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

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

HIGHLIGHTS

- Revenue increased by 48.5% to HK$37,768.1 million compared to HK$25,436.0 million over the same period last year.
- Overall Same Store Sales(1) increased by 33.2%, among which the Mainland of China and Hong Kong, Macau and Taiwan increased by 21.5% and 47.0% respectively.
- Gross profit increased by 48.8% to HK$9,978.4 million from HK$6,705.7 million in the same period last year.
- Profit attributable to shareholders of the Company amounted to HK$3,509.1 million, an increase of 92.3% compared to HK$1,824.7 million in the same period last year.
- Basic earnings per share were HK35.1 cents.
- Interim dividend declared is HK17.0 cents per share(2).
- Retail network expanded to 1,954 POS as at 30 September 2013, with a net addition of 118 POS during the period.

(1) *"Same Store Sales" for 1HFY2014 is the revenue from the self-operated points of sale ("POS") (including stand-alone stores, concessionaire counters and joint-venture POS) existing as at 30 September 2013 and which have been opened prior to 1 April 2012. Revenue from wholesale channel (i.e. franchisee sales) and other direct sales (such as sales from promotional events) are excluded.*

(2) *The interim dividend payout ratio is 48.4% which is derived from the profit in the first half of FY2014.*

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

The board of directors (the "Board" or "Directors") of Chow Tai Fook Jewellery Group Limited (the "Company" or "Chow Tai Fook") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2013 ("1HFY2014"), together with comparative figures for the six months ended 30 September 2012 ("1HFY2013") as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2013

		Six months ended 30 September	
		2013	2012
	NOTES	***HK$ million***	*HK$ million*
		(unaudited)	(unaudited)
Revenue	*2*	**37,768.1**	25,436.0
Cost of goods sold		**(27,789.7)**	(18,730.3)
Gross profit		**9,978.4**	6,705.7
Other income		**150.1**	160.0
Other gains and losses		**78.5**	(11.4)
Selling and distribution costs		**(4,593.4)**	(3,332.1)
Administrative expenses		**(1,002.1)**	(812.4)
Other expenses		**(2.1)**	(0.2)
Finance costs		**(77.7)**	(213.3)
Share of results of a joint venture		**(1.3)**	–
Profit before taxation	*3*	**4,530.4**	2,496.3
Taxation	*4*	**(927.7)**	(603.7)
Profit for the period		**3,602.7**	1,892.6
Other comprehensive income (expense):			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation		**284.3**	(108.6)
Total comprehensive income for the period		**3,887.0**	1,784.0
Profit for the period attributable to:			
Shareholders of the Company		**3,509.1**	1,824.7
Non-controlling interests		**93.6**	67.9
		3,602.7	1,892.6
Total comprehensive income for the period attributable to:			
Shareholders of the Company		**3,776.5**	1,721.5
Non-controlling interests		**110.5**	62.5
		3,887.0	1,784.0
Earnings per share — Basic	*5*	**HK35.1 cents**	HK18.2 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2013

	NOTE	At 30 September 2013 HK$ million (unaudited)	At 31 March 2013 HK$ million (audited)
Non-current assets			
Property, plant and equipment		**2,702.7**	2,155.1
Prepaid lease payments		**181.0**	172.1
Deposits paid for acquisition of property, plant and equipment		**463.3**	464.0
Interest in a joint venture		**12.7**	14.0
Loan receivables		**35.6**	23.0
Deferred tax assets		**616.7**	613.4
		4,012.0	3,441.6
Current assets			
Inventories	7	**35,614.8**	27,314.8
Trade and other receivables		**3,664.9**	3,972.5
Loan receivables		**146.0**	134.9
Convertible bonds		**21.7**	24.3
Pledged bank deposits		**20.3**	25.7
Bank balances and cash		**9,842.0**	8,304.8
		49,309.7	39,777.0
Current liabilities			
Trade and other payables		**2,963.3**	1,753.8
Amounts due to non-controlling shareholders of subsidiaries		**277.5**	351.1
Taxation payable		**890.0**	472.2
Bank borrowings		**3,270.0**	1,000.0
Gold loans		**8,689.6**	4,835.7
		16,090.4	8,412.8
Net current assets		**33,219.3**	31,364.2
Total assets less current liabilities		**37,231.3**	34,805.8

	At 30 September 2013 *HK$ million* (unaudited)	At 31 March 2013 *HK$ million* (audited)
Non-current liabilities		
Retirement benefit obligations	**247.3**	251.3
Deferred tax liabilities	**760.7**	693.8
	1,008.0	945.1
Net assets	**36,223.3**	33,860.7
Share capital	**10,000.0**	10,000.0
Reserves	**25,102.0**	22,925.5
Equity attributable to shareholders of the Company	**35,102.0**	32,925.5
Non-controlling interests	**1,121.3**	935.2
	36,223.3	33,860.7

NOTES

1. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, and in accordance with International Financial Reporting Standards ("IFRSs"). Except as described below, the principal accounting policies adopted in the condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 March 2013.

In the current interim period, the Group has applied, for the first time, certain new and revised IFRSs that are mandatorily effective for the current interim period.

IFRS 10 replaces the parts of IAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements. SIC 12 "Consolidation — Special purpose entities" is withdrawn upon the effective date of IFRS 10. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios. The management reviewed and assessed the control in the investments in investees of the Group in accordance with the requirements of IFRS 10 and concluded that the application of IFRS 10 has had no material effect on the condensed consolidated financial statements.

Upon application of IFRS 11, the management reviewed and assessed the legal form and terms of the contractual arrangements in relation to the Group's investment in a joint arrangement. Under IFRS 11, the Group previously classified as a jointly controlled entity is treated as the Group's joint venture and continues to be accounted for using the equity method.

