

Closures, Drop in Currency Weigh on Chow Sang Sang Sales



Chow Sang Sang's revenue slid 7% in 2022 amid pandemic-related store closures and a decline in the value of China's currency.

Group sales for the year slipped to HKD 20.56 billion (\$2.62 billion) as a new wave of Covid-19 led to restrictions on public activities on the mainland and forced the company to suspend business due to a lack of available staff, the jeweler said last week. The fall of the Chinese yuan also impacted sales during the year.

Proceeds from jewelry retail dropped 1% to HKD 19.75 billion (\$2.52 billion), while revenue from other businesses — including property — were down 61% to HKD 804.6 million (\$102.5 million). Profit for the year plunged 30% to HKD 452.3 million (\$57.6 million).

Revenue from mainland China decreased 4% to HKD 13.7 billion (\$1.75 billion), while same-store sales slipped 5%. Sales were down 6% in the first quarter, expanding to a 14% drop in the second quarter. Although sales bounced back, rising 10% in the third quarter as the pandemic eased, a resurgence of the coronavirus in the fourth quarter led to a 9% fall.

That outweighed an 8% climb in sales in Hong Kong and Macau to HKD 5.82 billion (\$742.1 million). In the beginning of the year, sales were “hit hard” by the pandemic, with slow traffic and temporary store closures. However, in April, revenue picked up as the government relaxed restrictions and distributed consumption vouchers in Hong Kong, the company noted.

“It was a roller-coaster ride,” the retailer said. “In the beginning of 2022...retail sales on the mainland started an uptake, which was soon wiped out by a new wave of the pandemic. Many parts of the mainland were then subjected to large-scale crowd-control measures that precluded any public activity for months on end. In the fourth quarter, widespread infections shut down cities again. Quite a significant number of our stores had to suspend business because of the lack of uninfected staff, if not the forced closures.”

The loss of business due to the pandemic was “compounded by the fall in the renminbi,” the company added.

In the first quarter of 2023, sales picked up as the pandemic eased. Revenue in Hong Kong and Macau rose 89% year on year between January 1 and March 15, and was up 26% year on year for the same period in China.

Image: A Chow Sang Sang store in Hong Kong. (Shutterstock)