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CHOW TAI FOOK JEWELLERY GROUP LIMITED

周 大 福 珠 寶 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1929

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2019

- Revenue delivered a solid growth of 12.7% year-on-year fuelled by POS openings and strong performance of gold products
- Same Store Sales[1] ("SSS") in Mainland China and Hong Kong and Macau registered an increase of 3.4% and 8.7%, respectively
- Core operating profit[2] surged by 24.4% thanks to an increase in adjusted gross profit margin and the benefit of operating leverage
- Retail network expanded to 3,134 POS as at 31 March 2019, with a net addition of 549 POS in FY2019
- The Group's relentless and diligent execution of "Smart+ 2020" strategic framework enabled us to deliver a seamless and compelling customer experience

FINANCIAL HIGHLIGHTS

For the year ended 31 March	**2019** *HK$ million*	2018 *HK$ million*	YoY change
Revenue	**66,661**	59,156	+12.7%
Gross profit	**18,602**	16,213	+14.7%
Gross profit margin	***27.9%***	*27.4%*	
Adjusted gross profit margin[3]	***27.9%***	*27.2%*	
Core operating profit[2]	**6,972**	5,606	+24.4%
Core operating profit margin[2]	***10.5%***	*9.5%*	
Profit attributable to shareholders of the Company	**4,577**	4,095	+11.8%
Earnings per share — Basic (HK$)	**0.46**	0.41	+11.8%
Dividend per share[4] (HK$)	**0.65**	0.57	
Full year dividend (HK$)	***0.35***	*0.27*	
Special dividend (HK$)	***0.30***	*0.30*	

(1) "Same Store Sales" for FY2019 is the revenue from the self-operated points of sale ("POS") existing as at 31 March 2019 and which have been opened prior to 1 April 2017, measured at constant exchange rates. Revenue from wholesale and other channels are excluded

(2) Core operating profit and the corresponding margin, a non-IFRS measure, being the aggregate of gross profit and other income, less selling and distribution costs and general and administrative expenses and 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 core businesses

(3) 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

(4) The proposed final and special dividends of HK$0.20 and HK$0.30 per share are subject to the approval of shareholders at the forthcoming annual general meeting. Dividend payout ratio for FY2019, excluding special dividend, is approximately 76.5% on a full year basis

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

The board of directors (the "Board" or "Directors") of Chow Tai Fook Jewellery Group Limited (the "Company", "we" or "Chow Tai Fook") is pleased to announce the audited annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2019 ("FY2019"), together with comparative figures for the year ended 31 March 2018 ("FY2018") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	**2019** ***HK$ million***	2018 *HK$ million*
Revenue	*2*	**66,660.9**	59,156.4
Cost of goods sold		**(48,059.1)**	(42,943.0)
Gross profit		**18,601.8**	16,213.4
Other income		**395.8**	407.9
Selling and distribution costs		**(9,037.8)**	(8,238.7)
General and administrative expenses		**(2,986.7)**	(2,681.6)
Other gains and losses		**(276.2)**	342.4
Other expenses		**(57.3)**	(48.1)
Interest income		**82.7**	80.3
Finance costs		**(370.3)**	(243.7)
Profit before taxation	*3*	**6,352.0**	5,831.9
Taxation	*4*	**(1,668.0)**	(1,628.6)
Profit for the year		**4,684.0**	4,203.3

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)
For the year ended 31 March 2019

	Note	**2019** **HK$ million**	2018 HK$ million
Other comprehensive (expense)/income			
Item that will not be reclassified to profit or loss:			
— remeasurement of defined benefit scheme		**(7.5)**	(5.4)
Items that may be reclassified subsequently to profit or loss:			
— exchange differences arising on translation of foreign operations		**(1,288.1)**	1,814.9
Other comprehensive (expense)/income for the year		**(1,295.6)**	1,809.5
Total comprehensive income for the year		**3,388.4**	6,012.8
Profit for the year attributable to:			
Shareholders of the Company		**4,576.8**	4,094.9
Non-controlling interests		**107.2**	108.4
		4,684.0	4,203.3
Total comprehensive income for the year attributable to:			
Shareholders of the Company		**3,327.3**	5,834.8
Non-controlling interests		**61.1**	178.0
		3,388.4	6,012.8
Earnings per share — Basic and Diluted	*5*	**HK45.8 cents**	HK40.9 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Notes	**2019** **HK$ million**	2018 HK$ million
Non-current assets			
Property, plant and equipment		**5,488.0**	5,340.7
Land use rights		**177.2**	189.8
Investment properties		**219.2**	233.5
Goodwill		**257.8**	257.8
Other intangible assets		**253.7**	306.4
Jewellery collectibles		**1,520.1**	1,520.1
Deposits paid for acquisition of property, plant and equipment		**38.7**	27.6
Financial assets at fair value through profit or loss		**11.2**	–
Investments in associates		**–**	–
Amounts due from associates		**54.7**	62.2
Loan receivables		**18.7**	26.9
Deferred tax assets		**420.1**	293.1
		8,459.4	8,258.1
Current assets			
Inventories	*7*	**39,486.1**	34,929.4
Trade and other receivables	*8*	**6,638.7**	6,410.0
Loan receivables		**12.3**	28.4
Cash and cash equivalents		**7,640.6**	7,944.0
		53,777.7	49,311.8
Current liabilities			
Trade and other payables	*9*	**10,684.3**	8,358.6
Amounts due to non-controlling shareholders of subsidiaries		**136.7**	100.5
Taxation payable		**1,178.4**	1,101.5
Bank borrowings		**7,460.0**	5,823.0
Gold loans		**8,011.5**	5,335.4
		27,470.9	20,719.0
Net current assets		**26,306.8**	28,592.8
Total assets less current liabilities		**34,766.2**	36,850.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
At 31 March 2019

