

CHOW TAI FOOK JEWELLERY GROUP

2024/2025
INTERIM RESULTS
INVESTOR
PRESENTATION



2024.11.26

1H2025 HIGHLIGHTS

Resilient operating profitability against macro headwinds

Revenue

HK\$39,408 million

▼ 20.4%

On constant fx

▼ 20.0%

Operating profit ²

HK\$6,776 million

▲ 4.0%

Profit attributable to shareholders

HK\$2,530 million

▼ 44.4%

Gross profit margin ¹

31.4%

1H2024
24.9%

Operating profit margin

17.2%

1H2024
13.2%

Dividend per share

HK\$0.20

Payout ratio
78.9%

1H2025 HIGHLIGHTS

Diligently executing five strategic priorities with a focus on brand transformation



Brand transformation gains positive momentum

- First new concept store in HK
- Signature CTF Rouge Collection RSV > HK\$ 1.5 billion since launch



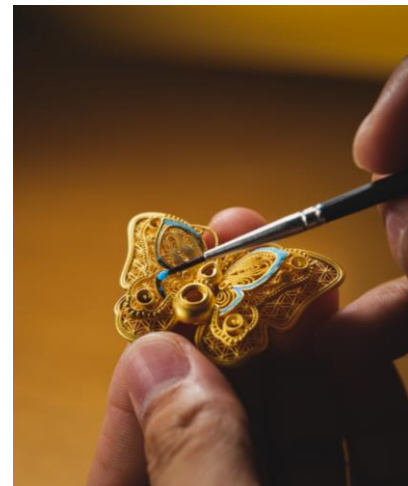
Ongoing product and pricing optimisation

- Product offerings with varying value propositions
- Fixed-price mix in gold product RSV: Doubled YoY to 14.2%



Improved margins and disciplined spending

- GPM +650 bps YoY
- OPM +400 bps YoY
- SG&A down by 2.8% YoY
- Disciplined capex spending



Preserve and perpetuate rich Chinese cultural heritage

- Launched a five-year Chinese Gold Craftsmanship Heritage Education Programme
- Committed HK\$10 million sponsorship in advancing social purpose

BRAND TRANSFORMATION

Progressive rollout of refreshed stores to elevate customer experience

Launch new concept store at 42-46 Queen's Road Central, Hong Kong



CHOW TAI FOOK JEWELLERY GROUP



OPTIMISATION OF PRODUCT OFFERINGS

Exquisite design and craftsmanship to enhance brand desirability

CTF Rouge Collection



CTF Bond Collection



Chow Tai Fook
Palace Museum Collection



CHINESE GOLD CRAFTSMANSHIP HERITAGE EDUCATION PROGRAMME

Enhance appreciation of Chinese gold craftsmanship among younger generation

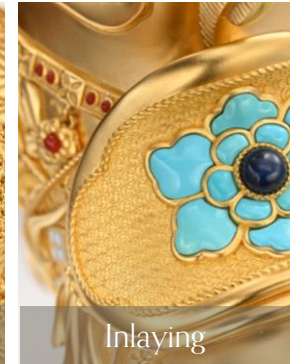
- Foster the understanding and appreciation of the Chinese gold artistry among younger generation, leading them to contribute to the preservation of Chinese culture and nurture a sense of national pride
- Partner with Hong Kong Palace Museum to provide diverse activities and learning resources, such as masterclasses and workshops, with a focus on Chinese goldsmithing, gold artefact design and related cultural exchange initiatives



Filigree



Granulation



Inlaying



Carving



Enamel



Minutely ring - punched ground

BUSINESS UPDATE

CHOW TAI FOOK JEWELLERY GROUP



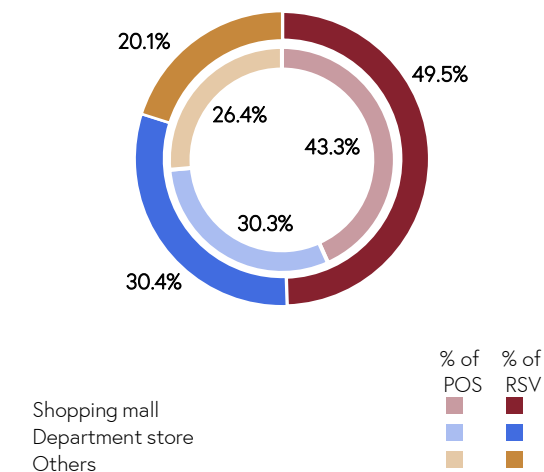
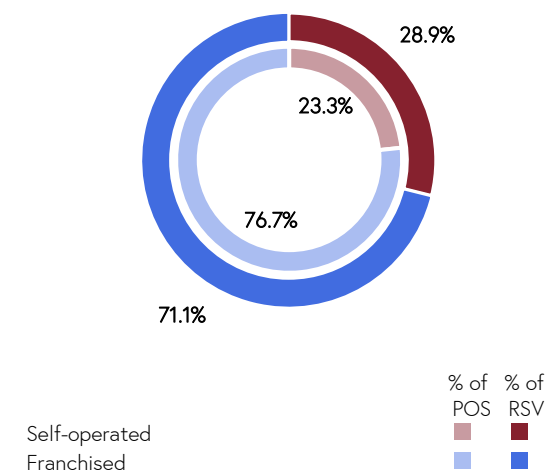
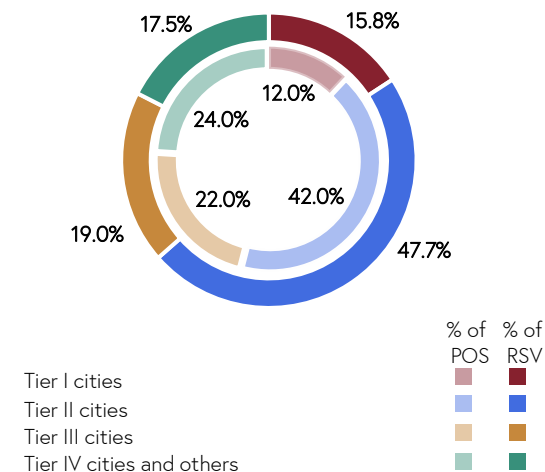
MAINLAND CHINA – CHOW TAI FOOK JEWELLERY POS

Prioritise financial health of POS network and sustain market leadership

RSV and POS by tier of cities ¹

RSV and POS by operating model

RSV and POS by store format



	RSV YoY	Net POS movement
Tier I cities	-18.4%	-36
Tier II cities	-20.1%	-73
Tier III cities	-20.4%	-52
Tier IV cities and others	-21.7%	-78

	RSV YoY	Net POS movement
Self-operated	-25.6%	-7
Franchised	-17.7%	-232

	RSV YoY	Net POS movement
Shopping mall	-17.0%	-25
Department store	-22.8%	-85
Others	-23.4%	-129

MAINLAND CHINA

Enhance omni-channel experience with high touch engagement

POS Network

- Net closed 239 CHOW TAI FOOK JEWELLERY POS in 1H2025. Expect net store closure to moderate in 2H2025 based on current observations of the trajectory and market conditions
- Stay agile and optimise store network by streamlining underperforming stores while focusing on maximising store productivity
- Continue to open new stores in promising locations on a selective basis, informed by a data-driven approach



