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 2013

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 2013. The interim results have been reviewed by the Audit Committee of the Board.

FINANCIAL HIGHLIGHTS

	Unaudited Six months ended 30 June		
	2013	2012	Change
	HK$'000	HK$'000	
Turnover			
Jewellery retail	**10,886,386**	7,274,523	+50%
Other businesses	**3,202,694**	1,821,298	+76%
	14,089,080	9,095,821	+55%
Profit attributable to equity holders of the Company	**614,748**	439,409	+40%
Basic earnings per share	**90.8 cents**	64.9 cents	+40%
Interim dividend per share	**14.0 cents**	10.0 cents	+40%
Dividend payout ratio	**15%**	15%	
Equity attributable to equity holders of the Company	**7,304,895**	7,006,969^	+4%
Equity per share	**$10.8**	$10.4^	+4%

^ Audited as at 31 December 2012

CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2013

	Note	Unaudited Six months ended 30 June 2013 HK$'000	2012 HK$'000
TURNOVER	4		
Jewellery retail		**10,886,386**	7,274,523
Other businesses		**3,202,694**	1,821,298
		14,089,080	9,095,821
Cost of sales		**(12,026,781)**	(7,498,398)
Gross profit		**2,062,299**	1,597,423
Other income		**38,431**	43,249
Selling and distribution costs		**(1,197,738)**	(911,102)
Administrative expenses		**(190,041)**	(168,341)
Other gains/(losses), net		**87,016**	(1,543)
Finance costs		**(17,498)**	(22,959)
Share of losses of associates, net		**(350)**	(35)
PROFIT BEFORE TAX	5	**782,119**	536,692
Income tax	6	**(162,239)**	(94,256)
PROFIT FOR THE PERIOD		**619,880**	442,436
Profit attributable to:			
Equity holders of the Company		**614,748**	439,409
Non-controlling interests		**5,132**	3,027
		619,880	442,436
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8		
Basic		**90.8 cents**	64.9 cents
Diluted		**90.8 cents**	64.9 cents

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2013

	Unaudited Six months ended 30 June 2013 HK$'000	2012 HK$'000
PROFIT FOR THE PERIOD	**619,880**	442,436
OTHER COMPREHENSIVE LOSSES		
Items that may be reclassified subsequently to profit or loss:		
Changes in fair value of available-for-sale investments	**(72,816)**	(73,807)
Exchange differences on translation	**61,870**	(40,778)
Other comprehensive losses for the period, net of tax	**(10,946)**	(114,585)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**608,934**	327,851
Total comprehensive income attributable to:		
Equity holders of the Company	**602,540**	325,669
Non-controlling interests	**6,394**	2,182
	608,934	327,851

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2013

	Note	**Unaudited 30 June 2013 HK$'000**	Audited 31 December 2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**715,927**	663,440
Investment properties		**208,420**	208,420
Prepaid land lease payments		**13,900**	13,833
Intangible assets		**271**	271
Other assets		**180,979**	167,300
Investments in associates		**21,121**	21,645
Available-for-sale investments		**598,511**	671,327
Deferred tax assets		**536**	16,056
Total non-current assets		**1,739,665**	1,762,292
CURRENT ASSETS			
Inventories		**6,044,485**	6,602,021
Accounts receivable	9	**815,938**	707,838
Receivables arising from securities and futures broking	9	**161,418**	181,675
Prepayments, deposits and other receivables		**164,676**	132,003
Investments at fair value through profit or loss		**12,233**	12,128
Derivative financial instruments		**2,893**	2,303
Tax recoverable		**403**	543
Cash held on behalf of clients		**322,596**	350,885
Cash and cash equivalents		**1,146,327**	673,867
Total current assets		**8,670,969**	8,663,263
CURRENT LIABILITIES			
Accounts payable	10	**135,720**	176,868
Payables arising from securities and futures broking	10	**350,161**	383,866
Other payables and accruals		**567,220**	512,181
Derivative financial instruments		**-**	8
Interest-bearing bank borrowings		**719,878**	764,314
Interest-bearing bank borrowings arising from securities and futures broking		**-**	30,000
Bullion loans		**504,471**	501,030
Tax payable		**132,641**	229,843
Total current liabilities		**2,410,091**	2,598,110
NET CURRENT ASSETS		**6,260,878**	6,065,153
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,000,543**	7,827,445

continued/…

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2013

	Unaudited 30 June 2013 HK$'000	Audited 31 December 2012 HK$'000
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**460,882**	606,298
Deferred tax liabilities	**152,268**	138,074
Total non-current liabilities	**613,150**	744,372
Net assets	**7,387,393**	7,083,073
EQUITY		
Equity attributable to equity holders of the Company		
Issued capital	**169,230**	169,230
Reserves	**7,135,665**	6,837,739
	7,304,895	7,006,969
Non-controlling interests	**82,498**	76,104
Total equity	**7,387,393**	7,083,073

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 ("HKICPA") 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 2012.