The amendments to IAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to IAS 1, the Group's statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. In addition, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

The Group has applied IAS 19 "Employee Benefits" (as revised in 2011) and the related consequential amendments for the first time. IAS 19 (as revised in 2011) mainly changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the condensed consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. The Group applied IAS 19 "Employee Benefits" (as revised in 2011) retrospectively. Under new accounting policy, all actuarial gains and losses are recognised in other comprehensive income and transferred directly to retained profits. Previously, the Group recognised all actuarial gains or losses of retirement benefit scheme immediately in profit or loss in the period in which they occurred. As the cumulative changes in other comprehensive income were included in retained profits, the application of IAS 19 has no material impact on the amounts reported in these condensed consolidated statements of financial position. The management did not perform remeasurement of defined benefit liabilities for the interim periods ended 30 September 2013 and 30 September 2012 as the movements in the defined benefit liabilities in these interim periods were considered insignificant. Accordingly, the application of IAS 19 (as revised in 2011) has had no impact on the amounts reported in these condensed consolidated statements of profit or loss and other comprehensive income for the interim periods ended 30 September 2013 and 30 September 2012. The directors of the Company anticipate that the application of IAS 19 (as revised in 2011) may have impact on amounts reported in respect of the Group's defined benefit plans for the year ended 31 March 2013 and the year ending 31 March 2014.

The Group has applied IFRS 13 for the first time in the current interim period. IFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various IFRSs. Consequential amendments have been made to IAS 34 to require certain disclosures to be made in the condensed consolidated financial statements. The application of IFRS 13 has no material impact on the amounts reported in these condensed consolidated financial statements.

Other than as disclosed above, the application of the other new or revised IFRSs in the current interim period has had no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

2. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable for goods sold less returns and net of trade discounts.

Information reported to the chief operating decision maker (the "CODM") which comprises executive directors of the Company, for the purposes of resource allocation and assessment of segment performance focuses on the locations of the operations. In addition, revenue from retail and wholesale markets are reviewed by CODM. This is also the basis upon which the Group is arranged and organised. The Group's operating and reportable segments under IFRS 8 are operations located in the Group's places of domicile in the Mainland of China, and Hong Kong, Macau and other Asian markets. The revenue generated by each of the operating segments is mainly derived from sales of jewellery products and watches. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

(a) An analysis of the Group's revenue and results by reportable segment

For the six months ended 30 September 2013 (unaudited)

	The Mainland of China *HK$ million*	**Hong Kong, Macau and other Asian markets** *HK$ million*	**Subtotal** *HK$ million*	**Elimination** *HK$ million*	**Total** *HK$ million*
Revenue					
External sales					
— Retail	**14,557.4**	**18,267.0**	**32,824.4**	**–**	**32,824.4**
— Wholesale#	**4,858.5**	**85.2**	**4,943.7**	**–**	**4,943.7**
	19,415.9	**18,352.2**	**37,768.1**	**–**	**37,768.1**
Inter-segment sales*	**263.7**	**1,372.5**	**1,636.2**	**(1,636.2)**	**–**
	19,679.6	**19,724.7**	**39,404.3**	**(1,636.2)**	**37,768.1**
Segment profit	**1,990.4**	**2,555.1**	**4,545.5**	**4.5**	**4,550.0**
Interest income					**58.1**
Finance costs					**(77.7)**
Profit before taxation					**4,530.4**

* *Inter-segment sales are charged at a price mutually agreed by both parties.*

Wholesale mainly represents sales to franchisees.

For the six months ended 30 September 2012 (unaudited)

	The Mainland of China *HK$ million*	Hong Kong, Macau and other Asian markets *HK$ million*	Subtotal *HK$ million*	Elimination *HK$ million*	Total *HK$ million*
Revenue					
External sales					
— Retail	10,850.1	11,157.3	22,007.4	–	22,007.4
— Wholesale[#]	3,188.0	240.6	3,428.6	–	3,428.6
	14,038.1	11,397.9	25,436.0	–	25,436.0
Inter-segment sales*	285.5	1,149.4	1,434.9	(1,434.9)	–
	14,323.6	12,547.3	26,870.9	(1,434.9)	25,436.0
Segment profit	1,235.2	1,429.7	2,664.9	(28.2)	2,636.7
Interest income					72.9
Finance costs					(213.3)
Profit before taxation					2,496.3

Segment profit represents the profit generated from each segment without allocation of interest income and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

* *Inter-segment sales are charged at a price mutually agreed by both parties.*
[#] *Wholesale mainly represents sales to franchisees.*

(b) An analysis of the Group's revenue by products is as follows:

	Six months ended 30 September	
	2013	2012
	HK$ million	*HK$ million*
	(unaudited)	(unaudited)
Sales of		
— Gem-set jewellery	**6,640.8**	5,779.3
— Gold product	**24,634.0**	14,123.1
— Platinum/karat gold product	**4,991.3**	4,026.9
— Watch	**1,502.0**	1,506.7
	37,768.1	25,436.0

3. PROFIT BEFORE TAXATION

	Six months ended 30 September	
	2013	2012
	HK$ million	*HK$ million*
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Staff costs	**2,085.7**	1,396.0
Amortisation of prepaid lease payments	**6.7**	5.5
Depreciation	**310.4**	225.7
Fair value (gain) loss on gold loans (included in cost of goods sold), including unrealised fair value gain of HK$96.3 million (unrealised fair value loss for the six months ended 30 September 2012: HK$570.1 million)	**(479.5)**	515.2
Fair value loss on bullion forward contracts (included in cost of goods sold), including unrealised fair value loss of nil (unrealised fair value loss for the six months ended 30 September 2012: HK$72.1 million)	**–**	47.7
Operating lease rentals in respect of rented premises	**656.7**	422.4
Concessionaire fee	**1,197.2**	971.4

4. TAXATION

	Six months ended 30 September	
	2013	2012
	HK$ million	*HK$ million*
	(unaudited)	(unaudited)
The taxation charge comprises:		
Current tax:		
Enterprise Income Tax ("EIT") in the Mainland of China	**438.9**	465.1
Hong Kong Profits Tax	**335.4**	180.0
Macau complementary tax	**63.7**	34.6
	838.0	679.7
Under-provision in prior years:		
EIT in the Mainland of China	**19.8**	–
Deferred tax	**60.4**	(85.1)
Withholding tax on license income from the Mainland of China	**9.5**	9.1
	927.7	603.7

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

Under the Enterprise Income Tax Law (the "EIT Law") of the People's Republic of China ("PRC") and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries in the Mainland of China is 25% from 1 January 2008 onwards, while Chow Tai Fook Jewellery (Shenzhen) Company Limited is under progressive tax rates from 18% to 25% over 5 years from 1 January 2008.

