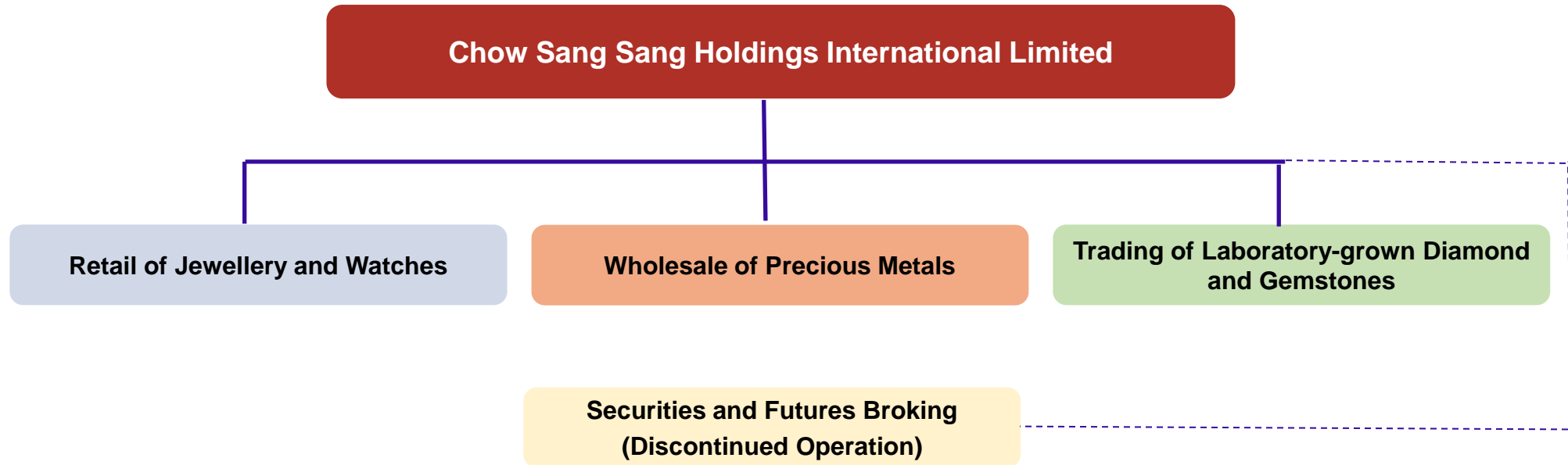
THE  
FUTURE  
ROCKS



## IV. Q&A Session

## V. Appendix

# Business Segments



## Retail Store Brand Category

周生生 (how Sang Sang)

- Our mainline store brand whose stores carrying all our lines of merchandise

點睛品

- Our mainline store brand name in Macau and Taiwan

PROMESSA

- Devoted to offer customers a personalised and ceremonial shopping experience with our signature collections of engagement rings, wedding bands, bridal accessories and daily wear gem-set jewellery

# Retail Store Brand Category

**EMPHASIS**

- Aims to give a new definition to daily wear jewellery and offers a wide range of jewellery options to customers who love originality and creativity

**MINTYGREEN**

- An affordable daily-wear brand in the Mainland that caters to the younger generation

