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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 2010

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 2010. The interim results have been reviewed by the Audit Committee of the Board.

FINANCIAL HIGHLIGHTS

	Unaudited		
	Six months ended 30 June		
	2010	2009	Change
	HK\$'000	HK\$'000	
Turnover			
Jewellery retail	3,705,399	2,573,943	+44%
Other businesses	1,538,241	2,035,944	-24%
	5,243,640	4,609,887	+14%
Profit attributable to equity holders of the Company	297,674	241,076	+23%
Basic earnings per share	47.6 cents	40.1 cents	+19%
Interim dividend per share	8.0 cents	7.0 cents	+14%
Dividend payout ratio	18%	17%	
Equity attributable to equity holders of the Company	4,953,824	3,928,790 [^]	+26%
Equity per share	\$7.3	\$6.5 [^]	+12%

[^] Audited as at 31 December 2009

CONSOLIDATED INCOME STATEMENT

		Unaudited	
		Six months ended 30 June	
	Note	2010	2009
		HK\$'000	HK\$'000
TURNOVER	4		
Jewellery retail		3,705,399	2,573,943
Other businesses		1,538,241	2,035,944
		5,243,640	4,609,887
Cost of sales		(4,154,303)	(3,776,267)
Gross profit		1,089,337	833,620
Other income		29,623	37,778
Selling and distribution costs		(557,049)	(448,043)
Administrative expenses		(122,975)	(106,167)
Other losses, net		(17,284)	(1,910)
Finance costs		(11,083)	(7,721)
Share of losses of associates		(101)	(47)
PROFIT BEFORE TAX	5	410,468	307,510
Income tax	6	(107,928)	(60,240)
PROFIT FOR THE PERIOD		302,540	247,270
Profit attributable to:			
Equity holders of the Company		297,674	241,076
Non-controlling interests		4,866	6,194
		302,540	247,270
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8		
Basic		47.6 cents	40.1 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	<u>302,540</u>	<u>247,270</u>
OTHER COMPREHENSIVE INCOME/(LOSSES)		
Change in fair value of available-for-sale investments	(82,723)	233,805
Exchange differences on translation	<u>16,149</u>	<u>(14,438)</u>
Other comprehensive income/(losses) for the period, net of tax	<u>(66,574)</u>	<u>219,367</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>235,966</u></u>	<u><u>466,637</u></u>
Total comprehensive income attributable to:		
Equity holders of the Company	230,558	462,369
Non-controlling interests	<u>5,408</u>	<u>4,268</u>
	<u><u>235,966</u></u>	<u><u>466,637</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited 30 June 2010 HK\$'000	Audited 31 December 2009 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		416,118	427,888
Investment properties		149,214	150,840
Intangible assets		271	271
Other assets		86,267	77,605
Interests in associates		11,346	11,611
Available-for-sale investments		622,007	705,255
Deferred tax assets		6,445	4,225
Total non-current assets		<u>1,291,668</u>	<u>1,377,695</u>
CURRENT ASSETS			
Inventories		3,510,503	2,884,841
Accounts receivable	9	317,175	326,272
Receivables arising from securities and futures broking	9	270,975	201,152
Prepayments, deposits and other receivables		137,923	84,982
Investments at fair value through profit or loss		7,238	8,010
Derivative financial instruments		-	180
Tax recoverable		754	639
Cash held on behalf of clients		316,325	388,012
Cash and cash equivalents		820,224	378,999
Total current assets		<u>5,381,117</u>	<u>4,273,087</u>
CURRENT LIABILITIES			
Accounts payable	10	186,426	132,231
Payables arising from securities and futures broking	10	355,972	474,205
Other payables and accruals		242,409	284,430
Derivative financial instruments		30,429	14,096
Short term interest-bearing bank borrowings		179,792	348,644
Current portion of long term interest-bearing bank borrowings		143,611	84,666
Interest-bearing bank borrowings arising from securities and futures broking		90,000	-
Tax payable		111,862	80,238
Total current liabilities		<u>1,340,501</u>	<u>1,418,510</u>
NET CURRENT ASSETS		<u>4,040,616</u>	<u>2,854,577</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,332,284</u>	<u>4,232,272</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 30 June 2010 HK\$'000	Audited 31 December 2009 HK\$'000
NON-CURRENT LIABILITIES		
Long term interest-bearing bank borrowings	216,561	164,733
Deferred tax liabilities	108,569	90,827
Total non-current liabilities	325,130	255,560
Net assets	5,007,154	3,976,712
EQUITY		
Equity attributable to equity holders of the Company		
Issued capital	169,230	150,480
Reserves	4,784,594	3,778,310
	4,953,824	3,928,790
Non-controlling interests	53,330	47,922
Total equity	5,007,154	3,976,712

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 2009.