Pursuant to relevant laws and regulations in the Mainland of China, Foshan Shunde Yuda Jewellery Manufacturing Company Limited was entitled to exemption from PRC income tax for two years commencing from the year ended 31 December 2008, its first profit-making year, followed by a 50% reduction from the year ended 31 December 2010 for three years respectively.

Macau complementary tax is calculated at the maximum progressive rate of 12% on the estimated assessable profit for both periods.

No provision for taxation has been made for the operation in Taiwan as there was no assessable profit for both periods.

5. EARNINGS PER SHARE

The calculation of the basic earnings per share for the period is based on the condensed consolidated profits attributable to shareholders of the Company for the period and on the weighted average number of 10,000,000,000 (six months ended 30 September 2012: 10,000,000,000) shares in issue during the period.

No dilutive earnings per share is presented as there were no potential dilutive shares during both periods.

6. DIVIDENDS

	Six months ended 30 September	
	2013	2012
	HK$ million	*HK$ million*
	(unaudited)	(unaudited)
2013 Final — HK16.0 cents (2012: HK10.0 cents) per share	**1,600.0**	1,000.0

On 26 November 2013, the directors of the Company have determined to declare an interest dividend of HK17.0 cents per share, totalling HK$1,700.0 million for the six months ended 30 September 2013.

7. INVENTORIES

	At 30 September 2013	At 31 March 2013
	HK$ million	*HK$ million*
	(unaudited)	(audited)
Raw materials for:		
Gem-set jewellery	**5,596.9**	4,861.6
Gold product	**3,495.6**	2,241.4
Platinum/karat gold product	**392.0**	216.8
	9,484.5	7,319.8
Finished goods:		
Gem-set jewellery	**11,086.4**	10,806.8
Gold product	**9,190.7**	4,685.6
Platinum/karat gold product	**2,831.4**	2,078.7
Watch	**2,987.9**	2,399.8
	26,096.4	19,970.9
Packing material	**33.9**	24.1
	35,614.8	27,314.8

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the period under review, the Group recorded a revenue of HK$37,768.1 million (1HFY2013: HK$25,436.0 million), representing an increase of 48.5% over the same period last year. Such increase was driven by an increase in the sales of gold products and an improvement in the wholesale business.

The business in the Mainland of China recorded a revenue of HK$19,415.9 million (1HFY2013: HK$14,038.1 million), representing an increase of 38.3% from 1HFY2013. Hong Kong, Macau and other Asian markets recorded a revenue of HK$18,352.2 million (1HFY2013: HK$11,397.9 million), increased by 61.0% from 1HFY2013.

The Mainland of China market continued to represent the Group's major source of revenue, accounting for 51.4% (1HFY2013: 55.2%) of the Group's total revenue. Given the increasing number of Mainland tourists in Hong Kong and Macau, the Group believes that Mainland tourists constituted the largest single customer group for the Group's products in Hong Kong and Macau, evidenced by the fact that 59.6% (1HFY2013: 52.8%) of the Group's total revenue in Hong Kong and Macau was settled through China UnionPay or Renminbi. This implies that approximately 80.4% (1HFY2013: 78.9%) of the Group's total revenue was originated from Mainland Chinese consumers.

The Group recorded an increase in overall Same Store Sales of 33.2% in 1HFY2014 (1HFY2013: a decline of 1.7%), of which Same Store Sales in the Mainland of China recorded an increase of 21.5% (1HFY2013: 3.4%) and Same Store Sales in Hong Kong, Macau and Taiwan recorded an increase of 47.0% (1HFY2013: a decline of 6.3%).

Sales of the Group's principal products, gem-set jewellery and gold product comprised about 17.6% (1HFY2013: 22.7%) and 65.2% (1HFY2013: 55.5%) of the total revenue respectively. Sales of gem-set jewellery increased by 14.9% to HK$6,640.8 million (1HFY2013: HK$5,779.3 million), while sales of gold product increased by 74.4% to HK$24,634.0 million (1HFY2013: HK$14,123.1 million). The increase in gold product mix was mainly attributable to the gold buying spree, during the first quarter, following the sharp decrease of gold price since April 2013.

The Group's gross profit increased by 48.8%, from HK$6,705.7 million in 1HFY2013 to HK$9,978.4 million in 1HFY2014, while the gross profit margin remained stable at 26.4% (1HFY2013: 26.4%). The effect of unrealised hedging loss on gold loans and bullion forward contracts was relatively immaterial to the gross profit margin as at 30 September 2013. If such effect was excluded, the adjusted gross profit margin for 1HFY2014 would be 26.8% (1HFY2013: 29.1%).

The Group's selling and distribution costs and administrative expenses increased to HK$5,595.5 million in 1HFY2014 (1HFY2013: HK$4,144.5 million), representing 14.8% (1HFY2013: 16.3%) of the total revenue. Staff costs increased to HK$2,085.7 million in 1HFY2014 (1HFY2013: HK$1,396.0 million), representing 5.5% (1HFY2013: 5.5%) of the total revenue. The increase in staff costs was generally in line with the growth of revenue.

Concessionaire fees increased to HK$1,197.2 million in 1HFY2014 (1HFY2013: HK$971.4 million), representing 3.2% (1HFY2013: 3.8%) of the total revenue. The decrease in the percentage of concessionaire fees to total revenue was mainly attributable to a higher portion of gold product sales during the period where the concessionaire fee paid on the gold products is lower than the other product categories and a generally lower concessionaire fee charged on the new POS in lower tier cities. Rental expenses increased to HK$656.7 million in 1HFY2014 (1HFY2013: HK$422.4 million), representing 1.7% (1HFY2013: 1.7%) of the total revenue. The increase in rental expenses was mainly due to the opening of new POS in prime areas and the renewal of rental contracts in Hong Kong and Macau during 2HFY2013 and 1HFY2014.

Due to the above factors, the Group's profit for the period increased 90.4%, from HK$1,892.6 million in 1HFY2013 to HK$3,602.7 million in 1HFY2014. The Group's net profit margin increased from 7.4% in 1HFY2013 to 9.5% in 1HFY2014.