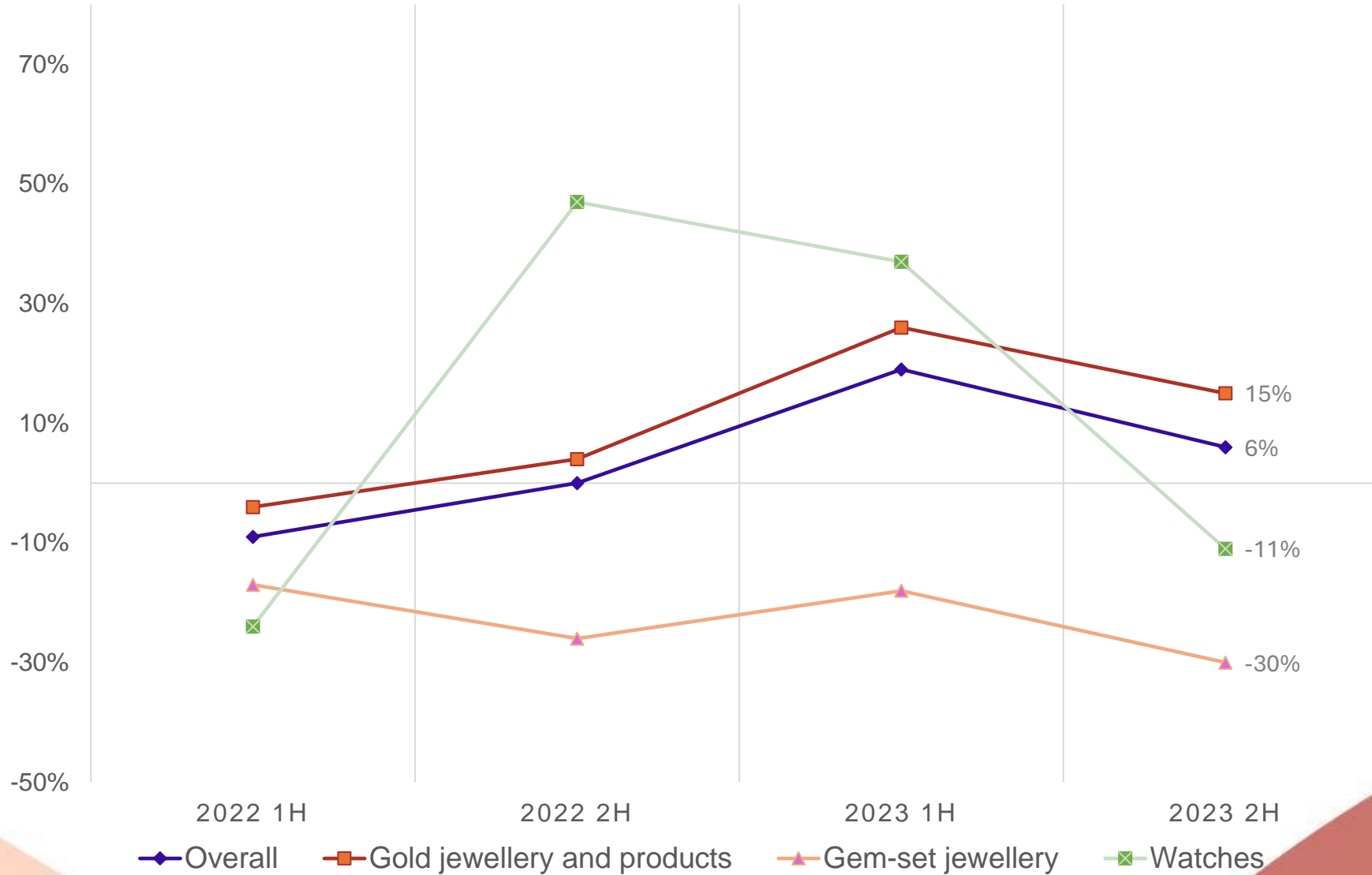
**MARCO BICEGO**

- An Italian jewellery brand featuring artisanal craftsmanship and contemporary designs

