CHOW SANG SANG HOLDINGS INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)
Stock code: 116

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2009

The Board of Directors (the "Board") of Chow Sang Sang Holdings International Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2009. The interim results have been reviewed by the Audit Committee of the Board.

FINANCIAL HIGHLIGHTS

	Unaudited Six months ended 30 June		
	2009	2008	Change
	HK$'000	HK$'000 (Restated)	
Turnover			
Jewellery retail	**2,573,943**	2,513,735	+2%
Other businesses	**2,035,944**	2,277,480	-11%
	4,609,887	4,791,215	-4%
Profit attributable to shareholders of the Company	**241,076**	294,705	-18%
Basic earnings per share	**40.1 cents**	49.0 cents	-18%
Interim dividend per share	**7.0 cents**	8.0 cents	-13%
Dividend payout ratio	**17%**	16%	
Equity attributable to shareholders of the Company	**3,529,695**	3,205,768^	+10%
Equity per share	**$5.86**	$5.33^	+10%

^ Audited as at 31 December 2008

CONSOLIDATED INCOME STATEMENT

	Note	Unaudited Six months ended 30 June 2009 HK$'000	2008 HK$'000 (Restated)
TURNOVER	4		
Jewellery retail		**2,573,943**	2,513,735
Other businesses		**2,035,944**	2,277,480
		4,609,887	4,791,215
Cost of sales		**(3,776,267)**	(3,925,935)
Gross profit		**833,620**	865,280
Other income		**37,778**	48,325
Selling and distribution costs		**(448,043)**	(393,285)
Administrative expenses		**(106,167)**	(110,503)
Other gains / (losses), net		**(1,910)**	3,158
Finance costs		**(7,721)**	(12,389)
Share of losses of associates		**(47)**	(198)
PROFIT BEFORE TAX	5	**307,510**	400,388
Tax	6	**(60,240)**	(95,507)
PROFIT FOR THE PERIOD		**247,270**	304,881
Profit attributable to:			
Shareholders of the Company		**241,076**	294,705
Minority interests		**6,194**	10,176
		247,270	304,881
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	8		
Basic		**40.1 cents**	49.0 cents

Details of dividends payable to shareholders of the Company are set out in note 7.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
PROFIT FOR THE PERIOD	**247,270**	304,881
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of operations outside Hong Kong	**(14,438)**	44,677
Change in fair value of available-for-sale investments	**233,805**	(529,530)
Deferred tax arising from change in statutory tax rate	**-**	2,833
Other comprehensive income / (loss) for the period, net of tax	**219,367**	(482,020)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	**466,637**	(177,139)
Total comprehensive income / (loss) attributable to:		
Shareholders of the Company	**462,369**	(190,068)
Minority interests	**4,268**	12,929
	466,637	(177,139)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**Unaudited 30 June 2009 HK$'000**	Audited 31 December 2008 HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**428,259**	389,938
Investment properties		**117,597**	117,597
Intangible assets		**271**	271
Other assets		**72,317**	74,890
Interests in associates		**10,484**	10,900
Available-for-sale investments		**611,190**	378,084
Deposits paid for purchase of items of property, plant and equipment		**3,559**	53,824
Deferred tax assets		**3,042**	1,323
Total non-current assets		**1,246,719**	1,026,827
CURRENT ASSETS			
Inventories		**2,497,939**	2,528,754
Accounts receivable	9	**205,300**	212,352
Receivables arising from securities and futures broking	9	**863,209**	134,848
Prepayments, deposits and other receivables		**87,431**	73,858
Investments at fair value through profit or loss		**7,568**	5,820
Derivative financial instruments		**1,093**	2,759
Tax recoverable		**5,042**	9,109
Cash held on behalf of clients		**415,525**	325,399
Cash and cash equivalents		**168,053**	145,117
Total current assets		**4,251,160**	3,438,016
CURRENT LIABILITIES			
Accounts payable	10	**64,620**	70,023
Payables arising from securities and futures broking	10	**524,220**	381,942
Other payables and accruals		**190,642**	226,825
Derivative financial instruments		**4,761**	2,769
Interest-bearing bank borrowings		**376,288**	389,099
Interest-bearing bank borrowings arising from securities and futures broking		**648,000**	-
Tax payable		**45,740**	78,641
Total current liabilities		**1,854,271**	1,149,299
NET CURRENT ASSETS		**2,396,889**	2,288,717
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,643,608**	3,315,544
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**62,840**	57,473
Net assets		**3,580,768**	3,258,071

