

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 1QFY2025 Operational Performance

Results Highlights

- Fixed price gold products that showcase exquisite design and craftsmanship have been highly appreciated by customers, with such Retail Sales Value ("RSV") growing by over 100% year-on-year in Mainland China. Its mix in gold product RSV increased significantly, to approximately 16% this Quarter, compared to around 6% in the same period last year.
- The Group also sustained gross margin improvement this Quarter with the realisation of gold price appreciation benefits upon sales of gold inventories.
- On track with brand transformation journey to elevate brand desirability, reinforce leading brand positioning and deliver higher value growth. Newly launched signature CTF Rouge Collection received encouraging market reception since its launch in April.
- The Group will continue to execute disciplined cost management and prudent capital management to ensure resilience in profitability and cash flow amidst challenging market conditions.
- The Group continues to leverage on the positive momentum from the five strategic priorities, which include brand transformation, product optimisation, accelerated digitalisation, operational efficiency and talent cultivation, to reinforce market leadership and identify business opportunities in existing and new markets.

KEY OPERATIONAL DATA

For the three months ended 30 June 2024

	(% change compared to the same period last year)	
	Group	
Retail Sales Value ⁽¹⁾ growth	-20.0%	
	Mainland China	Hong Kong & Macau of China and other markets
RSV growth	-18.6%	-28.8%
Contribution to Group RSV	87.8%	12.2%
	Mainland China	Hong Kong & Macau of China
Same Store Sales ⁽²⁾ growth	-26.4%	-30.8%
SSS volume growth	-36.5%	-36.1%
SSSG by product		
— Gem-set, Platinum and K-gold jewellery	-31.7%	-31.3%
— Gold jewellery and products	-27.9%	-33.0%

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

(Hong Kong, China, 23 July 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 June 2024 (the "First Quarter", or the "Quarter" or "1QFY2025").

1QFY2025 Impacted by Macro Externalities

Macro challenges continued to impact consumers' spending alongside gold price volatility at high levels. In Mainland China ("the Mainland"), Same Store Sales ("SSS") of self-operated stores and franchised stores declined by 26.4% and 19.1% respectively year-on-year during the Quarter, due to near-term slowdown in demand which is an industry-wide phenomenon.

In Hong Kong and Macau, business during the Quarter was impacted by the slowdown in jewellery consumption amid the elevated gold price, local outbound travelling and Mainland tourists' evolving change in spending pattern and preference. SSS in Hong Kong and Macau decreased by 30.8% year-on-year. SSS declined by 27.4% for Hong Kong while Macau was down by 41.3%.

It was encouraging to observe e-commerce RSV increase 2.4% during the Quarter. It contributed to 5.8% of Mainland RSV during the Quarter, or 13.8% by volume. The Group will continue to enhance digital customer engagement and marketing on social media and stay agile in product planning when targeting online consumers to suit their spending patterns.

Improved Gold Product Mix and Steady Growth of ASP across All Product Categories

The Group observed positive results from the effective mitigation of industry-wide business challenges with a focus on pricing strategy from weight-based to fixed pricing. Fixed price gold products, which feature a modern and exquisite design aesthetic coupled with meticulous craftsmanship, have been highly appreciated by customers. As a result, fixed price mix in gold product RSV in the Mainland increased significantly to approximately 16% this Quarter, compared to around 6% in the same period last year, with its RSV growing by over 100% year-on-year. This partially offset the near-term slowdown in gold demand due to elevated gold prices and validates the Group's approach towards higher value growth and focus on earnings quality.

It was highly encouraging to witness the positive impact and receptiveness of the brand transformation with the newly launched signature CTF Rouge Collection since its launch in April. This is one of our key fixed price collections.

The Same Store Average Selling Price ("ASP") of gold jewellery and products category stayed resilient during the Quarter. In the Mainland, ASP ascended to HK\$6,200 (1QFY2024: HK\$5,400). In Hong Kong and Macau, its ASP rose to HK\$8,900 (1QFY2024: HK\$8,400).

Consumption of gem-set jewellery is more discretionary in nature and hence, more muted under current market conditions. ASP of gem-set jewellery increased to HK\$8,600 (1QFY2024: HK\$7,800) in the Mainland, while that of Hong Kong and Macau was HK\$16,400 (1QFY2024: HK\$16,700).

Optimising Retail Network Management for Long-Term Positive Impact

In regard to the Group's retail network management, current priorities are to maximise overall financial health of the point-of-sales ("POS") portfolio, with a focus on store productivity and profitability to sustain market leadership. During the Quarter, the Group optimised its retail network and net closed 91 CHOW TAI FOOK JEWELLERY POS in Mainland China.

Over half of the Group's total stores in the Mainland were opened in the last 2-4 years. The Group is confident that the gradual maturity of these stores, together with ongoing network optimisation plans, will generate an uplift to topline and operating leverage, boosting overall profitability.

Business Outlook

The Group is on track with its brand transformation journey to elevate brand desirability, reinforce its leading brand positioning and deliver higher value growth. The Group also continues to execute disciplined cost management and prudent capital management.

The Group shall also stay nimble and prepared with financial and operational resources, and pay close attention to consumers' spending to calibrate the overall growth strategy accordingly. The Group will also continue to diligently execute its five strategic priorities, which include brand transformation, product optimisation, accelerated digitalisation, operational efficiency

and talent cultivation, to reinforce market leadership and identify business opportunities in existing and new markets.

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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 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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