
CHOW TAI FOOK JEWELLERY GROUP

Stock Code: 1929 • A Hong Kong Main Board Listed Company

2025/2026 Interim Results Investor Presentation

Tuesday, 25 November 2025

Introduction to Management

MC

Good evening, Ladies and Gentlemen, I'm Haide, emcee of today's event. Welcome to the Investor and Analyst presentation of Chow Tai Fook Jewellery Group Limited to discuss our interim results for the financial year 2026.

Let me introduce the management team who will be presenting and participating in the Q&A session today. They are Mr. Kent Wong, Managing Director, Mr. Hamilton Cheng, Executive Director, Ms. Karen Yih, Chief Financial Officer and Ms. Danita On of Investor Relations & Corporate Communications.

Firstly, Mr. Kent Wong will present the highlights of our interim results, share group strategies, and provide business updates. Next, Ms. Karen Yih will deliver the financial review. Following that, Mr. Hamilton Cheng will discuss capital management and conclude the presentation with market outlook. After the presentation, we will open the floor for a Q&A session.

This hybrid event will be conducted primarily in English. Simultaneous interpretation will be available for any content or questions addressed in Mandarin. For on-site participants at HKCEC who require translation assistance, please raise your hand and a headset will be provided. Online participants may select either English, or Mandarin interpretation using the language bar located at the top right corner of the webcast platform.

Now, I'd like to hand over to our first presenter, Mr. Kent Wong.

1H2026 Highlights

Slide 2 – (1H2026 Highlights)

Mr. Kent Wong – Managing Director

Good afternoon, ladies and gentlemen. Thank you for joining us for our interim results for FY2026.

In the first half of FY2026 ("1HFY2026"), the Group demonstrated remarkable resilience and delivered solid results, supported by an improvement in consumer sentiment and a revival in jewellery spending across the Group's key markets.

We stayed agile in response to the changing environment, while diligently executing our five strategic priorities: brand transformation, product optimisation, accelerated digitalisation, operational efficiency and talent cultivation. Our strategic initiatives continued to support our operational and financial resilience.

Despite the gold price surge in the period, the Group's revenue in 1HFY2026 remained stable at HK\$39 billion.

With an improved product mix and the gold price appreciation, our gross profit margin ("GPM") remained steady at a relatively high level in history, above 30%. Coupled with disciplined cost and capital management, operating profit margin ("OPM") expanded to 17.5%, marking a five-year record high.

Operating profit was resilient, rising 0.7% year-on-year. Profit attributable to shareholders amounted to HK\$2.5 billion, at a similar level compared to the same period last year.

The Board has declared an interim dividend of HK22 cents per share, equivalent to a payout ratio of 85.7%. We are confident in our ability to deliver long-term sustainable and stable returns to our shareholders.

Slide 3 – (1H2026 Key Achievements)

Mr. Kent Wong – Managing Director

We are pleased to see steady progress in our brand transformation. I would like to highlight some of our key achievements in the first half.

We remained focused on optimising product offerings and expanding our signature collections. Building on the success of the Rouge Collection and the Chow Tai Fook Palace Museum Collection, in April we launched Joie Collection, featuring a Chinese "喜" motif, which effectively resonates with younger consumers.

A cornerstone of our brand transformation is to redefine the retail experience through our new image stores. In the first half, we unveiled new image stores in Beijing, Shijiazhuang and Macau. These premium-positioned stores successfully elevate our brand desirability and deliver higher store productivity.

In June, we unveiled our new High Jewellery Collection, 'Timeless Harmony' in Hangzhou, honouring our near century of craftsmanship and cultural legacy. Designed by our Creative Director Nicholas with inspiration drawn from classical Chinese philosophy and architecture, the Collection exemplifies our originality, exquisite design, and unmatched craftsmanship by pairing rare gemstones with refined artistry. It reinforces our brand positioning and aspirations, and reflects our enduring commitment to showing the world the beauty of China through our exquisite jewellery.

During the period, we underscored our dedication to sports excellence as the sponsor and design lead for the official medals of the 15th National Games. This reflects our commitment to national sports and extends the aesthetic excellence of jewellery into the world of sports.

Slide 4 – (Brand Transformation)

Mr. Kent Wong – Managing Director

As a critical part of our brand transformation, we strengthened the storytelling and enriched the differentiation of our product offerings to propel sales growth.

In the Mainland, we are thrilled to see fixed-price jewellery contribution to Retail Sales Value ("RSV") increased to nearly 32% during the period, more than 4 percentage points higher than one year ago, lending support to our GPM.