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 2009.

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

The adoption of the new standards, amendments and interpretations which become effective for accounting periods beginning on or after 1 January 2010 have had no material impact on the Group’s results of operations and financial position.

The Group has not early applied the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) that have been issued but are not yet effective, in this interim financial report.

HKFRS 1 Amendment	Amendment to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters</i> ¹
HKFRS 9	<i>Financial Instruments</i> ²
HKAS 24 (Revised)	<i>Related Party Disclosures</i> ³
HKAS 32 Amendment	Amendment to HKAS 32 <i>Financial Instruments: Presentation – Classification of Rights Issues</i> ⁴
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 <i>Prepayments of a Minimum Funding Requirement</i> ³
HK(IFRIC)-Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i> ¹

Apart from the above, the HKICPA has also issued *Improvements to HKFRSs 2010** which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. Except for the amendments to HKFRS 3 and HKAS 27 which are effective for the annual periods beginning on or after 1 July 2010, other amendments are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provision for each standard or interpretation.

¹ Effective for annual periods beginning on or after 1 July 2010

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2011

⁴ Effective for annual periods beginning on or after 1 February 2010

* *Improvements to HKFRSs 2010 contains amendments to HKFRS 1, HKFRS 3, HKFRS 7, HKAS 1, HKAS 27, HKAS 34 and HK(IFRIC)-Int 13.*

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

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 and Mainland China;
- (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 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 2010					
Segment revenue					
Sales to external customers	3,705,399	1,485,215	31,769	21,257	5,243,640
Intersegment sales	-	185,191	-	2,568	187,759
	<u>3,705,399</u>	<u>1,670,406</u>	<u>31,769</u>	<u>23,825</u>	<u>5,431,399</u>
<i>Reconciliation:</i>					
Elimination of intersegment sales					<u>(187,759)</u>
					<u>5,243,640</u>
Segment results	377,191	7,870	14,847	308	400,216
<i>Reconciliation:</i>					
Dividend income					10,353
Share of losses of associates					<u>(101)</u>
Profit before tax					<u>410,468</u>

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 2009					
Segment revenue					
Sales to external customers	2,573,943	1,974,992	37,141	23,811	4,609,887
Intersegment sales	<u>11,897</u>	<u>238,448</u>	<u>-</u>	<u>1,444</u>	<u>251,789</u>
	<u>2,585,840</u>	<u>2,213,440</u>	<u>37,141</u>	<u>25,255</u>	<u>4,861,676</u>
<i>Reconciliation:</i>					
Elimination of intersegment sales					<u>(251,789)</u>
					<u>4,609,887</u>
Segment results	256,523	19,583	21,170	1,365	298,641
<i>Reconciliation:</i>					
Dividend income					8,916
Share of losses of associates					<u>(47)</u>
Profit before tax					<u>307,510</u>

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	
	2010	2009
	HK\$'000	HK\$'000
Sales of goods	5,206,278	4,567,168
Commission on securities, futures and commodities broking	32,397	37,906
Gross rental income	<u>4,965</u>	<u>4,813</u>
	<u>5,243,640</u>	<u>4,609,887</u>

5. Profit before tax

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

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Write-down of inventories to net realizable value	55	279
Depreciation	53,137	39,587
Operating leases payments in respect of rented premises		
- minimum lease payments	149,506	140,030
- contingent rents	9,148	6,875
- sublease payments	1,080	1,080
Net fair value loss on derivative financial instruments		
- transactions not qualifying as hedges	16,512	3,657
Net fair value loss/(gain) on investments at fair value through profit or loss	772	(1,748)
Net loss on disposal of derivative financial instruments ^Δ	29,287	8,646
Interest expense for securities and futures broking:		
On bank loans and overdrafts [*]	187	301
Interest income	(5,620)	(3,441)
Dividend income	(10,536)	(9,099)
Reversal of impairment of receivables arising from securities and futures broking	(7)	(3,585)
Foreign exchange differences, net	(2,077)	(10,509)
	<u> </u>	<u> </u>

