

CHOW TAI FOOK JEWELLERY GROUP LIMITED

周大福珠寶集團有限公司

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

FOR IMMEDIATE RELEASE

Chow Tai Fook Jewellery Group Announces FY2022 Interim Results and the Unaudited Key Operational Data from 1 October to 18 November 2021

Financial Highlights

For the six months ended 30 September	2021 HK\$ million	2020 HK\$ million	YoY Change
Revenue	44,186	24,673	+79.1%
Gross profit	10,794	8,143	+32.6%
<i>Gross profit margin</i>	24.4%	33.0%	
<i>Adjusted gross profit margin⁽¹⁾</i>	23.5%	35.1%	
Core operating profit⁽²⁾	4,472	4,078	+9.6%
<i>Core operating profit margin⁽²⁾</i>	10.1%	16.5%	
Profit attributable to shareholders of the Company	3,581	2,232	+60.4%
Earnings per share – Basic (HK\$)	0.36	0.22	+60.4%
Interim dividend per share⁽³⁾ (HK\$)	0.22	0.16	N/A

⁽¹⁾ Adjusted gross profit margin, a non-IFRS measure, eliminates the effect of unrealised loss (gain) on gold loans, which the Company believes is useful in gaining a more complete understanding of its operational performance and the underlying trend of its businesses

⁽²⁾ Core operating profit and the corresponding margin, a non-IFRS measure, being the aggregate of adjusted gross profit and other income, less selling and distribution costs and general and administrative expenses (“SG&A”), which the Company believes is useful in gaining a more complete understanding of its operational performance and the underlying trend of its businesses

⁽³⁾ The payout ratio for 1HFY2022 approximates 61.4%

(Hong Kong, China, 23 November 2021) Chow Tai Fook Jewellery Group Limited (“Chow Tai Fook Jewellery Group”, the “Group” or the “Company”; SEHK stock code: 1929), a Hong Kong Main Board listed company with over 90 years of heritage, today announces its interim results for the six months ended 30 September 2021 (“1HFY2022”).

Although our business was surrounded by the uncertainties in the macro-environment, the Group witnessed a promising revenue growth in 1HFY2022, boosted by resilient demand for gold jewellery and products and our rapid retail network expansion by using franchise model in Mainland China (the “Mainland”) during the period.

The Group’s revenue jumped 79.1% to HK\$44,186 million in 1HFY2022 (1HFY2021: HK\$24,673 million). Gross profit rose 32.6% to HK\$10,794 million (1HFY2021: HK\$8,143 million). Adjusted gross profit margin declined to 23.5% during 1HFY2022 (1HFY2021: 35.1%) mainly due to a tough comparison base resulting from the surge in international gold price same period last year, coupled with a higher sales contribution from wholesale business and gold jewellery and products in retail business during 1HFY2022. Nevertheless, thanks to our well contained SG&A and operating leverage, the Group’s core operating profit increased by 9.6% year-on-year in 1HFY2022.

With an unrealised gain on gold loans recorded in 1HFY2022 versus a loss in 1HFY2021, coupled with the impact of assets impairment made the same period last year and a lower effective tax rate,

23 November 2021

profit attributable to shareholders increased by 60.4% year-on-year to HK\$3,581 million (1HFY2021: HK\$2,232 million). Basic earnings per share were reported at HK\$0.36 (1HFY2021: HK\$0.22). The Board has declared an interim dividend of HK\$0.22 per share. The payout ratio approximates 61.4% in 1HFY2022.

Business Review

Same Store Sales Growth (“SSSG”) sustained a positive trend in both the Mainland and Hong Kong and Macau during 1HFY2022. Same Store Sales (“SSS”) in the Mainland increased by 32.2% in 1HFY2022. In Hong Kong and Macau, business was supported by an improving local consumption in Hong Kong and a recovering tourist spending in Macau, SSS leaped by approximately 80% in the period.

The Group’s retail network expanded to 5,214 POS as at 30 September 2021. By implementing our retail expansion strategy, the Group added a net of 624 CHOW TAI FOOK JEWELLERY POS in the Mainland during the period. More than half of these openings were located in Tier III, IV and other cities. As at 30 September 2021, approximately 70% of our POS in the Mainland were in franchised format. Tier III, IV and other cities continued to achieve a stronger Retail Sales Value (“RSV”) growth than Tier I and II cities during the period, largely due to new openings. The Group also had a net closing of 4 POS mainly in touristic areas in Hong Kong and Macau and a net addition of 2 POS in other markets.

Under our differentiation strategy, we continue to enrich our product offerings to suit different occasions in customers’ lives. In 1HFY2022, we deepened the reach of CTF • HUÁ Collection by expanding our product offerings, exploring new crossover collaborations, as well as opening exclusive zones. During the period, CTF • HUÁ Collection accounted for 43.3% of our gold jewellery and products’ RSV in the Mainland. We continue to diversify the T MARK collections, which include Guardian of Life, Snowy Bliss and Forever Young 88 Collections. In 1HFY2022, T MARK products represented 23.0% of the RSV of our diamond products and its RSV increased by 19.2% year-on-year in the Mainland.

