



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

2021 Interim Results Presentation

August 2021

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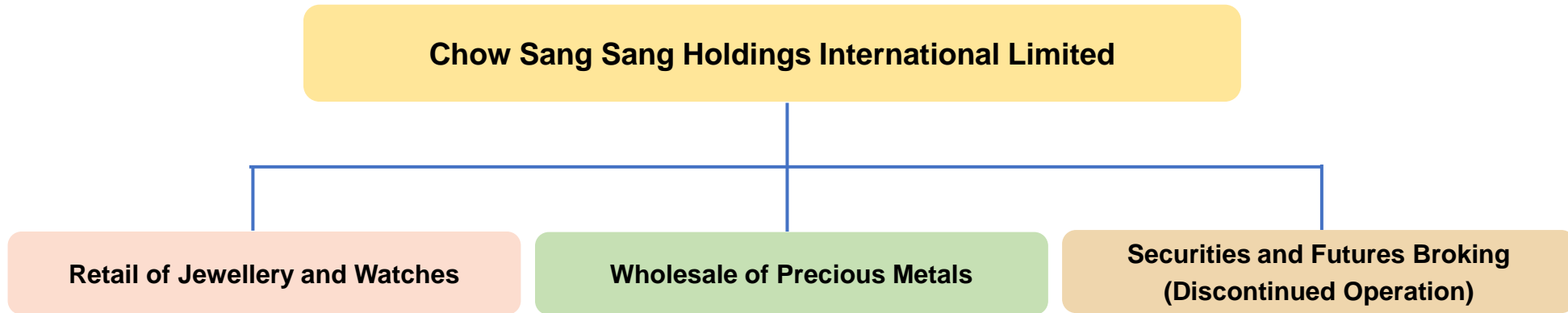
Potential investors and shareholders should exercise caution when dealing in the securities of the Company.

Presentation Outline

- I. Business Overview**
- II. Financial Highlights**
- III. Business Review**
- IV. Strategy Outline**
- V. Q&A Session**
- VI. Appendix**

Business Overview

Business Segments



Retail Store Brand Category

周生生 (how Sang Sang)

- Our mainline store brand whose stores are fully scaled, carrying all our lines of merchandise

生生·活宇

(Oasis by Chow Sang Sang)

- Line of stores as a subtext to Chow Sang Sang. Stores are fitted out in a relaxed, “corner-store” style, carrying different themes and sales foci. They are located in residential neighbourhoods in first-tier to third-tier cities

點晴品

- Our mainline store brand name in Macau and Taiwan

Retail Store Brand Category

PROMESSA

- Devoted to offer Personalised Jewellery Service with our signature collections of engagement rings, wedding bands and bridal accessories

EMPHASIS

- For today's sophisticated woman, bold but with an eye for elegance. It aims at serving daily fine jewellery market with its contemporary aesthetics

MINTYGREEN

- An affordable daily wear brand that makes items suitable for younger generation to wear every day

MARCO BICEGO

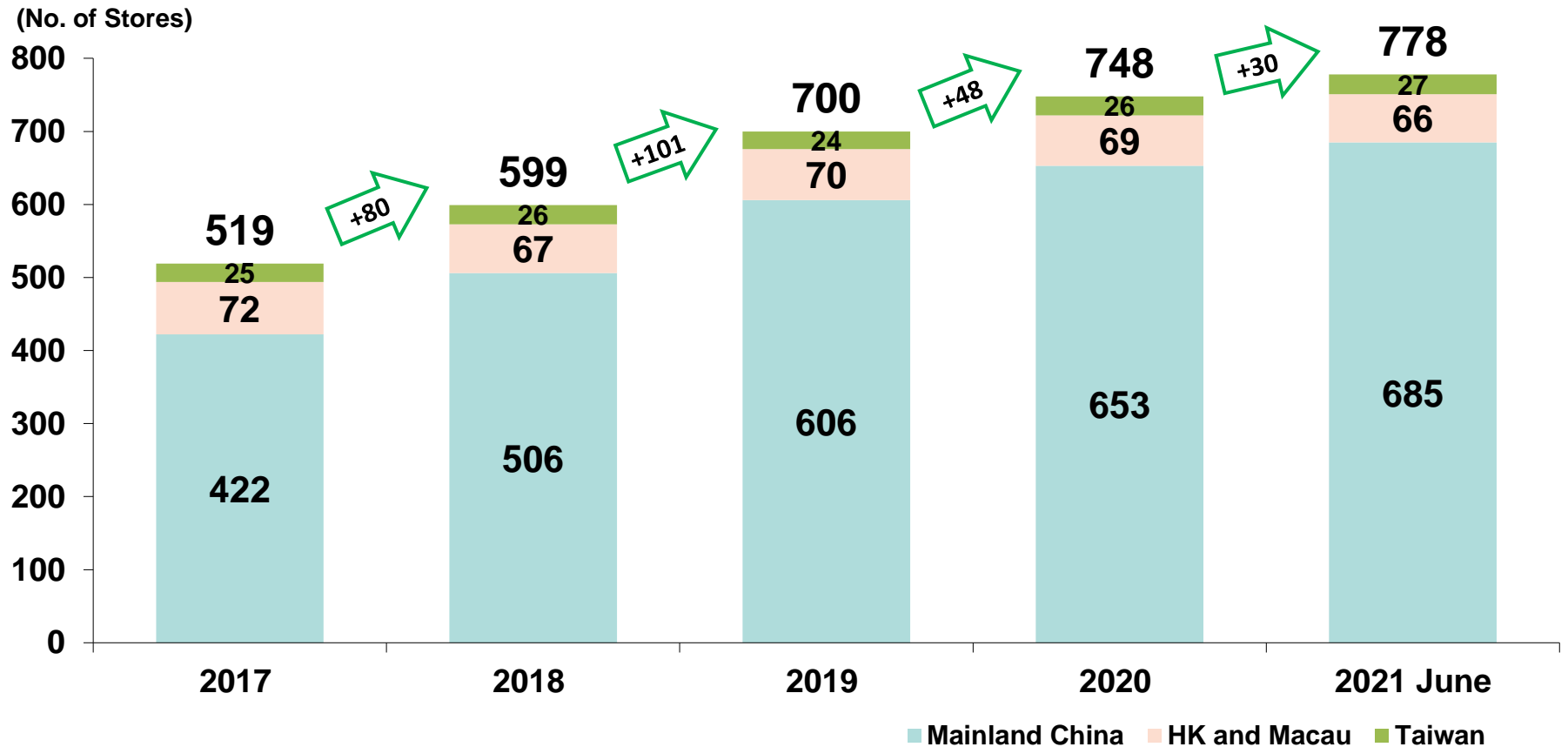
- An Italian jewellery brand featuring artisanal craftsmanship and contemporary design concepts

Store Count by Brand

Region		As at 31 Dec 2020	Opening	Closure	Net change	As at 30 Jun 2021
Mainland China	Chow Sang Sang	591	20	17	+3	594
	生生·活宇 (Oasis by Chow Sang Sang)	10	19	0	+19	29
	Rolex/Tudor	12	0	0	0	12
	MINTYGREEN	25	1	1	0	25
	EMPHASIS	12	4	0	+4	16
	PROMESSA	2	6	0	+6	8
	MARCO BICEGO	1	0	0	0	1
Sub-total:		653	50	18	+32	685
Hong Kong	Chow Sang Sang	48	1	3	-2	46
	Rolex/Tudor	12	0	1	-1	11
	EMPHASIS	4	0	0	0	4
	PROMESSA	1	0	0	0	1
Sub-total:		65	1	4	-3	62
Macau	點睛品	4	0	0	0	4
Sub-total:		4	0	0	0	4
Taiwan	點睛品	25	1	1	0	25
	PROMESSA	1	1	0	+1	2
Sub-total:		26	2	1	+1	27
Total:		748	53	23	+30	778

Jewellery and Watch Store Expansion

Increasing no. of stores in Mainland China



Jewellery and Watch Store Network as at 30 Jun 2021



Mainland China			
Region	Number of stores	City tier	Number of stores
North	161	1	140
East	173	2	361
South	236	3	120
West	115	4	64
Total	685	Total	685