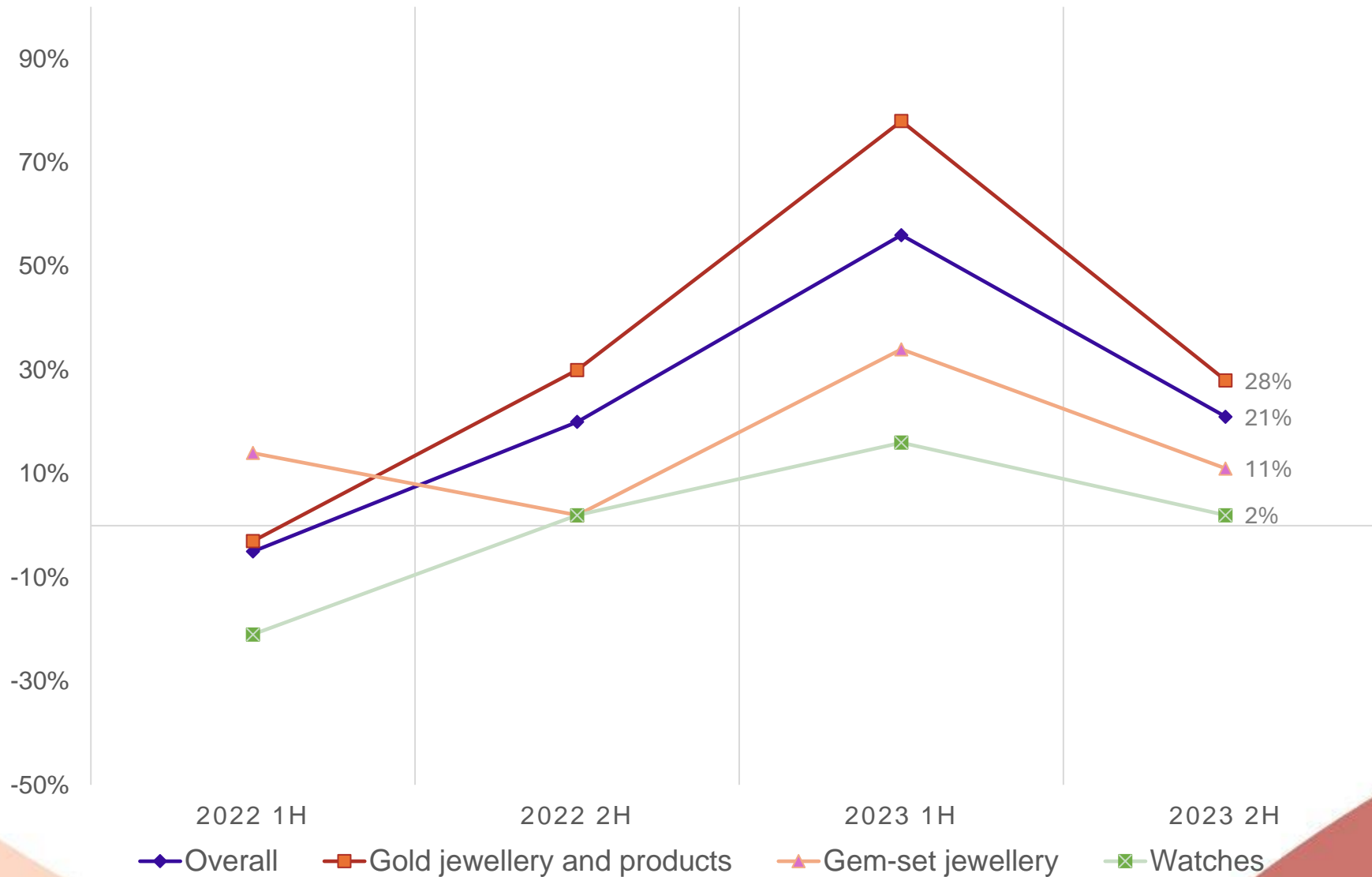
## Store Count by Brand

Region		As at 31 Dec 2022	Opening	Closure	Net change	As at 31 Dec 2023
Mainland China	Chow Sang Sang	766	101	52	+49	815
	Rolex/Tudor	14	3	2	+1	15
	MINTYGREEN	50	9	3	+6	56
	EMPHASIS	19	0	3	-3	16
	PROMESSA	24	7	8	-1	23
	MARCO BICEGO	1	0	0	0	1
<b>Sub-total:</b>		<b>874</b>	<b>120</b>	<b>68</b>	<b>+52</b>	<b>926</b>
Hong Kong	Chow Sang Sang	45	3	0	+3	48
	Rolex/Tudor	10	0	1	-1	9
	EMPHASIS	4	0	1	-1	3
	PROMESSA	2	1	0	+1	3
<b>Sub-total:</b>		<b>61</b>	<b>4</b>	<b>2</b>	<b>+2</b>	<b>63</b>
Macau	點睛品	8	1	1	0	8
<b>Sub-total:</b>		<b>8</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>8</b>
Taiwan	點睛品	30	1	1	0	30
	PROMESSA	4	2	1	+1	5
<b>Sub-total:</b>		<b>34</b>	<b>3</b>	<b>2</b>	<b>+1</b>	<b>35</b>
<b>Total:</b>		<b>977</b>	<b>128</b>	<b>73</b>	<b>+55</b>	<b>1,032</b>