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 30 June 2009 HK$'000	Audited 31 December 2008 HK$'000 (Restated)
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	**150,480**	150,480
Reserves	**3,337,081**	2,916,846
Proposed dividend	**42,134**	138,442
	3,529,695	3,205,768
Minority interests	**51,073**	52,303
Total equity	**3,580,768**	3,258,071

NOTES

1. Basis of preparation

This unaudited condensed consolidated interim financial report has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "*Interim Financial Reporting*" issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

This interim financial report should be read in conjunction with the Annual Report 2008.

The accounting policies and basis of computation used in the preparation of this interim financial report are the same as those used in the Group's audited financial statements for the year ended 31 December 2008, except that the Group has changed certain of its accounting policies mentioned in note 2 below following its adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) which have become effective for accounting periods beginning on or after 1 January 2009.

2. Impact of new and revised Hong Kong Financial Reporting Standards

The Group has adopted the following new and revised HKFRSs for the first time for the current period's consolidated interim financial report.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment - Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation*
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008[1]

1 except for the amendments to HKFRS 5 which is effective for annual periods on or after 1 July 2009

Except for the adoption of HKFRS 8, HKAS 1 (Revised) and HK(IFRIC)-Int 13, the adoption of the new and revised HKFRSs which become effective for accounting periods beginning on or after 1 January 2009 have had no material impact on the Group's results of operations and financial position.

(i) HKFRS 8 specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group determined that the operating segments were the same as the business segments previously identified under HKAS 14 *Segment Reporting*.

2. Impact of new and revised Hong Kong Financial Reporting Standards (continued)

(ii) HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the revised standard introduces the statement of comprehensive income, with all items of income and expense recognized in profit or loss, together with all other items of recognized income and expense recognized directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

(iii) HK(IFRIC)-Int 13 requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished. The Group maintains a loyalty points programme in Mainland China which allows customers to accumulate points when they purchase products in the shops. The points can then be redeemed for free products, subject to a minimum number of points being obtained.

Following the adoption of HK(IFRIC)-Int 13, consideration received is allocated between the products sold and the points issued, with the consideration allocated to the points equal to their fair value. Fair value of the points is determined by applying statistical analysis. The fair value of the points issued is deferred and recognized as revenue when the points are redeemed.

The change in accounting policy has been applied retrospectively. As a result, prior period adjustment with the opening balances of the retained profits as at 1 January 2009 restated by a reduction of HK$1,076,000. The comparative amounts in respect of turnover and profit for the six months ended 30 June 2009 have also been restated by a reduction of HK$565,000 accordingly.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective, in this interim financial report.

HKFRS 3 (Revised)	*Business Combinations* [1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements* [1]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement - Eligible Hedged Items* [1]
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement - Embedded Derivatives* [2]
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners* [1]
HK(IFRIC)-Int 18	*Transfers of Assets from Customers* [3]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[4]

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods ending on or after 30 June 2009
3 Effective for transfers of assets from customers received on or after 1 July 2009
4 Except for the amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16, which are effective for annual periods beginning on or after 1 July 2009, and no effective date or transitional provisions for the amendment to Appendix to HKAS 18 has been specified, other amendments are effective for annual periods beginning on or after 1 January 2010, although there are separate transitional provisions for certain standards

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. However, it is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

3. Segment information

The following tables present revenue and results for the Group's reportable segments for the periods ended 30 June 2009 and 2008, respectively.