Hong Kong and Macau
66 stores

Taiwan
27 stores

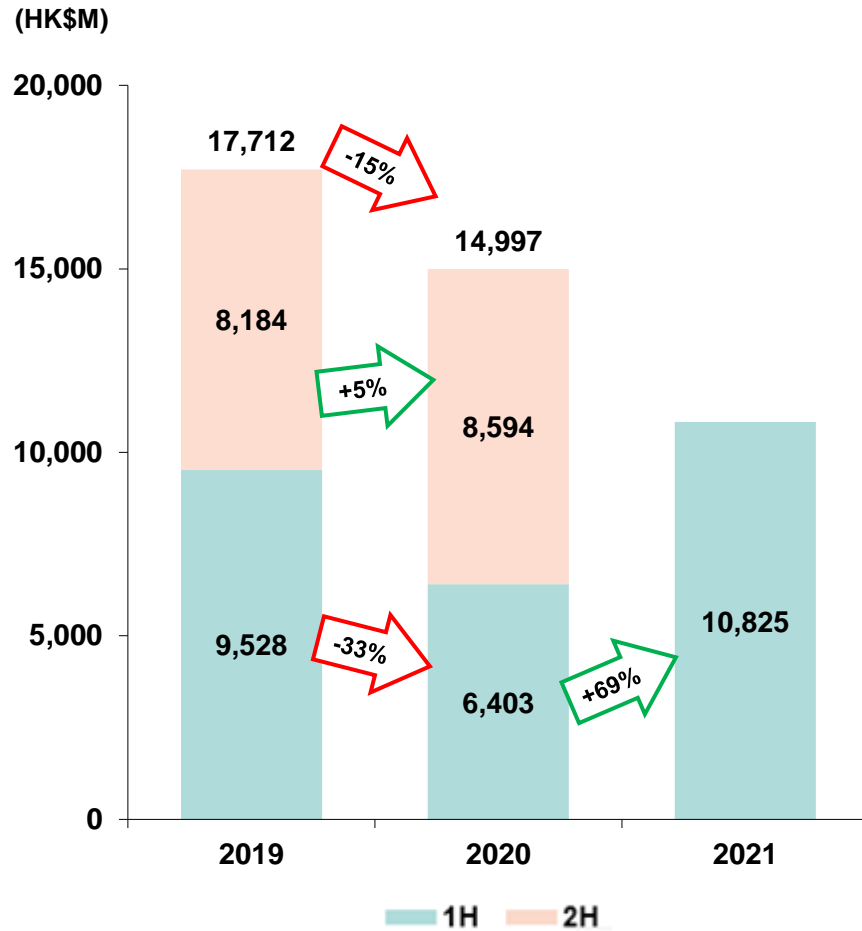
e-shop

- chowsangyang.com
- Tmall
- JD
- VIP
- other e-Commerce platforms

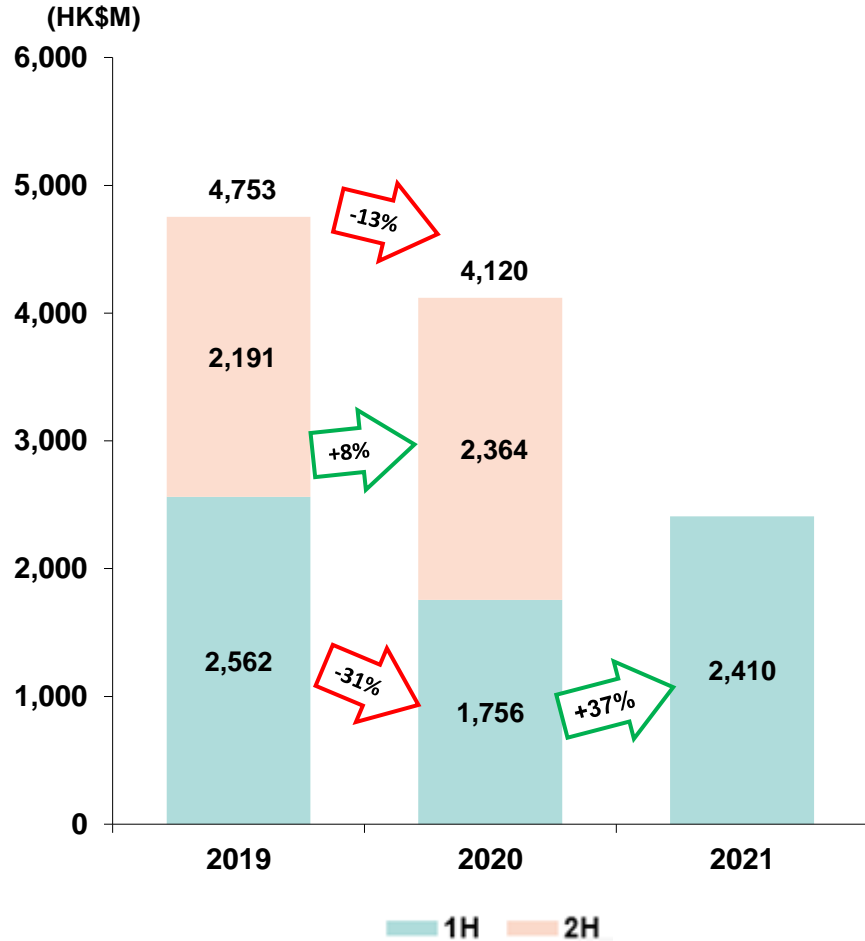
Financial Highlights

Group Operating Performance

Turnover – Continuing operations

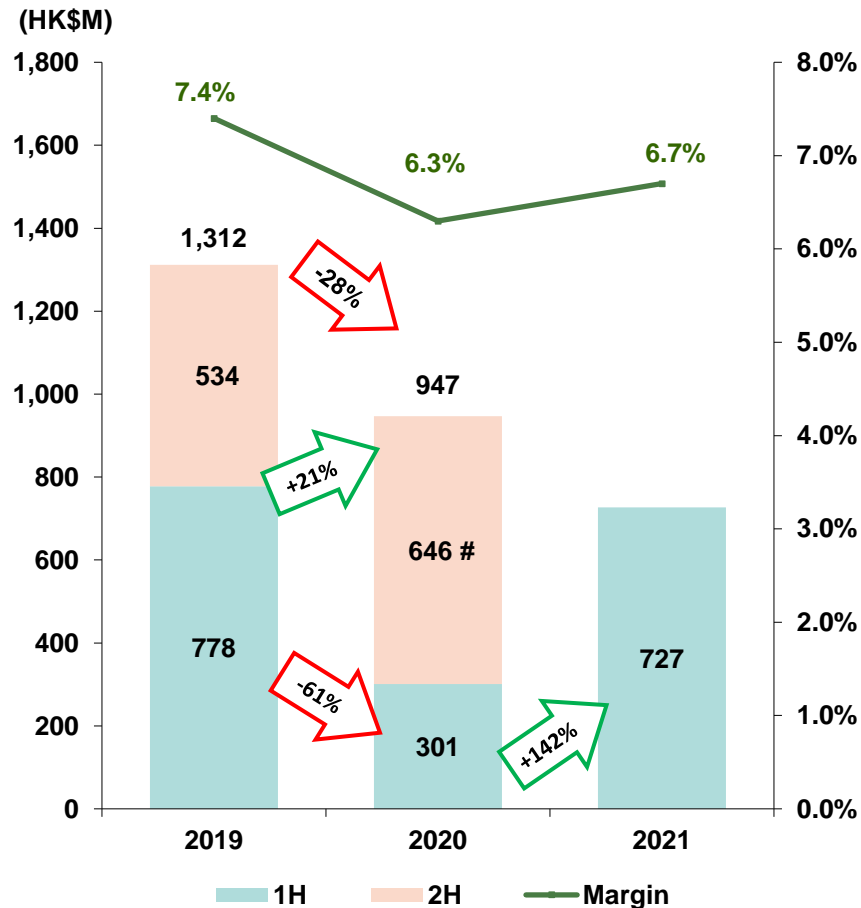


Gross profit – Continuing operations

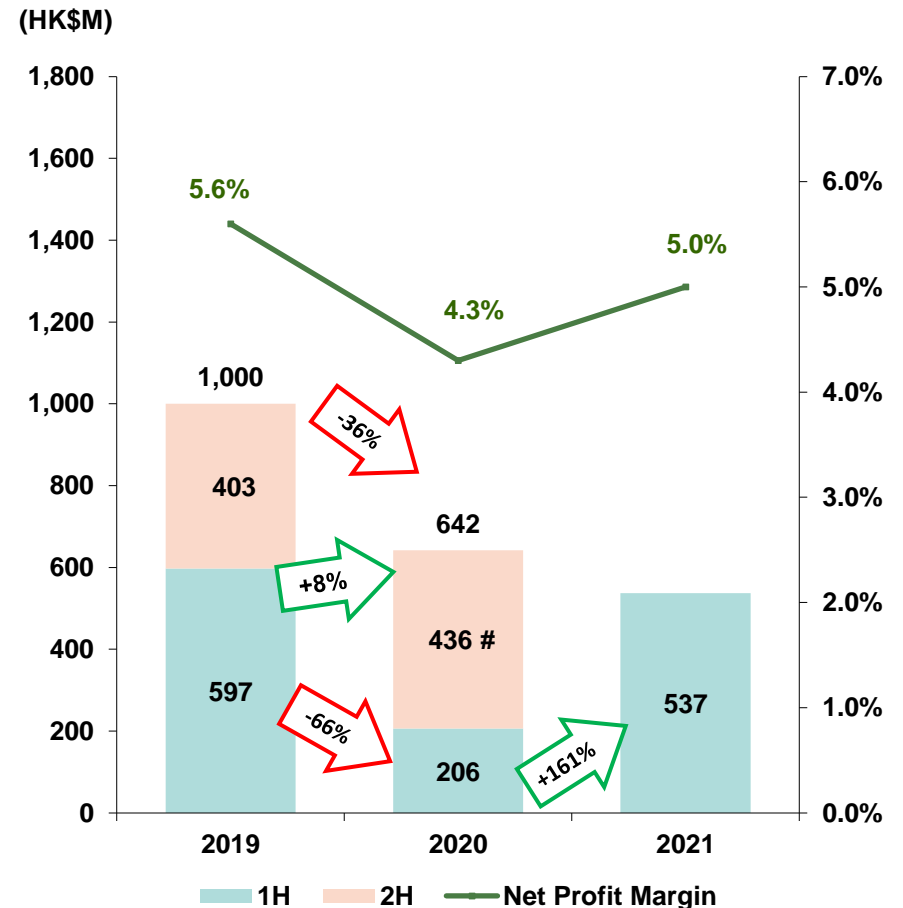


Group Operating Performance (Cont'd)

Profit before tax – Continuing operations



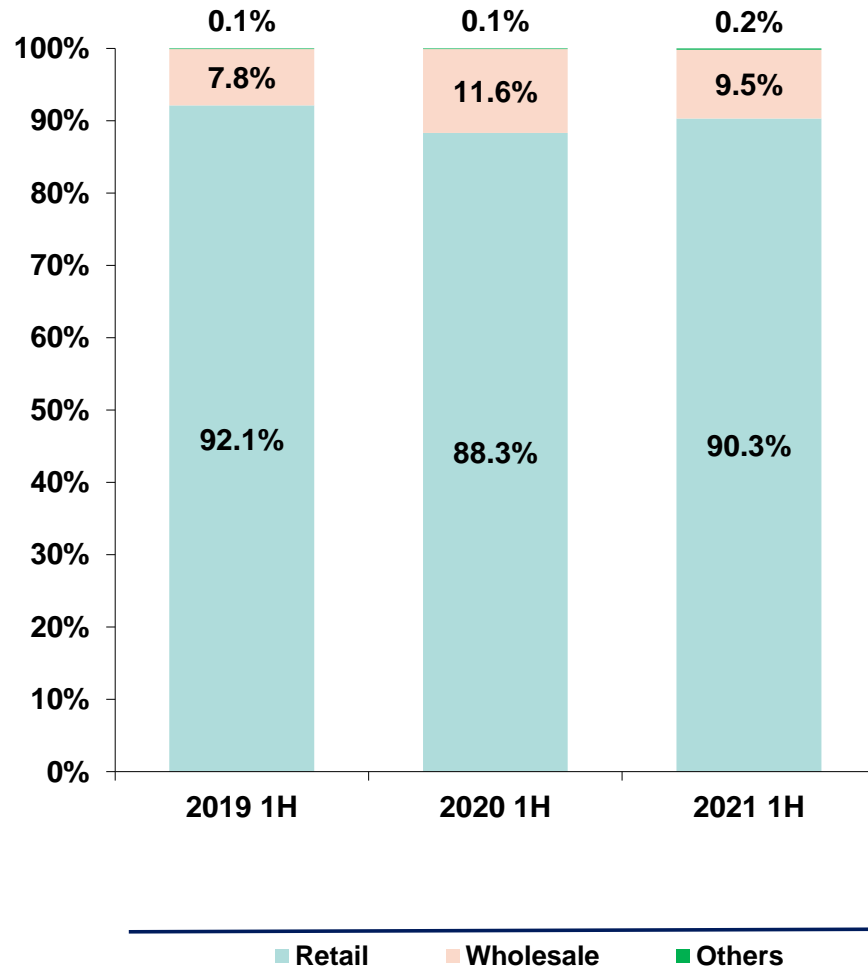
Profit attributable to owners – Continuing operations