	2019 HK$ million	2018 HK$ million
Non-current liabilities		
Bank borrowings	**2,596.7**	2,100.0
Retirement benefit obligations	**238.8**	232.2
Deferred tax liabilities	**456.4**	421.1
Other liabilities	**71.3**	–
	3,363.2	2,753.3
Net assets	**31,403.0**	34,097.6
Share capital	**10,000.0**	10,000.0
Reserves	**20,750.7**	23,423.4
Equity attributable to shareholders of the Company	**30,750.7**	33,423.4
Non-controlling interests	**652.3**	674.2
	31,403.0	34,097.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

1. BASIS OF PREPARATION

New and amended standards adopted by the Group

The Group has adopted the following standards and amendments that are first effective for their annual reporting period commencing 1 April 2018:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRIC 22	Foreign currency transactions and advance consideration
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IFRS 15	Clarifications to IFRS 15
Amendments to IAS 40	Transfer to Investment Property
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014–2016 Cycle

Except as described below, the application of other new and amended IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

IFRS 9 Financial instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 April 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated.

The Group has reviewed its financial assets and liabilities and there is no significant impact on the classification, measurement and derecognition. Since the Group does not have any hedge relationships currently, the application of IFRS 9 does not have any impact on the Group's consolidated financial statements.

Gold loans to be repaid by cash are designated as financial liabilities at fair value through profit or loss. Gains or losses on financial liabilities designated at fair value through profit or loss are recognised in the consolidated statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the consolidated statement of profit or loss. The net fair value gain or loss recognised in the consolidated statement of profit or loss does not include any interest charged on these financial liabilities.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under IAS 39. At 1 April 2018 and 31 March 2019, the Group assessed the impact of loss allowance under the application of IFRS 9 is immaterial.

1. BASIS OF PREPARATION (Continued)

IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. It replaces IAS 11 "Construction Contracts" which covers construction contracts and IAS 18 "Revenue" which covers contracts for goods and services and the related literature. The adoption of IFRS 15 resulted in changes in accounting policies and adjustments to the amounts of revenue recognised in the consolidated financial statements. The Group adopted a modified retrospective approach for transition in the consolidated financial statements for the year ended 31 March 2019, which allows the Group to recognise the cumulative effects of initially applying IFRS 15 as an adjustment to the opening balance of equity at 1 April 2018, while prior period comparative figures were not restated. The Group chose to apply IFRS 15 for its contracts at 1 April 2018.

Customer loyalty programme

Under the Group's customer loyalty programme, the customers are granted cash coupons or points upon certain purchases, which provides a material right to the customers and gives rise to a separate performance obligation. Prior to adoption of IFRS 15, portion of the transaction price are allocated to such customers right using the fair value of cash coupons or points and recognised as deferred revenue for the cash coupons or points granted but not yet redeemed or expired. Under IFRS 15, portion of the transaction price are allocated to such customers right based on the relative standalone selling price. Revenue is recognised when the additional goods or services are transferred to the customers. Unexercised rights are referred to as breakage. The expected breakage amount should be recognised as revenue in proportion to the pattern of rights exercised by the customers.

The adoption had no material impact on the retained earnings of the Group at 1 April 2018.

Presentation of liabilities related to contracts with customers

Contract liabilities in relation to the customer loyalty programme and receipts in advance were previously included in trade and other payables (HK$181.0 million and HK$1,037.4 million respectively as at 31 March 2019; HK$68.3 million and HK$798.7 million respectively as at 1 April 2018).

2. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable for goods sold and services provided less returns and net of trade discounts.

For the purposes of resource allocation and performance assessment, information reported to the chief operating decision maker (the "CODM"), which comprises executive directors of the Company, mainly focuses on the location of management. Revenue derived from each location of management is further analysed into those from retail and wholesale markets when reviewed by the CODM. The Group's reportable and operating segments for the years ended 31 March 2019 and 2018 included two segments, namely (i) business in the Mainland China and (ii) business in Hong Kong, Macau and other markets.

2. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Analysis of the Group's revenue and results by reportable segment

For the year ended 31 March

	Mainland China		Hong Kong, Macau and other markets		Total	
	2019	2018	**2019**	2018	**2019**	2018
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*
Revenue						
External sales *(note i)*						
— Retail	**30,423.7**	28,096.2	**23,058.3**	20,632.7	**53,482.0**	48,728.9
— Wholesale *(note ii)*	**12,008.3**	8,708.3	**1,170.6**	1,719.2	**13,178.9**	10,427.5
Segment/group revenue	**42,432.0**	36,804.5	**24,228.9**	22,351.9	**66,660.9**	59,156.4
Inter-segment sales *(note iii)*	**–**	25.9	**3,405.3**	3,122.2	**3,405.3**	3,148.1
	42,432.0	36,830.4	**27,634.2**	25,474.1	**70,066.2**	62,304.5
Adjusted gross profit (before elimination)	**12,237.2**	10,574.4	**6,524.0**	5,697.2	**18,761.2**	16,271.6
Inter-segment eliminations	**1.3**	(1.3)	**(161.7)**	(151.5)	**(160.4)**	(152.8)
Adjusted gross profit *(note i)*	**12,238.5**	10,573.1	**6,362.3**	5,545.7	**18,600.8**	16,118.8
Other income	**252.7**	292.7	**143.1**	115.2	**395.8**	407.9
Selling and distribution costs and general and administrative expenses	**(7,486.7)**	(6,598.8)	**(4,537.8)**	(4,321.5)	**(12,024.5)**	(10,920.3)
Core operating profit (segment result)	**5,004.5**	4,267.0	**1,967.6**	1,339.4	**6,972.1**	5,606.4
Unrealised gain on gold					**1.0**	94.6
Others *(note iv)*					**(333.5)**	294.3
Interest income					**82.7**	80.3
Finance costs					**(370.3)**	(243.7)
Profit before taxation					**6,352.0**	5,831.9
Other segment information included in measurement of core operating profit (segment result):						
Concessionaire fees	**1,891.7**	1,872.0	**16.3**	16.4	**1,908.0**	1,888.4
Operating lease payments in respect of rented premises	**353.8**	276.3	**1,204.1**	1,306.1	**1,557.9**	1,582.4
Staff costs	**2,852.4**	2,471.0	**1,769.3**	1,465.2	**4,621.7**	3,936.2
Depreciation and amortisation	**616.5**	530.8	**349.9**	354.3	**966.4**	885.1

Notes:

(i) Included in the external sales and adjusted gross profit, HK$725.2 million (2018: HK$661.9 million) and HK$275.4 million (2018: HK$270.2 million) are generated from Hearts On Fire Company, LLC.

(ii) Wholesale revenue represents revenue from jewellery trading, sales to franchisees and retailers and provision of services to franchisees.

(iii) Inter-segment sales are charged at a price mutually agreed by both parties.

(iv) Others represent other gains and losses and other expenses.

2. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Analysis of the Group's revenue and results by reportable segment (Continued)

Adjusted gross profit represents the gross profit generated from each segment without allocation of unrealised gain on gold. Core operating profit represents the profit generated from each segment without allocation of unrealised gain on gold, other gains and losses, other expenses, interest income and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

(b) Analysis of the Group's assets by reportable segment

As at 31 March

	Mainland China		Hong Kong, Macau and other markets		Total	
	2019	2018	**2019**	2018	**2019**	2018
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*
Property, plant and equipment	**3,769.8**	3,958.4	**1,718.2**	1,382.3	**5,488.0**	5,340.7
Investment properties	**–**	–	**219.2**	233.5	**219.2**	233.5
Jewellery collectibles	**–**	–	**1,520.1**	1,520.1	**1,520.1**	1,520.1
Inventories	**20,838.1**	18,387.8	**18,648.0**	16,541.6	**39,486.1**	34,929.4
Total segment assets	**24,607.9**	22,346.2	**22,105.5**	19,677.5	**46,713.4**	42,023.7
Unallocated:						
Land use rights					**177.2**	189.8
Goodwill and other intangible assets					**511.5**	564.2
Deposits paid for acquisition of property, plant and equipment					**38.7**	27.6
Financial assets at fair value through profit or loss					**11.2**	–
Investments in associates and amounts due from associates					**54.7**	62.2
Loan receivables					**31.0**	55.3
Deferred tax assets					**420.1**	293.1
Trade and other receivables					**6,638.7**	6,410.0
Cash and cash equivalents					**7,640.6**	7,944.0
Total assets					**62,237.1**	57,569.9

Segment liabilities

No liabilities are included in the measures of the Group's segment reporting that are reviewed by the CODM. Accordingly, no segment liabilities are presented.