The profit attributable to shareholders of the Company amounted to HK$3,509.1 million (1HFY2013: HK$1,824.7 million), representing an increase of HK$1,684.4 million or 92.3% over that of the same period last year.

For 1HFY2014, basic earnings per share were HK35.1 cents (1HFY2013: HK18.2 cents). The Board resolved to declare an interim dividend of HK17.0 cents per share (1HFY2013: HK6.0 cents).

BUSINESS REVIEW

Overview

Riding on the solid start following a sharp decrease of gold price from April to June 2013, the Group achieved a strong sales growth of 48.5% over the same period last year. While jewellery business is particularly sensitive to changes in the economy, the Group responded quickly and effectively to capitalise on the growth opportunities arising from the favourable market conditions. The remarkable growth in gold product, coupled with the growth in both gem-set jewellery and platinum/karat gold product, validated the Group's business strategies and the gradual improvement in consumer confidence. Building on its competitive advantages developed over time, the Group strived to extend its leading position in Greater China's jewellery markets.

The Group's over 80 year long brand heritage and reputation for delivering high quality and authentic jewellery products are key factors of its continued success and widespread brand recognition. The Group offers a wide range of products, ranging from mass luxury jewellery products that constitute the bulk of its sales, high-end luxury jewellery, to youth line products tailored to younger generations. The mass luxury jewellery segment is absolutely core to the Group and accounts for most of the Mainland of China's jewellery market, while the high-end luxury jewellery segment is created specifically for affluent and discerning customers. The Group's quality designs and craftsmanship strive to cater to Chinese customers' increasing demand for sophisticated products. In addition, the Group has also launched products for the younger generations to capture their growing consumption power and demand for jewellery products. The wide variety of jewellery provided through these three product lines enables the Group to reach an extensive range of customers across different age groups.

In 1HFY2014, the Group's Same Store Sales recorded a strong growth of 33.2% (1HFY2013: a decline of 1.7%), while the Same Store Sales of gem-set jewellery and gold product recorded growth of 5.4% (1HFY2013: a decline of 10.1%) and 56.4% (1HFY2013: 2.0%) respectively, as driven mainly by the notable volume growth of mass luxury jewellery during the period.

	1HFY2014	1HFY2013
Same Store Sales Growth (%)		
The Mainland of China	**21.5**	3.4
Hong Kong, Macau and Taiwan	**47.0**	(6.3)
Overall	**33.2**	(1.7)

	As at 30 September 2013	As at 31 March 2013	Net change
Jewellery POS	**1,842**	1,743	99
The Mainland of China[1]	**1,734**	1,640	94
Tier I cities	**232**	227	5
Tier II cities	**811**	786	25
Tier III and other cities	**691**	627	64
Hong Kong, Macau and other Asian markets[2 3]	**108**	103	5
Watch POS[4]	**112**	93	19
Total POS	**1,954**	1,836	118

Notes:

(1) No POS retailed both jewellery and watch products as at 30 September and 31 March 2013, respectively.

(2) Included 37 and 33 POS that retailed both jewellery and watch products as at 30 September and 31 March 2013, respectively.

(3) Included a total of 10 and 10 POS in Taiwan, Singapore and Malaysia as at 30 September and 31 March 2013, respectively.

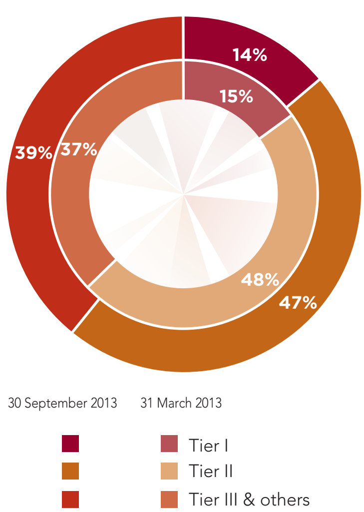
(4) Included 110 and 91 POS in the Mainland of China and 2 and 2 in Hong Kong, Macau and other Asian markets as at 30 September and 31 March 2013, respectively.

The Mainland of China

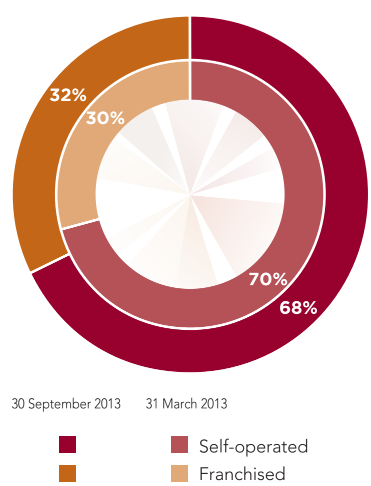
The Mainland of China contributed 51.4% (1HFY2013: 55.2%) of the Group’s total revenue in 1HFY2014, amounting to HK$19,415.9 million (1HFY2013: HK$14,038.1 million). This represented a revenue increase of 38.3% in 1HFY2014 (1HFY2013: 5.0%). The upsurge in sales in the Mainland of China mainly resulted from the increase in sales of gold products and the recovery in wholesale business. In 1HFY2014, as franchisees increased their replenishment of inventories and opened new POS, the Group’s wholesale business in the Mainland of China achieved an encouraging increase of 52.4% (1HFY2013: a decrease of 23.3%). Throughout 1HFY2014, consumer confidence among the Group’s retail customers and franchisees was gradually improving.

In 1HFY2014, revenue from self-operated stores amounted to HK$14,557.4 million (1HFY2013: HK$10,850.1 million). The increase was mainly driven by Same Store Sales Growth. In 1HFY2014, the Group’s Same Store Sales Growth in the Mainland of China was 21.5% (1HFY2013: 3.4%), which was primarily driven by the notable volume growth of mass luxury jewellery. In 1HFY2014, the Group’s Same Store Sales volume growth in the Mainland of China was 34.0% (1HFY2013: 0.1%).