E-commerce Channel

RSV

▼ 0.6%

Contribution to
respective RSV

5.6%

Contribution to respective
retail sales volume

13.4%

Average selling price

HK\$2,400

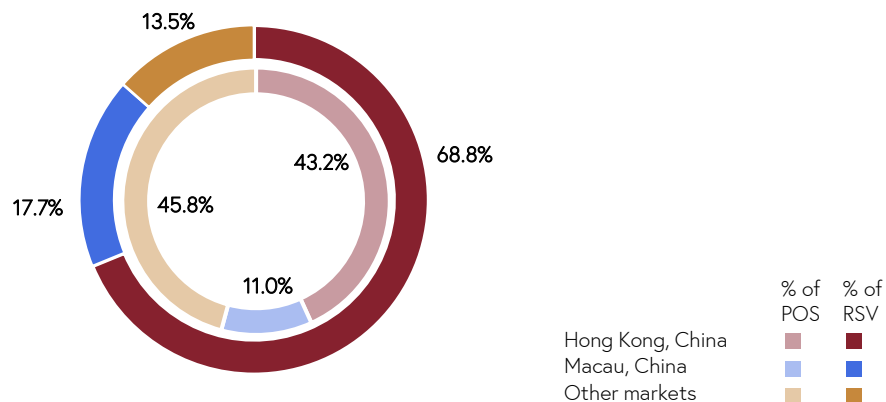
1H2024

HK\$2,100

HONG KONG & MACAU OF CHINA AND OTHER MARKETS

Stay agile in managing the evolving business dynamics

RSV and POS by geography



	RSV YoY	Net POS movement
Hong Kong, China	-25.6%	-1
Macau, China	-42.0%	-2
Other markets	-31.7%	+3

Retail Network Management

Hong Kong and Macau of China

- Launched the first new concept store in Central, Hong Kong
- Net closure of 3 POS in 1H2025
- Continue to reassess business conditions and evaluate individual store location, scale and productivity to ensure margin resilience

HONG KONG & MACAU OF CHINA AND OTHER MARKETS

Prospect new growth opportunities in overseas

RSV (ex China DF)

▲ 8.5%

1H2025 net openings

3 POS

Strategic Expansion in Southeast Asia and Globally

- As of Sep 2024, the Group had 61 CHOW TAI FOOK JEWELLERY POS in other markets
- Senior executive appointment (Ms. Gabriela Ferreira) committed to:
 - Leveraging her luxury retail experience across international brands to drive the Group's growth strategy in Southeast Asia
 - Building a team in Singapore to support business expansion and enhance brand desirability in targeted markets
- The Group is committed to exploring growth opportunities in travel retail markets and in areas with a significant customer population who understand and appreciate Chinese culture, art and beauty

FINANCIAL REVIEW

CHOW TAI FOOK JEWELLERY GROUP



1H2025 INCOME STATEMENT HIGHLIGHTS

Margin resilience a testament to our focus on earnings quality

Revenue

HK\$39,408 million ▼ 20.4%

Gross profit

HK\$12,378 million ▲ 0.5 %

SG&A

HK\$5,978 million ▼ 2.8%

Operating profit

HK\$6,776 million ▲ 4.0%

Revenue YoY on constant fx

▼ 20.0%

Gross profit margin

31.4% | 1H2024
24.9%

SG&A ratio

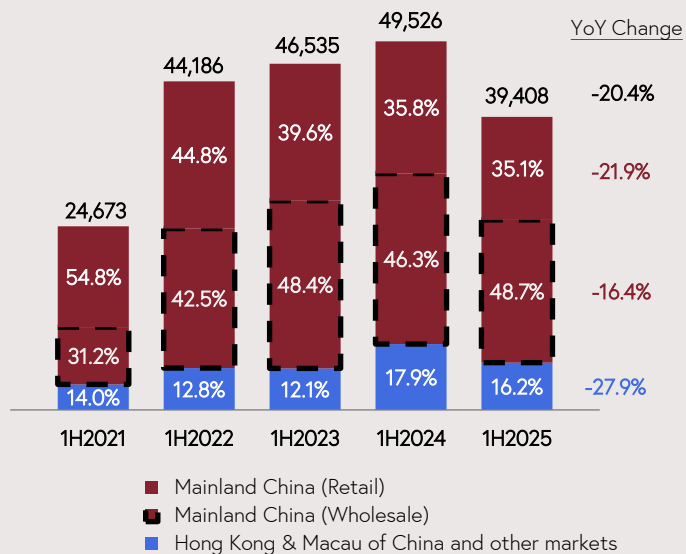
15.2% | 1H2024
12.4%

Operating profit margin

17.2% | 1H2024
13.2%

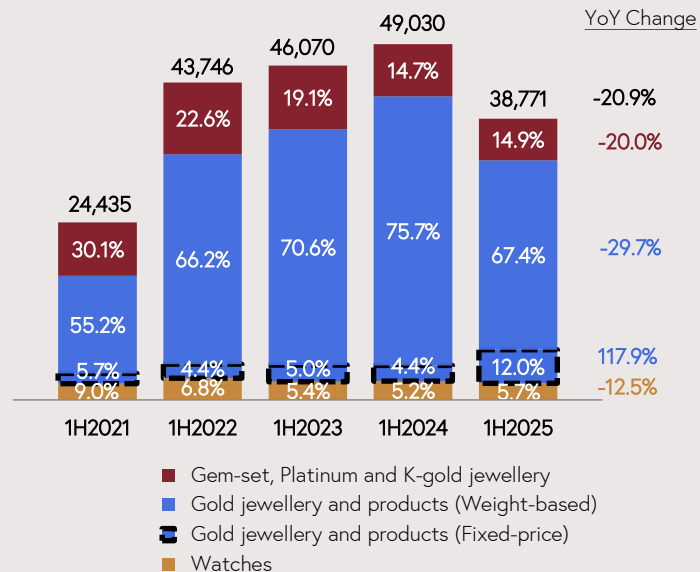
REVENUE BREAKDOWN

Revenue by reportable segment (HK\$ m)



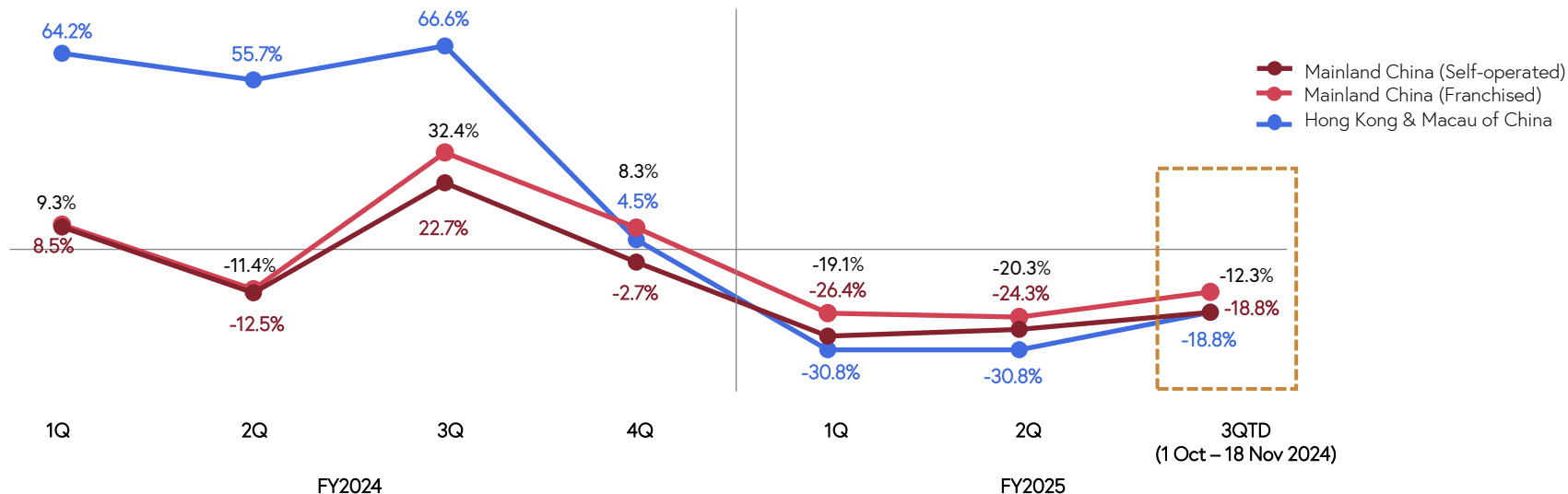
Revenue by product (HK\$ m)

(Excluding jewellery trading and service income from franchisees)



