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CHOW TAI FOOK JEWELLERY GROUP LIMITED

周大福珠寶集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1929

UNAUDITED KEY OPERATIONAL DATA FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2024 AND

PRELIMINARY UPDATE ON THE FIRST HALF FINANCIAL PERFORMANCE

Chow Tai Fook Jewellery Group Limited (the “Company”), together with its subsidiaries (the “Group”), hereby announce certain unaudited key operational data of the Group for the three months ended 30 September 2024 (the “Second Quarter”, or the “Quarter”) and preliminary update on the financial performance of the Group for the six months ended 30 September 2024 (the “First Half”). The unaudited key operational data and preliminary update on the financial performance in this announcement should be read in conjunction with the Company’s FY2024 annual report and the Company’s announcement in relation to the unaudited key operational data of the Group for the three months ended 30 June 2024.

KEY OPERATIONAL DATA

For the three months ended 30 September 2024

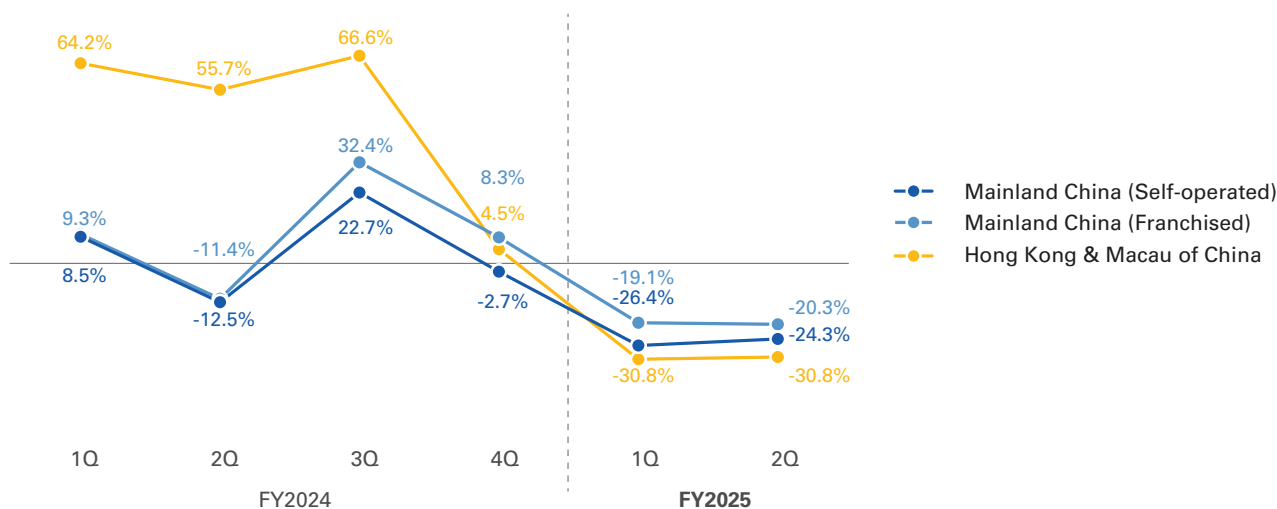
(% change compared to the same period last year)

	Group	
Retail Sales Value ⁽¹⁾ (“RSV”) growth	–21.0%	
	Hong Kong & Macau of China Mainland China and other markets	
RSV growth	–19.4%	–31.0%
Contribution to Group RSV	87.8%	12.2%
	Hong Kong & Macau of China Mainland China	
Same Store Sales ⁽²⁾ (“SSS”) growth	–24.3%	–30.8%
SSS volume growth	–33.3%	–36.1%
SSSG by product		
— Gem-set, Platinum and K-gold jewellery	–27.6%	–16.6%
— Gold jewellery and products	–24.7%	–36.3%

⁽¹⁾ “Retail Sales Value” measures the sales at the ending price (VAT inclusive, if any), in respective functional currencies, of products sold to customers in the POS network and other channels.