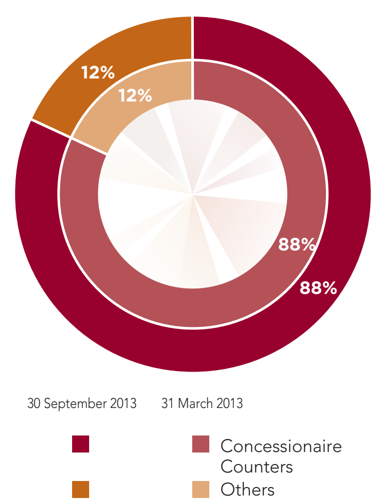
Retail network
30 September 2013 Total: 1,844 POS
31 March 2013 Total: 1,731 POS



Operation model
30 September 2013 Total: 1,844 POS
31 March 2013 Total: 1,731 POS



Sales channel
30 September 2013 among 1,261 self-operated POS only
31 March 2013 among 1,209 self-operated POS only



Despite the above, the Group expects the proportion of revenue generated from the Mainland of China to increase in the long run, attributable to the country’s continual urbanisation, the growing affluence of Mainland Chinese people in terms of increasing disposable income per capita and growing demand for luxury goods. In recent years, the Group has been focusing on POS expansion in Tier III and lower tier cities in order to achieve a faster and broader coverage. These cities which experience higher economic growth are in general more resilient to global economic fluctuation and have seen rapid expansion in their jewellery markets. At the same time, the Group continued to upgrade the positioning and branding of its POS in Tier I and II cities to cater to the sophisticated consumers in these cities.

In line with the Group's strategy to continuously increase its market share, the Group opened a net of 94 new jewellery POS (1HFY2013: 108) in the Mainland of China in 1HFY2014. Among the new jewellery POS in the Mainland of China, 68.1% (1HFY2013: 49.1%) were located in Tier III and lower tier cities, indicating the Group's determination to further penetrate into other lower tier inland cities. As at 30 September 2013, the Group's total number of jewellery POS in the Mainland of China increased to 1,734 (31 March 2013: 1,640), representing 94.1% of its total jewellery POS (31 March 2013: 94.1%).

In 1HFY2014, the Group opened a net of 19 new watch POS in the Mainland of China. As at 30 September 2013, the Group's total number of watch POS in the Mainland of China increased to 110 (31 March 2013: 91), representing 98.2% of its total watch POS (31 March 2013: 97.8%).

The Group's POS network comprises both retail and wholesale channels through which it distributes its products. As at 30 September 2013, the Group had 1,261 self-operated POS (31 March 2013: 1,209) in the Mainland of China representing 68.4% of its total POS (31 March 2013: 69.8%). The franchised operation model enables the Group to leverage on the local knowledge and customer base of our franchisees, which is crucial to the POS expansion plan in Tier III and lower tier cities.

As at 30 September 2013, the Group's concessionaire counters within department stores in the Mainland of China accounted for 87.9% (31 March 2013: 88.2%) of the self-operated POS in the Mainland of China. Most of these department store locations are in prime shopping districts with high pedestrian traffic. Concessionaire counters within department stores offer the added advantage of allowing the Group to leverage on the department stores' broader marketing activities to acquire new customers. For POS openings, the Group will continue to partner strategically with the leading retail enterprises that operate department stores while also actively responding to the shopping mall development trend, to cope with the changing consumer preferences in the Mainland of China.

Hong Kong, Macau and other Asian markets

In 1HFY2014, revenue contribution from Hong Kong, Macau and other Asian markets accounted for 48.6% (1HFY2013: 44.8%) of the Group's total revenue, amounting to HK$18,352.2 million (1HFY2013: HK$11,397.9 million). The sharp decrease in gold price significantly boosted the sales of gold products in Hong Kong and Macau, which led to a solid sales growth of 61.0% in 1HFY2014 (1HFY2013: 8.5%).

In 1HFY2014, the Group's Same Store Sales in Hong Kong, Macau and Taiwan recorded a growth of 47.0% (1HFY2013: a decline of 6.3%), mainly driven by the notable volume growth of mass luxury jewellery. In 1HFY2014, the Group's Same Store Sales volume growth in the region was 64.9% (1HFY2013: 1.2%). While the Group has seen signs of recovery in consumer sentiment of both Hong Kong locals and Mainland Chinese visitors, consumers were more cautious in spending in view of the economic environment. Their purchases shifted from high-end luxury jewellery pieces to mass luxury jewellery products with an average selling price from HK$2,000 to HK$100,000. In 1HFY2014, mass luxury gem-set jewellery products maintained a sustainable growth in sales.

The revenue settlement currencies indicated that Mainland Chinese visitors continued to be the major source of revenue in Hong Kong and Macau. The increase in proportion of sales from Mainland Chinese visitors in Hong Kong and Macau was largely driven by the rising number of Mainland Chinese visitors, who came to Hong Kong and Macau for more diverse and complete product offerings and lower prices due to the absence of consumer taxes. The continual appreciation of the Renminbi against the Hong Kong dollar also stimulated Mainland Chinese tourist spending in Hong Kong. According to the Commerce and Economic Development Bureau of Hong Kong and the Macau Statistics and Census Service, from January to September 2013, the number of Mainland Chinese visitors to Hong Kong and Macau increased by 18.9% and 12.0% to 30.1 million and 14.0 million respectively. As an iconic and trusted brand, the Group is expected to benefit from the rise in number of visitors under the "Individual Visit Scheme" resulting from the launch of new tourism law in the Mainland of China in October 2013. By prohibiting free tours and "forced shopping", the new law is favourable to quality retailers in Hong Kong like Chow Tai Fook, as more tourists can select their favourable brands and shop on their own accord. In light of the above, the Group maintains its strategy to secure locations for new POS in prime shopping districts, with convenient access to pedestrian traffic and shoppers.

As at 30 September 2013, the Group had a retail network of 108 jewellery POS (31 March 2013: 103) with a net increase of 5 POS in Hong Kong, Macau and other Asian markets. 5 POS were opened in prime tourist areas in Hong Kong and Macau. The Group continued to consolidate its POS network in Hong Kong, expand the gross floor area of selected POS with great growth potential, and relocate some POS to areas with higher customer traffic so as to capture more sales opportunities and enhance POS performance and efficiency.