2. REVENUE AND SEGMENT INFORMATION (Continued)

(c) Analysis of the Group's assets by geographical area

The Group's non-current assets, excluding loan receivables, amounts due from associates, financial assets at fair value through profit or loss and deferred tax assets, by geographical areas are as follows:

As at 31 March	**2019** ***HK$ million***	2018 *HK$ million*
Mainland China	**4,402.4**	4,161.6
Hong Kong, Macau and other markets	**3,552.3**	3,714.3
	7,954.7	7,875.9

(d) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time and over time in the following major product lines:

For the year ended 31 March	**2019** ***HK$ million***	2018 *HK$ million*
At a point in time		
Retail sales of		
— Gem-set jewellery	**12,187.7**	11,659.1
— Gold products	**31,892.3**	28,159.3
— Platinum/karat gold products	**5,756.6**	5,463.2
— Watches	**3,645.4**	3,447.3
	53,482.0	48,728.9
Wholesale to franchisees/retailers	**12,484.2**	9,163.0
Jewellery trading	**494.7**	1,144.1
Over time		
Service income from franchisees	**200.0**	120.4
	66,660.9	59,156.4

No individual customer contributed over 10% of the total revenue of the Group in both years.

3. PROFIT BEFORE TAXATION

	2019 *HK$ million*	2018 *HK$ million*
Profit before taxation has been arrived at after charging/(crediting):		
Directors' remuneration	**92.6**	62.4
Staff's retirement benefits scheme contributions	**613.3**	546.2
Staff costs	**3,915.8**	3,327.6
	4,621.7	3,936.2
Cost of inventories recognised as expenses	**46,723.5**	41,579.9
Concessionaire fees	**1,908.0**	1,888.4
Operating lease rentals in respect of rented premises	**1,557.9**	1,582.4
Depreciation of property, plant and equipment	**885.1**	806.6
Depreciation of investment properties	**14.3**	14.3
Amortisation of land use rights	**14.3**	14.3
Amortisation of other intangible assets	**52.7**	49.9
(Reversal of)/allowance on inventories (included in cost of goods sold)	**(113.5)**	207.7
Allowances for doubtful debts	**27.5**	18.3
Impairment loss of amount due from an associate (included in other expenses)	**5.0**	–
Fair value loss of gold loans (included in cost of goods sold)	**117.2**	35.3
Donations (included in other expenses)	**9.9**	8.3
Auditors' remuneration		
— audit services	**6.6**	8.7
— non-audit services	**5.2**	3.1

4. TAXATION

	2019	2018
	HK$ million	*HK$ million*
The taxation charge comprises:		
Current tax:		
Enterprise Income Tax ("EIT") in Mainland China	**1,035.8**	941.1
Hong Kong Profits Tax	**289.7**	401.2
Macau complementary tax	**60.5**	44.5
Taxation in other jurisdictions	**3.5**	1.1
	1,389.5	1,387.9
Under/(over)provision in prior years:		
EIT in Mainland China	**25.7**	(17.5)
Hong Kong Profits Tax	**111.5**	0.2
Taxation in other jurisdictions	**2.4**	–
	139.6	(17.3)
Deferred tax charge	**114.8**	230.9
Withholding tax*	**24.1**	27.1
	1,668.0	1,628.6

* Withholding tax mainly represents withholding tax on intra-group licence income and interest income from Mainland China subsidiaries.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Enterprise Income Tax Law (the "EIT Law") of the People's Republic of China and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries in Mainland China is 25% for both years.

For certain subsidiaries of the Company in Mainland China, they are entitled to the tax incentives in connection with the development of the western part of Mainland China. The applicable tax rate is 15% for both years.

Macau complementary tax is calculated at the maximum progressive rate of 12% on the estimated assessable profit for both years.

5. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year is based on the consolidated profit attributable to shareholders of the Company for the year and on the number of 10,000,000,000 (2018: 10,000,000,000) shares in issue during the year.

