

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 Delivers Strong Sales Growth in Second Quarter FY2024, On Track in Transition to Higher Value Growth

Results Highlights

- The Group's Retail Sales Value ("RSV") registered positive growth of 5.8% during the Quarter. This was driven by Hong Kong and Macau of China and other markets which was up 54.1%, thanks to the progressive return of Mainland tourists. RSV of Mainland China (the "Mainland") was up slightly by 0.6%, despite a higher base last year.
- Mobility and retail activity in the Mainland and Hong Kong and Macau continued to improve during the Quarter. The influx of Mainland tourists continued to drive positive impact with Same Store Sales ("SSS") increased by 55.7% in Hong Kong and Macau. SSS recorded strong growth of 43.0% and 116.7% for Hong Kong and Macau respectively.
- Despite current market conditions, the Group continued to witness resilient jewellery consumption during festive and holiday periods. The sales during Qixi and National Day holiday were in-line with management's expectations, with teens RSV growth in the Mainland.
- The Group launched new designs for the HUÁ Collection during the Quarter, marking the first-ever partnership with Shaanxi History Museum and Northwestern Polytechnical University. The HUÁ Collection was well received by targeted younger audiences and registered sustained growth under the centralised marketing efforts and global campaign.
- The Group is focused on the execution and delivery of the five strategic priorities to sustain growth trajectory in the ongoing transition to a new phase of higher value growth, committed to enhancing earnings quality with margin expansion and improved returns to equity and capital.

KEY OPERATIONAL DATA

For the three months ended 30 September 2023

	(% change compared to the same period last year)	
	Group	
Retail Sales Value ⁽¹⁾ growth	+5.8%	
	Mainland China	Hong Kong & Macau of China and other markets
RSV growth	+0.6%	+54.1%
Contribution to Group RSV	85.9%	14.1%
	Mainland China	Hong Kong & Macau of China
Same Store Sales ⁽²⁾ growth	-12.5%	+55.7%
SSS volume growth	-20.3%	+52.0%
SSSG by product		
— Gem-set, Platinum and K-gold jewellery	-27.7%	-4.3%
— Gold jewellery and products	-9.6%	+89.0%

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

(2) "Same Store Sales" for the Second Quarter is the RSV from the self-operated POS of CHOW TAI FOOK JEWELLERY existing as at 30 September 2023 and which have been opened prior to 1 April 2022. RSV from franchised POS and other channels are not included.

(Hong Kong, China, 12 October 2023) **Chow Tai Fook Jewellery Group Limited** ("Chow Tai Fook Jewellery Group", the "Group" or the "Company"; SEHK stock code: 1929), today announces certain unaudited key operational data of the Group for the three months ended 30 September 2023 (the "Second Quarter", or the "Quarter" or "2QFY2024").

Positive RSV Growth Driven by Continued Improvement in Mobility and Retail Activity

During 2QFY2024, mobility and retail activity continued to improve in the Mainland and Hong Kong and Macau. The Group's RSV registered positive growth of 5.8% during the Quarter, driven by Hong Kong, Macau and other markets. RSV in the Mainland was stable with a slight increase of 0.6%, despite a higher base last year. According to the Hong Kong Tourism Board, the number of Mainland visitors in July 2023 reached about 70% of the pre-pandemic level and further jumped to over 80% in August 2023. Hence, the average daily customer traffic at the Group's stores in Hong Kong and Macau increased significantly during the Quarter. The influx of Mainland tourists has been supportive to the business in Hong Kong, Macau and other markets, with RSV rising 54.1% during the Quarter, reaching approximately 77% of the corresponding FY2019 levels.

On SSS, Hong Kong and Macau registered an increase of 55.7% during the Quarter. SSS grew by 43.0% and 116.7% for Hong Kong and Macau respectively. SSS in the Mainland nonetheless dropped by 12.5% year-on-year during the Quarter due to the high base of comparison.

Resilient Jewellery Demand Evidenced during Festive and Holiday Periods

Despite current market conditions, the Mainland market has seen solid recovery in mobility and retail activity during festive and holiday periods. According to The Ministry of Culture and Tourism, the Mainland tourism market surpassed the pre-pandemic level during the National Day holiday period. Meanwhile, the Group continued to observe resilient jewellery consumption in the Mainland during Qixi and National Day holiday (25 September – 5 October). Sales were in-line with management’s expectations with teens RSV growth in the Mainland.

Centralised Marketing Efforts and Global Campaigns to Maximise Impact

The Group launched new designs for HUÁ Collection in July, marking the first-ever partnership with Shaanxi History Museum and Northwestern Polytechnical University. The teams spent 16 months collaborating closely to develop products that blend the traditional culture of the Tang Dynasty with contemporary innovation and design. The centralised marketing efforts and amplified global campaign ensured consistency and maximised impact and synergy across the Group’s channels. The HUÁ Collection received overwhelming support from the younger customers. This was evidenced most notably in Hong Kong and Macau where RSV recorded significant growth in excess of 450% during the Quarter, encouraged by the rebound of Mainland tourists.

Underpinned by the Group’s strategic priorities, it is expected that the enhanced product portfolio, new signature collections and the refreshed marketing campaigns will also provide strong impetus to the gem-set jewellery sales.

Sustained Momentum of Consumer Spending on Luxury and Gold Products

Building on the trend seen in the first quarter, the Group continues to observe a shift in consumer spending and mindset towards luxury and gold products. Consumers’ demand for gold jewellery remained solid despite the increase in gold price in the Mainland.

In Hong Kong and Macau, SSS of the gold jewellery and products category surged by 89.0%, benefitting from the Mainland tourist influx. Its Average Selling Price (“ASP”) also ascended to HK\$8,700 (2QFY2023: HK\$7,900). In the Mainland, SSS of the product category was down by 9.6% during the Quarter owing to high base of comparison. ASP was further elevated to HK\$5,600 (2QFY2023: HK\$5,200).

Amid the current macro environment, SSS of gem-set, platinum and k-gold jewellery category in Hong Kong and Macau decreased by 4.3% during the Quarter. In the Mainland, SSS of the product category declined by 27.7% whereas its RSV dropped 17.9% during the Quarter. The trend of Same Store ASP remained resilient, benefitting from the continued pricing strategy optimisation. In the Mainland, ASP was lifted to HK\$8,200 (2QFY2023: HK\$7,300), while that of Hong Kong and Macau was HK\$16,900 (2QFY2023: HK\$16,200).

Sustain Growth Trajectory through Execution of Five Strategic Priorities

Despite market uncertainties and externalities beyond our control, the Group adopts a bottom-up approach and focuses on the five strategic priorities to sustain our growth trajectory. Transitioning into a new phase of higher value growth, the Group will focus on enhancing earnings quality with margin expansion and improved returns to equity and capital.

The Group will be actively monitoring the dynamic and fast-evolving market conditions. Staying vigilant and nimble to the ground with the extensive network, the Group has the financial and operational resources to effectively calibrate resources to dial-up expansion as needed.

###

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 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, the United States and Canada, as well as a fast-growing smart retail 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
Senior Director, Investor Relations and Corporate Communications
Tel: (852) 2138 8501
Email: danitaon@chowtaifook.com

Vicky Lau
Director, Investor Relations and Corporate Communications
Tel: (852) 2138 8502
Email: vickylau@chowtaifook.com

Acky Chan
Senior Manager, Investor Relations and Corporate Communications
Tel: (852) 2138 8338
Email: ackychan@chowtaifook.com