	Manufacture and retail of jewellery HK$'000	Wholesale of precious metals HK$'000	Securities and futures broking HK$'000	Other businesses HK$'000	Eliminations HK$'000	Consolidated HK$'000
2009						
Segment revenue						
Sales to external customers	**2,573,943**	**1,974,992**	**37,141**	**23,811**	**-**	**4,609,887**
Intersegment sales	**11,897**	**238,448**	**-**	**1,444**	**(251,789)**	**-**
Other income from external sources	**20,055**	**-**	**4,905**	**3,204**	**-**	**28,164**
Other intersegment income	**1,191**	**-**	**-**	**73**	**(1,264)**	**-**
Total	**2,607,086**	**2,213,440**	**42,046**	**28,532**	**(253,053)**	**4,638,051**
Segment results	**263,527**	**19,509**	**20,946**	**5,531**	**-**	**309,513**
Interest income						**698**
Dividend income						**8,916**
Unallocated expenses						**(4,150)**
Finance costs						**(7,420)**
Share of losses of associates						**(47)**
Profit before tax						**307,510**
Tax						**(60,240)**
Profit for the period						**247,270**

	Manufacture and retail of jewellery HK$'000 (Restated)	Wholesale of precious metals HK$'000	Securities and futures broking HK$'000	Other businesses HK$'000	Eliminations HK$'000	Consolidated HK$'000 (Restated)
2008						
Segment revenue						
Sales to external customers	2,513,735	2,175,207	44,523	57,750	-	4,791,215
Intersegment sales	295,299	75,982	-	1,157	(372,438)	-
Other income from external sources	16,322	-	7,714	3,798	-	27,834
Other intersegment income	1,512	-	-	82	(1,594)	-
Total	2,826,868	2,251,189	52,237	62,787	(374,032)	4,819,049
Segment results	354,033	11,796	24,532	5,889	-	396,250
Interest income						3,649
Dividend income						16,842
Unallocated expenses						(4,863)
Finance costs						(11,292)
Share of losses of associates						(198)
Profit before tax						400,388
Tax						(95,507)
Profit for the period						304,881

4. Turnover

Turnover represents the net invoiced value of goods sold, after allowances for returns, trade discounts and value-added tax; commission on securities, futures and commodities broking and rental income earned during the period.

Revenue from the following activities has been included in turnover:

	Six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
		(Restated)
Sales of goods	**4,567,168**	4,740,680
Commission on securities, futures and commodities broking	**37,906**	45,612
Gross rental income	**4,813**	4,923
	4,609,887	4,791,215

5. Profit before tax

The Group's profit before tax is arrived at after charging / (crediting):

	Six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
Write-down of inventories to net realizable value	**279**	-
Depreciation	**39,587**	31,330
Minimum lease payments under operating leases for leasehold land and buildings	**147,985**	100,352
Interest income	**(3,441)**	(10,324)
Dividend income	**(9,099)**	(17,027)
Reversal of impairment of receivables arising from securities and futures broking	**(3,585)**	(15)
Foreign exchange differences, net	**(10,509)**	(8,718)
Net loss on disposal of derivative financial instruments$^{\Delta}$	**8,646**	14,130
Net fair value (gain) / loss on investments at fair value through profit or loss	**(1,748)**	1,513
Net fair value (gain) / loss on derivative financial instruments - transactions not qualifying as hedges	**3,657**	(8,466)
Interest expense for securities and futures broking:		
On bank loans and overdrafts*	**301**	1,097

Δ The net loss on disposal of derivative financial instruments has included a net loss on disposal of bullion contracts of HK$10,007,000 (2008: HK$16,242,000), which is included in "Cost of sales" on the face of the consolidated income statement.

* The balance is included in "Finance costs" on the face of the consolidated income statement.

6. Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
Current - Hong Kong		
Charge for the period	**26,151**	44,291
Overprovision in prior years	**(49)**	-
Current - Elsewhere		
Charge for the period	**30,490**	32,562
Underprovision in prior years	**-**	14,000
Deferred	**3,648**	4,654
	60,240	95,507

7. Dividend

	Six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
Interim - HK7.0 cents (2008: HK8.0 cents) per ordinary share	**42,134**	48,154

8. Earnings per share attributable to shareholders of the Company

The calculation of basic earnings per share is based on the profit for the period attributable to shareholders of the Company of HK$241,076,000 (2008: HK$294,705,000 (restated)), and the weighted average number of 601,920,000 (2008: 601,920,000) ordinary shares in issue during the period.

Diluted earnings per share for the periods ended 30 June 2009 and 2008 have not been presented as no diluting events existed during these periods.

9. Accounts receivable / Receivables arising from securities and futures broking

Jewellery retail

The Group's sales are normally made on a cash basis. Credit card receivables from financial institutions in respect of retail sales are aged within one month. There are wholesale customers who have been given credit periods ranging from 2 to 45 days.