Diluted earnings per share is the same as basic earnings per share as there was no potential ordinary share dilution during both years.

6. DIVIDENDS

	2019		2018	
	HK cents per share	***HK$ million***	*HK cents per share*	*HK$ million*
Dividends paid and recognised as distribution during the year				
For current year:				
— Interim dividends	**15.0**	**1,500.0**	12.0	1,200.0
For prior year:				
— Final dividends	**15.0**	**1,500.0**	10.0	1,000.0
— Special dividends	**30.0**	**3,000.0**	20.0	2,000.0
		6,000.0		4,200.0

Subsequent to the end of the reporting period, a final dividend of HK20.0 cents (2018: HK15.0 cents) per share and a special dividend of HK30.0 cents (2018: HK30.0 cents) per share, totalling HK$5,000.0 million (2018: HK$4,500.0 million) in respect of the year ended 31 March 2019 have been proposed by the directors of the Company and are subject to approval by the shareholders in the forthcoming annual general meeting.

7. INVENTORIES

	2019	2018
	HK$ million	*HK$ million*
Raw materials for:		
Gem-set jewellery	**5,810.6**	5,064.2
Gold products	**1,719.0**	1,187.1
Platinum/karat gold products	**391.6**	308.4
	7,921.2	6,559.7
Finished goods:		
Gem-set jewellery	**15,583.5**	13,114.4
Gold products	**11,706.6**	10,632.2
Platinum/karat gold products	**2,443.7**	2,414.6
Watches	**1,672.2**	2,096.7
	31,406.0	28,257.9
Packing materials	**158.9**	111.8
	39,486.1	34,929.4

8. **TRADE AND OTHER RECEIVABLES**

Included in trade and other receivables are trade receivables of HK$3,883.4 million (2018: HK$3,351.4 million) and the ageing by invoice date is as follows:

	2019	2018
	HK$ million	*HK$ million*
0 to 30 days	**3,128.3**	2,759.3
31 to 90 days	**603.6**	405.4
91 to 180 days	**88.1**	170.1
Over 180 days	**63.4**	16.6
	3,883.4	3,351.4

9. **TRADE AND OTHER PAYABLES**

Included in trade and other payables are trade payables of HK$574.1 million (2018: HK$470.6 million) and the ageing by invoice date is as follows:

	2019	2018
	HK$ million	*HK$ million*
0 to 30 days	**542.0**	440.3
31 to 90 days	**19.2**	12.7
91 to 180 days	**3.8**	7.0
Over 180 days	**9.1**	10.6
	574.1	470.6

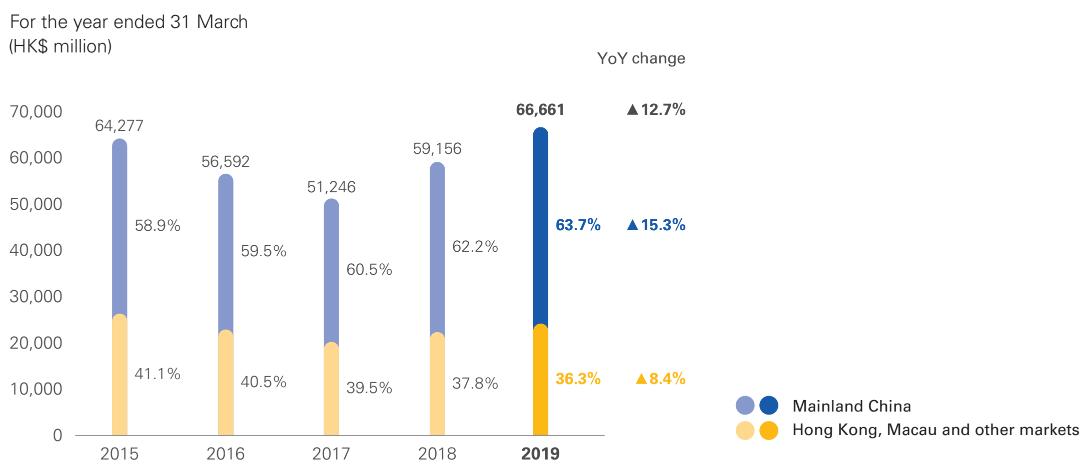
BUSINESS REVIEW

Our operations recorded vibrant growth in revenue and core operating profit during FY2019. All product categories exhibited positive growth during the financial year among which gold products illustrated a relatively stronger performance.