SAME STORE SALES GROWTH ("SSSG") – MAJOR MARKETS

Sequential improvement across all operating markets

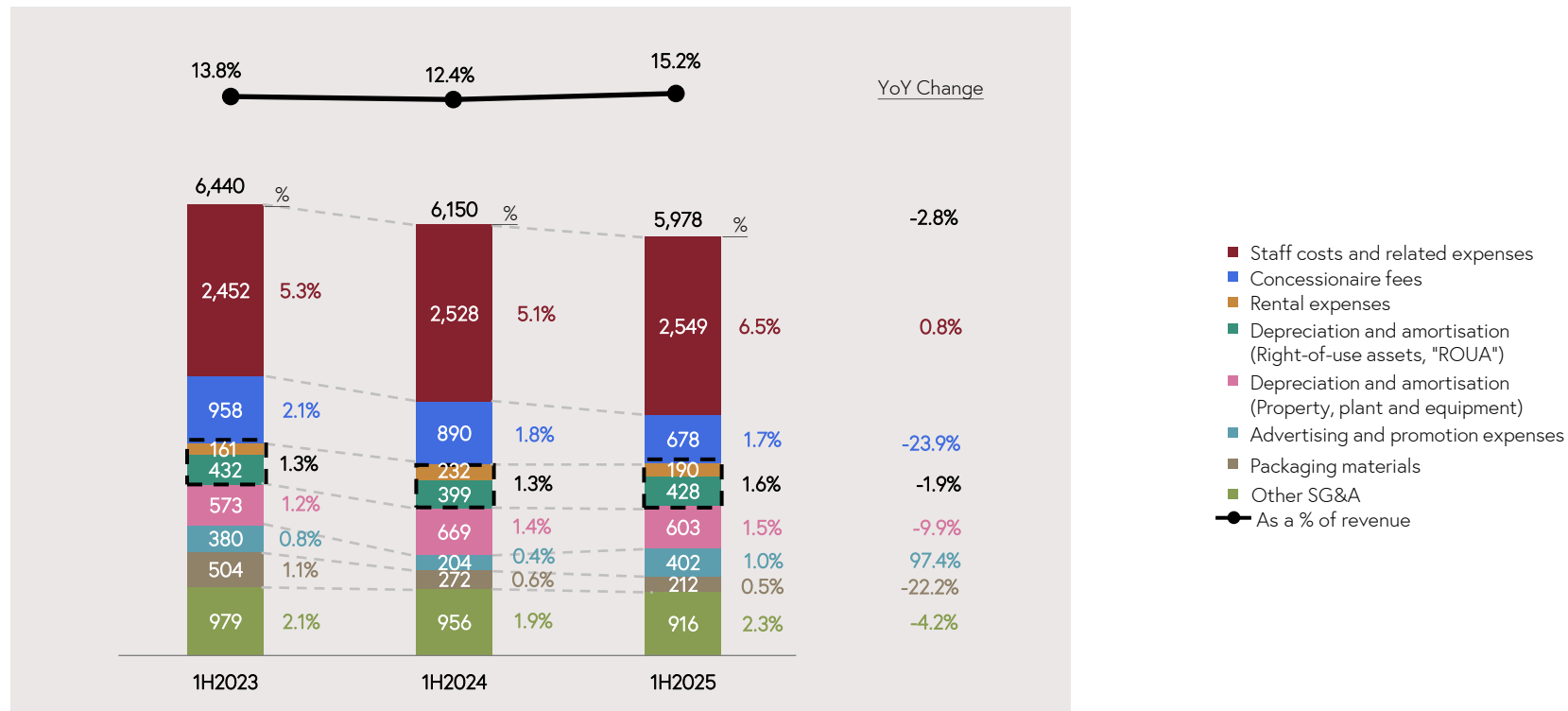


Mainland China (Self-operated) (1H2025)	SSSG	SSS volume growth	SS ASP ¹
Overall	-25.4%	-34.9%	N/A
Gem-set, Platinum and K-gold jewellery	-29.8%	-34.4%	HK\$8,900 ²
Gold jewellery and products	-26.4%	-35.3%	HK\$6,300

Hong Kong & Macau of China (1H2025)	SSSG	SSS volume growth	SS ASP ¹
Overall	-30.8%	-36.1%	N/A
Gem-set, Platinum and K-gold jewellery	-24.2%	-23.7%	HK\$15,900 ²
Gold jewellery and products	-34.8%	-38.9%	HK\$9,200

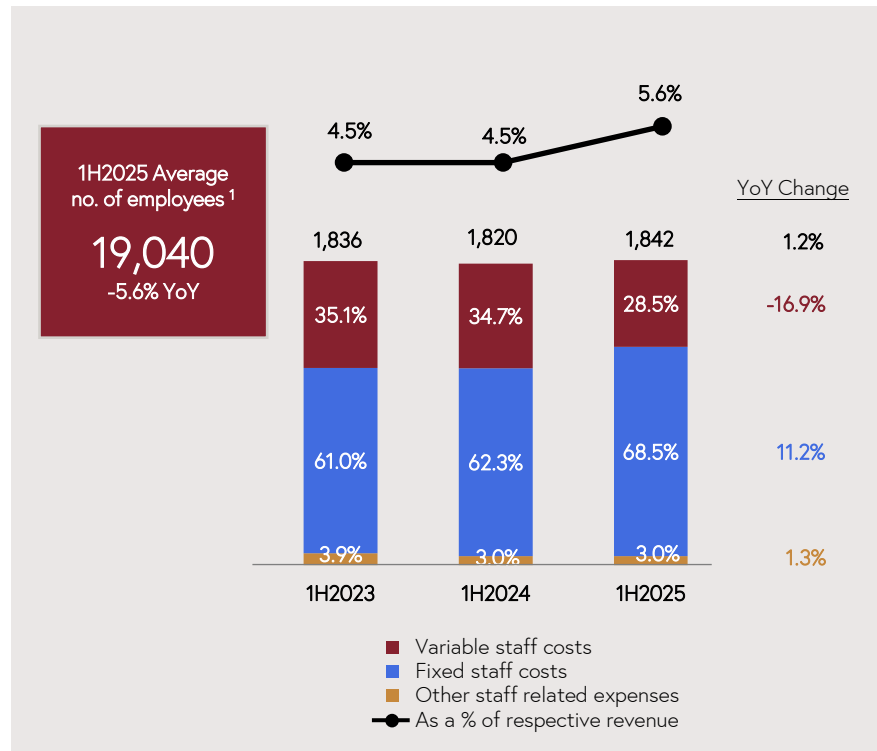
SG&A ANALYSIS (HK\$M)

Continued execution of disciplined cost management

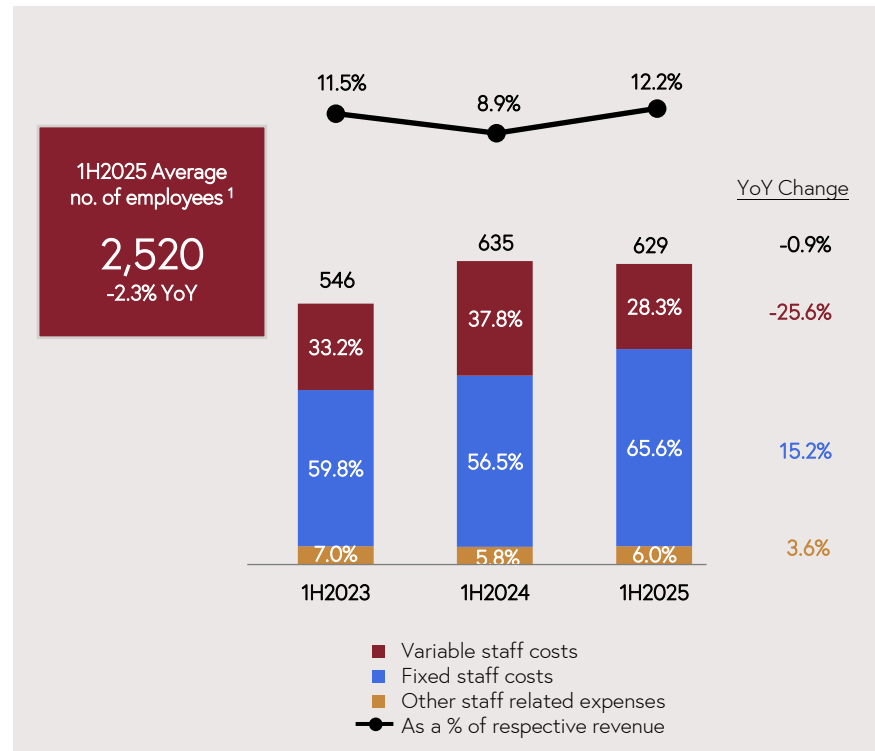


SG&A – STAFF COSTS AND RELATED EXPENSES (HK\$M)

