

# 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

## The Group Stresses the Dual-Force Strategy to Drive Business Growth through Retail Expansion and Smart Retail

(Hong Kong, China, 28 September 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 reiterated its five-year plan to FY2025 at its first-ever Virtual Media Day. The Group is stepping up its ongoing efforts and embarking on its Dual-Force Strategy, which sets out two major growth drivers - retail expansion and smart retail, tapping into the tremendous opportunities arising from the economic recovery. We will continue our retail expansion in Mainland China to get closer to customers and continue to strengthen product offerings to cater to their needs. At the same time, through smart retail applications and smart manufacturing, we continue to enhance the automation level of our supply chain and optimise our digital platforms, allowing our customers to get their desired jewellery products at their convenience.

**Mr. Kent Wong, Managing Director of Chow Tai Fook Jewellery Group**, said “In 2018, we have executed our three-year ‘Smart+ 2020’ strategic framework which solidified our business foundation by developing innovative technology, differentiation strategy and enhancing supply chain capabilities. We are well poised for accelerated retail expansion and omni-channel integration with our Dual-Force Strategy. This new strategy helps us move towards our four long-term goals steadily, which include market share expansion, operational efficiency improvement through digital transformation, be a tech-savvy jewellery company, and develop a comprehensive jewellery ecosystem.”

### Mainland China Market

Capitalising on the increasing domestic demand in the Mainland China and the growing smart retail market size, our Dual-Force Strategy has started to bear fruit. Against the backdrop of the National 14<sup>th</sup> Five-year Plan and the “dual circulation” strategy, it is expected a rise in disposable income of residents in Mainland China will help promote consumption upgrade, unleashing huge spending potential in lower tier and county level cities. In the years ahead, we will penetrate further into the market by leveraging our franchisees’ local knowledge and access. The Group aims to have more than 7,000 POS by FY2025. As at 30 June 2021, the Group had 4,850 POS in total.

**Mr. Chan Sai-Cheong, Managing Director of Chow Tai Fook Jewellery Group**, said “It is encouraging to see that the Mainland China market has regained momentum in the past year. With the ‘dual circulation’ strategy, we believe that the jewellery industry can share the fruits of economic prosperity. Leveraging our strong brand equity, competitive edge in various channels and product design capabilities, we have geared up to continue our steadfast penetration into the lower tier cities to bring in new customers and drive business growth.”

Furthermore, the rapid development of new retail in the Mainland China and the rising demand for customised products have opened up great business potentials. We have created more customer touchpoints through smart retail applications. For instance, by leveraging private traffic,

CloudSales 365 has reached more than 5 million customers. The application is now integrated with the customer relationship management system to empower our sales associates to access real-time information which enable them to provide customers with personalised and warm shopping experience. Furthermore, on D-ONE, our digital jewellery customisation platform, most of the customised products can be ready in one day and delivered within three days to cater to the customer demand for customised products and exclusive experiences. These smart retail applications not only allow us to connect to our customers better, but also enhance conversion rates and improve operational efficiency.

The contribution from smart retail to Retail Sales Value (“RSV”) of our Mainland China operation is expected to increase to 12% by FY2025 from 9.5% as at 30 June 2021. In addition, the Group has been pioneering in smart manufacturing by adopting the Industry 4.0 framework to transform conventional manufacturing model into Consumer to Manufactory (“C2M”). We expect that 50% of annual production will be completed through smart manufacturing and automation by FY2025, resulting in a 30% increase in productivity annually.

### **Hong Kong, China, Macau, China and Other Markets**

Amid an easing pandemic situation, our business in Hong Kong and Macau regions are expected to become more stable. We are dedicated to implementing various initiatives, including continuous product differentiation and enhancing customer experience through upgrading our store ambience to attract local consumers. For other markets, the Group will seize business opportunities arising from the Regional Comprehensive Economic Partnership (RCEP) and focus on countries with a higher domestic consumption, such as Kuala Lumpur, Malaysia and Cebu, Philippines, in which new stores will be opened. We shall closely monitor the latest policies and developments of duty-free shopping in travel retail regions to assess our expansion strategy from time to time.

### **Future Prospects**

Notwithstanding a challenging operating environment and uncertainties ahead, the Group will sail through and surpass with its everlasting innovative spirit that the Group has built over the years. "Chow Tai Fook's 92 years of proud history has strengthened our courage to innovate. By taking a step ahead, we aim to bring more bliss and happiness to the world. Technology is the key to promote sustainable development of the jewellery industry. Innovation is embedded in Chow Tai Fook's DNA. Through smart tools and manufacturing, we will reshape the jewellery shopping experience and lead to the betterment of the industry." said **Dr. Adrian Cheng, Executive Director of Chow Tai Fook Jewellery Group.**

**Photo Caption**



Managing Director **Kent Wong** (Left 3), Managing Director **Chan Sai-Cheong** (Right 3), Executive Director, Finance and Information **Hamilton Cheng** (Left 2), Executive Director **Peter Suen** (Left 1), Executive Director **Bobby Liu** (Right 2) and Director of Investor Relations and Corporate Communications **Danita On** (Right 1) attend the first-ever Virtual Media Day of the Group

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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 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.

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