Revenue Breakdown

Group

Revenue by reportable segment



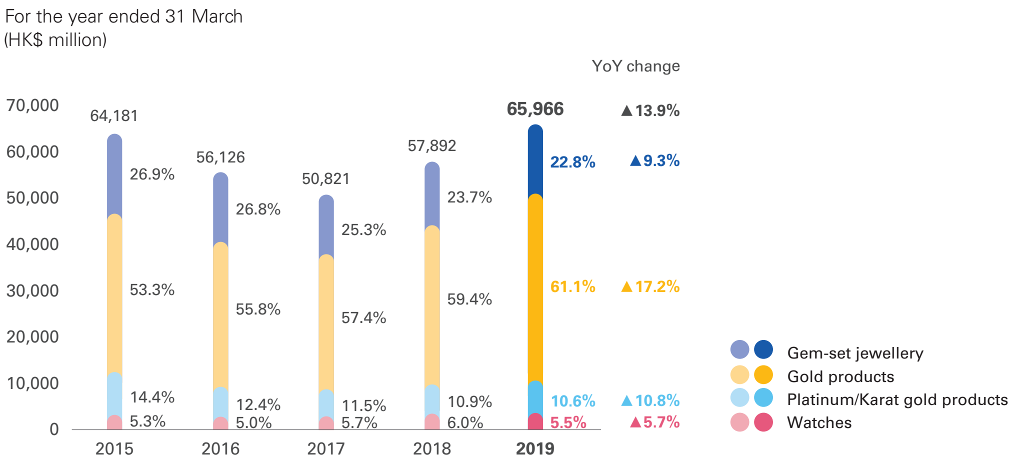
Revenue (HK$ million)	1HFY2018	2HFY2018	1HFY2019	2HFY2019	1HFY YoY change	2HFY YoY change
Mainland China	14,944	21,860	18,022	24,410	▲20.6%	▲11.7%
Hong Kong, Macau and other markets	9,810	12,542	11,681	12,548	▲19.1%	0.0%
Overall	24,754	34,402	29,703	36,958	▲20.0%	▲7.4%

- The Group's revenue grew 12.7% in FY2019, supported by recovery in both Mainland China and Hong Kong, Macau and other markets.

- Revenue from Mainland China climbed 15.3% in FY2019, mainly fuelled by POS openings. Majority of the openings in FY2019 was franchised, echoing the Group's effort to deepen the penetration into the lower tier cities.

- In Hong Kong, Macau and other markets, revenue rose 8.4% year-on-year in FY2019. A strong growth of 19.1% was recorded in 1HFY2019, while the growth subsided to zero in 2HFY2019 as macro uncertainties clouded the consumer sentiment and the effect of high base kicked in.

Revenue by product (excluding jewellery trading and service income from franchisees)

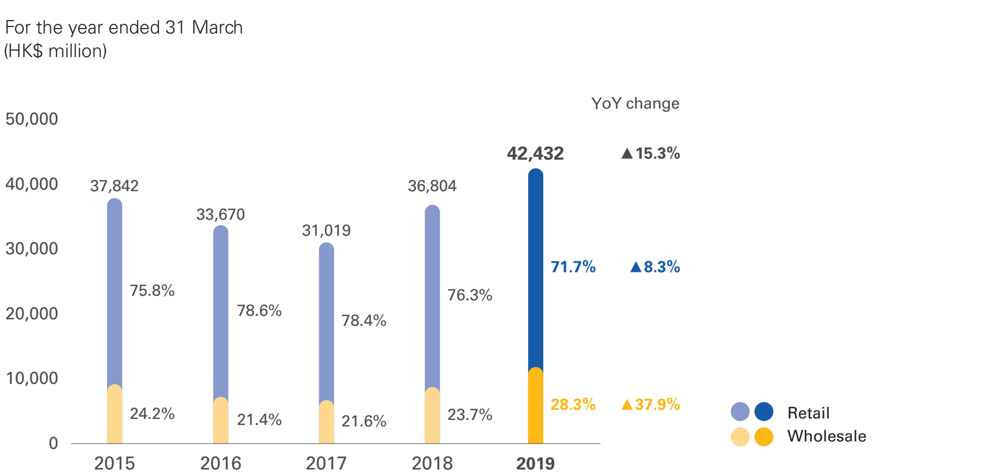


% of Revenue	1HFY2018	2HFY2018	1HFY2019	2HFY2019
Gem-set jewellery	24.2%	23.4%	23.4%	22.2%
Gold products	57.8%	60.5%	60.5%	61.5%
Platinum/Karat gold products	11.3%	10.6%	10.5%	10.7%
Watches	6.7%	5.4%	5.6%	5.5%

- All product categories exhibited positive growth in FY2019, among which gold products demonstrated a relatively stronger performance. As a result, revenue contribution of the gold products increased by 170 basis points to 61.1%.