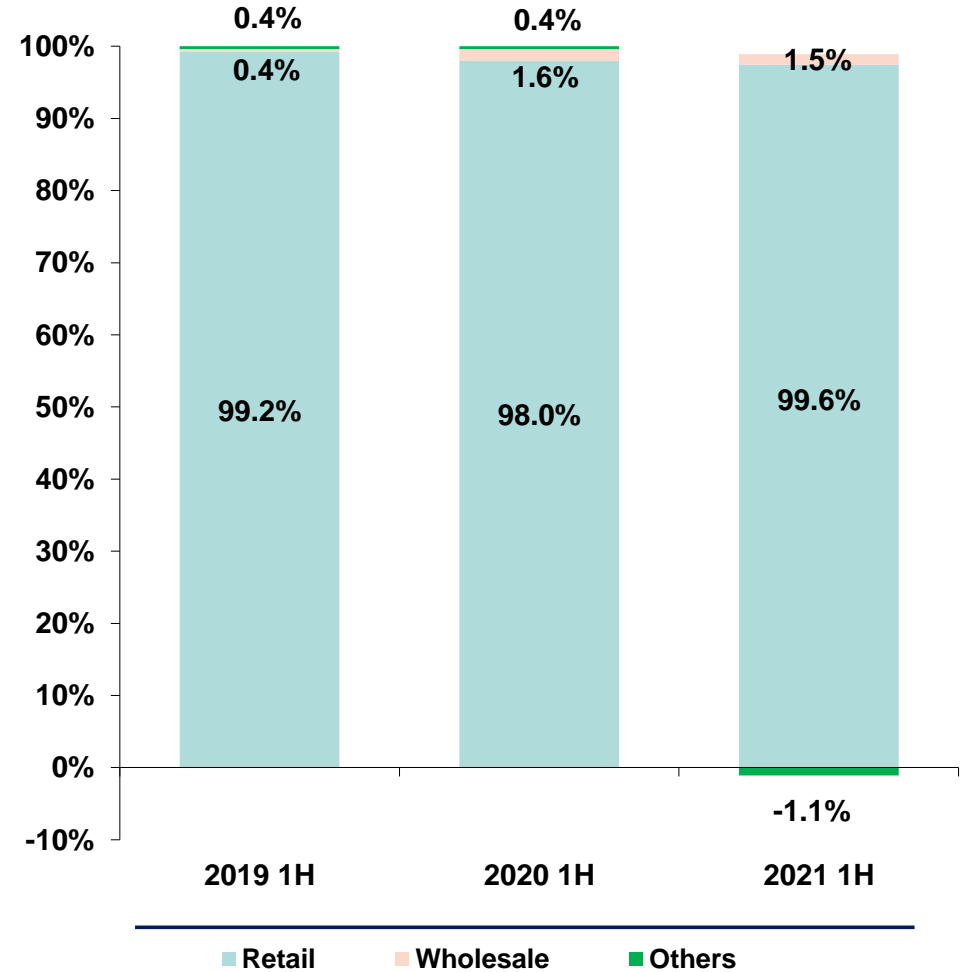
Included impairment of right-of-use assets (HK\$170M)

