

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 Posts 46.1% Growth in Retail Sales Value In 3QFY2024, Driven by Steady Progress of Ongoing Transformation

Results Highlights

- The Group's Retail Sales Value ("RSV") registered growth of 46.1% during 3QFY2024. This was driven by Hong Kong and Macau of China and other markets which was up 70.8%, thanks to the continued recovery of inbound tourism and our annual sale in December. Mainland China (the "Mainland") RSV increased by 42.2%, supported by the strong festive demand and a steady ramp up of our new stores.
- In Hong Kong and Macau, with an average daily customer traffic increased by over 50% year-on-year, Same Store Sales ("SSS") increased 66.6% during the Quarter. In Mainland China, SSS increased by 22.7% during the Quarter and almost 50% in December.
- Bolstered by our global diamond campaigns and annual sale, RSV of Wonderful Life Collection in the Mainland was double that of 3QFY2023. Our newly launched Chow Tai Fook Dancing Lily Collection was also well received by our customers in both the Mainland and Hong Kong and Macau.
- Strength in gold products continued given its nature of value preservation and defensiveness and increasing popularity among younger consumers. Some of our key and exclusive collections such as HUÁ Collection and ING Collection captured robust market demand, registering RSV growth in excess of 50% and 40% respectively during the Quarter.
- Since November, we have progressively rolled out the change from weight-based pricing to fixed pricing for selective gold jewellery products. We have observed positive and encouraging responses from the market with strong growth recorded in December.
- As we transition to a new phase of higher value growth and with our brand revamp set to be unveiled in April 2024, our focus remains steadfast on executing our five strategic priorities to drive a sustained enhancement in earnings quality.

KEY OPERATIONAL DATA

For the three months ended 31 December 2023

	(% change compared to the same period last year)	
	Group	
Retail Sales Value ⁽¹⁾ growth	+46.1%	
	Mainland China	Hong Kong & Macau of China and other markets
RSV growth	+42.2%	+70.8%
Contribution to Group RSV	84.2%	15.8%
	Mainland China	Hong Kong & Macau of China
Same Store Sales ⁽²⁾ growth	+22.7%	+66.6%
SSS volume growth	+17.5%	+49.8%
SSSG by product		
— Gem-set, Platinum and K-gold jewellery	-1.9%	+4.3%
— Gold jewellery and products	+32.5%	+104.3%

(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 Third Quarter is the RSV from the self-operated POS of CHOW TAI FOOK JEWELLERY existing as at 31 December 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 January 2024) **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 31 December 2023 (the "Third Quarter", or the "Quarter" or "3QFY2024").

Robust RSV and SSS Growth Driven by Festive Demand

During 3QFY2024, both Mainland China and Hong Kong and Macau benefitted from strong festive demand. The Group's RSV registered a robust growth of 46.1% during the Quarter. This was driven by Hong Kong and Macau of China and other markets, which was up 70.8%, thanks to the continued recovery of inbound tourism and our annual sale in December. For the first nine months of FY2024, our RSV in Hong Kong and Macau was about 70% of the corresponding FY2019 levels.

In Mainland China, the annual sale also commenced in late December to capture growth momentum ahead of the Chinese New Year celebrations. During the Quarter, RSV of the Mainland increased by 42.2%, supported by the strong festive demand. In particular, on Christmas Eve and Christmas Day, RSV in the Mainland more than doubled year-on-year.

In other markets, an increase in tourism also drove robust RSV growth of 168.6%, especially for Singapore, Malaysia, and duty-free shops in the Mainland. We will continue to evaluate and explore opportunities in markets with strong retail demand.

The Same Store Sales Growth (“SSSG”) in both markets demonstrated a positive trend. In the Mainland, SSS recorded growth of 22.7% during the Quarter. In particular, SSSG reached almost 50% in December, with positive SSSG observed across all product categories. In Hong Kong and Macau, the continued recovery of inbound tourism and our annual sale were supportive to our business and SSS increased by 66.6%. SSSG grew by 58.8% and 100.7% for Hong Kong and Macau respectively. The encouraging growth was supported by the sustained return of Mainland tourists, coupled with our annual sale during the Quarter. The average daily customer traffic at our stores in Hong Kong and Macau increased by over 50% year-on-year during the Quarter.