Mainland China

Revenue by operation model



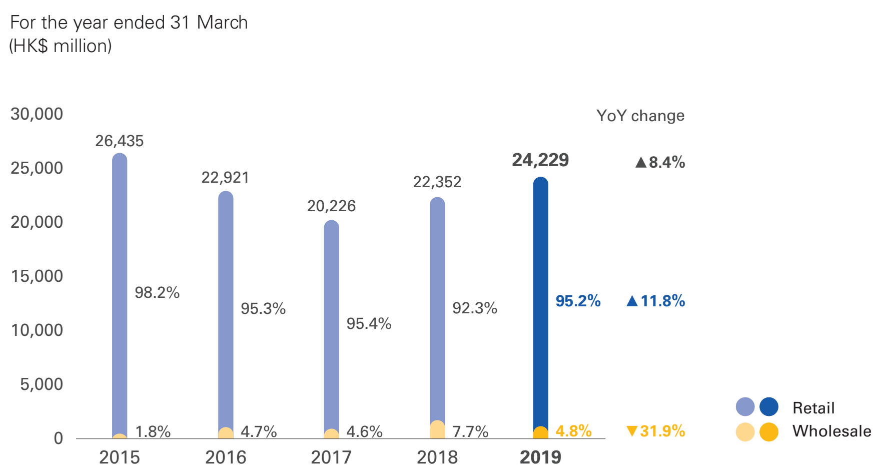
- In Mainland China, our retail revenue represents sales from self-operated POS, e-commerce and other direct channels, while wholesale revenue represents sales to franchisees and provision of services to franchisees.

- Revenue in Mainland China rose 15.3% in FY2019. On a constant exchange rate basis, revenue was up by 16.1% during the financial year.

- Wholesale revenue jumped 37.9% as more franchised POS were opened in FY2019 while we deepened our reach in the lower tier and county level cities. Those franchised POS in county level cities were operated under sell-in model where sales is recognised when products are delivered to our franchisees. For the rest, which making up the majority, are under consignment. We retain inventory ownership until sales transactions are completed with retail consumers, upon which wholesale revenue is recognised.

Hong Kong, Macau and other markets

Revenue by operation model



- In Hong Kong, Macau and other markets, our retail revenue represents sales from self-operated POS, e-commerce and other direct channels, while wholesale revenue represents sales to franchisees, sales to retailers and sales from jewellery trading.

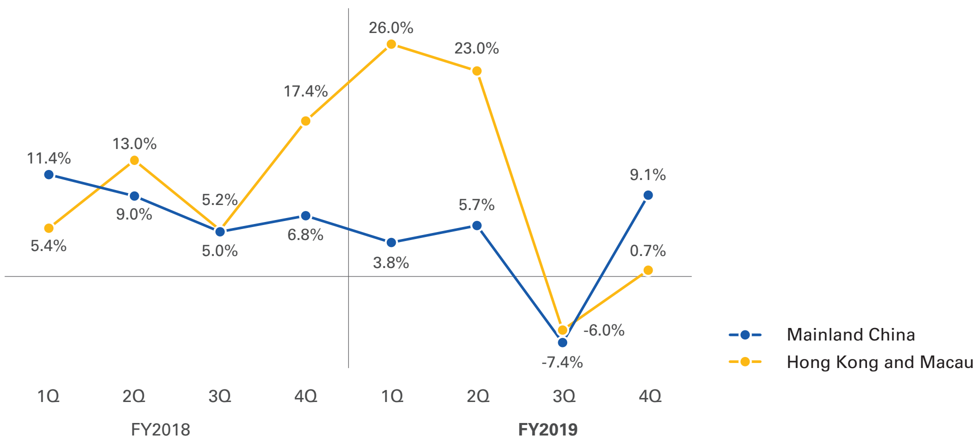
- Retail revenue expanded by 11.8% year-on-year in FY2019 thanks to a healthy SSSG as market recovered.

- Wholesale revenue, on the other hand, dropped by 31.9% year-on-year due to a reduced sales in jewellery trading which led to a decline in revenue contribution by 290 basis points in FY2019.