# Mainland China Retail: SSSG



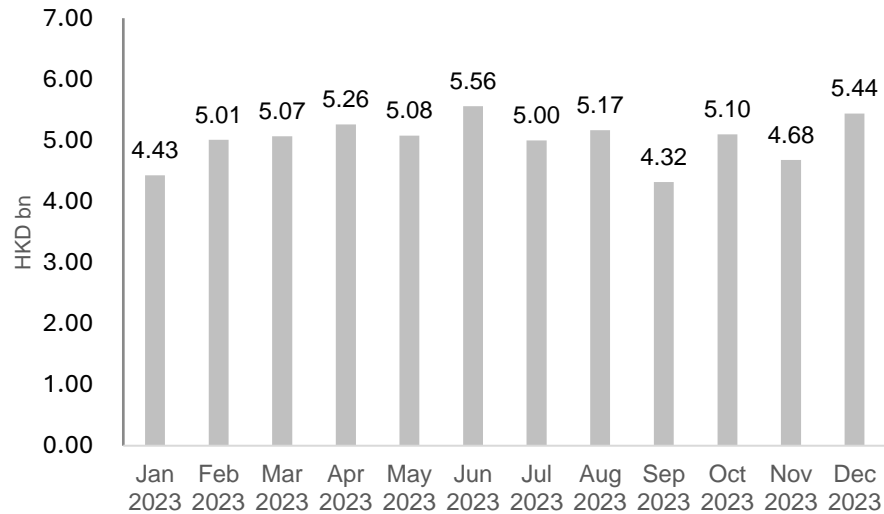
# Hong Kong and Macau Retail: SSSG





# Industry Analysis – Mainland China and Hong Kong

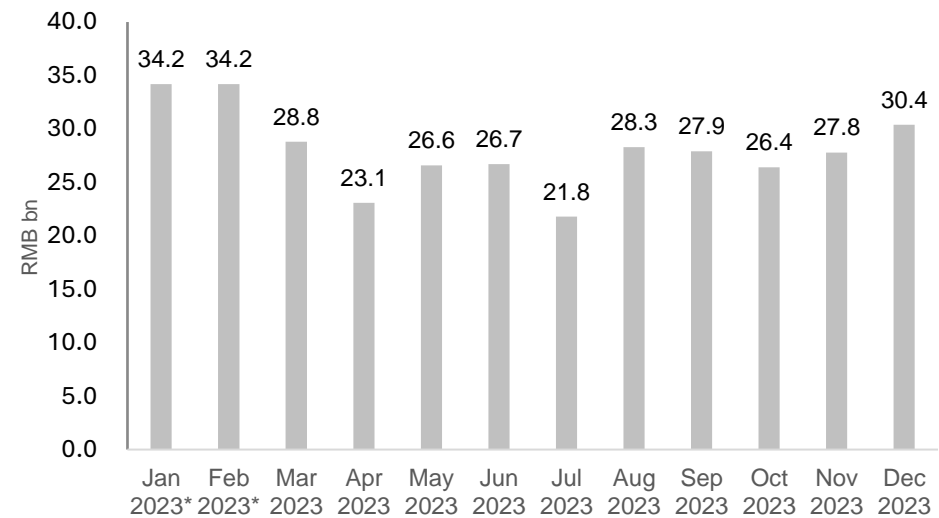
Value of retail sales of FY2023  
Hong Kong Jewellery, Watches and Clocks, and Valuable Gifts



Source: HK Census & Statistics

The value of retail sales of jewellery, watches and clocks, and valuable gifts in FY2023 was HKD60.12 billion, an increase of 54.59% compared with HKD38.89 billion in FY2022, according to HK Census and Statistics Department.

FY2023  
Mainland China Gold, Silver and Jewellery Sales



Source: National Bureau of Statistics of People's Republic of China

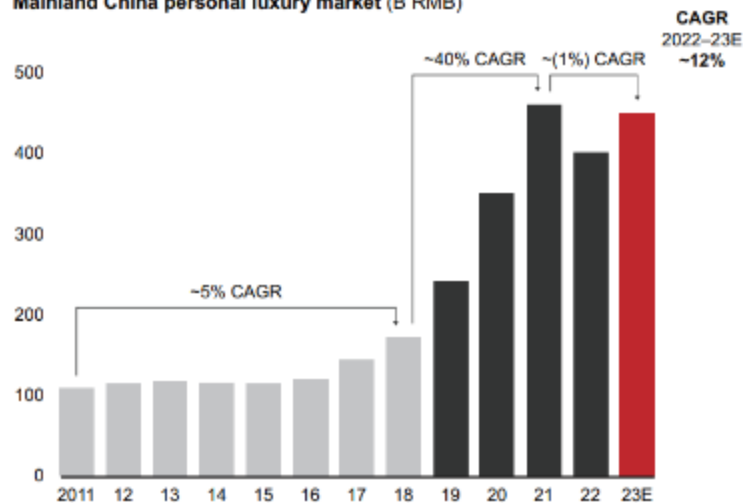
Retail sales for jewellery products in Mainland China were RMB331.0 billion in FY2023, an increase of 9.82%, compared with RMB301.4 billion in FY2022, according to the data from National Bureau of Statistics of People's Republic of China.

