

CHOW TAI FOOK JEWELLERY GROUP LIMITED

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

FOR IMMEDIATE RELEASE

Chow Tai Fook Jewellery Group Updates 2QFY2025 Operational Performance

Results Highlights

- The Group celebrated the opening of our first new concept store in Central, Hong Kong in September. The revitalised retail presence and elevated customer experience marks a significant milestone for the Group as it continues to deliver on the multi-year brand transformation.
- Our product optimisation, with differentiated offerings that blends innovative design and exquisite craftsmanship, continued to receive positive customer feedback. Our signature CTF Rouge Collection generated over HK\$1 billion in sales since its debut in April.
- Fixed-price gold products with exquisite design and quality craftsmanship continued to be well-received by customers, sustaining a strong momentum. During the Second Quarter, its Retail Sales Value ("RSV") grew by over 100% in Mainland China (the "Mainland"), while its sales contribution within the gold jewellery and products category rose to 12.8% compared to 5.0% in the same period last year, supporting margin resilience.
- Despite the continued industry-wide headwinds in the Quarter, the Group was encouraged by a narrowing in the Same Store Sales ("SSS") decline in the Mainland, while the decline in Hong Kong and Macau was similar to that of the previous quarter.
- The current observations of the trajectory and market conditions, including the continued narrowing SSS decline in the Mainland during the recent Golden Week holidays, gave the Group greater comfort in the sales outlook and fundamentals for the second half of FY2025.
- The Group stays confident in the long-term growth prospects of the industry, supported by Central Government's favourable policies announced since September which are expected to stimulate economic growth in the Mainland.

KEY OPERATIONAL DATA

For the three months ended 30 September 2024

| | (% change compared to the same period last year) | |
|--|--|--|
| | Group | |
| Retail Sales Value ⁽¹⁾ growth | -21.0% | |
| | Mainland China | Hong Kong & Macau of China and other markets |
| RSV growth | -19.4% | -31.0% |
| Contribution to Group RSV | 87.8% | 12.2% |
| | Mainland China | Hong Kong & Macau of China |
| Same Store Sales ⁽²⁾ growth | -24.3% | -30.8% |
| SSS volume growth | -33.3% | -36.1% |
| SSSG by product | | |
| — Gem-set, Platinum and K-gold jewellery | -27.6% | -16.6% |
| — Gold jewellery and products | -24.7% | -36.3% |

(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 Second Quarter is the RSV from the self-operated POS of CHOW TAI FOOK JEWELLERY existing as at 30 September 2024 and which have been opened prior to 1 April 2023. RSV from franchised POS and other channels are not included.

(Hong Kong, China, 22 October 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 30 September 2024 (the "Second Quarter", or the "Quarter" or "2QFY2025").

Brand Transformation on Track, Product Optimisation Efforts Gain Traction

During the Quarter, the Group unveiled a new concept store in Central, Hong Kong. Embracing a gallery-like aesthetic to showcase jewellery collections while allowing customers to fully immerse themselves in the contemporary allure of Chinese heritage and design, this revitalised retail presence and elevated customer experience marks a significant milestone for the Group as it continues to deliver on the multi-year brand transformation.

The Group continued to execute pricing optimisation and product offerings with diverse value propositions to meet customer preferences. Within the gold jewellery and products category, RSV of fixed-price products grew by over 100% in Mainland, while product mix rose to 12.8% in this Quarter compared to 5.0% in the same period last year, supporting margin resilience.

One of our key fixed-price collections, the signature CTF Rouge Collection, recorded over HK\$1 billion in sales since its debut in April.

We also released the Chow Tai Fook Palace Museum Collection in August, following the strategic partnership with the Beijing Palace Museum last year. This new collection distinctively

showcases Chinese heritage and craftsmanship with culturally resonant pieces for daily wear, reflecting our commitment to innovation and differentiation in our product offerings.

Despite the high volatility in gold price, the Same Store Average Selling Price ("ASP") of the gold jewellery and products category remained resilient during the Quarter. In the Mainland, its ASP increased to HK\$6,400 (2QFY2024: HK\$5,600). In Hong Kong and Macau, its ASP expanded to HK\$9,400 (2QFY2024: HK\$8,800).

Despite the discretionary nature of gem-set jewellery consumption, Same Store Sales ("SSS") decline narrowed in the Mainland, as well as in Hong Kong and Macau. ASP of gem-set jewellery increased to HK\$9,200 (2QFY2024: HK\$8,200) in the Mainland, while that of Hong Kong and Macau was HK\$15,400 (2QFY2024: HK\$17,000).

SSS Decline Narrowed Sequentially in 2QFY2025

During 2QFY2025, despite the continued industry-wide headwinds and record gold prices, the Group was encouraged by a narrowing in the SSS decline in the Mainland, while the decline in Hong Kong and Macau was similar to that of the previous quarter.

In the Mainland, SSS of self-operated stores and franchised stores declined by 24.3% and 20.3% year-on-year respectively during the Quarter. In Hong Kong and Macau, the market was impacted by the local outbound travel in summer and the change in spending patterns and preferences among Mainland tourists. SSS decreased by 30.8% year-on-year. SSS declined by 27.8% for Hong Kong while Macau was down by 40.2%.

Store Net Closure Expected to Moderate in the Second Half of FY2025

In regard to retail network management, the Group's current priorities are to maximise the overall financial health of the retail network, with a focus on store productivity and profitability to sustain our market leadership. During the Quarter, the Group continued to optimise the retail network and net closed 145 CHOW TAI FOOK JEWELLERY stores in the Mainland.

It is worth noting that, based on our current observations of the trajectory and market conditions, we expect the net store closures to moderate in the second half of FY2025 from the existing level and that net store closures in 2HFY2025 will be lower than 1HFY2025. We will continue to stay agile and optimise our store network, which includes strategically opening new stores on a selective basis, in promising locations. The objective is to ensure continued growth on a collective basis to maintain and grow our market share.

In September, the Group announced the appointment of General Manager, International, to lead the Group's expansion of its retail network in popular travel retail markets. This newly created role underscores our commitment to deepening our footprint in core international growth markets and amplifying the brand's visibility globally. We look to strategically expand our presence in popular tourist destinations and areas with a significant population that understands and appreciates Chinese culture.

Continued Confidence in the Long-Term Growth Prospect of the Jewellery Market

The Group remains confident in the long-term growth prospects of the industry, supported by Central Government's favourable policies announced since September which are expected to stimulate economic growth in the Mainland.

The current observations of the trajectory and market conditions, including the continued narrowing SSS decline in the Mainland during the recent Golden Week holidays, encouraged the Group's sales outlook and fundamentals for the second half of FY2025.

Under the current macro-economic externalities and volatility, we shall vigilantly monitor market dynamics and consumption trends to inform our growth strategy and prioritise our resources in strengthening business resilience and competitiveness. We continue to adopt a bottom-up approach to effectively navigate ahead and lead our business forward.

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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 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 exquisite jewellery. 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 around 7,500 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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