⁽²⁾ “Same Store Sales” for the Second Quarter is the RSV from the self-operated POS of CHOW TAI FOOK JEWELLERY existing as at 30 September 2024 and which have been opened prior to 1 April 2023. RSV from franchised POS and other channels are not included.

Same Store Sales Growth

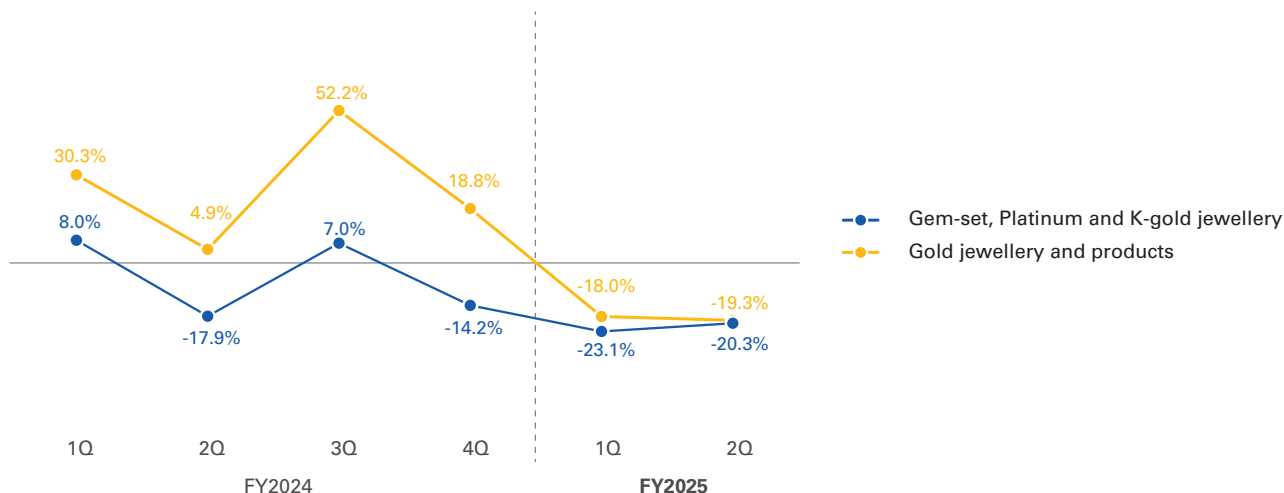


- During the Second Quarter, macro-economic externalities, particularly record gold prices, continued to weigh on consumer sentiment, a phenomenon observed across the industry. Yet, the magnitude of the SSS decline narrowed sequentially in Mainland China (the “Mainland”), while the decline in Hong Kong and Macau was similar to that of the previous quarter. Such trajectory with a narrowing SSS decline in the Mainland continued during the recent Golden Week holidays.
- In the Mainland, SSS of self-operated stores and franchised stores declined by 24.3% and 20.3% year-on-year respectively during the Quarter. In Hong Kong and Macau, the market was impacted by the local outbound travel in summer and the change in spending patterns and preferences among Mainland tourists. SSS decreased by 30.8% year-on-year. SSS declined by 27.8% for Hong Kong while Macau was down by 40.2%.
- Gold jewellery and products category includes gold products sold by weight and at fixed price. The Same Store Average Selling Price (“ASP”) of the product category remained resilient during the Quarter. In the Mainland, its ASP increased to HK\$6,400 (2QFY2024: HK\$5,600). In Hong Kong and Macau, its ASP expanded to HK\$9,400 (2QFY2024: HK\$8,800).
- Despite the discretionary nature of gem-set jewellery consumption, SSS decline narrowed in the Mainland, as well as in Hong Kong and Macau. ASP of gem-set jewellery increased to HK\$9,200 (2QFY2024: HK\$8,200) in the Mainland, while that of Hong Kong and Macau was HK\$15,400 (2QFY2024: HK\$17,000).
- During the Quarter, the Group unveiled a new concept store in Central, Hong Kong. Embracing a gallery-like aesthetic to showcase jewellery collections while allowing customers to fully immerse themselves in the contemporary allure of Chinese heritage and design, this revitalised retail presence and elevated customer experience marks a significant milestone for the Group as it continues to deliver on the multi-year brand transformation.