\* In order to eliminate the impact of the different date of the "Chinese New Year" (CNY) each year, and enhance the comparability of data, in accordance with the national statistical system, the data in January and February 2023 were investigated and released together. Here the data is evenly divided as RMB34.2 billion.

# Industry Analysis – Mainland China Luxury Market Overview

- From 2017 to 2021, China's luxury market tripled in size. In 2023, China's luxury market saw a 12% yearly increase, recovering from the previous year's decline due to Covid-19, but landing slightly below 2021's record level due to challenging economic environment and increased overseas luxury shopping.
- All categories within the luxury market in China experienced a rebound in 2023. And the Jewellery category and the Fashion and Lifestyle category led the strong recovery with growth rates ranging from 15% to 20%.
- Bain & Company thinks that, although there are uncertainties in the near term regarding the speed of consumer confidence recovery and the growth of luxury shopping overseas, the fundamentals of luxury consumption in China remain strong in the long run. And it is expected that most of the trends witnessed in 2023 will continue or amplify, leading to a mid-single-digit growth rate in China's luxury market in 2024.

Mainland China personal luxury market (B RMB)



Source: Bain-Altgamma 2023 Worldwide Luxury Market Monitor; Bain analysis

Source :

Bain & Company

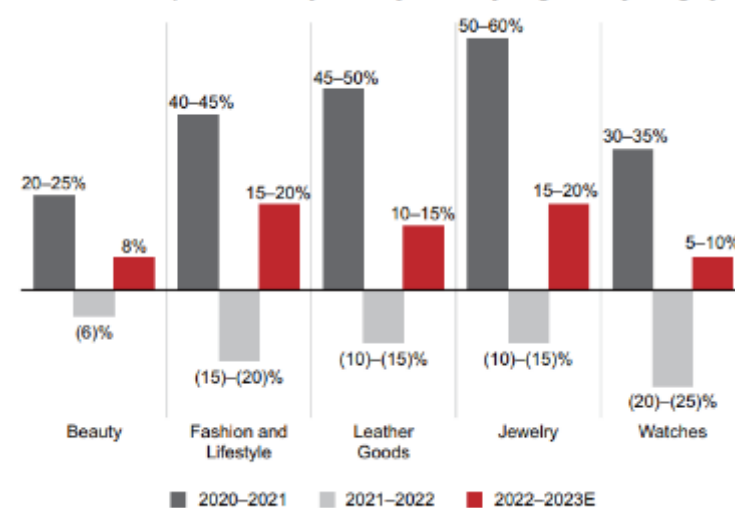
- "2023 China Luxury Goods Market: A Year of Recovery and Transition"

<https://www.bain.cn/pdfs/202401240428299453.pdf>

- "China's luxury market expected to grow at mid-single-digit in 2024"

<https://www.bain.com/about/media-center/press-releases/2024/chinas-luxury-market-expected-to-grow-at-mid-single-digit-in-2024/>

Mainland China personal luxury market year-over-year growth by category



Source: Bain-Altgamma 2023 Worldwide Luxury Market Monitor; Financial reports; Bain analysis

COVID restrictions were lifted at the end of 2022, leading to social and economic activities resumption in 2023

China's luxury market has not fully recovered to its 2021 level, primarily because of the current economic environment and overseas luxury shopping

There are significant growth differences across brands: about half of the leading brands have recovered their 2021 sales levels, along with multiple niche brands

Beauty saw solid growth, driven by strong momentum in fragrances and makeup

Fashion and Lifestyle, Leather Goods and Jewelry rebounded nicely, with Leather Goods slightly softer than other categories due to consumers' focus on bags' lower price segment

Watches saw the softest rebound with contrasted performance across brands

# Definitions

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

“Board”	the board of Directors
“Company”	Chow Sang Sang Holdings International Limited
“Director(s)”	the director(s) of the Company
“FY”	the full year, twelve months ended 31 December
“Group”	the Company and its subsidiaries
“HKEC”	Hong Kong Exchanges and Clearing Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Macau”	the Macao Special Administrative Region of the PRC
“Mainland China” or “Mainland”	PRC excluding, for the purpose of this presentation (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
“YOY”	year-on-year
“1H”	the first half of a year, six months ended 30 June
“2H”	the second half of a year, six months ended 31 December
“1Q”	the first quarter of a year, three months ended 31 March
“2Q”	the second quarter of a year, three months ended 30 June
“3Q”	the third quarter of a year, three months ended 30 September
“4Q”	the fourth quarter of a year, three months ended 31 December
“%”	percent

Thank you