We continued to enhance digital customer engagement and bolster our online presence through targeted digital marketing initiatives. E-commerce’s contribution in Mainland China edged up to 6.4% in RSV and 14.3% in volume in the Quarter.

Encouraging Performance of our Featured Diamond Collections

For our gem-set business, we kicked off our global diamond campaign in September 2023 with a positive reception. We brought the “Beyond Time” diamond exhibition to Beijing in December, following its successful debut in Hong Kong. These diamond campaigns were designed and aimed at effectively raising consumers’ awareness and enhancing their desirability for gem-set jewellery.

Quality gem-set jewellery continued to be favoured by consumers, as illustrated by the strong performance of the Wonderful Life Collection in the Mainland, which doubled its RSV in 3QFY2023 year-on-year. Our newly launched Chow Tai Fook Dancing Lily Collection was well received by our customers in the Mainland and Hong Kong and Macau. These underpinned our confidence in the long-term prospects of diamond jewellery.

In the Mainland, SSS of the gem-set, platinum and k-gold jewellery category slightly declined by 1.9% during the Quarter yet on a monthly basis, it turned positive since November. Mainland RSV for this category grew 7.0% during the Quarter. In Hong Kong and Macau, SSS increased by 4.3% during the Quarter. In the Mainland, the Same Store Average Selling Price (“ASP”) of gem-set jewellery was steady at HK\$8,100 (3QFY2023: HK\$8,200), while that of Hong Kong and Macau increased to HK\$17,400 (3QFY2023: HK\$15,100).

Sustained Momentum of Consumer Spending on Gold Jewellery and Products

Strength in gold products continued given its nature of value preservation and defensiveness under the current macro environment and its increasing popularity among youngsters. The solid demand in key collections such as HUÁ Collection and ING Collection drove sustained strength in gold jewellery and products in both markets. These collections registered RSV growth in excess of 50% and 40% respectively during the Quarter. In the Mainland, SSS for gold jewellery and products rose 32.5% during the Quarter. ASP was resilient at HK\$5,600 (3QFY2023: HK\$5,100). In Hong Kong and Macau, SSS of this product category surged by 104.3%, benefitting from the Mainland tourist influx and festive demand. Its ASP also ascended to HK\$8,100 (3QFY2023: HK\$6,600).

In the near term, we expect Chinese consumers to continue showing a strong preference for quality gold jewellery differentiated by exquisite craftsmanship. To capture the demand by our younger consumers, we are progressively leveraging our extensive R&D and IP in product design to incorporate rich Chinese cultural elements in some of our collections.

Since November, we have progressively rolled out the change from weight-based pricing to fixed pricing for selective gold jewellery products. We observed positive and encouraging responses from the market with strong growth recorded in December. Given the current growth trajectory validated by market feedback, we recognise the potential to grow contributions more substantially. We will

take a calibrated approach with our allocation of resources to plan for growth as we execute our strategic priority of product optimisation.

As 2024 marks the Year of Dragon in the Lunar calendar, this typically translates to a good year for jewellery consumption, particularly around CNY. We will be launching our new HUÁ Collection featuring the Dragon later this month to seize the CNY sales opportunity.

Sustaining Our Growth Trajectory Through Execution of Five Strategic Priorities and Brand Revamp

Despite the prevailing market uncertainties, we are firmly focused on a bottom-up approach in diligently executing the planned initiatives under our five strategic priorities to sustain our growth trajectory.

As we transition to a new phase of higher value growth and with our brand revamp set to be unveiled in April 2024, our focus remains steadfast on executing our five strategic priorities to drive a sustained enhancement in earnings quality. We recognise the fluidity of the market and continue to stay nimble and pay close attention to consumers' spending to calibrate our growth strategy accordingly.

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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.

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