Mainland China

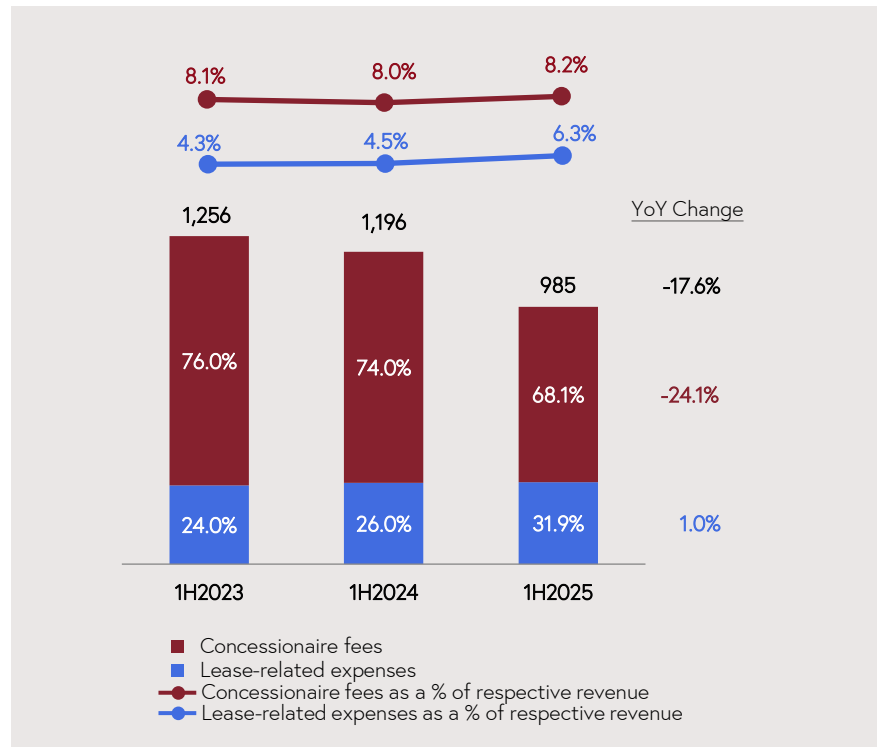


Hong Kong & Macau of China

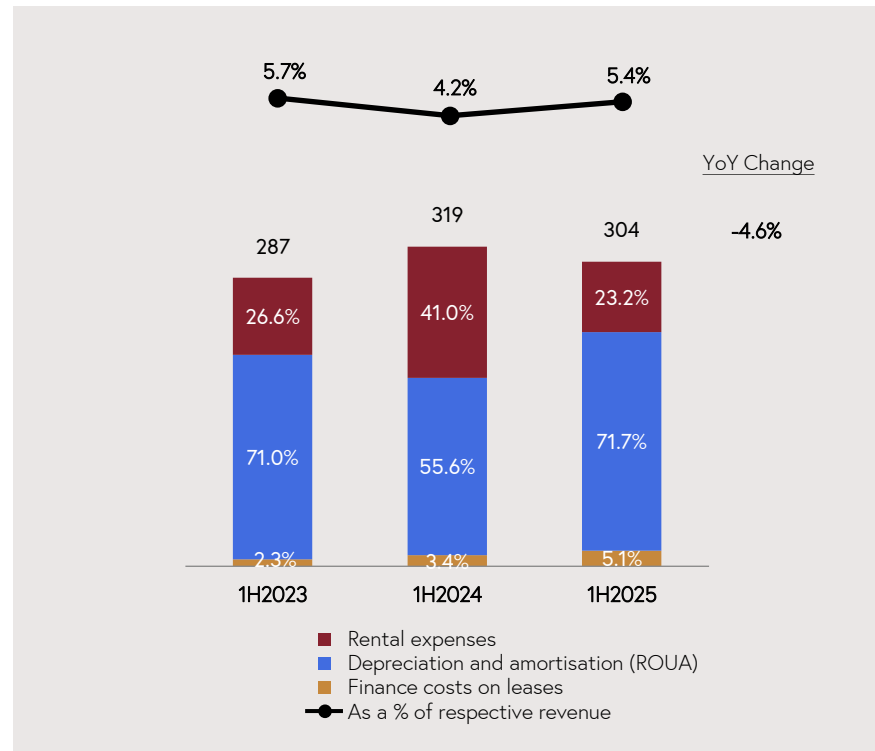


SG&A – CONCESSIONAIRE FEES AND LEASE – RELATED EXPENSES (HK\$M)

Mainland China

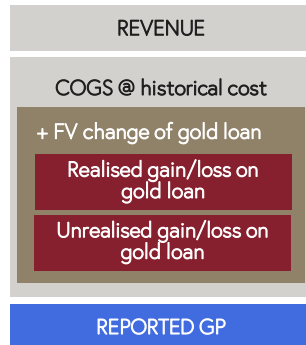


Hong Kong & Macau of China



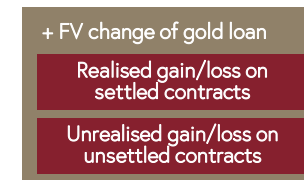
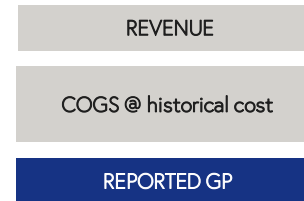
RECLASSIFICATION OF GOLD LOAN P/L IMPACT

OLD



OPERATING PROFIT

NEW



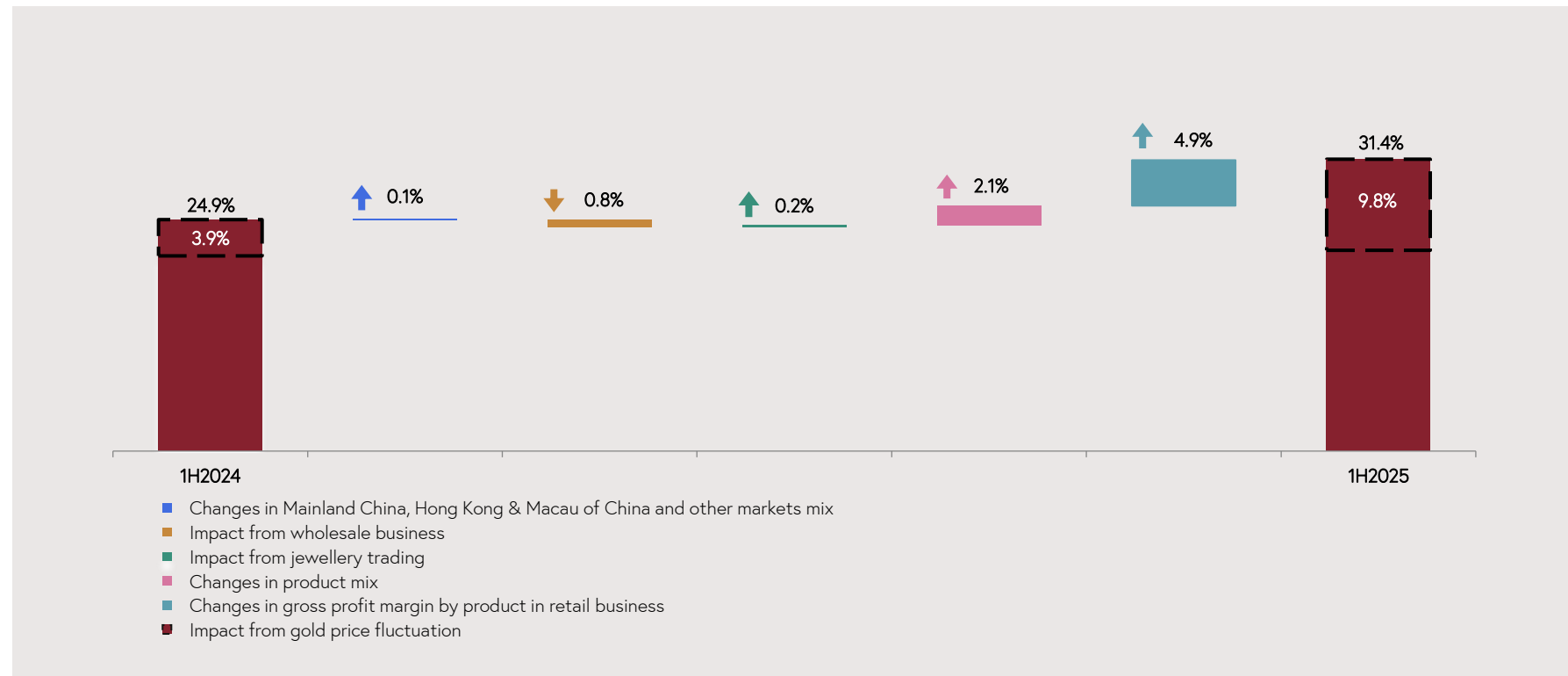
Context:

- Gold loans (short positions in gold) help mitigate the financial impact of gold price fluctuations on inventories (long positions). Over time, the effects of long and short positions are expected to offset through the sale of gold inventories
- Per accounting standards, gold loan contracts are revalued at market price at each financial reporting period's end or upon settlement, while gold inventories are not. This discrepancy leads to temporary accounting gains or losses. Previously, these gains or losses were included in the cost of goods sold ("COGS"), affecting reported gross and operating profit
- With or without the reclassification, the underlying trend of key performance indicators remains similar (Appendix II)

Key rationale for the change: Better reflect the core underlying operational performance and separate the impact of hedging

1H2025 MOVEMENTS IN GROSS PROFIT MARGIN

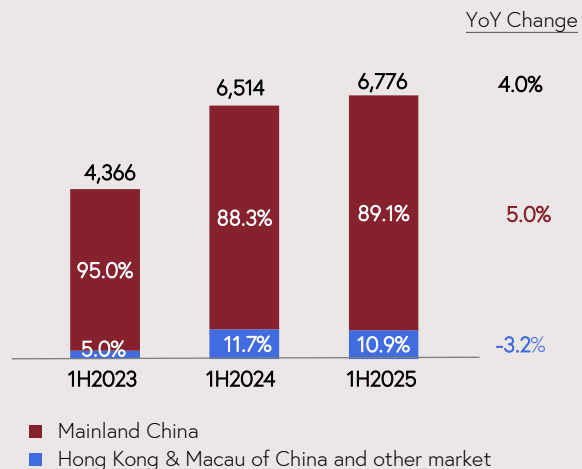
Driven by the product mix improvement and gold price surge



OPERATING PROFIT AND PROFITABILITY ANALYSIS

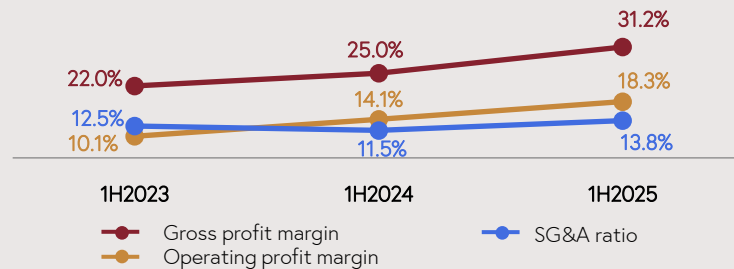
Improving operating margin trend across all operating markets

Operating profit by reportable segment (HK\$m)

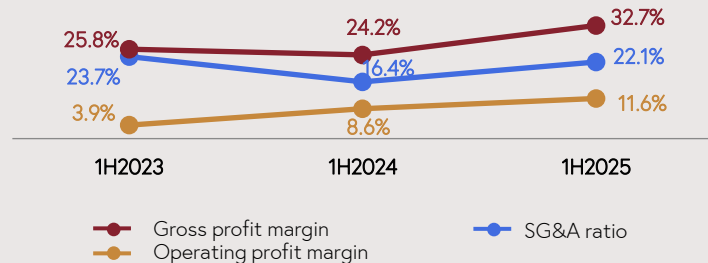


Operating profit YoY	1H2024	1H2025
Mainland China	38.6%	5.0%
Hong Kong & Macau of China and other markets	252.0%	-3.2%

Profitability - Mainland China



Profitability - Hong Kong & Macau of China and other markets



PROFIT BEFORE TAXATION

For the six months ended 30 September (HK\$m)	1H2024	1H2025	YoY Change
Operating profit	6,514	6,776	262
Other gains and losses	(182)	(3,135)	(2,953)
- Fair value change of gold loan	33	(3,065)	(3,098)
- Net Fx gain / (loss)	(209)	(34)	175
- Others	(6)	(36)	(30)
Other expenses	(32)	(31)	1
Share of losses of associates	(9)	(8)	1
Interest income	111	78	(33)
Finance costs	(328)	(306)	22
Profit before taxation	6,074	3,374	(2,700)

Major Movement

Fair value change on gold loan

1H2025

Net loss HK\$3,065m:

- Net loss on settled loans: HK\$1,601m
- Net loss on unsettled loans: HK\$1,464m

1H2024

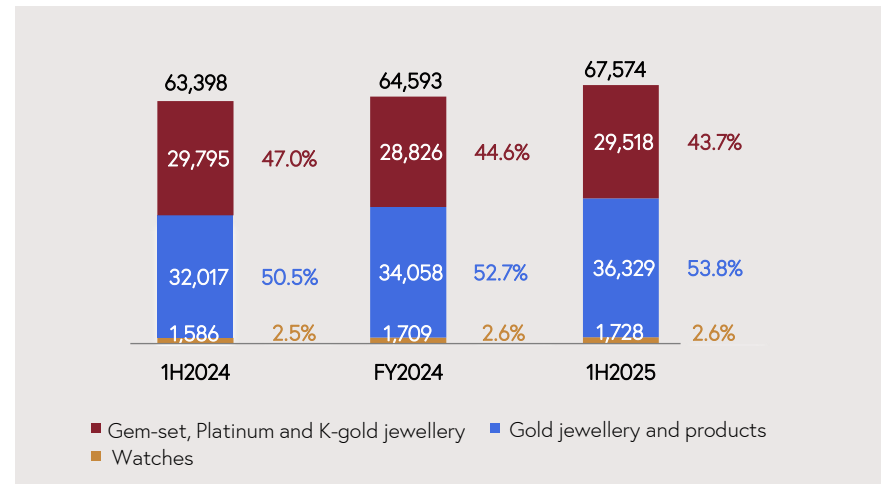
Net gain HK\$33m:

- Net loss on settled loans: HK\$491m
- Net gain on unsettled loans: HK\$524m

INVENTORY AND CAPITAL EXPENDITURE (HK\$M)