Group Operating Results by Segment

Turnover breakdown – Continuing operations

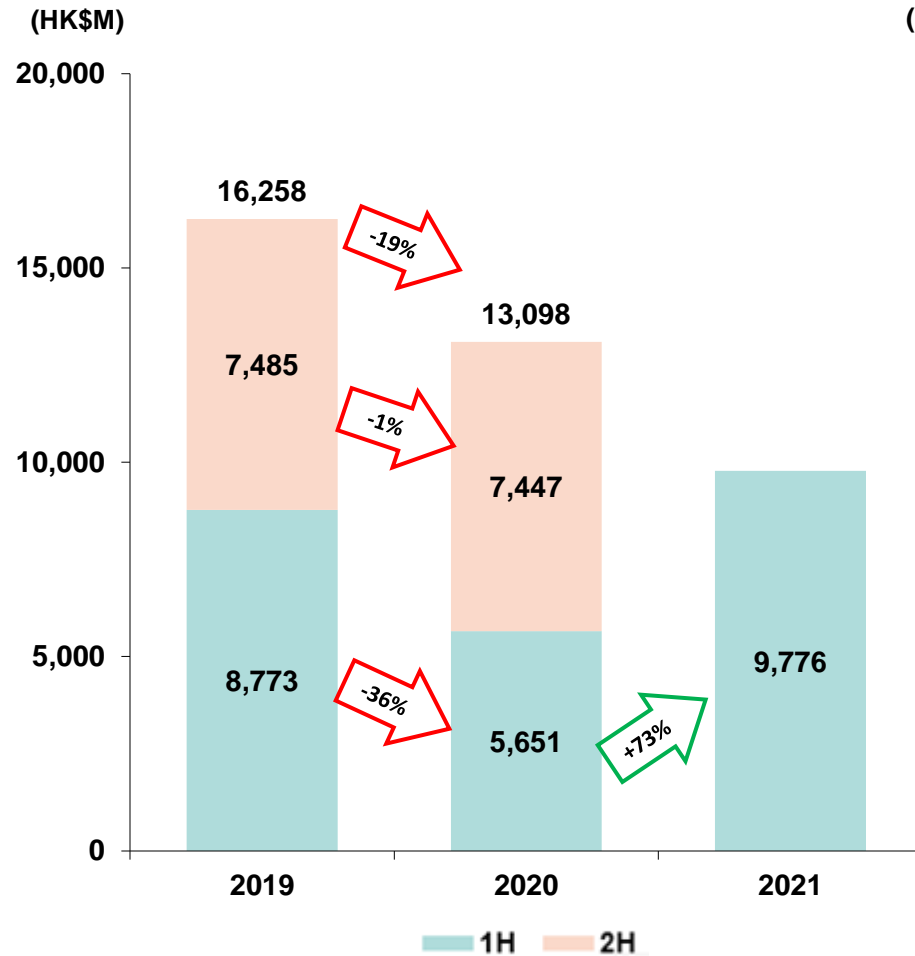


Results breakdown – Continuing operations

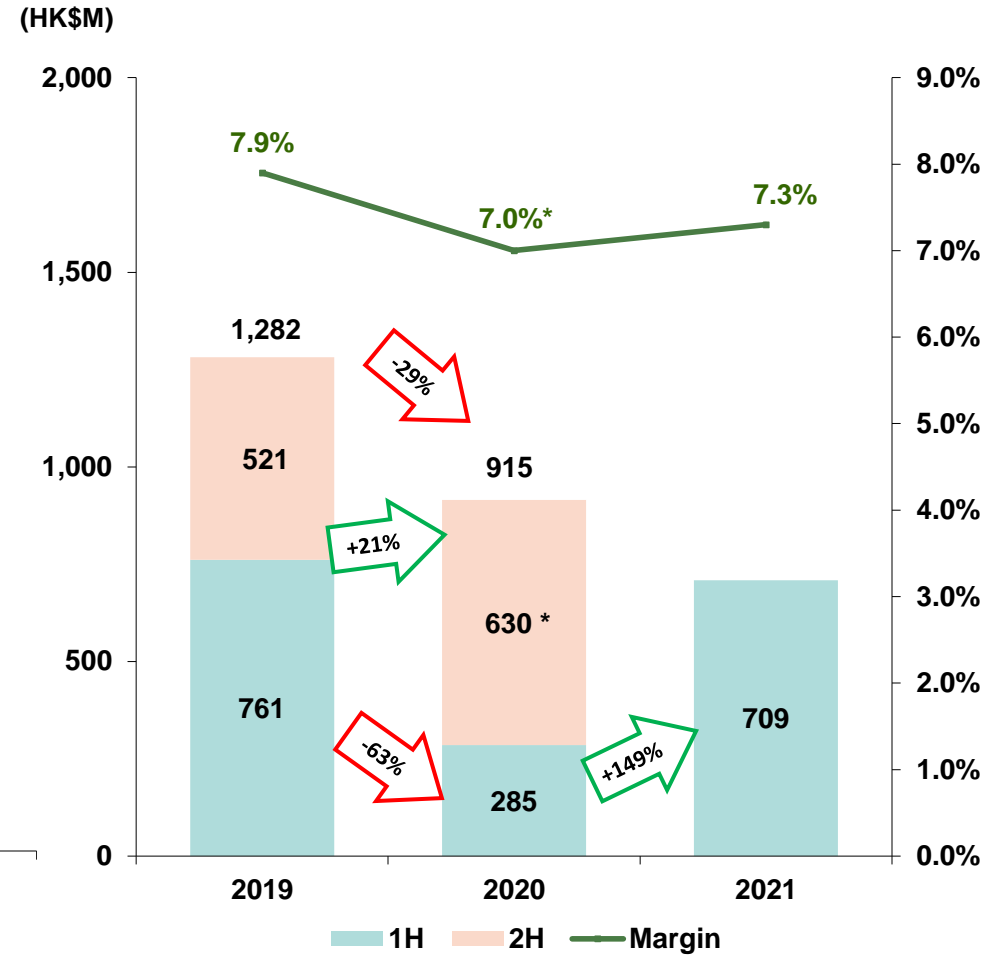


Jewellery and Watch Retail Performance

Turnover



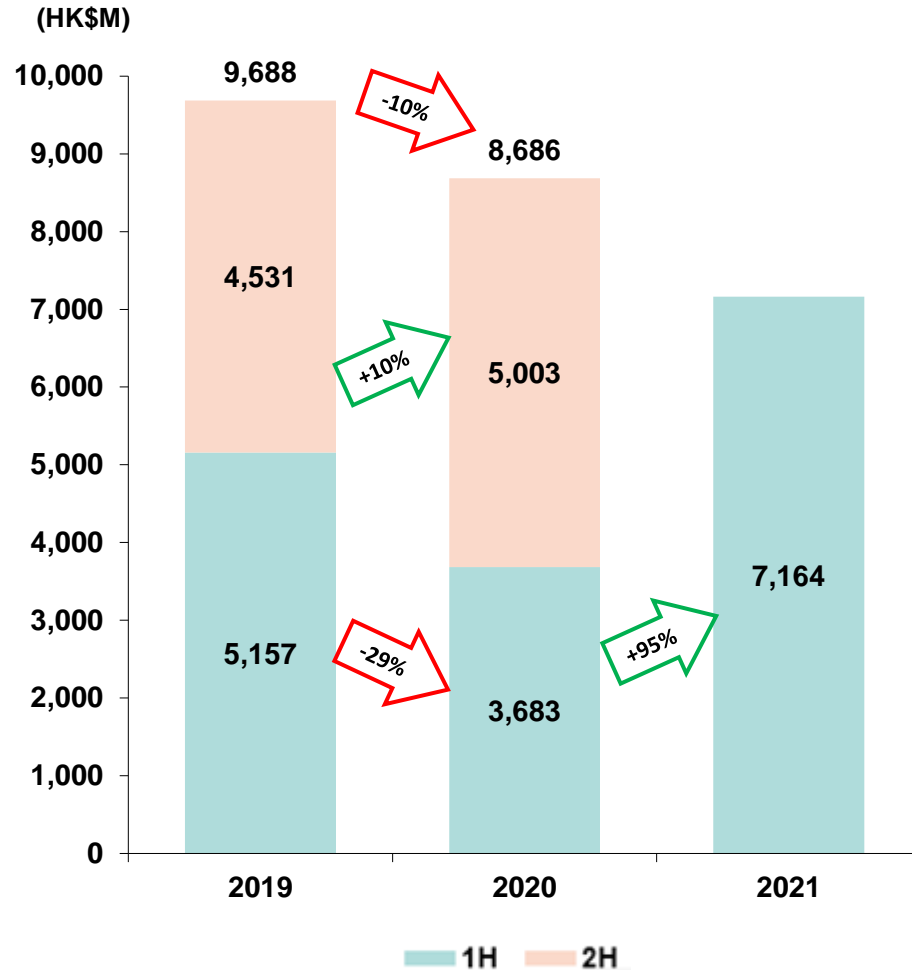
Operating results



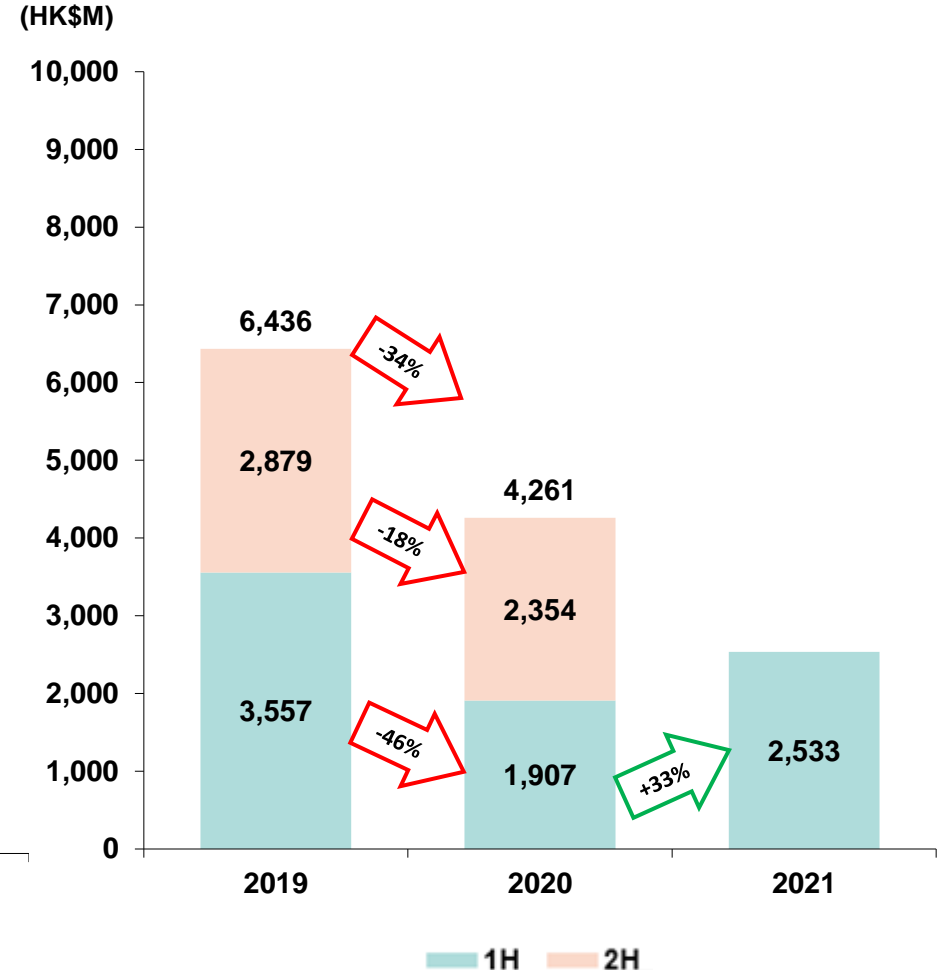
* Included impairment of right-of-use assets (HK\$170M)

Jewellery and Watch Retail Performance

Mainland China retail turnover



HK & Macau retail turnover

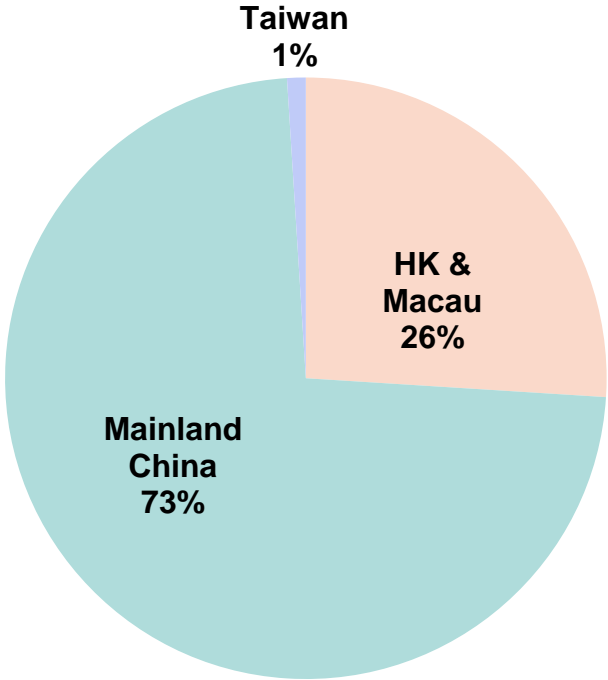
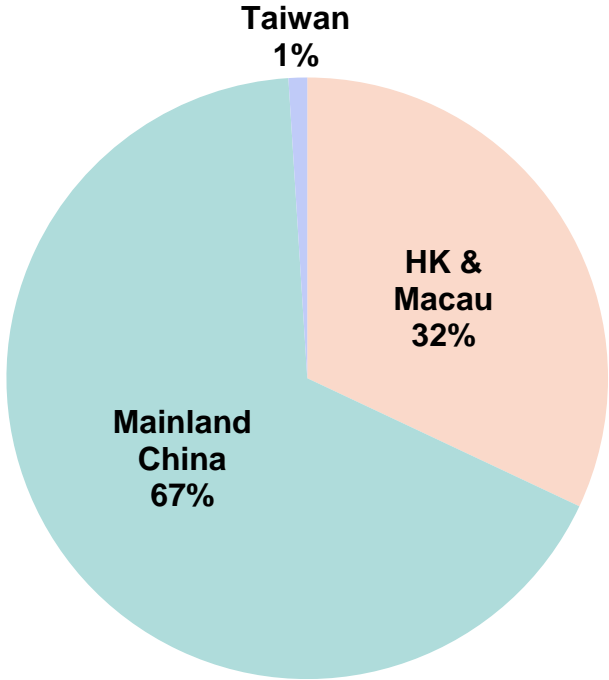
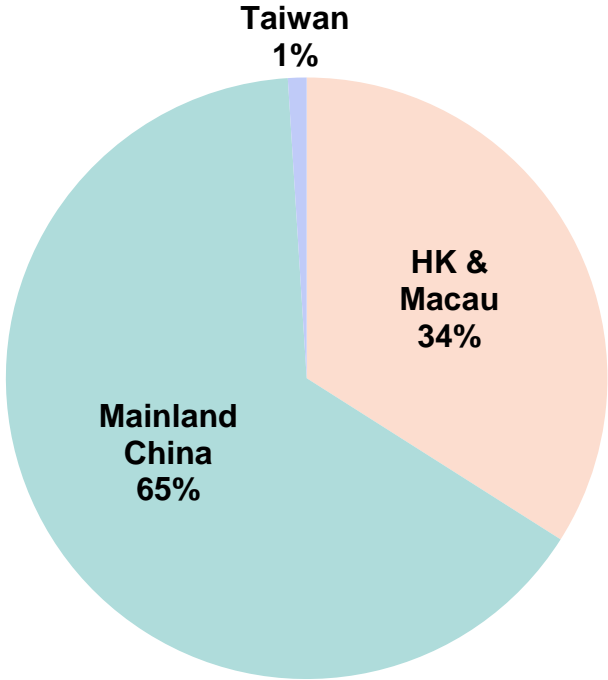