As at 30 September 2013, the Group had 2 watch POS (31 March 2013: 2) in Hong Kong, Macau and other Asian markets, representing 1.8% of its total watch POS (31 March 2013: 2.2%). To create a one-stop shopping experience in Hong Kong and Macau, the Group had 37 POS that retailed both jewellery and watch products as at 30 September 2013 (31 March 2013: 33).

Marketing and Branding

The Group's success depends significantly on its strong and consistent brand perception across all regions, and its ability to adapt to customers' changing demand for jewellery and consumption habits in the Mainland of China, Hong Kong and Macau. In recent years, the Group continues to see a growing demand for gem-set jewellery products and in particular, the demand for more stylish and contemporary designed jewellery pieces with exceptional craftsmanship is expected to experience further growth. In response to the gradual change in customer appetite, the Group has spearheaded the offer of a broader series of jewellery collections including gem-set, platinum and karat gold jewellery products.

The Group offers a series of jewellery collections for customers of its three product categories: mass luxury jewellery, high-end luxury jewellery and youth line.

Mass luxury segment

Wedding Collections

The Group believes that the wedding market is booming. The sales of wedding-related jewellery and diamond products contributed a significant share to the Group's total sales in 1HFY2014 and the Group strives to seize this valuable business opportunity by strengthening its marketing efforts to promote "The Perfect One" Wedding Collection. This collection, introduced in May 2012, was extensively promoted through a series of advertising channels including print and online media, TV commercial and outdoor billboard, etc. These promotions were highly effective and received encouraging customer response.

For instance, the Group aimed to promote wedding proposal culture across the nation through a viral marketing campaign during the first half of the year. Video clips of wedding proposals by selected customers were uploaded on Chow Tai Fook's official channels of its strategic campaign partners YouTube and Youku, and attracted over 11 million views. In May 2013, the Group launched the Chow Tai Fook Wedding Planning iPhone and Android applications, providing customers with convenient access to various wedding information and useful tips for successful wedding planning.

"Disney Princess" Collection

Aiming to promote licensed collections with Disney, roadshows were held in the Mainland of China for the "Disney Princess" Collection. In addition, a signature "Cinderella Glass Slipper" jewellery piece was donated to the "BAZAAR Stars Charity Night 2013" in Beijing for charity auction and raised RMB1.5 million in October 2013.

Rio Tinto Fashion Jewellery — "Caprice" Collection

To explore diamond fashion jewellery market in the Mainland of China, the Group worked closely with its strategic partner Rio Tinto and launched the "Caprice" Collection in June 2013. This collection, containing an amazing mechanism to inject different styles into one jewellery piece, is perfect for all kinds of occasion. "Caprice" is an affordable and playful collection for working ladies.

High-end luxury segment

"Ombre di Milano" High Jewellery 2013 Collection Previews and Auction Dinner

The Group first unveiled the "Ombre di Milano" Collection at a private jewellery appreciation party in January 2013. The collection was subsequently exhibited in a fashion and art event "Fascination/Imagination" in Paris. In May 2013, the Group held the "Ombre di Milano" High Jewellery 2013 Collection Auction Dinner and Private Preview in Hong Kong where 15 sets of one-of-a-kind jewellery pieces were auctioned. This annual event was organised to promote Chow Tai Fook's prestigious image. Over 300 selected Chow Tai Fook members and prestigious guests from the Mainland of China, Hong Kong and Macau were invited to this glittering auction experience.

"Imperial" Collection Appreciation Events

During the first half of the year, "Imperial" Collection appreciation events were held in Beijing, Qingdao, Shanghai and Guangzhou to explore potential customers and strengthen relationship with existing high-end customers. Combining the essence of our designs with superior craftsmanship, the "Imperial" Collection recreated royal treasures in ancient China to evoke Chow Tai Fook's long history. Sophisticated designs inspired by Chinese imperial legends were showcased in this prestigious collection to promote and uplift brand image.

Youth line

"Angry Birds" Collection and Events

In June 2013, the Group extended its footprint to mobile gaming platforms and launched the "Angry Birds" Collection. On top of a series of marketing events in shopping malls, the Group made use of the Angry Birds online mobile gaming platform to promote the collection, aiming to explore new opportunities in digital marketing.

"<Man of Steel>" Collection and Events

As a new attempt, the Group partnered with the Hollywood blockbuster movie <Man of Steel> and launched a collection for the movie in June 2013, primarily targeting the younger shoppers online. In addition, selected Chow Tai Fook members from the Mainland of China and Hong Kong were invited to attend private movie screenings in theatres.

Chow Tai Fook Membership Programme

Through continuous effort to strengthen its membership programme, the Group aims to enhance its ability to understand consumers' spending behaviour and preferences and gauge market trends. As at 30 September 2013, the Group had over 870,000 members in the Mainland of China after it revamped the membership programme and upgraded the tier requirements in April 2013. In Hong Kong and Macau, the Group had over 130,000 members as at 30 September 2013.

The Group's membership programme is crucial in maintaining its Same Store Sales by encouraging repeat purchases and attracting new customers. In 1HFY2014, sales contribution from Mainland Chinese members' repeat purchases accounted for approximately 24.8% of the retail revenue in the Mainland of China, while repeat purchases from members in Hong Kong and Macau comprised approximately 16.8% of the retail revenue in Hong Kong and Macau. The steady repeat purchases ratio was primarily attributable to the Group's effective strategies and efforts in interacting with existing members as well as in inviting new members.

E-commerce

The Group's e-commerce business continued its robust pace and grew approximately 64% during the first half of FY2014 as compared to the same period last year. For 1HFY2014, the average daily traffic of the Group's major e-commerce platforms including Chow Tai Fook eShop, Tmall and JD.com recorded over 110,000 unique visitors, while its official Sina, Tencent Weibo and WeChat accounts had more than 1.1 million followers in total. Chow Tai Fook was continuously ranked the "Best Selling Jewellery Brand" on Tmall.