Prudent inventory and capex management amidst market uncertainty

Inventory balances by product ¹

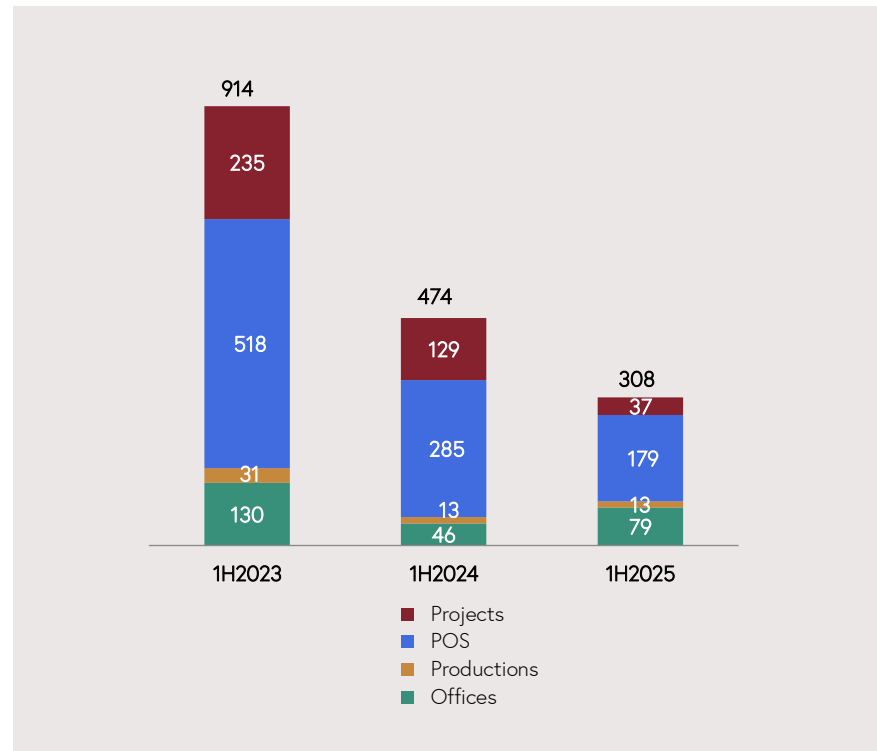


Inventory turnover period by category ² (day)	1H2024	FY2024	1H2025
Finished goods	238	221	354
Raw materials	74	65	103
Overall	312	286	457

¹ Packaging materials excluded

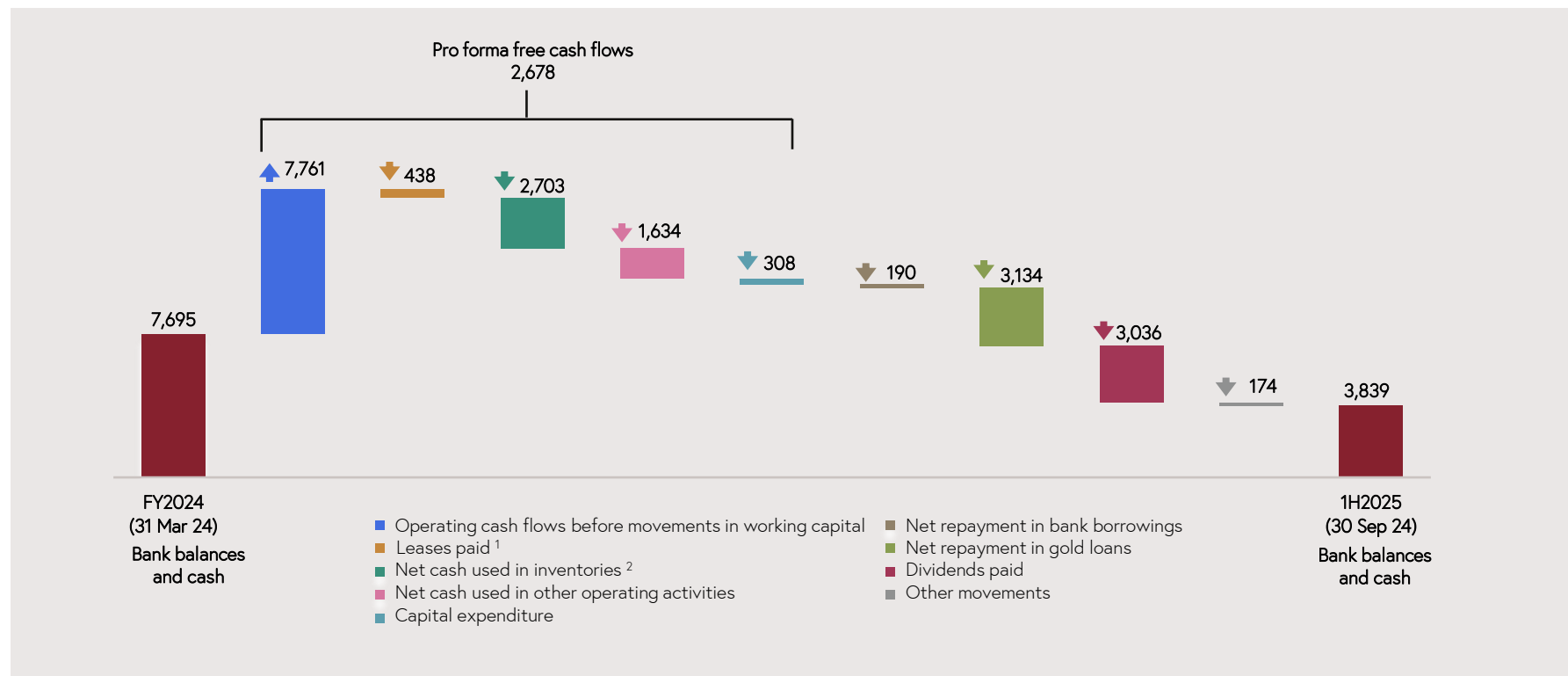
² Inventory turnover period = Closing inventory balances (excluding packaging materials) / cost of goods sold x 365 or 366 (for FY) or 183 (For 1HFY)

Capex by function



SUMMARY – MOVEMENTS IN CASH FLOWS (HK\$M)

Sustained generation of free cash flows despite macro challenges



CAPITAL STRUCTURE HIGHLIGHTS

Effective capital management for financial stability and total shareholder returns

Bank deposits and cash equivalents¹

HK\$3,839

million

As at 31 Mar 24

HK\$7,695 million

Total Equity

HK\$26,381

million

As at 31 Mar 24

HK\$26,746 million

Bank borrowings

HK\$3,956

million

As at 31 Mar 24

HK\$4,136 million

Net gearing ratio²

0.4%

As at 31 Mar 24

Net cash position

Gold loans

HK\$24,507

million

As at 31 Mar 24

HK\$24,488 million

Hedging ratio

66.7%

As at 31 Mar 24

69.1%

¹ Bank balances and cash and short-term bank deposits included

² Being the bank borrowings, net of bank deposits and cash equivalents, divided by total equity

MARKET OUTLOOK

CHOW TAI FOOK JEWELLERY GROUP



MARKET OUTLOOK

- We stay nimble and vigilantly monitor market dynamics and consumption trends which will inform the ongoing calibration of our growth strategy amidst market uncertainty. This also sees us prioritising financial and operational resources in strengthening business resilience and competitiveness
- Based on our current observations and expectation of a narrowing SSS decline and moderated POS closure rate for 2H2025, business fundamentals should improve sequentially from 1H2025, barring market externalities and unforeseen circumstances
- We will continue to focus on the overall financial health of our retail network to ensure margin resilience and maintain financial discipline in cost management and capital expenditure to deliver high earnings quality
- Going forward, we stay confident in the long-term prospects of the industry. We will diligently execute our five strategic priorities to further reinforce our market leadership, positioning for sustainable growth in the future and creating long-term value for our stakeholders