Retail Turnover by Geographical Area

2020 1H

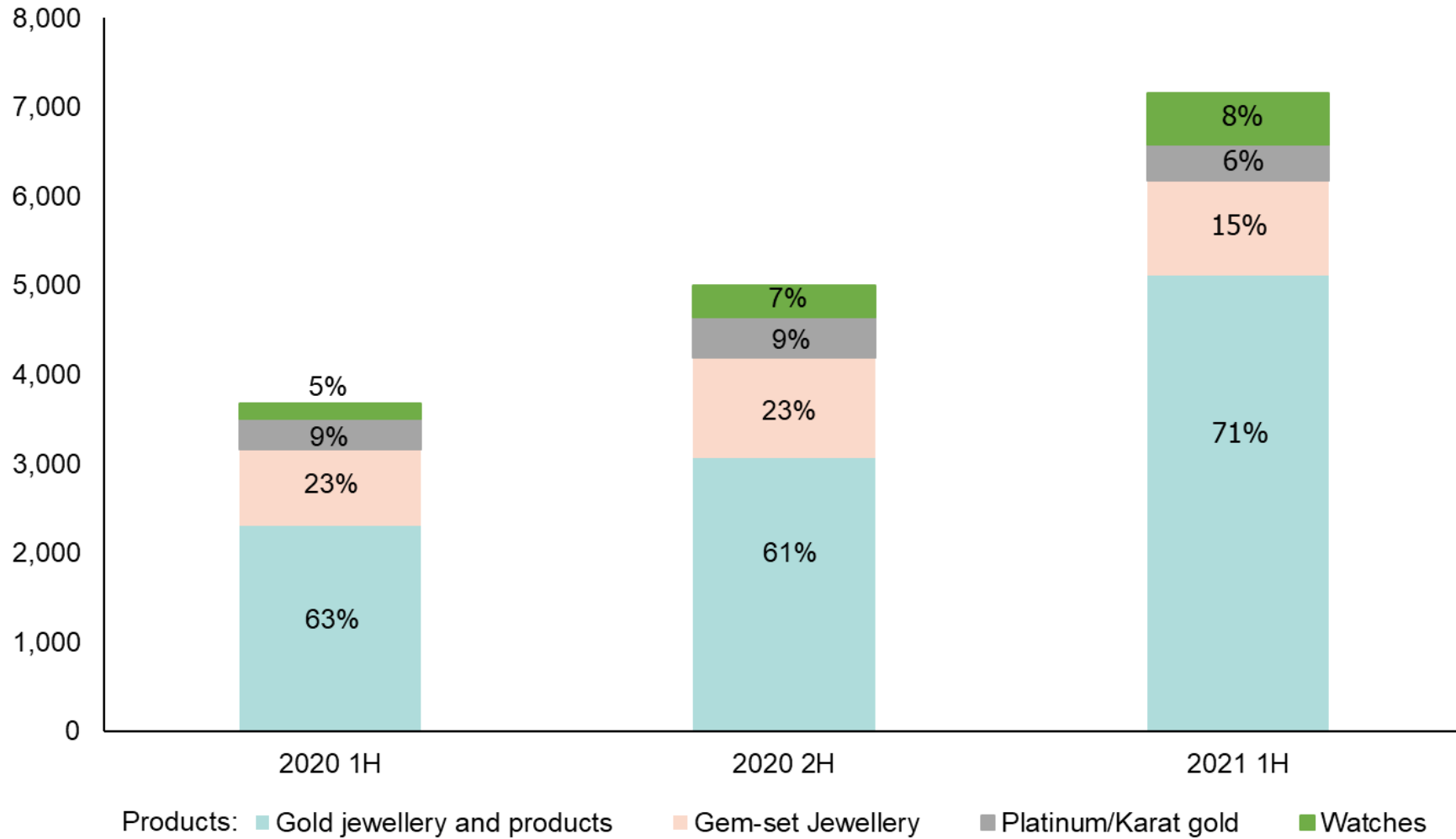
2020 2H

2021 1H



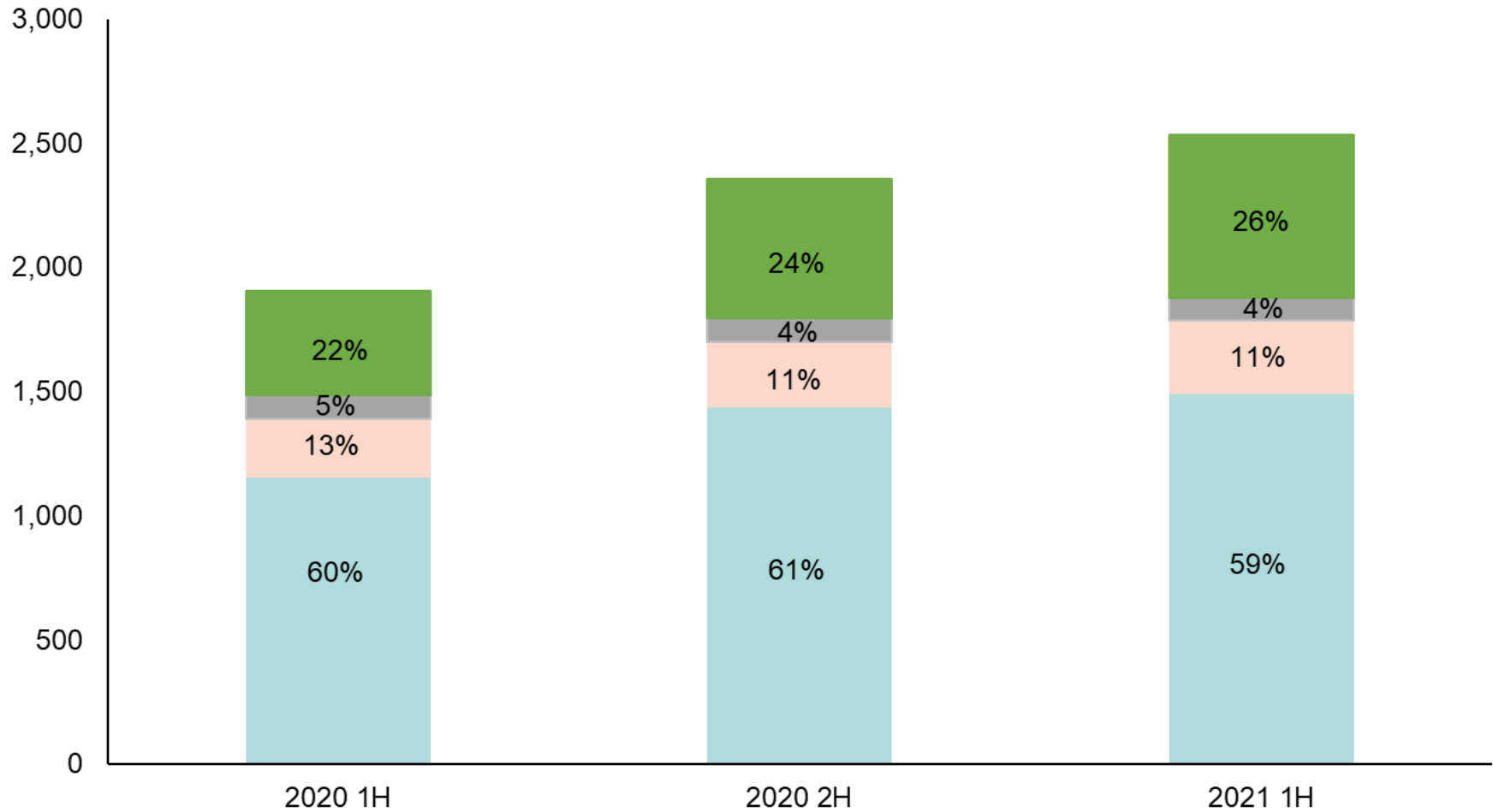
Mainland China Retail Sales Mix

(HK\$M)



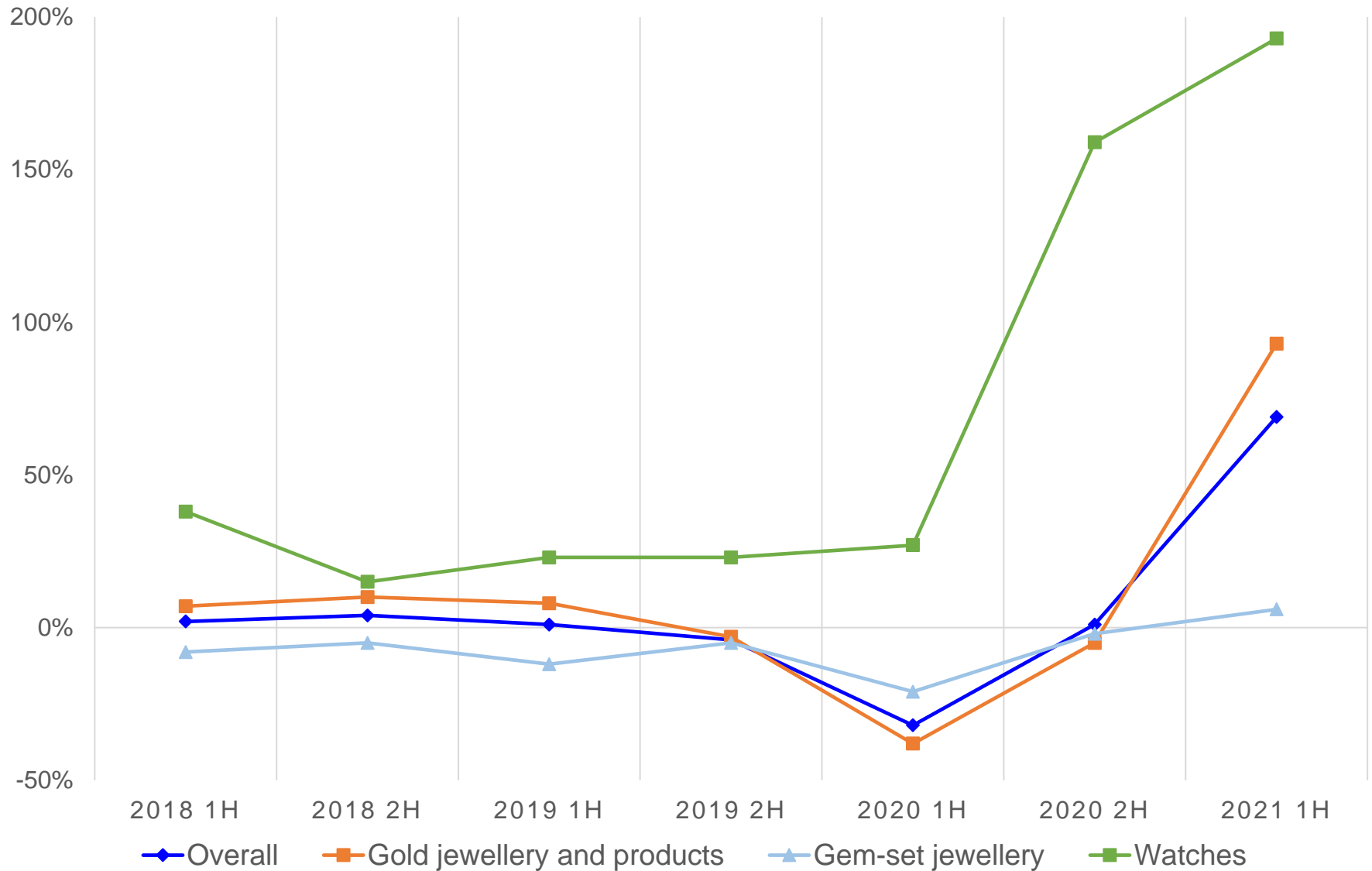
Hong Kong and Macau Retail Sales Mix

(HK\$M)

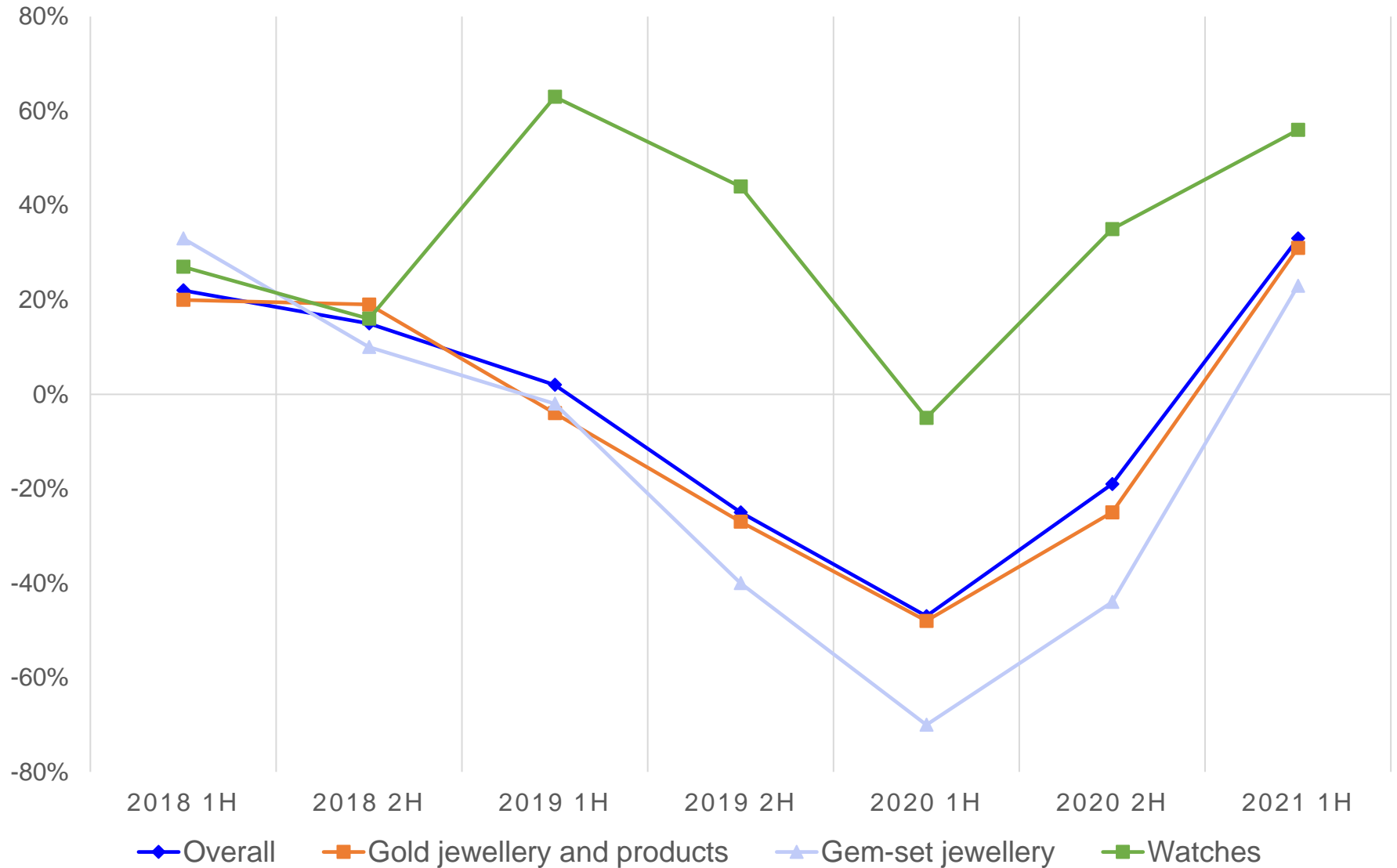


Products: ■ Gold jewellery and products ■ Gem-set Jewellery ■ Platinum/Karat gold ■ Watches