Over the past years, the Group has given a lot of weight to e-commerce, and will continue to unleash its power to make it more than just a transactional platform. The Group will deploy e-commerce as a powerful tool to extract online-to-offline ("O2O") synergy that would serve as a marketing, branding and customer relationship management channel to our customers, especially the younger generations. For instance, starting from September 2013, the Group's members in the Mainland of China can bundle their accounts to WeChat to access their account information, receive promotional details and purchase Chow Tai Fook products online via Wechat. In light of this emerging trend, the Group has enhanced the customer relationship management system for collecting and analysing online customers' preference and behaviour through their browsing patterns and online purchases' records, so as to better understand and track their changing tastes and preferences. The Group would leverage O2O with a view to achieve a win-win business between physical stores and online platforms.

Vertically integrated business model

Over 80 years, the Group has gradually built a sophisticated vertically integrated business model which allows the Group to have an effective and tight control over the entire value chain, from raw material procurement, design, production and marketing to sales through its extensive retail network. The Group's well-established relationships with DTC, Rio Tinto and Alrosa ensure a supply of quality products, and allow the Group to make its selection ahead of other peers from the available stock from a number of suppliers.

In August 2013, the Group entered into a long-term exclusive supply and licensing agreement with Crossworks, a diamond supplier, for its patented hearts and arrows ideal-cut square diamond. The "Magic Square" collection has been launched in November 2013 to introduce the premium hearts and arrows ideal square cut diamond to Greater China market. These advantages are significant competitive differentiators.

Development projects

To meet the needs of the changing and growing jewellery retail market and to support its future business growth, the Group has embarked on the development of Chow Tai Fook Jewellery Park ("Jewellery Park") in Wuhan, Hubei, and a new headquarters building for the Mainland of China business in Yantian, Shenzhen.

The Jewellery Park, designed to be an integrated production and logistics centre, will become a large-scale production base covering a production plant, a national distribution centre, a sales exhibition and visitor centre, a craft training centre and other supporting facilities. Upon completion of the first phase in 2016, the Jewellery Park will help enhance production efficiency and capacity and will further increase the proportion of self-produced jewellery. The groundbreaking ceremony of the Jewellery Park has been held. In order to provide on-the-job technical training to technicians and craftsmen in the Jewellery Park, a temporary production plant which is primarily used for training purposes has been established. On the other hand, the new headquarters building in Shenzhen in the Mainland of China is expected to be completed by the end of FY2014.

Human Resources Management

As at 30 September 2013, the Group had a total of approximately 34,100 employees (excluding staff of franchisees) (31 March 2013: approximately 31,700) in the Mainland of China, Hong Kong, Macau, Taiwan, South Africa, and Botswana.

Human resources are the Group's greatest assets and the Group regards the personal development and well-being of its employees as highly important. As such, the Group strives to motivate its employees with a clear career path and opportunities for advancement and improvements of their skills. For instance, senior executives are sponsored to study EMBA programmes in prestigious educational institutes; management personnel are invited to attend seminars to polish their management skills and emotional quotient; sales staff are required to attend training programmes on customer service and product knowledge; technicians and craftsmen are provided with on-going technical training to ensure excellence in product quality; and selected fresh graduates are trained and nurtured in the dedicated Management Trainee programme. To encourage and promote lifelong learning among its employees, the Group has recently participated in the Qualifications Framework in Hong Kong, which is a seven-level hierarchy of qualifications covering academic, vocational and continuing education sectors. As at 30 September 2013, the Group had eight specialised jewellery training centres across the Mainland of China, Hong Kong and Macau.

Corporate Social Responsibility

Chow Tai Fook has been devoted to corporate social responsibility over the years. The Group strives to maintain the highest standard of industry and business practices in its business operations while rendering support to charities and contribution to the community by promoting and participating in various corporate social responsibility activities. During the first half of the year, the Group established the Corporate Volunteer Steering Committee, with a long-term objective to encourage employees' participation in volunteer services and to contribute to the society.

Achievement and Recognition

Chow Tai Fook made significant achievements and received various awards in 1HFY2014.

Being the market leader in the jewellery retail sector over the years, the Group has clinched the "Retailer of the Year" Award at the second edition of the JNA (Jewellery News Asia) Awards held in Hong Kong in September 2013. It is a coveted accolade recognising the Group's continual commitment to providing customers with the best products, services and shopping experience at the highest standard supported by a team of caring and professional staff.

With a brand value at approximately RMB33 billion, Chow Tai Fook was ranked the 44th on the "China Top 500 Most Valuable Brands" in 2013 by World Brand Lab, one of the world's top three brand valuers. Chow Tai Fook is the top jeweller among all other Chinese peers for the tenth consecutive years. The Group was also ranked 278th on the "Asia's 500 Most Influential Brands" by World Brand Lab, in recognition of the Group's performance, development potential, product quality and service standard.

In June 2013, the Group's Gemstone Testing Centre in Shenzhen was certified by China National Accreditation Service for Conformity Assessment (CNAS) that its quality control system has been accredited with ISO/IEC 17025: 2005 certification. It is a recognition to the testing centre for achieving the country's competence of testing, calibration and management. The Centre was the first accredited laboratory in the Mainland of China that is run by a non-government enterprise.

Prospects

The Mainland Chinese economy is showing signs of resilience. The yearly target of at least 7.5% GDP growth for 2013 set by the Mainland Chinese government is expected to be achievable. According to the National Bureau of Statistics of China, the demand for jewellery continues to be strong in the country as indicated by an approximately 29.6% year-on-year growth of the retail sales from gold, silver and jewellery sector in the first nine months of 2013. Amid this positive market sentiment, the wholesale business also sees a steady growth. Coupling with continuous urbanisation and strong domestic demand powered by the Mainland Chinese government's measures to shift the economy to an internal consumption-driven model, the market potential of the Mainland of China, in particular in Tier III and lower tier cities, continues to look optimistic.

The Hong Kong and Macau retail market has also been picking up. The tourist flows continue to increase, even though a new Mainland tourism law was introduced in October 2013 to prohibit free tours and "forced shopping". The Group believes the new law is favourable to quality retailers in Hong Kong like Chow Tai Fook as more tourists will travel under the "Individual Visit Scheme" and they can select their favourable brands and shops of their own accord. Local consumers' sentiment has also resumed as reflected in their increasing demand for wedding and fashion jewellery products.