^Δ The net loss on disposal of derivative financial instruments has included the net loss on disposal of bullion contracts of HK\$28,812,000 (2009: HK\$10,007,000), 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. Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 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	
	2010	2009
	HK\$'000	HK\$'000
Current - Hong Kong		
Charge for the period	31,390	26,151
Overprovision in prior periods	(100)	(49)
Current - Elsewhere	61,099	30,490
Deferred	15,539	3,648
	<hr/>	<hr/>
Total tax charge for the period	107,928	60,240
	<hr/>	<hr/>

7. Dividends

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Dividend declared and paid during the period		
Final - HK26.0 cents		
(2009: HK23.0 cents) per ordinary share	175,999	138,442
	<hr/>	<hr/>
Dividend declared after the period		
Interim - HK8.0 cents		
(2009: HK7.0 cents) per ordinary share	54,154	42,134
	<hr/>	<hr/>

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 basic earnings per share is based on the profit for the period attributable to equity holders of the Company of HK\$297,674,000 (2009: HK\$241,076,000), and the weighted average number of ordinary shares of 625,538,785 (2009: 601,920,000) in issue during the period, as adjusted to reflect the shares in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 June 2010 and 2009 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those 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 of up to 45 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 commodities broking

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

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
Accounts receivable	<u>317,175</u>	<u>326,272</u>
Receivables arising from securities and futures broking conducted in the ordinary course of business:		
Cash clients	60,674	120,291
Clearing houses	8,758	3,704
Clients of subscription for initial public offerings ("IPOs")	104,044	-
Loans to margin clients	<u>97,585</u>	<u>77,250</u>
	<u>271,061</u>	<u>201,245</u>
Impairment	<u>(86)</u>	<u>(93)</u>
Receivables arising from securities and futures broking	<u>270,975</u>	<u>201,152</u>
Total accounts receivable and receivables arising from securities and futures broking	<u><u>588,150</u></u>	<u><u>527,424</u></u>

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)

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 2010 HK\$'000	31 December 2009 HK\$'000
Not yet due [#]	377,488	347,955
Within 30 days past due	107,408	92,495
31 to 60 days past due	3,770	6,309
61 to 90 days past due	626	486
Over 90 days past due	1,273	2,929
	490,565	450,174
Loans to margin clients [*]	97,585	77,250
	588,150	527,424

[#] The balance has included loans to clients of subscription for IPOs of HK\$104,044,000 (31 December 2009: Nil), which are due when the corresponding allotment results of the related IPOs have been publicly announced and bear interest at commercial rates.

^{*} 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 2010, the total market value of securities pledged as collateral in respect of the loans to margin clients was HK\$316,308,000 (31 December 2009: HK\$427,652,000).

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

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
Accounts payable	186,426	132,231
Payables arising from securities and futures broking conducted in the ordinary course of business:		
Cash clients	307,289	424,245
Margin clients	35,291	33,296
Clearing houses	13,392	16,664
Payables arising from securities and futures broking	355,972	474,205
Total accounts payable and payables arising from securities and futures broking	542,398	606,436

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 2010 HK\$'000	31 December 2009 HK\$'000
Within 30 days (including amounts not yet due)	199,004	147,810
31 to 60 days	-	770
Over 60 days	814	315
	199,818	148,895
Cash clients accounts payable ^Δ	307,289	424,245
Margin clients accounts payable [^]	35,291	33,296
	542,398	606,436

^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\$272,847,000 (31 December 2009: HK\$333,796,000) representing those clients' undrawn monies/excess deposits placed with the Group. As at 30 June 2010, the cash clients accounts payable included an amount of HK\$5,796,000 (31 December 2009: HK\$6,495,000) 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

Spending by mainland visitors remained robust from the 2009 Christmas season well past the Lunar New Year holidays in February 2010. In late May and June the pace slightly slackened perhaps as a result of the World Expo in Shanghai, the national examinations and the World Cup having had their effects on travel to Hong Kong.

The stock market had a healthy first quarter, but by the second quarter retail investors had become very cautious. The Hang Seng Index declined and market turnover decreased in second quarter.