Mainland China Retail SSSG

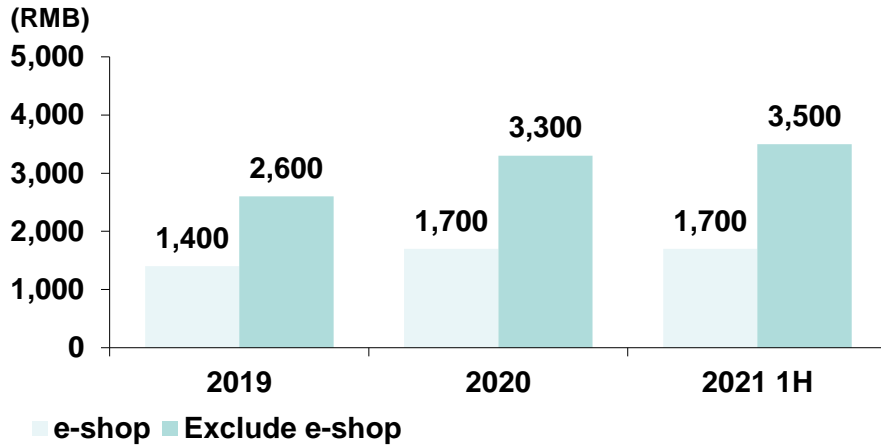


Hong Kong and Macau Retail SSSG

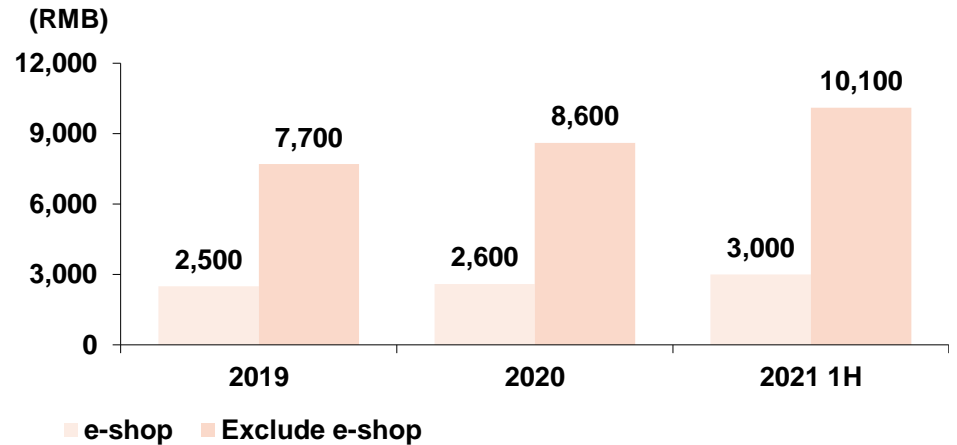


Retail: Change of Average Selling Price

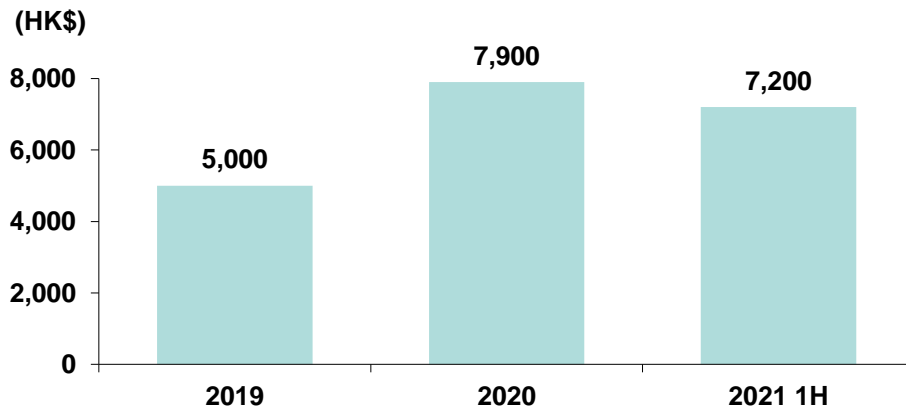
**Mainland China
- Gold jewellery and products**



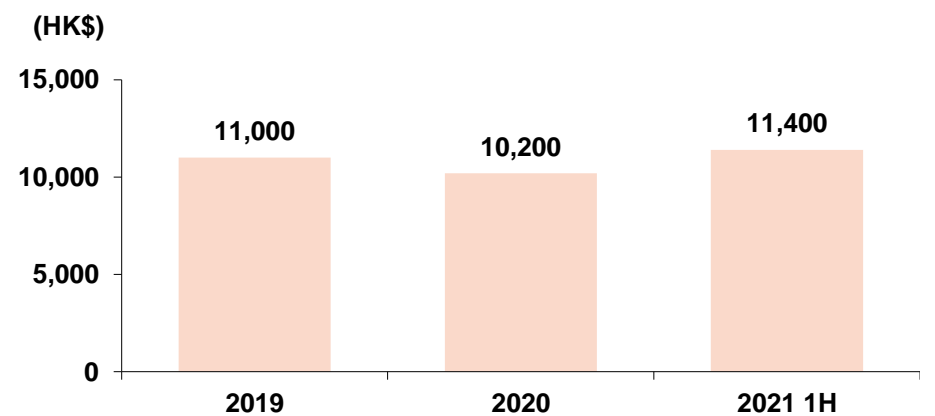
**Mainland China
- Gem-set jewellery**



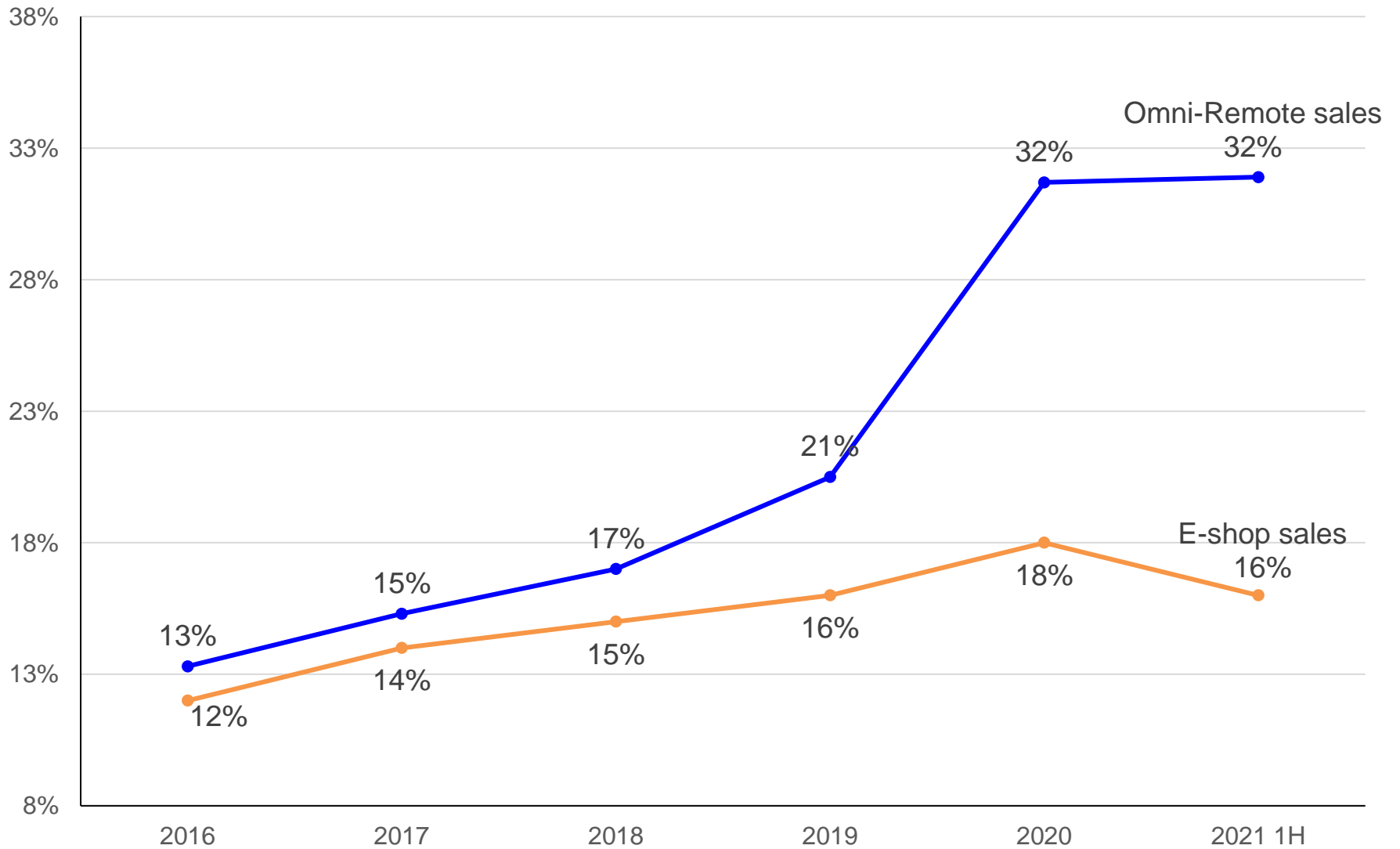
**Hong Kong and Macau
- Gold jewellery and products**