Pushing forward our smart retail strategy, we focused on optimising omni-channel integrations to improve customer experience during the period. In 1HFY2022, CloudSales 365’s average selling price (“ASP”) was 1.8 times higher than that of our e-commerce platforms in public domains. D-ONE customised diamond products contributed to 4.3% of overall diamond RSV in the Mainland during the period. Its ASP rose continuously and it was approximately 2 times higher than our Same Store ASP of gem-set jewellery in the Mainland. The contribution of e-commerce and smart retail applications to the RSV in the Mainland reached 4.9% and 4.1% respectively, representing a total contribution of 9.0% to the Mainland’s RSV.

23 November 2021

Prospects and Strategies

Chow Tai Fook Jewellery Group Chairman Dr. Henry Cheng remarked, “As we combine our 92 years of experience with our pioneering spirit, we are confident that by implementing our Dual-Force Strategy, Chow Tai Fook will stay ahead of the curve and offer customers blissful fulfilment.”

Despite uncertainties about the global pandemic situation, we managed to deliver satisfactory results with our Dual-Force Strategy. While there were signs of slower growth in the retail market in the Mainland, we expect that business growth in 2HFY2022 may decelerate due to a relatively high base.

We are optimistic about the macro-economic development of the Mainland and the prospects of the jewellery industry. Our Mainland store expansion plan is steadily unfold. Under the 14th Five-Year Plan, steady progress of rural vitalisation will further stimulate business in the Mainland. We will continue our retail expansion strategy through leveraging the strength of our franchise partners to further penetrate into lower tier cities. We will also continue to utilise technology to create exceptional customer experience, optimise the smart retail applications, and keep abreast of customers’ needs with the help of data, so as to offer more suitable products and services to each and every customer.

Even if Hong Kong’s major border crossings re-open, we expect the number of tourists may not improve significantly in short-term. We will continue to engage with customers by organising member exclusive events, aiming to satisfy local needs. Operation in Macau will also depend on the development of the pandemic.

Going forward, the Mainland China market remains the core part of the Group’s retail expansion strategy and we shall push forward to capture more market share. Apart from this, digital transformation will be one of the key drivers of sustainable development. We will accelerate digital transformation and leverage data platforms to improve overall operational efficiency.

23 November 2021

The Unaudited Key Operational Data from 1 October to 18 November 2021

From 1 October to 18 November 2021, the year-on-year changes of RSV and SSS are as follows:

(% change compared to the same period last year)

	Group	
RSV growth	+32.6%	
	Mainland China	Hong Kong & Macau of China and other markets
RSV growth	+41.9%	-17.1%
Contribution to Group RSV	90.2%	9.8%
	Mainland China	Hong Kong & Macau of China
SSSG	+12.4%	-3.1%
SSS volume growth	+12.7%	+27.7%
SSSG by product		
— Gem-set, Platinum and K-gold jewellery	-9.4%	-34.5%
— Gold jewellery and products	+27.9%	+27.2%

Remark: The unaudited key operational data from 1 October 2021 to 18 November 2021 was prepared based on the latest available management accounts and the information currently available to the Group. The position remains to be reviewed by the Company's auditor.

- End -

23 November 2021

Chow Tai Fook Jewellery Group Limited

Chow Tai Fook Jewellery Group Limited (the “Group”; SEHK stock code: 1929) was listed on the Main Board of The Stock Exchange of Hong Kong in December 2011. The Group’s vision is to become the most trusted jewellery group in the world.

Founded in 1929, the Group’s iconic brand “CHOW TAI FOOK” is widely recognised for its trustworthiness and authenticity, and is renowned for its product design, quality and value. A long-standing commitment to innovation and craftsmanship has contributed to the Group’s success, along with that of its iconic retail brand, and has been embodied in its rich 90-year heritage. Underpinning this success are our long-held core values of “Sincerity • Eternity”.

The Group’s differentiation strategy continues to make inroads into diverse customer segments by catering to a bespoke experience for different lifestyles and personalities, as well as customers’ different life stages. Offering a wide variety of products, services and channels, the Group’s brand portfolio comprises the CHOW TAI FOOK flagship brand with curated retail experiences, and other individual brands including HEARTS ON FIRE, ENZO, SOINLOVE and MONOLOGUE.

The Group’s commitment to sustainable growth is anchored in its customer-centric focus and strategies, which are in place to promote long-term innovation in business, in people and in culture. Another asset underpinning sustainable growth is a sophisticated and agile business model. This supports the Group by fostering excellence and extending opportunities along the entire value chain to communities and industry partners across the world.

With an extensive retail network in China, Japan, Korea, Southeast Asia and the United States, and a fast-growing e-commerce business, the Group is implementing effective online-to-offline (“O2O”) strategies to succeed in today’s omni-channel retail environment.

Media Enquiries:

Chow Tai Fook Jewellery Group Limited

Danita On
Director, Investor Relations and
Corporate Communications
Tel: (852) 2138 8501
Email:
danitaon@chowtaifook.com

Haide Ng
Manager, Investor Relations and
Corporate Communications
Tel: (852) 2138 8336
Email:
haideng@chowtaifook.com

Pamela Yeung
Manager, Investor Relations and
Corporate Communications
Tel: (852) 2138 8334
Email:
pamelayeung@chowtaifook.com