

CHOW TAI FOOK JEWELLERY GROUP LIMITED

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

FOR IMMEDIATE RELEASE

Chow Tai Fook Jewellery Celebrates 95th Anniversary with Record High Revenue and Core Operating Profit for FY2024

Results Highlights

- Embarking on a transformative journey with a vision "To be the leading global jewellery brand that is a trusted lifetime partner for every generation", a steadfast commitment to delivering sustained long-term value creation for all stakeholders
- The Group's revenue increased 14.8% to HK\$108,713 million, or by 18.5% on a constant exchange rate basis. Core operating profit increased 28.9% to HK\$12,163 million despite macro uncertainties
- Return on equity improved 820 basis points to 24.7% while core operating profit margin enhanced 120 basis points to 11.2%, with improvements across all operating markets, a strong testament to the diligent execution of five strategic priorities to strengthen competitiveness and enhance earnings quality
- Hong Kong, Macau and other markets experienced excellent business momentum, as its revenue climbed 45.6% year-on-year amid the continued recovery in inbound tourism
- Prudent capital management with strong liquidity and net cash position. The Group generated robust operating and free cash flows with a continued focus to improve inventory turnover days
- Positive momentum from the progressive brand transformation to elevate brand desirability, customer experience and sustain growth trajectory with the unveiling of new consumer-facing logos, brand website and the signature CTF Rouge Collection

Financial Summary	2024 HK\$ million	2023 HK\$ million	YoY Change
For the year ended 31 March			
Revenue	108,713	94,684	+14.8%
Gross profit	22,285	21,172	
Gross profit margin	20.5%	22.4%	
Adjusted gross profit margin ⁽¹⁾	22.8%	23.7%	
Core operating profit ⁽²⁾	12,163	9,439	+28.9%
Core operating profit margin ⁽²⁾	11.2%	10.0%	
Profit attributable to shareholders of the Company	6,499	5,384	+20.7%
Earnings per share (HK\$)	0.65	0.54	+20.7%
Full year dividend per share ⁽³⁾ (HK\$)	0.55	0.50	N/A
Special dividend per share (HK\$)	-	0.72	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 administration expenses, 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 FY2024 approximated 84.6%

(Hong Kong, China, 13 June, 2024) **Chow Tai Fook Jewellery Group Limited** ("Chow Tai Fook Jewellery Group", the "Group" or the "Company"; SEHK stock code: 1929), today announces its annual results for the year ended 31 March 2024 ("FY2024").

Enhanced Shareholder Returns on the Back of Strong Revenue and Core Operating Profit

Against macro externalities, the Group continues to focus on its diligent execution of the five strategic priorities to strengthen competitiveness, enhance earnings quality, and drive long-term value creation for stakeholders.

During FY2024, the Group grew its revenue by 14.8% year-on-year to HK\$108,713 million while Core Operating Profit ("COP") increased by 28.9% to HK\$12,163 million. With a focus on enhancing store productivity and optimising product portfolio, together with disciplined cost management, COP margin enhanced 120 basis points to 11.2%.

Profit attributable to shareholders in FY2024 grew 20.7% to HK\$6,499 million. Earnings per share was HK\$0.65. The Board has proposed a final dividend of HK\$0.30 per share, bringing the dividend per share for the year to HK\$0.55. The full year payout ratio in FY2024 approximated 84.6%.

Dr. Henry Cheng, Chow Tai Fook Jewellery Group Chairman, said, "As Chow Tai Fook Jewellery celebrates 95 years of excellence, we honour our legacy while looking steadfastly towards the future. We are in the process of writing an exciting new chapter in our brand's story, guided by our vision: To be the leading global jewellery brand that is a trusted lifetime partner for every generation."

Higher Store Productivity by Capturing Inbound Tourism and Festive Demand

During FY2024, mobility and retail activity continued to improve in the Mainland and Hong Kong and Macau of China. The Group's Retail Sales Value ("RSV") registered a 20.4% growth during the year, achieving positive growth across key operating markets. In Hong Kong and Macau, RSV grew 32.0% and 53.2% respectively, supported by the sustained recovery of inbound tourism. The average daily customer traffic at our stores in Hong Kong and Macau experienced a substantial increase year-on-year during the year, largely driven by the arrival of Mainland tourists. Mainland also registered a 17.3% RSV growth during the year, led by the progressive ramp-up of our stores opened over the past two to four years, the strength in gold products as well as high festive demand.

Robust domestic demand and the rise of the middle class continued to support economic recovery across Southeast Asia, while the resurgence of tourist arrivals from the Mainland further bolstered the region's retail recovery. The increase in tourism and strong local demand resulted in robust RSV growth of 118.9% in other markets, especially for Singapore, Malaysia, Canada and duty-free shops in Hainan, China.

In Hong Kong and Macau, the sustained recovery of inbound tourism continued to support our business momentum, registering Same Store Sales ("SSS") growth of 42.4% in FY2024. SSS in Hong Kong grew 40.0% during the financial year while that in Macau surged 50.9%. In the Mainland, SSS was up 1.8% in FY2024. Separately, sales of franchised Point of Sales ("POS") calculated on same store basis grew 7.4% during the year.