**Hong Kong and Macau
- Gem-set jewellery**

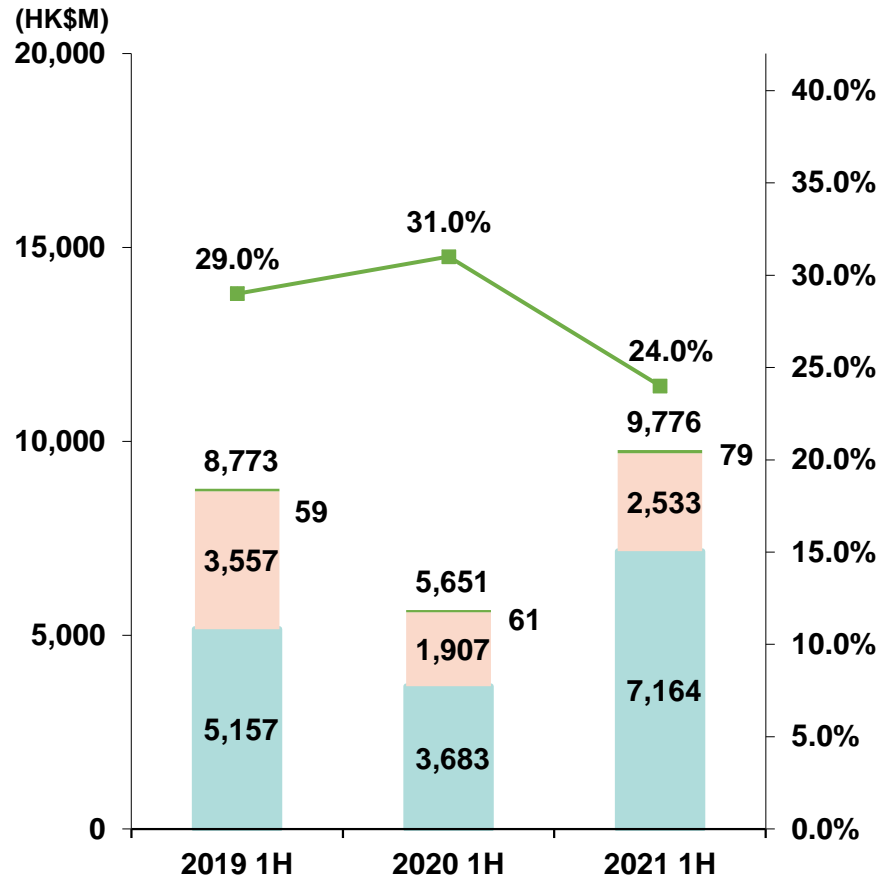


Omni-Remote Sales as a Percentage of Mainland China Sales

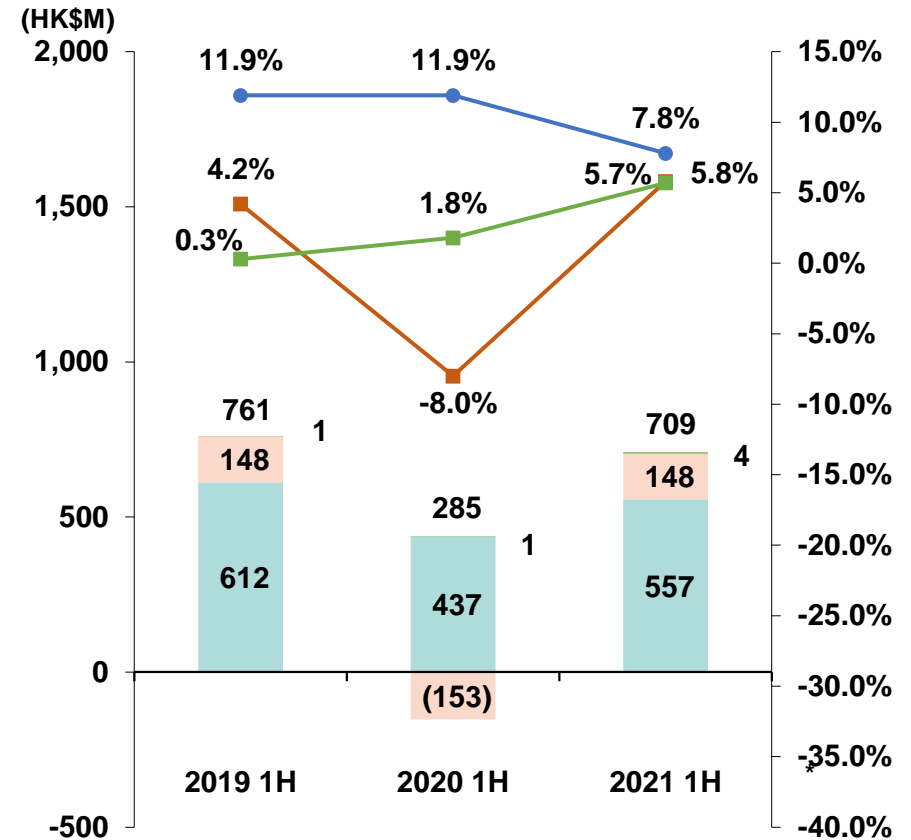


Retail Performance by Geographical Area

Retail segment turnover and GP margin



Retail segment results and margin



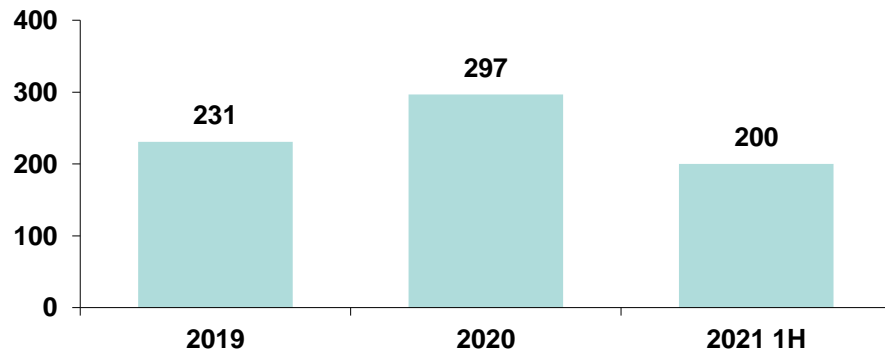
Mainland China HK&Mac Taiwan GP

Mainland China HK&Mac
 Taiwan
 Mainland China margin
 HK&Mac margin
 Taiwan margin

Working Capital Trends

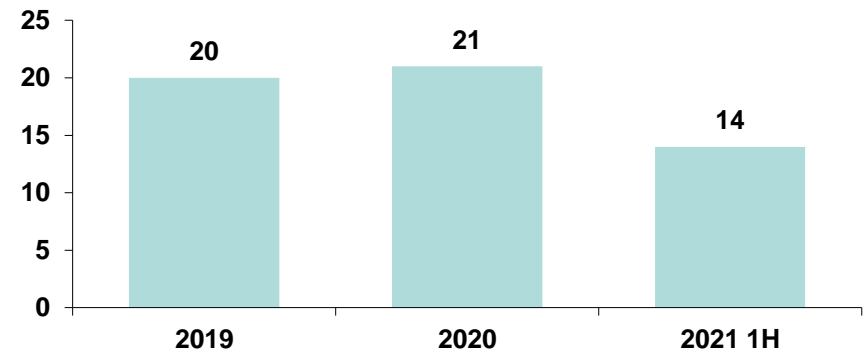
Average inventory turnover days

(No. of Days)



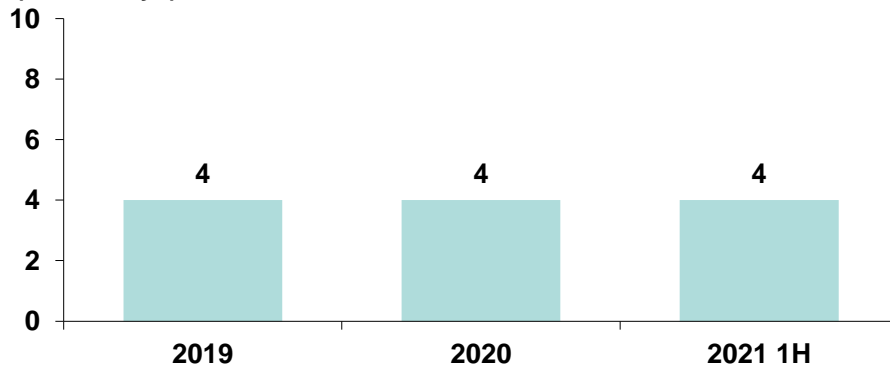
Average receivables turnover days

(No. of Days)



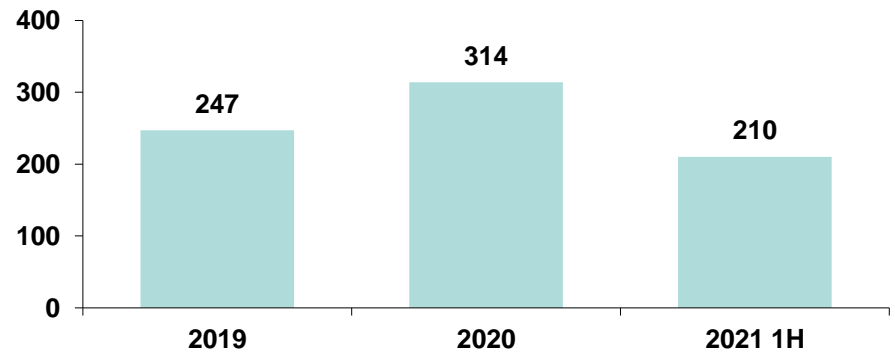
Average payables turnover days

(No. of Days)



Cash conversion cycle

(No. of Days)



Financial Highlights

(HK\$M)	For the 6 months ended			% change
	2019	2020	2021	21 vs 20
	Restated	Restated		
Turnover - Continuing operations	9,528	6,403	10,825	+69%
<i>Retail of jewellery and watches</i>	8,773	5,651	9,776	+73%
<i>Wholesale of precious metals</i>	746	744	1,031	+39%
<i>Others</i>	9	8	18	+125%
Gross profit - Continuing operations	2,562	1,756	2,410	+37%
Gross profit margin - Continuing operations	26.9%	27.4%	22.3%	
Profit before tax - Continuing operations	778	301	727	+142%
Profit attributable to owners	615	211	536	+154%
Basic EPS (HK cents)	90.8	31.2	79.1	+154%
Dividend per share (HK cents)	14.0	5.0	14.0	+180%
Capital expenditure	145	93	113	+22%

Other Financial Information

(HK\$M)

	As at		
	Dec-31		Jun-30
	2019	2020	2021
	Restated	Restated	
Cash and cash equivalents	940	1,624	1,221
Long term listed investments*	901	1,414	1,540
Gearing[#]	22.7%	15.8%	17.9%
Unused banking facilities	3,472	3,513	3,460

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

Total borrowings to total equity holders' equity. Total borrowings includes interest-bearing bank borrowings and bullion loans

Business Review

Business Review

Retail - Analysis by Geographic Area

Mainland China

- Revenue surged 94% YOY in 1H, due to the easing of covid-19 restrictions and new store openings.
- Gold jewellery registered substantial growth, with SSSG reached 93%.
- Personalised Jewellery Service business maintained its growth momentum. However, market competition was fierce for entry-level diamond jewellery.
- Driven by strong demand, sales of Rolex and Tudor reached new highs with +193% SSSG.
- On-line sales were steady and accounted for 16% of sales.
- Segment results were up 27%, benefiting from booming gold jewellery product and watch sales.