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 2012, except for the 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 2013 as disclosed in note 2 below.

2. Changes in accounting policies and disclosures

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 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	*Annual Improvements 2009 – 2011 Cycle* issued in June 2012

2. Changes in accounting policies and disclosures (continued)

Other than as further explained below regarding the impact of the HKAS 1 Amendments, HKFRS 7 Amendments and HKFRS 13, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

The HKAS 1 Amendments change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments affect presentation only and have had no impact on the financial position or performance.

HKFRS 7 Amendments require an entity to disclose information about rights to set-off financial instrument and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with HKAS 32. The amendments do not have any material financial impact on the Group.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use has already been required or permitted under other HKFRSs. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required to condensed consolidated financial statements for financial instruments under the consequential amendments to HKAS 34. Accordingly, the Group has included additional disclosures in this interim financial report.

HKFRS 13 requires prospective application from 1 January 2013. The application of HKFRS 13 has had no impact on the results or financial position of the Group but will result in more disclosures in the Group's annual consolidated financial statements for the year ending 31 December 2013.

3. Operating segment information

For management purposes, the Group is organized into business units based on their products and services and has four reportable operating segments as follows:

(a) the manufacture and retail of jewellery segment produces jewellery products for the Group's retail business and operates retail stores mainly in Hong Kong, Macau, Mainland China and Taiwan;

(b) the wholesale of precious metals segment trades precious metals to wholesale customers;

(c) the securities and futures broking segment provides brokering and dealing services for securities and futures; and

(d) the other businesses segment comprises, principally, the investment in properties for their rental income and capital appreciation potential, and other jewellery related businesses.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that certain dividend income and share of losses of associates, 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.

	Manufacture and retail of jewellery HK$'000	**Wholesale of precious metals HK$'000**	**Securities and futures broking HK$'000**	**Other businesses HK$'000**	**Total HK$'000**
Six months ended 30 June 2013					
Segment revenue					
Sales to external customers	**10,886,386**	**3,084,222**	**16,518**	**101,954**	**14,089,080**
Intersegment sales	**167,062**	**300,103**	**-**	**1,583**	**468,748**
	11,053,448	**3,384,325**	**16,518**	**103,537**	**14,557,828**
Reconciliation:					
Elimination of intersegment sales					**(468,748)**
					14,089,080
Segment results	**730,550**	**40,701**	**2,191**	**1,095**	**774,537**
Reconciliation:					
Dividend income					**7,932**
Share of losses of associates, net					**(350)**
Profit before tax					**782,119**

3. Operating segment information (continued)

	Manufacture and retail of jewellery HK$'000	Wholesale of precious metals HK$'000	Securities and futures broking HK$'000	Other businesses HK$'000	Total HK$'000
Six months ended 30 June 2012					
Segment revenue					
Sales to external customers	7,274,523	1,742,545	15,601	63,152	9,095,821
Intersegment sales	-	112,342	-	1,524	113,866
	7,274,523	1,854,887	15,601	64,676	9,209,687
Reconciliation:					
Elimination of intersegment sales					(113,866)
					9,095,821
Segment results	504,634	18,094	1,709	1,937	526,374
Reconciliation:					
Dividend income					10,353
Share of losses of associates, net					(35)
Profit before tax					536,692

4. Turnover

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

Revenue from the following activities has been included in turnover:

	Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
Sales of goods	**14,067,731**	9,075,494
Commission on securities and futures broking	**16,518**	15,601
Gross rental income	**4,831**	4,726
	14,089,080	9,095,821

5. Profit before tax

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

	Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
Write-down of inventories to net realizable value	**2,004**	109
Depreciation	**78,327**	66,956
Operating lease payments in respect of leasehold land and buildings:		
Minimum lease payments	**306,004**	247,207
Contingent rents	**33,183**	15,812
	339,187	263,019
Impairment of accounts receivable	**1,246**	-
Reversal of impairment of receivables arising from securities and futures broking	**(1)**	-
Net fair value gain on bullion loans designated at fair value through profit or loss	**(64,976)**	(3,757)
Net fair value (gain)/loss on derivative financial instruments - transactions not qualifying as hedges	**(559)**	8,717
Net fair value gain on investments at fair value through profit or loss	**(105)**	(203)
Net gain on bullion loans designated at fair value through profit or loss$^{\Delta}$	**(141,293)**	(326)
Net loss/(gain) on disposal of derivative financial instruments$^{\Delta}$	**702**	(2,826)
Interest income	**(10,127)**	(7,781)
Dividend income	**(8,161)**	(10,582)
Foreign exchange differences, net	**(4,465)**	(7,789)