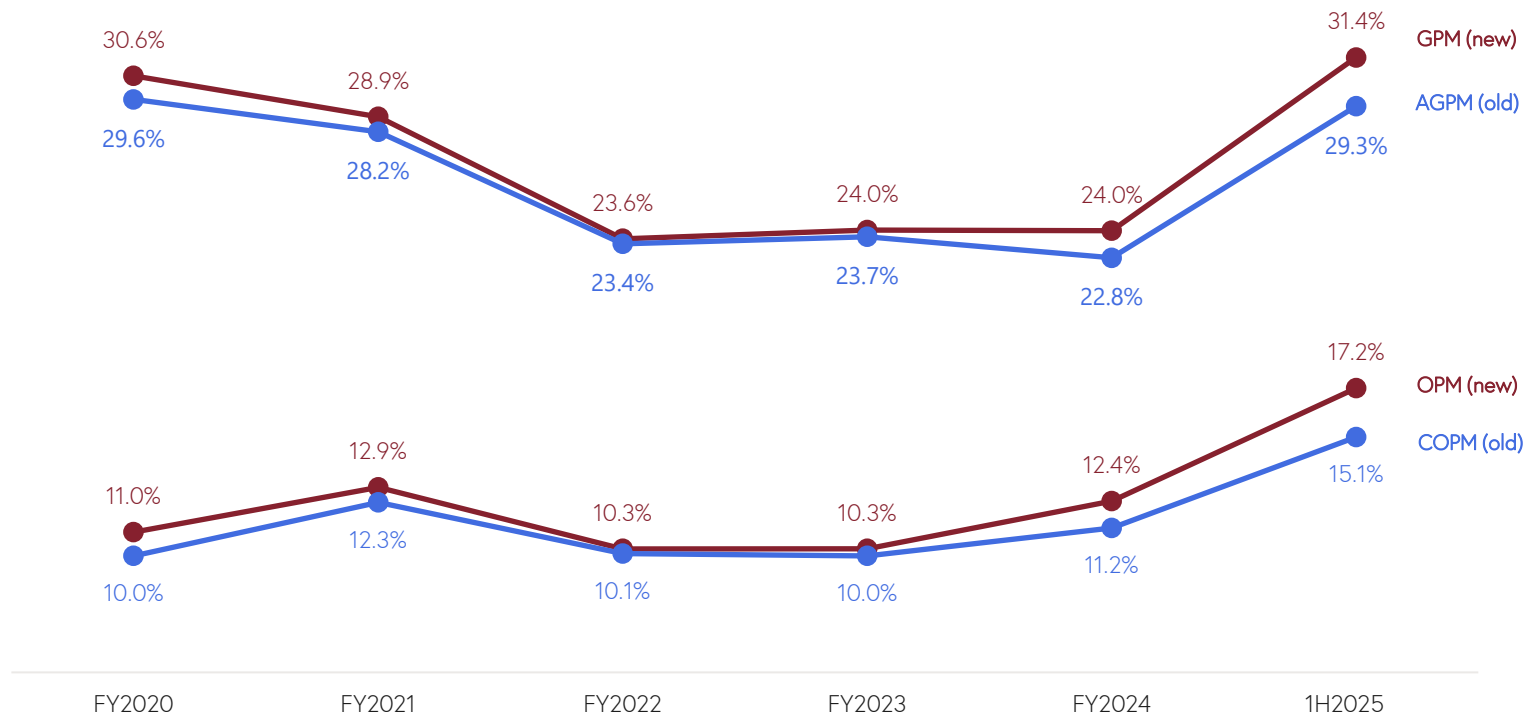
APPENDIX

APPENDIX I – RECLASSIFICATION OF GOLD LOAN P/L IMPACT – FY24 (HK\$ billion)

OLD	REVENUE			REVENUE		NEW	REVENUE	
	COGS @ historical cost	(82.7)		COGS @ historical cost	(82.7)		COGS @ historical cost	(82.7)
	+ Realised gain/loss on gold loan	(1.2)		+ FV change of gold loan	(3.7)			
				Realised gain/loss on gold loan				
				Unrealised gain/loss on gold loan				
<hr/>								
	ADJUSTED GP	24.8		REPORTED GP	22.3		REPORTED GP	26.0
	+Other income - SG&A	(12.6)		+Other income - SG&A	(12.6)		+Other income - SG&A	(12.6)
<hr/>								
	CORE OPERATING PROFIT	12.2		OPERATING PROFIT	9.7		OPERATING PROFIT	13.4
	+ Unrealised gain/loss on gold loan	(2.5)					+ FV change of gold loan	(3.7)
							Realised gain/loss on settled contracts	
							Unrealised gain/loss on unsettled contracts	
	Other gain/loss + other expense + net finance cost	(1.0)		Other gain/loss + other expense + net finance cost	(1.0)		Other gain/loss + other expense + net finance cost	(1.0)
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	PBT	8.7		PBT	8.7		PBT	8.7

APPENDIX II – RECLASSIFICATION OF GOLD LOAN IMPACT

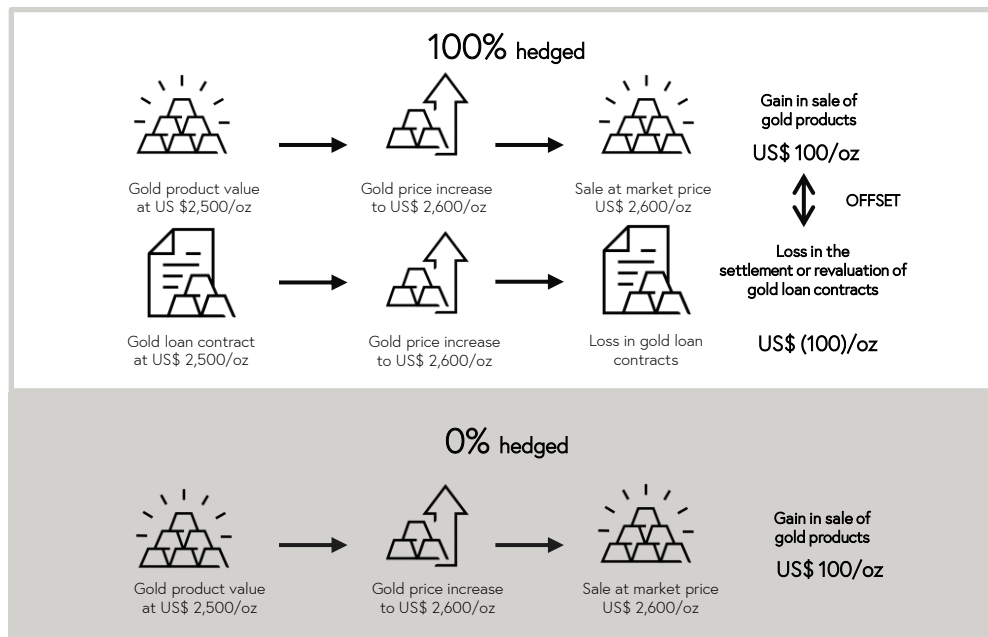
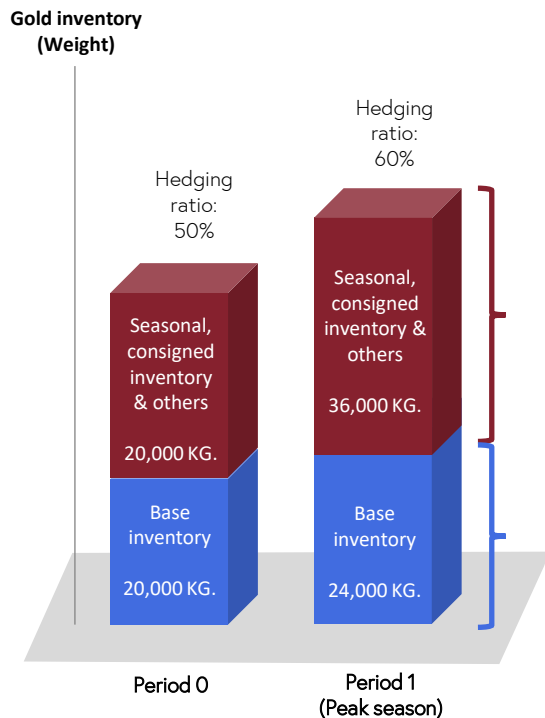
Underlying trend is similar before and after the reclassification