Hong Kong and Macau

- Buoyed by improved market sentiment, revenue in 1H was up 33% YOY.
- The SSSG upticks in both gold and gem-set categories because of a slight rebound in local demand for wedding gifts and daily wear jewellery.
- Sales from Personalised Jewellery Services surged 696%.
- Watch sales remained strong throughout, unaffected by the pandemic.
- Hong Kong and Macau operations have resumed its profitability. The overall SSSG reached 31%. Nevertheless, overall sales are expected not to regain its 2019 level until Mainland tourists return.

Business Review

Retail - Analysis by Geographic Area

Taiwan

- Taiwan had exhibited a steady growth since 2020 and fared in relatively good shape prior to mid-May 2021.
- However, growth was reversed by the recent wave of covid-19.
- Overall 2021 1H sales were up 29% YOY.

Business Review

Retail - Store Network

- 生生·活字 (Oasis by Chow Sang Sang) and PROMESSA are the main engine of store expansion.
- Oasis by Chow Sang Sang line of shops, launched in September 2020, is set to be in a relaxed, “corner-store” style. This line has become the main engine in our store expansion program in Mainland China. 19 new stores, with different themes and sales foci, were added.
- PROMESSA stores are devoted to offer Personalised Jewellery Service with our signature collections of engagement rings, wedding bands and bridal accessories. 7 new stores were added.

PROMESSA



生生·活字

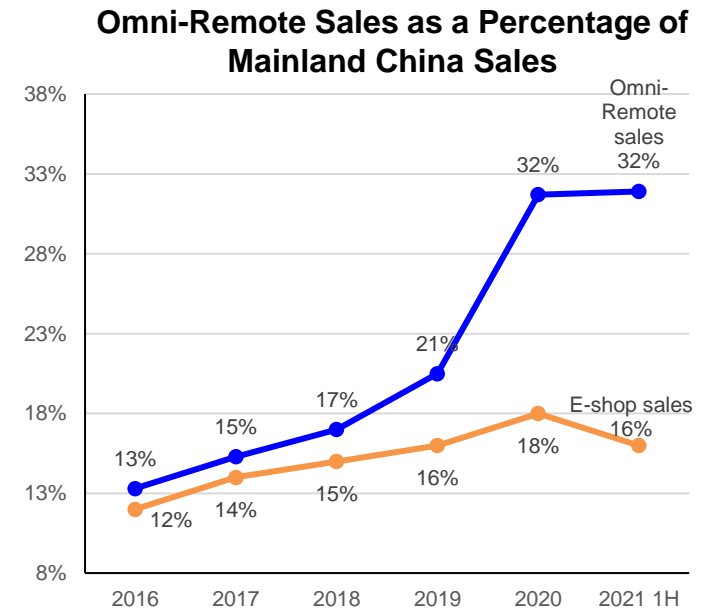
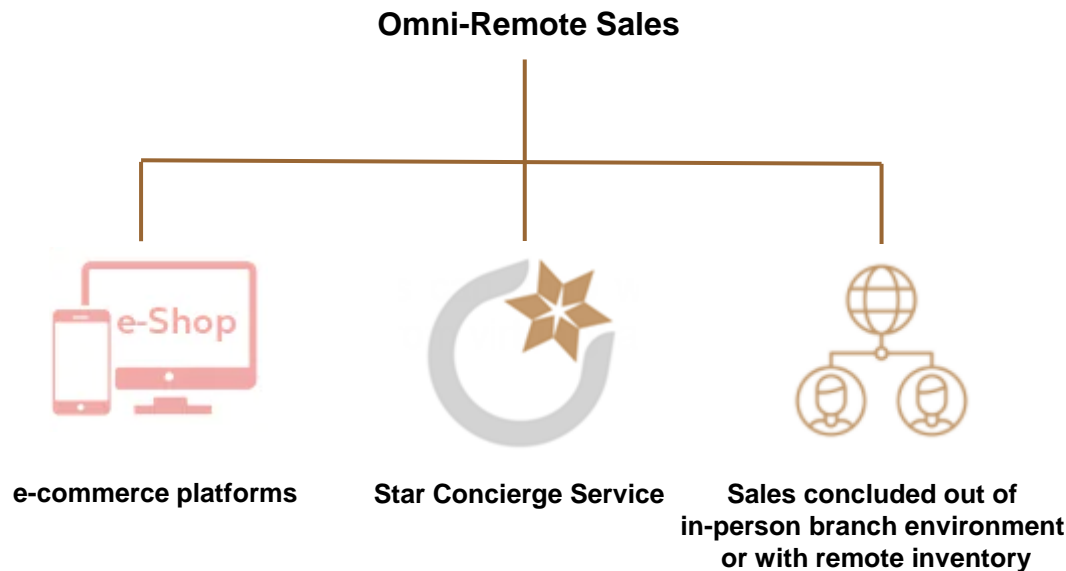


Three Themes: Lifestyle, Culture and Romance

Business Review

Retail - Omni-Channel Retailing

- Our Omni-Remote Sales framework is the lifeline connecting e-shop and physical stores into one ecosystem in which the customer journey can be physical, digital or a mixture of both.
- Mainland China online sales were steady in spite of covid-19 and accounted for about 16% of our Mainland China sales (2020 1H: 20%).
- In January and April 2021, we launched PROMESSA and MINTYGREEN WeChat mini-program e-commerce stores respectively. Viral marketing, on-line shopping and In-App payment can be done within the closed-loop instant-message ecosystem.
- Omni-Remote Sales accounted for 32% of total sales in Mainland China (2020 1H: 31%).



Business Review

Retail - Product and Marketing

- We launched new designs and distinctive services for Personalised Jewellery Service. When customers select diamonds for their pieces, they can virtually examine the stones through interactive high resolution videos.
- Our Cultural Blessings collection combines modern artistry with traditional Chinese cultural elements, has delivered encouraging sales growth.
- One of our best-selling collections, Charme, has been enriched with new “mini-Charme”, further widening its receptivity.



Cultural Blessings Collection



Patented Product for Qixi



Mini-Charme

Business Review

Retail - Product and Marketing

- To reach out to young couples, we participated in 14 wedding expos across major cities. The amounts transacted in the expos were very pleasing.
- We organised 25 point-of-purchase events with different themes to showcase our jewellery collections in Mainland China in 2021 1H.

Wedding Expo



Point-of-purchase Events



Business Review

Retail - Product and Marketing

- Livestreaming has become an important way for brands to introduce new products and gain awareness in China. We broadcasted over 2,700 hours of live streaming shows in 2021 1H.
- Chow Sang Sang Tmall Flagship Store won the 2020 Outstanding Live Broadcast Merchant Award (“2020年度直播卓越商家獎”) organised by Taobao in April 2021.



2020 Outstanding Live Broadcast Merchant Award



Business Review

Other Business Segments

Wholesale of Precious Metals

- Gold and platinum wholesale business contracted.
- Trading of other precious metals continued to be active and became a significant part of our trading portfolio.
- Turnover grew 39% to HK\$1,031 million and segment operating profit increased to HK\$11 million.

Securities and Futures Broking – the discontinued operation

- The Group ceased the broking business at the beginning of May and has been processing assets left unclaimed by clients.
- The legal proceedings initiated by the Group in Feb 2021 against some default margin loan customers, guarantors and introducer are in progress.
- The related outstanding receivables, net of provisions, stood at HK\$221 million as at 30 June 2021, unchanged from previously reported level.

Strategy Outline

Strategy Outline

Jewellery and Watch Store Expansion

- Continue to expand store network selectively and cautiously
- Implement multi-brand strategy and target to appeal to different groups of clientele
- Continue to adjust our store network in Hong Kong to better serve local customers and provide new customer experience
- Expect the number of net store additions to be around 100 in 2021

Chow Sang Sang Omni-channel Retailing

- Leverage on integration of our non-franchised physical shops and our strong e-commerce presence
- Converge digital and physical retail with seamless customer experience
- Optimise our Personalised Jewellery Service to complement and synergise with our omni-channel retailing

Product and Marketing


- For our Personalised Jewellery Service, continue to add product assortments, introduce more sales tools and launch distinctive services
- Expand product collections embodying classic Chinese elements with modern artistry
- Engage customers through streaming shows, point-of-purchase events, participation in wedding expos and other promotion channels

Q&A Session

Appendix

Personalised Jewellery Service New DIY Experience

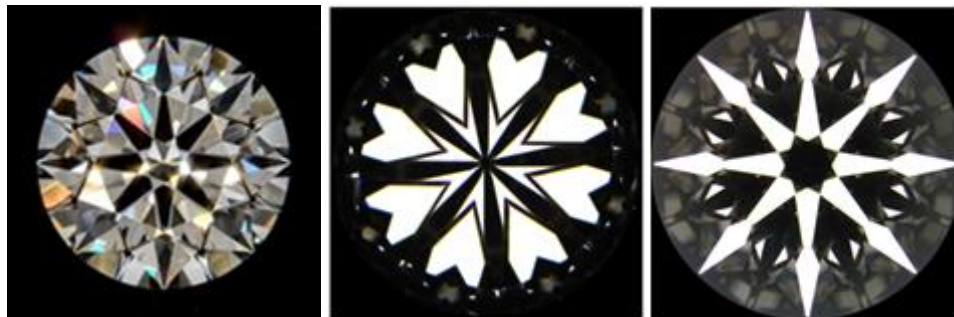
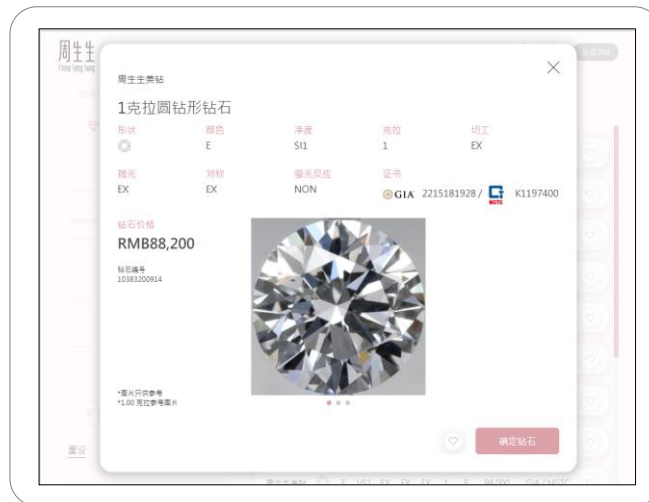
- To further enhance the personalised experience and professional service, a ring fitting kit and earring try-on tool were introduced. The ring with adjustable shank is patented.
- The service covers all branches in Mainland China by the end of August 2021.


Personalised 
Jewellery Service



Personalised Jewellery Service New DIY Experience (Cont'd)

- In Q4 of 2020, professional filming equipment was introduced to include 360-degree video and top face photo for selected diamonds. When selecting diamonds, customers can virtually examine the stones through the high resolution videos in all directions.
- This service was extended to Infini Love Diamond in June 2021, with the addition of the unique Hearts and Arrows and Octagonal Star pattern photos to showcase its full brilliance and fire.



Personalised 
Jewellery Service

Thank you