$^{\Delta}$ The net gain on bullion loans designated at fair value through profit or loss of HK$141,293,000 (2012: HK$326,000) and the net loss on disposal of derivative financial instruments included a net loss on bullion contracts of HK$702,000 (2012: gain of HK$2,826,000), which are included in "Cost of sales" on the face of the consolidated income statement. The purpose of the above bullion transactions entered into by the Group is to manage the Group's bullion price exposures. Such loans and contracts did not meet the criteria for hedge accounting.

6. Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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.

	Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
Current - Hong Kong		
Charge for the period	**74,303**	55,379
Overprovision in prior periods	**(557)**	-
Current - Elsewhere		
Charge for the period	**58,657**	26,286
Overprovision in prior periods	**-**	(27)
Deferred	**29,836**	12,618
Total tax charge for the period	**162,239**	94,256

7. Dividends

	Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
Dividends declared and paid during the period:		
Final dividend for 2012: HK45.0 cents (2011: HK49.0 cents) per ordinary share	**304,614**	331,691
Dividends declared after the period:		
Interim dividend for 2013: HK14.0 cents (2012: HK10.0 cents) per ordinary share	**94,769**	67,692

The interim dividends were declared after the interim reporting dates and have not been recognized as liabilities at the end of the respective reporting periods.

8. Earnings per share attributable to equity holders of the Company

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to equity holders of the Company of HK$614,748,000 (2012: HK$439,409,000), and the weighted average number of ordinary shares of 676,920,000 (2012: 676,920,000) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the current and prior 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 within 60 days.

Wholesale of diamonds

The Group normally 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 futures broking

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

	30 June 2013 HK$'000	31 December 2012 HK$'000
Trade and credit card receivables	**817,184**	707,838
Impairment	**(1,246)**	-
Accounts receivable	**815,938**	707,838
Receivables arising from securities and futures broking conducted in the ordinary course of business:		
Cash clients	**43,939**	52,799
Clearing houses	**7,639**	6,189
Loans to margin clients	**110,484**	123,332
	162,062	182,320
Impairment	**(644)**	(645)
Receivables arising from securities and futures broking	**161,418**	181,675
Total accounts receivable and receivables arising from securities and futures broking	**977,356**	889,513

Apart from the receivable balances arising from securities and futures broking which bear interest at commercial rates, the balances are non-interest-bearing.

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

An 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 2013 HK$'000	31 December 2012 HK$'000
Not yet due	**709,166**	676,525
Within 30 days past due	**133,741**	75,325
31 to 60 days past due	**23,317**	7,009
61 to 90 days past due	**503**	3,985
Over 90 days past due	**145**	3,337
	866,872	766,181
Loans to margin clients*	**110,484**	123,332
	977,356	889,513

* The 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 2013, the total market value of securities pledged as collateral in respect of the loans to margin clients was HK$254,789,000 (31 December 2012: HK$315,807,000).

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

	30 June 2013 HK$'000	31 December 2012 HK$'000
Accounts payable	**135,720**	176,868
Payables arising from securities and futures broking conducted in the ordinary course of business:		
Cash clients	**305,431**	352,189
Margin clients	**42,124**	29,618
Clearing houses	**2,606**	2,059
Payables arising from securities and futures broking	**350,161**	383,866
Total accounts payable and payables arising from securities and futures broking	**485,881**	560,734

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

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

	30 June 2013 HK$'000	31 December 2012 HK$'000
Within 30 days (including amounts not yet due)	**136,472**	177,415
31 to 60 days	**624**	291
Over 60 days	**1,230**	1,221
	138,326	178,927
Cash clients accounts payable[Δ]	**305,431**	352,189
Margin clients accounts payable[^]	**42,124**	29,618
	485,881	560,734

Δ Included in the cash clients accounts payable arising from dealing in securities conducted in the ordinary course of business is an amount of approximately HK$266,600,000 (31 December 2012: HK$309,881,000) representing those clients' undrawn monies/excess deposits placed with the Group. As at 30 June 2013, the cash clients accounts payable included an amount of HK$5,177,000 (31 December 2012: HK$5,585,000) 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.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's Results

The year 2013 was heralded in with various warning signs pointing to a slowing economy in China. As consumer sentiments became more cautious, sale of high-priced jewellery and watches continued to be soft.