Product Optimisation amid Heightened Appreciation for Chinese Gold Jewellery

Despite the dynamic market conditions, we continued to witness resilient jewellery consumption during festive and holiday periods throughout FY2024. With a focus on product optimisation, our brand new

designs of dragon-themed gold jewellery and ornaments, such as the Dragon of HUÁ Collection and "Dragon of Fortune" Collection catered to festive demand and were well-received by the market. Our signature gold jewellery HUÁ Collection, which blends traditional craftsmanship with modern designs, continued to receive positive responses from consumers, and its RSV grew approximately 20% in FY2024.

Effective POS Network Management in Alignment with Prudent Capital Management Strategy

The Group's capital management strategy to maximise capital efficiency is aligned with overall POS management strategy. Our current priorities are to maximise overall financial health of our POS portfolio with a focus on store productivity and profitability. We continuously optimise existing retail network strategically through a combination of selective store openings and closures to enhance operational efficiency and profitability.

As at 31 March 2024, there were a total of 7,403 CHOW TAI FOOK JEWELLERY POS in the Mainland, a net opening of 143 stores during the year. As over 50% of our total stores in the Mainland were opened in the last two to four years, we expect the progressive ramp-up and maturity of these stores to boost our RSV and profitability in the medium term. In Hong Kong and Macau, we opened a net of 2 POS during the year. In other markets, we opened 8 POS, including four duty-free shops in the Mainland, one store in Canada and three stores in key Southeast Asian markets to capitalise the emerging opportunities from retail demand in these markets.

Sustaining Growth Trajectory through Progressive Brand Transformation

Chow Tai Fook Jewellery's 95th anniversary is a momentous milestone where we leverage our brand legacy to embark on a transformation journey this April. Executing against the five strategic priorities which detailed our progression roadmap, we aim to elevate our brand image and strive to enhance customer experiences. This empowers us to resonate with consumers in a stronger way.

We refreshed our brand image by unveiling a series of new consumer-facing logos that reflect the brand's rich legacy in a modern and dynamic fashion. New group and brand websites were launched to enhance customer experience. Our new store in Central, Hong Kong with a refreshed image, will also be launched in the third quarter of 2024.

We also unveiled the CTF Rouge Collection, which is inspired by the passionate hues of red and the auspicious symbol of good fortune "福". The Collection is a clear embodiment of Chinese culture, our innovation and craftsmanship and with timeless designs featuring natural diamonds, pearl, enamel and gold. A 360-degree global marketing campaign, involving omni-channel tactics, was activated to promote the signature CTF Rouge Collection, and it received a very positive market response.

The appointment of Mr. Nicholas Lieou as Creative Director, High Jewellery who leads the creation of modernised high jewellery, also exemplifies our focus on bringing calibre of creative and business talent into the Group to help differentiate our brand and product offerings that translate into long-term competitiveness and revenue resilience.

Business Outlook

In light of the dynamic and uncertain market conditions, we stay cautiously optimistic for FY2025 and remain confident in the mid- to long- term growth prospects of the Mainland jewellery market and economy, with supportive government policies prioritising economic stabilisation and reviving domestic consumption. We are encouraged by the steady ramp-up and maturity of our performing franchised

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POS, together with the positive momentum and new perspective brought by our brand transformation, which will continue to support our sales and core operating profit.

We shall continue to enhance store productivity and maintain our disciplined cost management to ensure margin resilience in reaching a higher value growth. Meanwhile, we will also stay vigilant in calibrating our financial and operational resources effectively, a strategy that has been successful in navigating through the challenging operating landscape.

As we embark on our mid-term transformation journey towards the 100th anniversary, the Group's commitment remains unwavering in uplifting brand desirability and broadening business horizons, while staying focused in executing the five strategic priorities to strengthen long-term competitiveness and industry leadership, supporting us to deliver sustainable growth to our stakeholders.

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Photo Caption



Chow Tai Fook Jewellery Group announces FY2024 annual results

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 celebrates its 95th anniversary this year and forges ahead into a new chapter of success, guided by a vision: "To be the leading global jewellery brand that is a trusted lifetime partner for every generation".

Founded in 1929, the Group's iconic brand "CHOW TAI FOOK" has become an emblem of tradition, celebrated for its bold designs and an unwavering attention to detail. Building upon a rich heritage and a foundation of trust, the Group is not only widely recognised for honouring traditions but also for fostering deep, meaningful connections with a diverse customer base through its products. The Group's long-standing commitment to innovation and craftsmanship has been integral to its success over time and has become synonymous with excellence, value and authenticity.

As a leading Chinese jeweller, the Group believes in blending contemporary cutting-edge designs with traditional techniques to create jewellery that can be passed down from generation to generation. Every collection is thoughtfully conceived and crafted to reflect the stories of our customers, celebrating the special moments in their lives. Committed to growing alongside our customers, the Group embraces a spirit that aspires to inspire and captivate generations to come, weaving the story of CHOW TAI FOOK into the fabric of their lives.

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 is committed to delivering sustainable long-term value creation for its stakeholders by enhancing the quality of earnings and driving higher value growth. With an extensive retail network of nearly 8,000 stores across China as well as multiple locations globally, and a growing e-commerce business, the Group is implementing targeted online-to-offline ("O2O") strategies to strengthen its competitiveness in today's omni-channel retail environment.

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