RSV Analysis

Mainland China

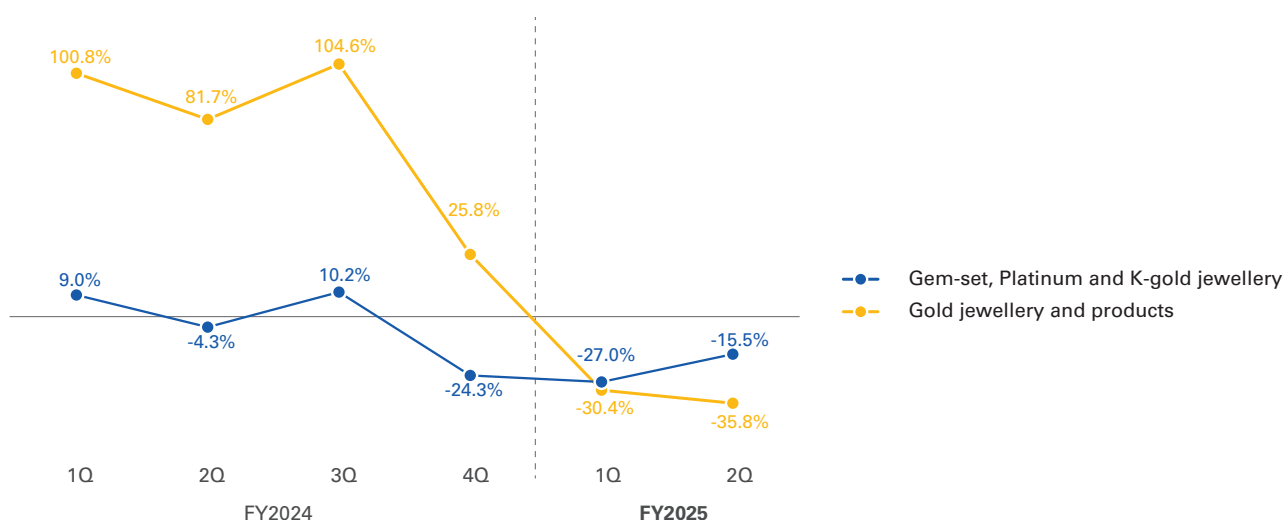
YoY change of respective RSV by product



- RSV contribution of gem-set, platinum and k-gold jewellery was 14.4% during the Quarter and that of gold jewellery and products was 81.4%, both at a stable level compared to 2QFY2024. We continued to execute pricing optimisation and product offerings with diverse value propositions to meet customer preferences. Within the gold jewellery and products category, sales contribution of the higher margin fixed-price products rose to 12.8% in this Quarter compared to 5.0% in the same period last year, supporting margin resilience.
- RSV contribution of franchised CHOW TAI FOOK JEWELLERY stores in the Mainland slightly expanded to 70.9% (2QFY2024: 69.8%) during the Quarter.
- E-commerce in Mainland China contributed to 5.4% in RSV and 13.1% in volume in the Quarter. We continued to enhance digital customer engagement and stay agile in our product planning when targeting online consumers.

Hong Kong & Macau of China and other markets

YoY change of respective RSV by product



Note: The percentages calculated are subject to minor rounding differences.

— RSV contribution of gem-set, platinum and k-gold jewellery was 18.0% during the Quarter, while gold jewellery and products was 74.5%, improving from 80.0% in 2QFY2024.