The Group's expansion plan in Mainland China continued on track.

For the first half of 2010, the Group managed HK\$5,244 million in total turnover, beating 2009 by 14%, and HK\$298 million in profit attributable to equity holders, increasing 23% year-on-year.

Jewellery Retail

Jewellery retail generated a turnover of HK\$3,705 million, increasing 44% from that of 1H 2009. That turnover amount constituted 71% of the Group total. Operating profit increased 47% to HK\$377 million.

Hong Kong & Macau

Contribution from Hong Kong & Macau accounted for 64% of the total turnover of jewellery retail. Visiting mainlanders contributed 42% of turnover.

Although the price of gold had been on an upward trend since the beginning of the year, turnover in gold showed no signs of weakening. On the other hand, selling back of gold by consumers was not quite as brisk as such high prices might suggest, probably reflecting the sentiment that the price of gold would keep on rising.

Notably, despite the strong sales of gold jewellery, the contribution to gross profits from diamond jewellery sales increased to 49%.

During the first half two new shops were added: one in Kwai Chung and the other in Cameron Road, Tsimshatsui. As at 30 June 2010 the number of Chow Sang Sang shops stands at 38, and that of Emphasis Jewellery shops at 11.

Capital expenditure for 1H stood at HK\$9 million.

Mainland China

Contribution to the turnover of jewellery retail from the Mainland shops amounted to 35% of the total.

Sales of items priced RMB50,000 and above rose by over 50% compared with last year.

During the first half there were 24 new shop openings and 3 closings. The total at 30 June 2010 was 164.

Among the new shops one is a Rolex/Tudor boutique in Chengdu, and another one in Shanghai has a Tudor corner. Second or third tier cities like Anshan in Liaoning, Luoyang in Henan, Xiangtan in Hunan, Xiangfan in Hubei, Yixing and Zhenjiang in Jiangsu, Daqing in Heilongjiang, Yinchuan in Ningxia and Huhhot in Inner Mongolia got their first shop, while additional shops were opened in cities better known internationally, such as Kunming and Beijing.

Capital expenditure amounted to HK\$29 million. Besides the fitting out of new shops there was a number of renovations of existing shops, some involving relocation within the host store.

Of the numerous marketing activities conducted all over the Mainland during the first half, the most notable was the event held in the Belgium/EU Pavilion at the Shanghai World Expo. It comprised the announcement of the collaboration between the Antwerp Diamond Museum and Chow Sang Sang, the conferment of the status of Official Diamond Partner to Chow Sang Sang of the Belgium/EU Pavilion and the launch of The Love Diamond Antwerp Diamond Heritage Collection. Pieces of the collection will continue to be exhibited at the Pavilion for the duration of the Expo. The invited guests, consisting of media, heads of department stores, industry leaders and top customers, gave high praise for the event on both content and execution.

Taiwan

The Economic Cooperation Framework Agreement was signed late in June, but such preparatory work as the opening of direct flights had already had a stimulating effect on the economy. Tourism and property markets are two of the beneficiaries.

The retail sector is starting to recover, but consumers, so used to frequent sales and promotions for the past few years, will take time to change their habit of buying only when such activities take place.

A new shop was opened in Kaoshiung, in a new department store next to the Zuoying Station of the High Speed Rail. Overall improvement in turnover and gross profits were achieved by means of targeting the bridal segment with diamond jewellery.

Wholesale of Precious Metals

As prices of gold and platinum-family metals stood at high levels, industrial demand was low. Turnover dropped 25% to HK\$1,485 million and operating profit by 60% to HK\$8 million.

Securities and Futures Broking

In line with market sentiments, and in a dearth of IPO activities, turnover dropped by 14% to HK\$32 million and profit by 30% to HK\$15 million.

Since the introduction of margin service to internet clients in 2009, the number of clients rose by 50% and the average loan amount by 60%.

Investments

Properties

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

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 30 June 2010, the Group held 4,953,500 shares of HKEC and the unrealized gain on the holding amounted to HK\$607 million (30 June 2009: HK\$598 million).

Finance

New Capital

In a private placement exercise conducted in April, the Group netted HK\$970 million in new capital. The funds will be deployed for the expansion in Mainland China.