The three iconic collections we launched since the embarkment on our transformation journey, Chow Tai Fook Palace Museum Collection, together with Rouge and Joie, have continued to yield positive outcomes. These fixed-price collections achieved total sales of about HK\$3.4 billion in the first half, representing nearly 50% year-on-year growth.

Here is a recent video of the Chow Tai Fook Palace Museum new collection to mark the museum's 100th anniversary, demonstrating our refreshed strategy to build relevance and foster deeper connections with new consumers. [video]

Slide 5 – (Brand Transformation)

Mr. Kent Wong – Managing Director

As we advance toward our centenary in 2029, brand transformation will continue to build positive momentum and drive quality growth.

We remain focused on enriching our differentiated signature collections and products. We will continue to expand strategic IP collaborations, as a key focus of our product strategy to engage with younger audiences.

More new image stores will be rolled out in our existing and in new markets. As a teaser of what is to come, we will celebrate the opening of our new landmark flagship store on Canton Road in Tsim Sha Tsui next year to showcase our heritage, vision and creativity. We will give further update on this in due course.

Our High Jewellery initiative is central to elevating our brand positioning. Beyond the luxury market, we will leverage it to enhance our brand's desirability in our key markets, and set a new benchmark of excellence in the broad mass market, to deliver a positive impact to our core business.

Business Update

Slide 7 – (Chinese Mainland – CHOW TAI FOOK JEWELLERY POS)

Mr. Kent Wong – Managing Director

In store management, our priorities remain to sustain market leadership and strengthen network resilience, by closing underperforming stores and launching higher-productivity stores in prime locations. The store optimisation strategy has proven effective in improving the overall productivity of our retail network, enabling us to deliver higher quality earnings.

In the first half, we selectively opened 57 new stores in the Mainland with key openings centered around higher tier cities. We also closed 668 stores as part of our store optimisation effort, leading to a net closure of 611 stores during the period. As of September, we had approximately 5,700 CHOW TAI FOOK JEWELLERY stores in the Mainland, of which about 73% are in the franchised model.

As a result of store network optimisation, stores in higher tier cities demonstrated a superior performance to those in lower tier cities in the period, mainly due to a better recovery in consumer demand and fewer store closures than lower tier cities. RSV growth in Tier I cities reached nearly 9% during the period.

Slide 8 – (Chinese Mainland – CHOW TAI FOOK JEWELLERY POS)

Mr. Kent Wong – Managing Director

As we transitioned to high quality expansion, we have prioritised store productivity and earnings quality. Our approach is to selectively expand into premium shopping malls and prime locations, therefore, accelerating our brand transformation and elevating brand's desirability.

This strategy is already achieving positive results. Our new stores, on average generated more than HK\$1.3 million monthly sales. We witnessed a notable improvement in store productivity by over 70%. We expect the productivity of the new stores, on an annualised basis, would achieve a higher level, as 2H revenue would be higher than 1H due to the seasonality of festive demand.

As mentioned earlier, we added two new image stores in Beijing and Shijiazhuang, targeting sophisticated affluent consumers with differentiated merchandise and redefined retail experience. Together with the new image stores we opened last year, we are pleased to see these new format stores have consistently delivered higher monthly sales than average stores in the same districts since launch.

Slide 9 – (Chinese Mainland – E-Commerce Business)

Mr. Kent Wong – Managing Director

We continued to enhance digital engagement to grow our brand desirability among younger generations.

Mainland e-commerce delivered a strong RSV growth of 28% in 1HFY2026, contributing approximately 7% to retail sales value and over 16% to the volume of our Mainland business. Notably, both CTFMall and Douyin delivered more than 40% RSV growth during the period. E-commerce Average Selling Price ("ASP") increased to HK\$3,000 versus HK\$2,400 a year ago.

We proactively harnessed the potential of livestreaming channels through enhancements in content curation, host collaborations, and real-time consumer engagement, which contributed almost 18% of our online sales in this period.

During 1HFY2026, we curated popular IP collaborations such as CLOT and Chiikawa, with a focused strategy to engage younger consumers through diverse and interactive social media content, refreshed marketing approaches to coincide with major online shopping festivals, and optimised product assortments, catering to evolving interest of online customers.

As a separate update, during the recent Double 11 festival, our e-commerce RSV grew by more than 30%.

Slide 10 – (Hong Kong & Macau of China and Other Markets)

Mr. Kent Wong – Managing Director

Now, let's turn to Hong Kong, Macau and other markets. Our business rebounded across all these geographic markets during 1HFY2026.