Nevertheless trips to Hong Kong by mainlanders during the first five months rose 19% year on year, and the stock market in Hong Kong became more active in line with world markets.

In April the price of gold took a precipitous fall of some US$150 per oz within a week, triggering a widely-reported buying spree in Hong Kong by mainland visitors as well as local consumers. On the mainland sales of gold jewellery surged as well. In both markets the demand was focused more on gold jewellery such as bridal bangles than on collector items such as 1,000gm slabs and 50gm wafers.

As the surge in gold sales began to wane gold price took another deep dive in June, bringing back hordes of customers who would find that previously depleted stock had yet to be fully replenished.

Overall, during the first half of 2013, the Group recorded turnover of HK$14,089 million, rising 55% above that of 2012. Profit attributable to equity holders climbed 40% to HK$615 million.

Jewellery Retail

Jewellery retail contributed HK$10,886 million or 77% to the total turnover. Operating profit increased by 45% to HK$731 million.

Hong Kong & Macau
Of the overall turnover in jewellery retail, 61% occurred in Hong Kong and Macau. The proportion of sales to mainlanders notched up several points to 54%.

The surge in gold sales drove same store growth to 50%. At the same time, the ratio of non-gold jewellery sales was compressed to 24% from last year's 33%.

Additional floor space was gained through the opening of the street-level store in Argyle Street, Mongkok, the expansion into upper floors at the Canton Road store as well as the one at Monarch House II, Hennessy Road, Causeway Bay.

Total shop rental expenditure rose by 30%. The increase was 25% if the new shops were excluded.

Capital expenditure, in the first half of 2013, was HK$23 million.

Mainland China
Turnover at the shops rose 45%, contributing 39% of the total jewellery retail turnover. Same store growth was 31%.

The anti-corruption drive probably played an important part at dampening the overall growth of sales of luxury goods. However, given that high-end gift items account for a small portion of our sales, the impact has not been significant.

In line with the strategy of being more selective in opening new shops, only 15 new shops were opened in the first half. Newly penetrated cities were Yancheng, Jiangsu and Huzhou, Zhejiang. With the closure of three shops, as of 30 June 2013 there were 286 shops covering 95 cities.

The superstructure of the new factory in Shunde was completed and moving-in was completed in July. A lot of work is still to be done to shake down the various systems and to bring production up to full speed.

Capital expenditure stood at RMB79 million, most of which were incurred in the completion of the new factory and the fitting out of new and renovation of old shops.

Taiwan
The economy continued to suffer as exports remained sluggish and domestic consumption cautious.

Turnover retreated slightly but the level of gross profits was maintained.

At period end the number of shops stood at 21.

Wholesale of Precious Metals

Brisk sales of 1-kg bars and 1-tael nuggets drove operating profits to increase by 125%.

Securities and Futures Broking

Average daily turnover for the first half was 13% higher than it was in 2012. Yet, because of intense competition, commission income increased only by 6%.

The introduction of After-Hours Futures Trading has yet to attract interest from our retail clients.

Investments

Properties
The Group holds various properties that are being used for offices, shops and factories. Rental income from investment properties amounted to HK$5 million, less than 1% of the Group's turnover.

A piece of commercial property located in Mawei, Fujian, has been put under contract to sell. Completion is expected in the second half of the year.

Shares in Hong Kong Exchanges and Clearing Limited ("HKEC")
Since 2000 the shares of HKEC resulting from the reorganization of the then exchanges have been held with no plan for disposal. The holding, 4,953,500 shares, remained unchanged from the start to the end of the period. The unrealized gain on the holding amounted to HK$579 million (31 December 2012: HK$652 million).

Finance

Financial Position and Liquidity
The Group generates strong recurring cashflow from its jewellery business and continues to enjoy a solid cash position. As at 30 June 2013, the Group had cash and cash equivalents of HK$1,146 million (31 December 2012: HK$674 million). Cash is mostly held in Hong Kong dollar or Renminbi and deposited in leading banks with maturity dates falling within one year.

The Group was well supported by over HK$6,175 million in banking facilities including bank borrowings and bullion loans, out of which HK$972 million are committed facilities. As at 30 June 2013, total unutilized banking facilities was HK$4,474 million (31 December 2012: HK$4,052 million).