Financial Position and Liquidity

As at 30 June 2010, the Group had cash and cash equivalents of HK\$820 million, and total undrawn bank loans and other credit facilities of approximately HK\$1,634 million.

Total borrowing for the jewellery business amounted to HK\$540 million as at 30 June 2010, most of which was unsecured in line with Group policy. The gearing ratio was 11%, based on total borrowing (excluding bank loans to facilitate IPO financing) of HK\$540 million as a percentage of total equity holder’s equity of HK\$4,954 million. The current ratio as at 30 June 2010 was 4.

Cash is mostly held in Hong Kong dollar or Renminbi and deposited with leading banks.

The Group manages risk of credit cost and availability by several means: cultivating relationship with a large number of lending banks; putting some loans on a term basis; and fixing interest costs by executing rate swaps on loans as appropriate.

Foreign Exchange Risk Management

The Group’s foreign exchange exposure relates to the currencies in which it carries on its business: Renminbi, New Taiwan dollar, US dollar, Euro and Japanese Yen. As such, the risk is easily manageable and slight. As at 30 June 2010, total foreign currency borrowing excluding Renminbi amounted to HK\$13 million (31 December 2009: HK\$7 million). For the operation in Mainland China Renminbi borrowing at period end stood at RMB145 million (31 December 2009: RMB301 million).

The Group’s assets and liabilities, revenues and expenses are mostly denominated in Hong Kong dollar, Renminbi and US dollar.

Charge on Assets and Contingent Liabilities

As at 30 June 2010, certain items of properties of the Group with a net carrying value of HK\$139 million (31 December 2009: HK\$141 million), and listed equity investments of HK\$179 million (31 December 2009: HK\$204 million) were pledged to secure banking facilities granted to certain subsidiaries of the Company.

As at 30 June 2010, the Group had no material contingent liabilities.

Human Resources

At the end of the first half of 2010, the Group's total workforce numbered 4,489; China accounted for 68% of the total.

In Hong Kong, because of the competition, turnover of front-line staff has been higher than in previous years.

Recognition and Awards

At their 42nd Distinguished Salesperson Award Programme, the Hong Kong Management Association cited 4 of the Group's sales executives, placing one in the Top Five. Both Chow Sang Sang and Emphasis Jewellery received numerous awards, a list of which is available at <http://www.chowsangsang.com/group/eng/index.htm>.

Community

The Group supported the Hong Kong SAR Government's participation in World Expo by sponsoring one of the cultural productions brought to Shanghai under its aegis: *The Legend of Zhang Baozai* produced by Lo King-man who is a member of Group's Board of Directors.

Other recipients of support from the Group included the Hong Kong Academy for Performing Arts, Arts with the Disabled Association Hong Kong, Hong Kong Repertory Theatre and Hong Kong Philharmonic Orchestra.

Outlook

Much uncertainty remains as the central government continues to rein in heated property prices. Whether domestic consumption of luxury goods would be affected by the corrective measures remains to be seen. The plan to set up 50 new shops in China is progressing well.

In Hong Kong, in order to better capture the mainland tourist segment, three new shops are slated to open in the second half of the year. One of them is an Emphasis Jewellery shop in Elements, Tsimshatsui. The other two, one in Yan Ping Road, Causeway Bay and one in the International Finance Centre, Central, are both Chow Sang Sang shops.

In the second half, other than the regular seasonal promotions, efforts will be made to feature bridal jewellery as the "magical" date 2010.10.10 has been widely hyped to be auspicious for weddings.

DIVIDEND

The Board of Directors has declared an interim dividend of HK8.0 cents (2009: HK7.0 cents) per ordinary share for the six months ended 30 June 2010 payable to shareholders whose names appear on the register of members of the Company on 16 September 2010. Dividend warrants will be posted to shareholders on 22 September 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 13 September 2010 to Thursday, 16 September 2010, 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, 10 September 2010.

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 (the "Model Code") as set out in Appendix 10 of the Listing Rules as the Company's code of conduct regarding Directors' securities transactions. All Directors have written to confirm that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2010.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the websites of the Company at <http://www.chowsangsang.com> and HKEC at <http://www.hkexnews.hk>. The 2010 interim report of the Company will be despatched to shareholders and available at the same websites in mid-September 2010.

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.

By order of the Board
CHOW Kwen Lim
Chairman

Hong Kong, 26 August 2010