APPENDIX III – INCOME STATEMENT SUMMARY

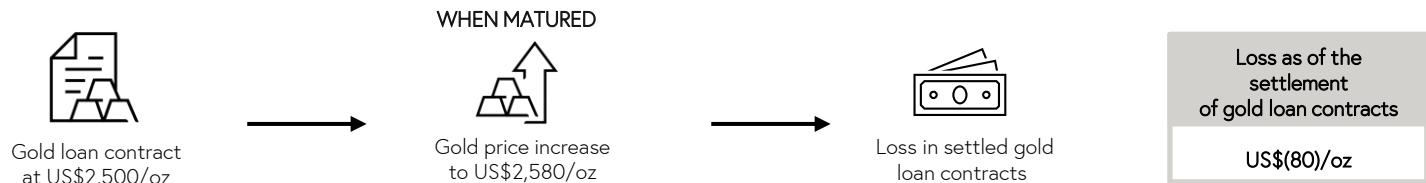
For the six months ended 30 September (HK\$m)	1H2023	1H2024	1H2025	YoY Change
Revenue	46,535	49,526	39,408	-20.4%
Gross profit	10,453	12,311	12,378	0.5%
Gross profit margin	22.5%	24.9%	31.4%	6.5% pts
Selling and distribution costs and general and administrative expenses ("SG&A")	6,440	6,150	5,978	-2.8%
SG&A to revenue ratio	13.8%	12.4%	15.2%	2.8% pts
Operating profit	4,366	6,514	6,776	4.0%
Operating profit margin	9.4%	13.2%	17.2%	4.0% pts
Profit before taxation	4,519	6,074	3,374	-44.5%
Profit attributable to shareholders	3,336	4,551	2,530	-44.4%
Earnings per share – Basic and Diluted	HK\$0.33	HK\$0.46	HK\$0.25	-44.3%
Interim dividend per share	HK\$0.22	HK\$0.25	HK\$0.20	N/A

APPENDIX IV – ILLUSTRATION OF HEDGING MECHANISM



APPENDIX IV – ILLUSTRATION OF THE FAIR VALUE GAIN/LOSS ON GOLD LOANS

Fair value loss on settled gold loan



Revaluation loss on unsettled gold loan



APPENDIX V – OUR SUSTAINABILITY

Sustainability goals to achieve on or before 2029

Craftsmanship



2029 Goal

- Promote cross-generational craftsmanship, innovation and technology
- Cultivate the artisanal spirit through mass engagement and in-depth experiential programmes reaching 10 million people ¹

FY2024 highlights

61 million+

participants have joined mass engagement initiatives and in-depth experiential programmes over the years

210+

public craftsmanship activities

Collaboration

with Shaanxi History Museum and Northwestern Polytechnical University to develop new pieces in HUÁ Collection

People focused



2029 Goal

- Cultivate our caring culture that embraces giving back to our community, employee development, diversity, inclusion, wellbeing and family-friendly practices
- Increase employees' volunteer service hours by 30% ¹

FY2024 highlights

994,000+

total training hours

HK\$34.5 million

of total donations

15,000+

of volunteer service

Responsible sourcing



2029 Goal

- Implement our Best Practice Principles for Suppliers
- Ensure 100% of key long-term suppliers are fully compliant

FY2024 highlights

84%

of key suppliers have signed our Best Practice Principles for Suppliers

Due diligence process

on diamond suppliers strengthened, covering 96% active diamond suppliers

Resource efficiency & carbon reduction



2029 Goal

- Reduce the ecological footprint of our operations
- Reduce GHG intensity and water consumption intensity of the Group and waste generation intensity of production hubs by at least 15% ^{1, 2}

FY2024 highlights

34%

reduction in GHG emissions intensity

44%

reduction in water use intensity

60%

reduction in waste intensity from production

Climate

risks and opportunities identified through scenario analysis

¹ Base year for all numerical targets is FY2019

² In FY2023, targets of our production hubs have been revised to achieve a minimum reduction of 50% compared to FY2019

APPENDIX V – OUR SUSTAINABILITY Reporting principles and recognitions

Reporting principles

In additions to the Environmental, Social and Governance Reporting Guide of HKEX, our sustainability disclosure is also prepared with reference to the recommendations from:

- Global Reporting Initiative Sustainability Reporting Standards
- The Task Force on Climate-Related Financial Disclosures

Recognitions

Constituent of Hang Seng Corporate Sustainability Index Series

MSCI
ESG RATINGS

Constituent of FTSE4Good
Developed Index



FTSE4Good

CDP Climate Security Assessment
2023

Note: Management level

Constituent of Dow Jones Sustainability
Asia Pacific Index

Member of

Dow Jones Sustainability Indices

Powered by the S&P Global CSA

CDP Water Change Assessment
2023

Note: Management level

Member of the S&P Global Sustainability Yearbook (China) 2024

周大福珠宝集团有限公司
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《可持续发展年鉴（中国版）》
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中国企业标普全球CSA评分2023

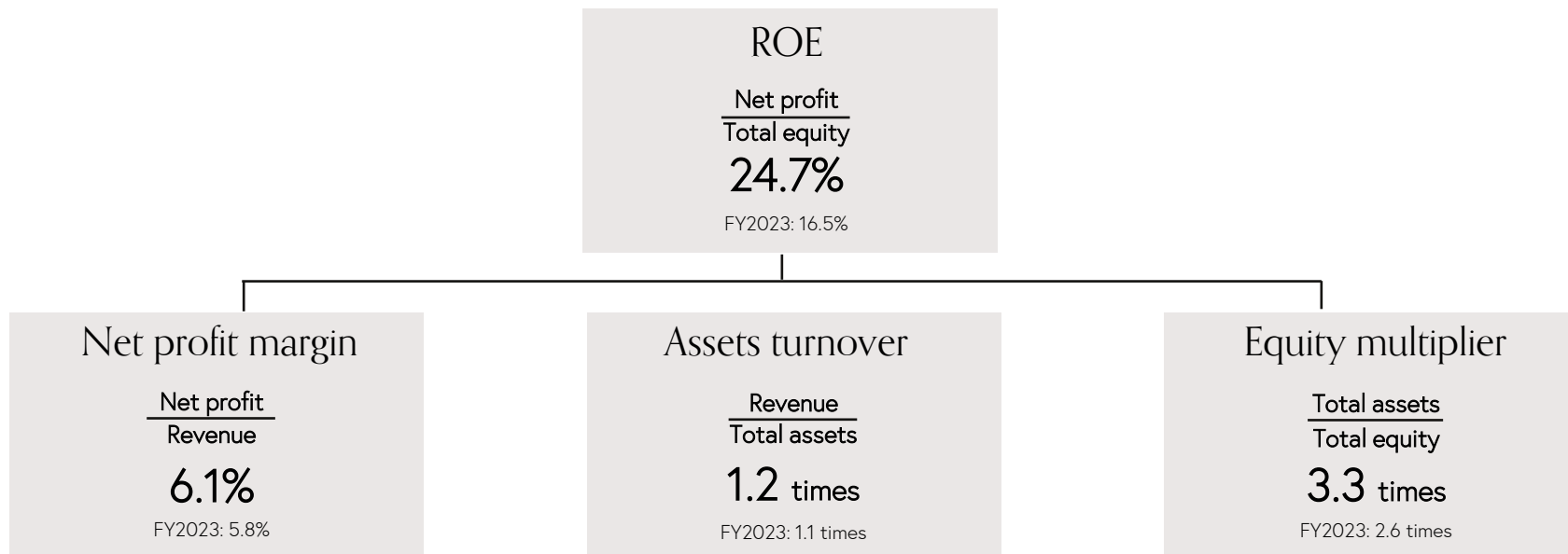
标准全球CSA评分2023: 52/100
评分日期截至: 2024年7月16日

标准全球企业可持续发展评估(CSA)评分是不包含任何调整方法的标准全球ESG评分。评分及排名均以行业特定且具体指标实施标准。了解更多资讯，请前往www.auditboard.com/csa/csa-audit-board-esg-indices

S&P Global



APPENDIX VI – FY2024 RETURN ON EQUITY



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