Hong Kong and Macau experienced steady recovery, supported by revived retail sentiment and increased foot traffic. Macau outperformed Hong Kong with a 17% RSV growth.

In line with the Group's store optimisation strategy, we continued to refine our POS locations to seize market opportunities and safeguard margin resilience across these markets. Our retail network in Hong Kong and Macau remained steady with 88 CHOW TAI FOOK JEWELLERY stores as of September.

In our drive to continually enhance the retail experience, we opened a Rolex boutique in K11 MUSEA in Hong Kong, and 1 new image store and 2 HOF stores in luxury casino resorts in Macau in the period. We will continue to enhance visual merchandising experience and retail excellence across our stores in Hong Kong and Macau, according to the Group's brand transformation.

Slide 11 – (Other Markets – Chow Tai Fook Jewellery POS (Excluding China Duty Free))

Mr. Kent Wong – Managing Director

In other markets, RSV grew by approximately 17% in the first half. Excluding China duty free stores, RSV of CHOW TAI FOOK JEWELLERY stores grew by 12%, mainly attributable to strong growth in Singapore and Malaysia, validating our strategic expansion priority in this region.

Our continuing brand transformation underscores our ambition to redefine global luxury and vision to be the leading global jewellery brand that is a trusted lifetime partner for every

generation. Thus, expansion into broader international markets is seen as a next chapter of growth.

We deploy a two-pronged expansion strategy with a sharp focus on quality and store productivity. We continue to revitalise key existing markets by optimising visual merchandising to enhance store productivity and product mix. And we have strengthened training for our storefront staff to elevate retail excellence. With our initiatives on upgrading stores and rezoning, we are encouraged to see notable same store sales improvement by almost 30% in Singapore and Malaysia in the period.

On the other hand, we are proactively exploring new high-potential territories for sustainable growth. We target markets with good potential long-term prospects while looking for prime locations in line with our aspirations.

Beyond Southeast Asia, we will initially expand into Oceania and stay agile to identifying other new markets with high potential, capturing rising demand from affluent local customers and outbound Chinese tourists.

By June 2026, we will launch 6 new stores in international markets, including new image stores. All these new stores are strategically located in prime retail areas known for high foot traffic, ensuring strong brand visibility and broad reach among both tourists and local shoppers. In Southeast Asia, we unveiled our first new image store in Jewel Changi Airport Singapore. More new image stores will be rolled out in international markets. In next two years, we will further expand our presence into new markets, such as Middle East.

This concludes my part for today. I will now pass to Karen for Financial Review.

Financial Review

Slide 13 – (1H2026 Income Statement Highlights)

Ms. Karen Yih – Chief Financial Officer

Thank you, Kent. Let me begin the financials' review with the key financial metrics and ratios.

In the first half of the financial year, we demonstrated sustained strategic progression and operational resilience. Our revenue remained stable at HK\$39 billion, reflecting steady business recovery. The gross profit margin maintained a robust position above 30%, underpinned by enhanced product mix optimisation, increased retail channel contribution, and favourable gold price appreciation.

We continue to enhance operational efficiency, achieving a 120 basis points improvement in our SG&A ratio while expanding OPM to 17.5%, our strongest performance in five years. This robust outcome demonstrates the successful execution of our store optimisation initiatives and rigorous expense discipline, reinforcing our strategic focus on delivering sustainable earnings quality and maximising shareholder value through operational leverage.

Slide 14 – (Revenue Breakdown)

Ms. Karen Yih – Chief Financial Officer

Chinese Mainland operations registered a 3% revenue contraction in first half, primarily attributable to network rationalisation initiatives, though partially mitigated by positive same-store sales growth. The region maintained its position as the Group's core market, representing 83% of consolidated revenue. Retail segment demonstrated superior performance relative to wholesale operations, driven by strengthening consumer demand and enhanced operational execution.

In response to evolving market dynamics and growing consumer preference for higher-margin fixed-price products, we have implemented a strategic product segmentation framework effective this reporting period. Our portfolio is now classified into three distinct categories:

- Fixed-price jewellery (displayed in red): Includes fixed-price gold products, gem-set jewellery, and platinum/k-gold offerings, representing our highest margin category aligned with shifting consumer preferences
- Weight-based gold jewellery (displayed in blue): Traditional gold products sold by weight, maintaining our heritage positioning in the core gold segment
- Watches business (displayed in yellow): Our timepiece portfolio, complementing our jewellery offerings

This refined categorisation enhances visibility into margin dynamics and enables more targeted strategic resource allocation, positioning us to capitalise on the structural shift toward fixed-price products while optimising our overall product mix for profitability.