In order to pursue the long-term and sustainable development plan in both markets where the Group's business focus are, the Group is keen on expanding the retail network and will review the POS expansion plan in due course. Leveraging franchisees' deep local knowledge and customer base, the Group is able to penetrate into Tier III and lower tier cities in the Mainland of China with greater flexibility, while self-operated store will continue to be the key operation model. The Group will also continue to partner strategically with leading retail enterprises that operate department stores while also actively respond to the shopping mall development trend to cope with the changing consumer preferences in the Mainland of China. In the Hong Kong and Macau market, the Group will continue to explore POS opening opportunities in prime shopping destinations and consolidate some POS or relocate selected ones to areas with higher pedestrian traffic to enhance store productivity and efficiency.

The mass luxury jewellery segment has become the key growth driver for the Group's SSSG. In response to the strong demand from the mass luxury segment, the Group will continue to focus on the replenishment of fast-moving products by both self-operated POS and franchisees. The Group will further step up its customer-driven approach in sales and marketing to drive business growth.

The Group will also continue to strengthen the vertically integrated business model through deepening the partnership and collaborations with world-class diamond miners and suppliers to explore more procurement opportunities and underpin the operational strength in the upstream. The Group has also collaborated with renowned international brands such as FOREVERMARK, Rio Tinto, Disney, Sanrio, Swarovski and others, to strengthen the exclusive collections and licensed products, so as to widen the Group's product offerings to cater to customers' diverse needs.

As the Group's effort in e-commerce has been stepped up, and it is more deployed as a powerful channel for digital marketing, branding and CRM, the Group expects to benefit more and more from the online-to-offline ("O2O") synergies generated in support of the Group's business strategy to extend customer base in particular the younger customers. The Group's lately enhanced CRM system is effective to analyse and track customers' changing tastes and preferences through their browsing patterns and online purchase records. The Group will continue to leverage the O2O synergies to enhance the overall productivity and efficiency of the physical stores.

Looking forward, the Group anticipates a steady business growth for the rest of FY2014 and maintains a positive view in the medium to long run.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2013, the Group had cash and cash equivalents of HK$9,862.3 million (31 March 2013: HK$8,330.5 million), mainly denominated in Hong Kong dollars, Renminbi and United States dollars. The Group has total borrowings, including bank borrowings, gold loans and amounts due to non-controlling shareholders of subsidiaries, of HK$12,237.1 million (31 March 2013: HK$6,186.8 million), which were due within one year.

The Group principally meets its working capital and other liquidity requirements through a combination of capital contributions, cash flow from operations, bank borrowings and gold loans. Gold loans are also used to hedge against the financial impact of the price fluctuations in the Group's gold inventories. The Group's operating cash flows before movements in working capital was HK$4,389.8 million for 1HFY2014 (1HFY2013: HK$3,592.2 million). As at 30 September 2013, the Group's bank borrowings and gold loans amounted to HK$3,270.0 million (31 March 2013: HK$1,000.0 million) and HK$8,689.6 million (31 March 2013: HK$4,835.7 million) respectively. Bank borrowings and gold loans are denominated in Hong Kong dollars, Renminbi and United States dollars, and have maturity within 12 months as at 30 September 2013. The bank borrowings are carried at variable interest rate, while gold loans are carried at fixed interest rate.

The Group's debts were primarily denominated in Hong Kong dollars, Renminbi, and United States dollars. The Group's income and expenditure were mostly denominated in Hong Kong dollars and Renminbi, while assets and liabilities were mostly denominated in Hong Kong dollars, Renminbi and United States dollars.

The Group's daily operation was mainly financed by operating cash flow, and relies on short-term borrowings to satisfy inventory financing needs during peak season, working capital for future expansion plans and unexpected needs. The Group has not experienced any difficulties in repaying its borrowings.

The net gearing ratio, defined as the aggregate of bank borrowings, gold loans, net of pledged bank deposits and bank balances and cash, then divided by total equity, was 5.8% as at 30 September 2013. As at 31 March 2013, as the aforesaid assets exceeded liabilities, the Group had a net cash position. The increased use of leverage was mainly due to the increase in gold loans for the financing of additional gold inventories to cope with the demand during the peak season in 2HFY2014.

As at 30 September 2013, total equity of the Group increased to HK$36,223.3 million, against HK$33,860.7 million as at 31 March 2013. The Group's working capital, being net current assets, was HK$33,219.3 million as at 30 September 2013 (31 March 2013: HK$31,364.2 million).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2013.

CORPORATE GOVERNANCE

During the six months ended 30 September 2013, the Company was in full compliance with all applicable principles and code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry with all Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code during the six months ended 30 September 2013.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the unaudited condensed consolidated financial statements and the interim report for the six months ended 30 September 2013 and discussed the financial related matters with the management. The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2013 have been reviewed by the Company's auditor, Deloitte Touche Tohmatsu, in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK17.0 cents per share amounting to approximately HK$1,700.0 million for the six months ended 30 September 2013 to shareholders whose names appear on the register of members of the Company at the close of business on 13 December 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 12 December 2013 to Friday, 13 December 2013, both days inclusive, during which period no transfer of share of the Company will be registered. In order to establish entitlements to the interim dividend, all transfers of shares of the Company accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 pm on Wednesday, 11 December 2013.

For and on behalf of the Board
Dr. Cheng Kar-Shun, Henry
Chairman

Hong Kong, 26 November 2013

As of the date of this announcement, the executive directors are Dr. Cheng Kar-Shun, Henry, Mr. Wong Siu-Kee, Kent, Mr. Cheng Chi-Kong, Adrian, Mr. Cheng Chi-Heng, Conroy, Mr. Chan Sai-Cheong, Mr. Chan Hiu-Sang, Albert, Mr. Cheng Ping-Hei, Hamilton and Mr. Suen Chi-Keung, Peter, the non-executive directors are Mr. Cheng Kam-Biu, Wilson and Mr. Koo Tong-Fat and the independent non-executive directors are Mr. Cheng Ming-Fun, Paul, Dr. Fung Kwok-King, Victor, Mr. Kwong Che-Keung, Gordon, Mr. Lam Kin-Fung, Jeffrey and Mr. Or Ching-Fai, Raymond.