As at 30 June 2013, the Group had total bank borrowings and bullion loans of HK$1,181 million and HK$504 million respectively, in line with Group policy most of which were unsecured. All the debts are repayable within three years. The gearing ratio was 23%, based on total bank borrowings and bullion loans of HK$1,685 million as a percentage of total equity attributable to equity holders of the Company of HK$7,305 million. The current ratio of the Group was 3.6.

The Group manages risk of credit cost and availability by several means: cultivating relationship with a large 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 23% of its bank loans at fixed rate as at 30 June 2013, increased from 8% as at 31 December 2012.

As at 30 June 2013, outstanding derivatives on the books were mainly bullion contracts for hedging the bullion price exposure. The 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, revenues 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 to minimize the foreign exchange exposure. As at 30 June 2013, the borrowings denominated in US dollar and New Taiwan dollar amounted to US$53 million and NT$131 million respectively.

Charge on Assets and Contingent Liabilities
As at 30 June 2013, certain items of properties of the Group with a net carrying value of HK$172 million (31 December 2012: HK$174 million), and listed equity investments of HK$328 million (31 December 2012: HK$330 million) were pledged to secure banking facilities granted to certain subsidiaries of the Company.

As at 30 June 2013, the Group had no material contingent liabilities.

Human Resources

The Group's long-established performance-based remuneration policies remained unchanged. Its training infrastructure has been strengthened in pace with the expansion of the retail network.

The Group's total workforce at the end of the first half of 2013 stood at 7,019, of which 5,118 (73%) were on the Mainland.

To date no option has been granted under the Company's share option scheme.

Recognition & Awards, Community Support

A list of the numerous awards received by our Group may be accessed by following this link: www.chowsangsang.com/group/eng/index.htm.

The Group gave support to the Hong Kong Repertory Theatre, The Hong Kong International Film Festival Society, the Hong Kong Sinfonietta, the Lifeline Express Hong Kong Foundation, the Hong Kong Philharmonic Orchestra, the Hong Kong Academy for Performing Arts and other community organizations.

Outlook

That the mainland economy has begun a slowing-down phase is now beyond doubt, but it appears that the central government is trying everything in order to maintain a floor for the growth. Given the state of the economy coupled with the continued call for cleaner and more accountable government, one can expect that the growth of top-end luxury goods to slow or even stagnate.

There is also little doubt that for gold as an investment the bulls are no longer running, but the craving for gold jewellery on the part of consumers in April and June seems to indicate that speculation on gains may not be the driving force in consumer behaviour.

Although we cannot foretell how consumers will react to future movements in gold price, we believe that gold and gem-set jewellery are still desired by the populace despite the slowing economy and anti-corruption drive, for brides' dowry or, simply put, for hoarding.

We shall continue with our policy of moderated network expansion coupled with a tight control on the inventory.

In the second half, on the mainland there will be some 15 new shop openings and eight existing shops to be refurbished. In Hong Kong, a street-level store will be opened in Nathan Road and another at V-City, a new shopping mall in Tuen Mun.

DIVIDEND

The Board of Directors has declared an interim dividend of HK14.0 cents (2012: HK10.0 cents) per ordinary share for the six months ended 30 June 2013 payable to shareholders whose names appear on the register of members of the Company on Wednesday, 18 September 2013. The dividend will be paid on Thursday, 26 September 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 16 September 2013 to Wednesday, 18 September 2013, 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, 13 September 2013.

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

The Company has complied throughout the period under review with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules, except for the deviations from code provisions A.6.7 and E.1.2 which are explained below.

Code provision A.6.7 provides that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. A Non-executive Director was unable to attend the annual general meeting of the Company held on 30 May 2013 (the "2013 AGM") due to other commitment.

Code provision E.1.2 provides that the chairman of the board should attend the annual general meeting. Dr. CHOW Kwen Lim, who stepped down as Chairman of the Company in July 2013, was unable to attend the 2013 AGM due to health reasons.

Following Dr. CHOW Kwen Lim's retirement as the Chairman, Mr. Vincent CHOW Wing Shing was appointed Chairman of the Board on 1 July 2013 and is now both the Chairman and the Group General Manager of the Company. Although the roles of the chairman of the board and the chief executive are not separately held by different persons, the Board considers 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.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the websites of the Group at www.chowsangsang.com/group/eng/index.htm and the HKEC at www.hkexnews.hk. The 2013 interim report of the Company will be available on both websites and despatched to shareholders on or about Wednesday, 18 September 2013.

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, Mr. LO King Man and Mr. Stephen LAU Man Lung.

By order of the Board
Vincent CHOW Wing Shing
Chairman

Hong Kong, 29 August 2013