



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

Chow Sang Sang announces 2022 Annual Results

**Consolidated turnover from continuing operations for the Year decreased
by 7% to HK\$20,557 million**

**Total segment results from continuing operations decreased
by 15% to HK\$829 million.**

Net profit decreased by 30% to HK\$452 million

[23 March 2023, Hong Kong] Chow Sang Sang Holdings International Limited (the “Company”, together with its subsidiaries, the “Group”) is pleased to announce its consolidated results for the year ended 31 December 2022 (“the Year”).

In the first half of 2022, many parts of the Mainland were subjected to large-scale crowd control measures that precluded any public activities for weeks on end. A respite came around June, and jewellery and watch sales started to pick up through the third quarter, but widespread infections shut down cities again in the fourth quarter. While in Hong Kong, although the first quarter sales were decimated by the pandemic, from April onward sales rebounded sharply, buoyed by the consumption vouchers. Growth in sales were recorded for most of the remaining months of the Year.

The Group’s consolidated turnover from continuing operations decreased by 7% to HK\$20,557 million in 2022. Depreciation of Renminbi and rebound in international gold price during the fourth quarter caused significant exchange loss and unrealised net fair value loss on bullion loans in 2022. In terms of combined segment contributions and taking out material exceptional effects, total segment results from continuing operations decreased by 15% to HK\$829 million. Profit attributable to owners of the Company decreased by 30% to HK\$452 million. Profit attributable to owners of the Company from continuing operations decreased by 35% to HK\$486 million.

The Board of Directors has recommended a final dividend of HK15.0 cents per ordinary share for the Year. Together with the interim dividend of HK15.0 cents per ordinary share paid by the Company, the total dividend per ordinary share for the Year will be HK30.0 cents.

Retail of Jewellery and Watches

For Mainland China, 1H was seriously affected by the pandemic, especially in Eastern China. Gold jewellery sales returned to growth track in 2H, partly driven by the fall in international gold price.

The gem-set jewellery market continued to be weak, especially for high unit price diamond jewellery. Rebound in sales in 2H and sales from new stores could not offset the impact of the pandemic and the fall in Renminbi. Total 2022 sales decreased by 1% (in Renminbi) and 4% (in Hong Kong dollar) year-on-year, while SSSG decreased by 5% year-on-year. Segment results were down 31% as a result of higher gold sales mix and operating deleveraging.

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

Store Network

Total store number reached 977 as at 31 December 2022 with a net addition of 105 stores during the Year. Net changes in store number during the Year for Mainland China, Hong Kong, Macau and Taiwan region are +99, 0, +3 and +3 respectively.

In Mainland China, a net addition of 62 Chow Sang Sang brand stores were added. We also continues to expand our store network by adding 生生·活宇 (Oasis by Chow Sang Sang), MINTYGREEN and PROMESSA stores.

In Hong Kong, the Group added 2 new stores in Tsim Sha Tsui. One of the new stores is in K11 MUSEA: V&A Chow Sang Sang which is our first store-collaboration with Victoria and Albert Museum in London. The other store, in Harbour City, has an eye-catching fitting out with allusions to oceans. The Group added 3 點睛品 stores both in Macau and Taiwan.

Chow Sang Sang Omni-Channel Retailing

Despite a decline in physical store sales in Mainland China due to the pandemic, online sales continued to grow at a fast pace at 22%. Online sales in Hong Kong, Taiwan and other regions maintained its strong growth at 75%. Remarkable growth was recorded in Chow Sang Sang official website and across all major Hong Kong and international platforms.

Product and Marketing

Gold jewellery sales demonstrated great resilience. The Group's "Culture Blessings" collection of gold ornaments remained the preferred choice of customers. Newly introduced collections, "Mirror Gold" and "Diamond Symphony", have been well-received by customers.

It was not conducive to physical marketing campaigns in the covid-19 epidemic situation throughout 2022, but we still managed to launch a number of eye-catching events timely, including the "Infini Love Diamond Kaleidoscope Tunnel Exhibition", "PROMESSA Interactive Roadshow", culture-themed gold jewellery exhibition and new product salon, etc.

Outlook

As of the first quarter of 2023 the worst of the covid-19 impact looks to be behind us. This puts our jewellery and watch retail on a strong recovery footing. Sales in Hong Kong and Macau, and Mainland China for the period from 1 January to 15 March 2023 were up approximately 89% and 26% year-on-year respectively. The Group remains committed to its long-established business strategy, which includes (1) steady expansion of jewellery and watch store network; (2) Chow Sang Sang Omni-Channel Retailing; and (3) continuous product innovation and robust customer communication. The Group continues to steadily expand the number of jewellery and watch stores, utilising multi-brand strategy and different decorating styles to enhance shopping experience and strengthen brand positioning. The Group expects the number of net store additions will be around 100 in 2023.

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

**For identification purpose only*

Remarks: For more details, please refer to the results announcement published on 23 March 2023. Unless the context requires otherwise, capitalised terms used in this press release shall have the same meanings as those defined in the results announcement.

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About Chow Sang Sang

Chow Sang Sang, as a well-known jewellery retailer, has gained reputation of providing warm and earnest customer service and its insistence on product quality. Today, Chow Sang Sang operates more than 990 jewellery and watch stores in Greater China. Also, with its own eshop, and official stores in various online marketplaces, customers from over 40 destinations worldwide can now shop at Chow Sang Sang.

For more information about Chow Sang Sang, please visit www.chowsangsang.com.