Wholesale of diamonds

The Group grants credit periods of up to 60 days to its trade customers.

Wholesale of precious metals

The Group's wholesale of precious metals is normally conducted on a cash basis.

Securities and commodities broking

Securities deals are settled two days after the trade date, and commodities deals are normally settled on a cash basis.

	30 June 2009 HK$'000	31 December 2008 HK$'000
Accounts receivable	**205,300**	212,352
Receivables arising from securities and futures broking conducted in the ordinary course of business:		
Cash clients	**117,006**	93,432
Clearing houses	**46,219**	5,632
Clients of subscription for initial public offerings ("IPOs")	**655,972**	-
Loans to margin clients	**44,104**	39,461
	863,301	138,525
Impairment	**(92)**	(3,677)
Receivables arising from securities and futures broking	**863,209**	134,848
Total accounts receivable and receivables arising from securities and futures broking	**1,068,509**	347,200

Apart from the receivable balances arising from securities and futures broking, the remaining balances are non-interest-bearing.

9. Accounts receivable / Receivables arising from securities and futures broking (continued)

The ageing analysis of the accounts receivable and receivables arising from securities and futures broking not impaired, based on the due date, is as follows:

	30 June 2009 HK$'000	31 December 2008 HK$'000
Not yet due#	**918,858**	239,081
Within 30 days past due	**99,544**	64,176
31 to 60 days past due	**2,771**	2,042
61 to 90 days past due	**458**	92
Over 90 days past due	**2,774**	2,349
	1,024,405	307,740
Loans to margin clients*	**44,104**	39,460
	1,068,509	347,200

The balance has included loans to clients of subscription for IPOs of HK$655,972,000 (31 December 2008: Nil), which are due when the corresponding allotment results of the related IPOs have been publicly announced and bear interest at commercial rates.

* Loans to margin clients are secured by the underlying pledged securities, 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 relevant in view of the nature of the business of securities margin financing. As at 30 June 2009, the total market value of securities pledged as collateral in respect of the loans to margin clients was HK$257,043,000 (31 December 2008: HK$140,576,000).

10. Accounts payable / Payables arising from securities and futures broking

	30 June 2009 HK$'000	31 December 2008 HK$'000
Accounts payable	**64,620**	70,023
Payables arising from securities and futures broking conducted in the ordinary course of business:		
Cash clients	**447,137**	332,978
Margin clients	**77,083**	48,964
Payables arising from securities and futures broking	**524,220**	381,942
Total accounts payable and payables arising from securities and futures broking	**588,840**	451,965

10. Accounts payable / Payables arising from securities and futures broking (continued)

The ageing analysis of the accounts payable and payables arising from securities and futures broking, based on the due date, is as follows:

	30 June 2009 HK$'000	31 December 2008 HK$'000
Within 30 days (including amounts not yet due)	**64,237**	69,271
31 to 60 days	**148**	694
Over 60 days	**235**	58
	64,620	70,023
Cash clients accounts payable$^{\Delta}$	**447,137**	332,978
Margin clients accounts payable^	**77,083**	48,964
	588,840	451,965

$^{\Delta}$ Included in the cash clients accounts payable arising from dealing in securities conducted in the ordinary course of business was an amount of approximately HK$349,358,000 (31 December 2008: HK$262,410,000) representing those clients' undrawn monies / excess deposits placed with the Group. As at 30 June 2009, the cash clients accounts payable included an amount of HK$5,460,000 (31 December 2008: HK$4,048,000) in respect of securities transactions undertaken for the accounts of certain Directors. The cash clients accounts payable 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 the business of dealing in securities.

^ The margin clients accounts payable 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 relevant in view of the nature of the business of securities margin financing.

11. Comparative amounts

As further explained in note 2, due to the adoption of the HKFRSs during the current period, certain comparative amounts have been restated to conform with the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's Results

Despite the gloomy global economy in the first quarter of 2009 jewellery retail was faring better than expected. Then the spectre of swine flu descended and it proved to be more devastating to the retail business in Hong Kong than did the economic downturn. As health alerts and daily tallies of worldwide cases flooded the news media, the threat of quarantine dissipated desire to travel. In June the number of visitors from the Mainland reached a new low.