POS Network

As at	31.3.2024 Total	30.6.2024 Total	Addition	Reduction	Net	30.9.2024 Total
CHOW TAI FOOK JEWELLERY	7,352	7,258	85	(230)	(145)	7,113
Mainland China ⁽¹⁾	7,207 ⁽²⁾	7,113 ⁽²⁾	82	(227)	(145)	6,968 ⁽³⁾
Hong Kong & Macau of China	87	87	–	(3)	(3)	84
Other markets	58	58	3	–	3	61
Other brands	234	230	13	(10)	3	233
Mainland China	224	220	13	(10)	3	223
Other markets	10	10	–	–	–	10
Total	7,586	7,488	98	(240)	(142)	7,346

⁽¹⁾ CTF Watch excluded

⁽²⁾ Restated to reflect the combination of HUÁ exclusive zones

⁽³⁾ 76.7% of CHOW TAI FOOK JEWELLERY POS were in franchised format

— In regard to our retail network management, our current priorities are to maximise the overall financial health of our POS portfolio with a focus on store productivity and profitability to sustain our market leadership. During the Quarter, the Group optimised retail network and net closed 145 CHOW TAI FOOK JEWELLERY POS in Mainland China.

PRELIMINARY UPDATE ON THE FIRST HALF FINANCIAL PERFORMANCE
For the six months ended 30 September 2024, unaudited

The Group

(% change compared to the same period last year)

Revenue	Decrease by 18% to 22%
Net profit	Decrease by 42% to 46%
— If the impact of gold loans revaluations is excluded in both periods, then the adjusted net profit	Decrease by 12% to 16%

- Based on the latest unaudited consolidated management accounts and other information currently available, the Company expects to record a decrease of about 18% to 22% in the Group's revenue for the First Half and a decrease of about 42% to 46% in the net profit as compared to the same period last year. The impact of gold loans revaluations should be excluded for the purpose of analysing the underlying operational performance for the First Half and the same period last year, in which case the decrease in this adjusted net profit for the First Half would be narrowed to about 12% to 16%. The narrowed decrease in this adjusted net profit is mainly attributable to increase of gross profit margin from higher average selling price of gold products sold during the First Half, product optimisation and pricing strategies which, together with the Company's agile approach in the implementation of various initiatives to strengthen business resilience and competitiveness, has moderated the impact amid the challenging externalities during the First Half.
- The Group's net profit for the First Half is mainly reduced by an unrealised non-cash loss arising from mark-to-market revaluation of gold loans outstanding as at 30 September 2024 due to the considerable volatility in international gold prices during recent months, versus a gain from mark-to-market revaluation recorded for the same period last year.
- The Company uses gold loans (short position in gold) to hedge and mitigate against gold price fluctuations in its gold inventories (long position). The effect of long and short positions in gold is expected to offset each other through the sale of gold inventories over time. However, for statutory financial reporting purpose, the outstanding gold loan contracts are required to be revalued at market price at the end of each financial reporting period whereas the gold inventories are not. This disparity has given rise to an unrealised accounting gain or loss temporarily.
- Such revaluation therefore does not have direct impact on the Group's cash flows and underlying performance for the First Half.

CAUTION STATEMENT

The Board wishes to remind investors that the above unaudited operational data and preliminary update on the financial performance are based on the Company's internal records and the latest available management accounts, which remain to be reviewed by the Company's auditor, its audit committee and the Board. The Company is in the process of preparing interim results of the Group for the period ended 30 September 2024 which will be announced in November.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Chow Tai Fook Jewellery Group Limited
Dr. Cheng Kar-Shun, Henry
Chairman

Hong Kong, 22 October 2024

As at the date of this announcement, the executive directors are Dr. Cheng Kar-Shun, Henry, Mr. Cheng Chi-Heng, Conroy, Ms. Cheng Chi-Man, Sonia, Mr. Wong Siu-Kee, Kent, Mr. Cheng Kam-Biu, Wilson, Mr. Cheng Ping-Hei, Hamilton, Mr. Suen Chi-Keung, Peter and Mr. Liu Chun-Wai, Bobby; and the independent non-executive directors are Mr. Kwong Che-Keung, Gordon, Mr. Lam Kin-Fung, Jeffrey, Dr. Or Ching-Fai, Raymond, Ms. Cheng Ka-Lai, Lily, Mr. Chia Pun-Kok, Herbert, Ms. Fung Wing-Yee, Sabrina and Mr. Tang Ying-Cheung, Eric.