We are pleased to report improving momentum in our weight-based gold jewellery, with revenue decline narrowed substantially during the period, reflecting strengthening retail sentiment and consumer confidence.

Our fixed-price jewellery achieved a robust 9% growth across all product categories in first half. This exceptional growth trajectory was driven by sustained demand for our signature collections, validating our strategic brand elevation initiatives and demonstrating successful execution of our premiumisation strategy. The outperformance of these higher-margin offerings reinforces our conviction in the brand transformation journey and positions us favourably for margin expansion.

Slide 15 – (Same Store Sales Growth (“SSSG”) – Key Markets)

Ms. Karen Yih – Chief Financial Officer

In 1HFY2026, we achieved positive SSSG across our key markets and product categories. This performance is a direct result of our targeted store optimisation, sustained demand on our signature collections and the improving trajectory of weight-based gold products.

Our third quarter-to-date performance, covering the period from 1 October to 18 November 2025, demonstrated accelerated same-store sales momentum, reaching double-digit growth. This robust performance reinforces our confidence in a sustained recovery through the second

half of the fiscal year.

ASP revealed notable resilience across product categories in both Chinese Mainland and Hong Kong and Macau markets. Within fixed-price jewellery, ASP of fixed-price gold jewellery, including gold jewellery and gem-inlaid gold jewellery, rose by 19% and 25% in the Mainland and Hong Kong and Macau, respectively. This was driven by strong demand of our key fixed-price signature collections and gold price appreciation. Gem-set ASP increased by 8% in the Mainland, while maintaining a stable level in Hong Kong and Macau.

Slide 16 – (FY2025 Movements in Gross Profit Margin)

Ms. Karen Yih – Chief Financial Officer

Our GPM dynamics reflect strategic portfolio optimisation, with higher retail mix and high margin product composition contributing 150 basis points of expansion. Despite a 260 basis points margin compression driven by gold price variations and timing, our deliberate shift towards fixed-price products and enhanced retail channel mix demonstrates resilient margin management. This performance underscores our agile approach to navigating market volatility through strategic product and channel positioning.

Slide 17 – (SG&A Analysis (HK\$M))

Ms. Karen Yih – Chief Financial Officer

Through store network optimisation and rigorous cost discipline, we achieved a 9% reduction in SG&A expenses during the first half. Riding on improved business recovery and operating leverage, we compressed the SG&A ratio by 120 basis points to 14%.

Our forward-looking cost management approach remains focused on maintaining disciplined discretionary spending while preserving organisational agility. We are committed to maximising return on every operational dollar invested, with a targeted full-year SG&A ratio at 13.6%-13.7%.

Slide 18 – (SG&A – Staff Costs and Related Expenses (HK\$M))

Ms. Karen Yih – Chief Financial Officer

We remain committed to strategic talent development while driving operational efficiency across our workforce. In Chinese Mainland, staff costs decreased 4%, with a 6.7% reduction in fixed compensation aligned with headcount optimisation, and a 2.5% increase in variable compensation reflecting retail revenue growth.

In Hong Kong and Macau, we achieved a significant 10% reduction in staff costs, with a 37% decline in variable compensation resulting from refined incentive structures. The staff cost ratio improved substantially by 270 basis points, driven by revenue expansion and disciplined compensation management.

Slide 19 – (SG&A – Concessionaire Fees and Lease-Related Expenses (HK\$M))

Ms. Karen Yih – Chief Financial Officer

In Chinese Mainland, we achieved improvements in concession and lease-related expenses. Concessionaire fees ratio enhanced by 10 basis points through fee structure optimisation. Lease-related expense ratio improved by 100 basis points, leveraging business recovery and operating scale.

In Hong Kong and Macau, rental expenses increased with revenue growth, maintaining variable cost alignment. Lease-related expense ratio compressed by 40 basis points through operating leverage on fixed rental components. Our lease renewal strategy in Hong Kong and Macau demonstrates proactive cost management. Approximately one-third of lease contracts will be under renewal in FY2026 and average lease renewals reduced by mid-teens in first half.

Slide 20 – (Operating Profit and Profitability Analysis)

Ms. Karen Yih – Chief Financial Officer

Our operating performance demonstrated resilience, with Hong Kong, Macau, and other markets delivered over 50% operating profit growth. The exceptional margin expansion is driven by elevated fixed-price jewellery sales and enhanced retail mix uplifting GPM reaching 36%, OPM expanded 470 basis points to 16.3%, underpinned by disciplined cost management and operational efficiency.