The stock market in Hong Kong reversed its downward trend in March and that certainly had helped to stimulate domestic spending.

Overall, the Group managed to record for the first half of 2009 HK$4,610 million in total turnover, 4% below that of 2008, and HK$241 million in profit attributable to shareholders, a 18% decrease. The lower operating profit was attributable to sluggish sales in the second quarter, higher rental costs and fitting-out expenditure carried forward from 2008.

Jewellery Retail

Turnover of jewellery retail accounted for 56% of the Group total, increased 2% to HK$2,574 million, whereas operating profit decreased 26% to HK$264 million.

Hong Kong & Macau
Of the total turnover of jewellery retail, the contribution from Hong Kong and Macau was HK$1,645 million, or 64%.

As jewellery and gold ornaments were widely perceived to be able to retain residual value, this sector probably did not fall as much as domestic retail statistics might suggest. However, with Mainland tourists staying away in May and June, their contribution to sales was sorely missed.

The programme of major refitting of shops concluded with the completion of the main store at 229 Nathan Road. Elsewhere, the airside shop at Terminal 1 of the Hong Kong International Airport was relocated to a larger airside space on the main shopping floor Level 6. The store should benefit from this better location when passenger traffic rebounds. At the same time the landside shop in Terminal 1 was closed.

Emphasis Jewellery has secured two new shop spaces, one in Harbour City in Tsimshatui and one in International Finance Centre in Central. The shops will be opened in the second half.

Capital expenditure in the first half of 2009 amounted to HK$10 million.

Mainland China
The Mainland shops contributed HK$896 million in turnover, or 35% of the Group's turnover in jewellery retail. The increase over 2008 was 22%.

The global recession had the effect of dampening the growth on the Mainland. It affected some areas such as Shanghai and its environs more than it did others. However, the sale of jewellery priced at RMB10,000 and above registered a 22% increase over 2008.

During the period ten new shops were opened in various cities, including one of “flagship-class” within a department store in Nanjing Road East, Shanghai. Eight shops were refitted out. The total number of shops was 125 as at 30 June 2009.

Capital expenditure amounted to HK$70 million of which HK$20 million involved cash outlay within the first half of 2009, the balance being transfer from deposits paid for the purchase of items of property, plant and equipment.

Taiwan
As the economy stumbled amid the global downturn, consumers became even more wary. Overall the shops in Taiwan were able to achieve results comparable to that of 2008, contributing 1% to the turnover of jewellery retail.

Wholesale of Precious Metals

With slower trading in gold and platinum, turnover dropped by 9% to HK$1,975 million. However, thanks to dealing in the platinum-group metals, which are used in industrial processes, operating profit increased to HK$20 million, or 6% of the Group’s profit.

Securities & Futures Broking

Turnover dropped 16% as compared to 33% fall of the market turnover from the same period in 2008. Margin interest income slid by 59% as margin loans retreated by 53%.

Operating profits amounted to HK$21 million, down 15% from the first half of 2008.

Investments

Properties
Rental income from investment properties was HK$5 million. Other properties held by the Group are for its use as offices, shops and factory premises.

Shares in Hong Kong Exchanges and Clearing Limited
Shares in Hong Kong Exchanges and Clearing Limited (“HKEC”), received as a distribution in 2000, are being held by the Group as available-for-sale investments. As at 1 January 2009 and 30 June 2009, the Group held 4,953,500 shares of HKEC and the unrealized gain on the holding amounted to HK$598 million (31 December 2008: HK$364 million).

Finance

Financial Position and Liquidity
The Group centralizes funding for all its operations through the corporate treasury based in Hong Kong, which is also given the management of the Group’s gold and foreign exchange holdings. This policy achieves better control of treasury operations and lower average cost of funds. As at 30 June 2009, the Group had cash and cash equivalents of HK$168 million, and total undrawn bank loans and other credit facilities of approximately HK$1,342 million. The Group generates strong recurring cashflow from its jewellery business.

As far as possible banking facilities are obtained on an unsecured basis. With respect to its jewellery business, total borrowing as at 30 June 2009 amounted to HK$376 million. Bank borrowing with respect to its securities business totaled HK$648 million, out of which HK$618 million was arranged to provide financing to subscribers of two IPOs. The Group has a low gearing ratio of 12%, based on total borrowing (excluding IPO financing) of HK$406 million as a percentage of total shareholder's equity of HK$3,530 million. As at 30 June 2009, the current ratio stood at a healthy level of 2. Most of the cash is deposited with leading banks in either HK dollar or Renminbi ("RMB").

The Group is aware that reliance on short-term loans exposes the Group to the risk of shortage of facilities. The Group mitigates the risk by establishing good working relationships with a multitude of lending banks. Conversion into longer-term loans are being considered to provide greater flexibility to the Group for further expansion in China.

Foreign Exchange Risk Management
The Group considers its foreign currency exposure insignificant. The Group has exposure in RMB, New Taiwan dollar, Euro and Japanese Yen. Currency risks are managed by partly financing non-Hong Kong dollar assets with loans denominated in the relevant currency. As at 30 June 2009, total foreign currency borrowing excluding RMB amounted to approximately HK$13 million (31 December 2008: HK$16 million). RMB borrowings as at 30 June 2009, amounted to RMB218 million (31 December 2008: RMB256 million) and are used for the operations in Mainland China. Most of the Group's assets and liabilities, revenues and expenses are denominated in HK dollar, RMB and US dollar.

Charge on Assets
As at 30 June 2009, certain items of properties of the Group with a net carrying value of HK$133 million (31 December 2008: HK$135 million), and listed equity investments of HK$121 million (31 December 2008: HK$74 million) were pledged to secure banking facilities granted to certain subsidiaries of the Company.

Human Resources

At the end of the first half of 2009, the Group's total workforce stood at 3,719.

Given the tough economic climate, hiring in Hong Kong has been tightly controlled.

Recognition and Awards

Chow Sang Sang and Emphasis Jewellery again garnered numerous awards. In their 41st Distinguished Salesperson Award Programme, the Hong Kong Management Association honoured four of the Group's sales executives, placing one in the Top Five. To keep a proper record of all the awards and honours that is publicly accessible, a detailed list has been set up as a page in the Group's website.

Outlook

There have been indications of the beginning of recovery: visitors are returning to Hong Kong since July, diamond prices are firming and some categories of goods are in short supply.

As the lunar-calendar year is one with a leap month, which is deemed to be auspicious for weddings, jewellery as wedding gifts were being featured heavily in the merchandise mix and in advertising and promotions.

The merchandise mix, both in Hong Kong and on the Mainland, has been fine-tuned to cater to the lower desire of spending. Internally, inventories are under tight control.

In the stock market, IPO activities have resumed, albeit with low profit potential because of the interest rates coupled with competition from the banks.

Nevertheless, with the uncertainty remaining with the overall economic scene in Hong Kong, one would have to remain cautious with the outlook for the remainder of 2009.

DIVIDEND

The Board of Directors has declared an interim dividend of HK7.0 cents (2008: HK8.0 cents) per ordinary share for the six months ended 30 June 2009 payable to shareholders whose names appear on the register of members of the Company on 17 September 2009. Dividend warrants will be posted to shareholders on 24 September 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 14 September 2009 to Thursday, 17 September 2009, both days inclusive, during such period no transfer of shares will be registered. To ensure the entitlement to the interim dividend, shareholders are reminded to lodge their transfer documents accompanied by the relevant share certificates with the Company's branch share registrars, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Friday, 11 September 2009.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

CORPORATE GOVERNANCE

Throughout the period under review, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as the Company's code of conduct regarding Directors' securities transactions. Upon specific enquiries, all Directors confirmed their compliance with the required standards as set out in the Model Code during the six months ended 30 June 2009.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the websites of the Company at www.chowsangsang.com and HKEC at www.hkexnews.hk. The 2009 interim report of the Company will be despatched to shareholders and available at the same websites in mid-September 2009.

BOARD OF DIRECTORS

As at the date of this announcement, the Executive Directors of the Company are Dr. CHOW Kwen Lim, Mr. Vincent CHOW Wing Shing, Dr. Gerald CHOW King Sing and Mr. Winston CHOW Wun Sing; the Non-executive Directors are Mr. CHOW Kwen Ling, 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 and Mr. LO King Man.

Hong Kong, 27 August 2009

By order of the Board
Chow Kwen Lim
Chairman