Chinese Mainland experienced a 170 basis points GPM compression due to gold price dynamics and increased business of pre-owned gold for trade up and upgrade. We maintained robust profitability through higher fixed-price jewellery mix, enhanced retail mix and disciplined costs management, our GPM sustained at 17.7%.

Slide 21 – (Inventory and Capital Expenditure (HK\$M))

Ms. Karen Yih – Chief Financial Officer

In 1H FY2026, we executed a disciplined approach to inventory management and capital allocation, driving operational efficiency and cash flow optimisation. Inventory balance was reduced by 7% to HK\$63 billion, inventory turnover period compressed by 33 days, this is achieved through proactive managing instore inventory composition and recycling aged and discontinued products.

Capex was controlled at HK\$227 million in the first half and we expect full-year guidance of capex spend to remain below 1% of revenue for FY2026.

This concludes my presentation. Now let me pass onto Hamilton to discuss capital management.

Capital Management

Slide 23 – (Capital Structure Highlights)

Mr. Hamilton Cheng – Executive Director

Thanks Karen.

We effectively managed our capital structure to ensure financial stability and source financial capitals to fuel business growth. Our cash balance increased to HK\$10 billion as of September.

Based on business seasonality, we stock up our inventory by September to prepare for the peak season. Against the backdrop of gold price hike in the first half, more working capital is required reserved for inventory replenishment. We funded this through bank borrowings and convertible bond.

In June, we seized a good window and successfully issued a convertible bond at a very low coupon rate. As of September, the straight bond portion that was booked under debt stood at about HK\$7 billion.

As a result, net gearing ratio ascended to 83% in the period. Excluding gold loans, this ratio would be 12%.

Slide 24 – (Summary – Movements in Cash Flows (HK\$M))

Mr. Hamilton Cheng – Executive Director

Now, let's turn to our cash flows.

Our business operation remains resilient, generating about HK\$8 billion net cash inflow in the period.

Here follows the key uses of cash relating to operations:

- 1) About HK\$7 billion was used to finance inventory procurement ahead of the expected festival demand in the second half.
- 2) About HK\$4 billion was used for other operating activities, including repayment of inventory deposit to franchisees, tax payment and movements in receivables and payables.

As a result, pro forma free cash flow was negative HK\$4 billion for the first half.

We leveraged external capital at a relatively low cost to meet the business needs. Net proceeds from the convertible bond and additional bank borrowings combined to bring in a net HK\$11 billion.

As of September, our cash balance stood at over HK\$10 billion.

With revenue being more backend loaded in 2H plus our confidence in gradual business recovery, we expect the cash flow generation will strengthen to sustain our business growth and dividend returns to our shareholders.

Slide 25 – (Fair Value Change On Gold Loan)

Mr. Hamilton Cheng – Executive Director

Now, let's take a review on gold loan impact on the financial result during the period.

Gold price appreciation would normally put some pressure on the demand but at the same time, it provides support to our gross margin, which is reflected in the gross margin analysis as mentioned by Karen. The gold price fluctuation gain accounted for 7.9% of Group's revenue in the period.

On the other hand, gold price increase incurs fair value loss on gold loans, which represented 8.1% of Group's revenue in the period. The loss would be usually offset by the gold price fluctuation gain, or there may even be a marginal gain.

During the period, we have been striving for managing the inventory turnover and hedging ratio. Hedging ratio stood at 55% as of September. While the fair value loss on settled gold loans dropped notably by over 20%, incremental loss on unsettled gold loans incurred on the back of the gold price surge in September. This resulted in an overall loss on gold loans marginally higher than gold price fluctuation gain in the period.

Nevertheless, profit before tax remained resilient at the similar level in 1HFY2025.

Market Outlook

Slide 27 – (Market Outlook)

Mr. Hamilton Cheng – Executive Director

Lastly, market outlook.

Continual improvement in consumer sentiment revived jewellery spending in 1HFY2026. We witnessed solid business recovery as Same Store Sales returned to positive in all key markets in which we operate.

Despite the recent short-term industry headwinds, our quarter-to-date SSS performance remained solid. Together with our transformation initiatives that have strengthened our operational and financial resilience, we remain confident in sustaining our recovery through 2HFY2026.

We shall remain agile, proactively refining our strategies to stay ahead in a dynamic environment. Rigorous financial discipline, coupled with prudent cost and capital management, will continue to underpin our pursuit of sustainable high-quality earnings and long-term shareholder value.

As we approach our historic centenary, we remain resolutely committed to advancing our brand transformation agenda through strategic initiatives designed to deliver positive outcomes.

This concludes my presentation today. Thank you!

[End of transcript]