SSSG

Group

SSSG by major market



	FY2018 SSSG	FY2019 SSSG	FY2019 SSS volume growth
Mainland China	▲8.0%	**▲3.4%**	**▼3.3%**
Hong Kong and Macau	▲10.2%	**▲8.7%**	**▲1.3%**

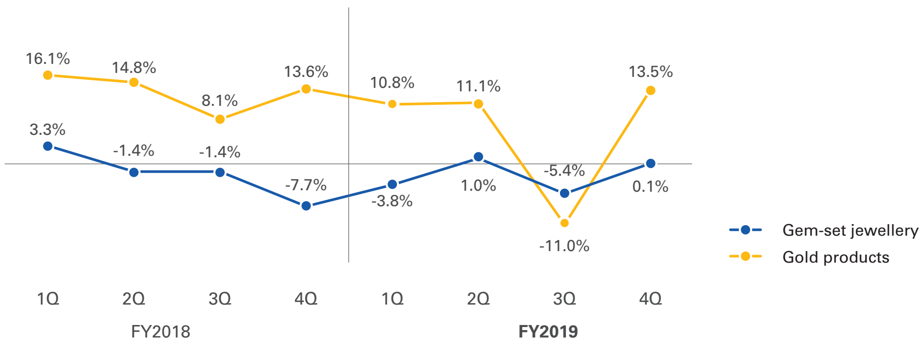
- The recovery track of SSSG in both Mainland China and Hong Kong and Macau, commenced since 2HFY2017, extended into 1HFY2019. Yet, a weaker performance amongst both markets was seen during 2HFY2019 against volatile macro backdrop. With a tougher comparison base, the momentum of Hong Kong and Macau was softer than that of Mainland China.

- SSS in Mainland China went up by 3.4% in FY2019, mainly driven by ASP increase. SSS volume growth remained muted as customer traffic may have been diverted to online channels. Including our e-commerce business, Mainland China SSS volume decline narrowed to 2.4% and SSSG would be 3.0%.

- Hong Kong and Macau delivered a SSSG of 8.7% in FY2019, backed by both ASP and volume growth.

Mainland China

SSSG of major products



	FY2019 SSSG	SSS volume growth	Same Store ASP	FY2018 Same Store ASP[1]
Gem-set jewellery	▼1.4%	▼1.6%	HK$6,700	HK$6,600
Gold products	▲6.2%	▼6.2%	HK$4,400	HK$3,900
Platinum/Karat gold products	▼0.8%	▲2.3%	HK$1,700	HK$1,700
Watches	▲4.7%	▼6.6%	HK$16,300	HK$14,600
Overall	▲3.4%	▼3.3%		

(1) Same Store ASP on FY2019 Same Store basis

- In Mainland China, SSSG was generally supported by gold products which delivered a growth of 6.2% in FY2019.

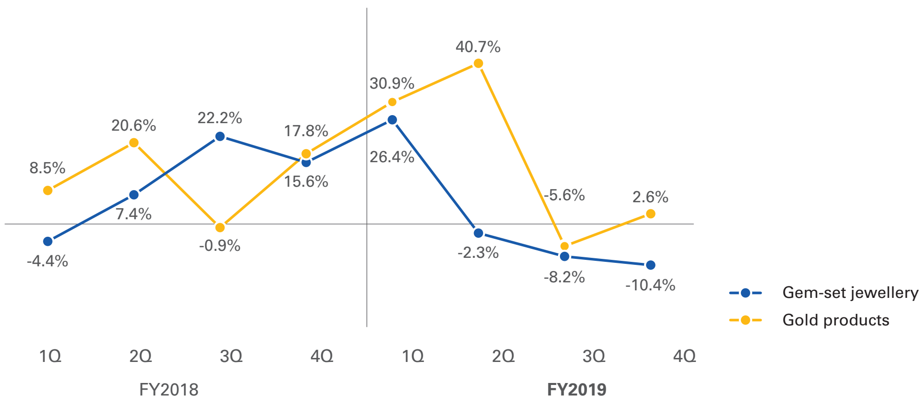
- Gold products ASP was lifted by 13.2% largely due to an increase in the average weight per gold product sold during the financial year. The success of CTF • HUÁ Collection also played its part. The average international gold price depreciated by 1.8% year-on-year during the year.

- Gem-set jewellery SSS declined marginally by 1.4% in FY2019. Yet, its respective RSV grew healthily by 7.7%. Same Store ASP of gem-set jewellery increased slightly to HK$6,700.

- SSSG of watches also remained resilient at 4.7% as ASP improved to HK$16,300 in FY2019.

Hong Kong and Macau

SSSG of major products



	FY2019 SSSG	FY2019 SSS volume growth	FY2019 Same Store ASP	FY2018 Same Store ASP(1)
Gem-set jewellery	▼0.8%	▲5.4%	HK$11,000	HK$11,600
Gold products	▲14.4%	▲2.5%	HK$8,200	HK$7,300
Platinum/Karat gold products	▲3.8%	▼2.0%	HK$1,800	HK$1,700
Watches	▲5.2%	▲6.1%	HK$57,500	HK$58,000
Overall	▲8.7%	▲1.3%		

(1) Same Store ASP on FY2019 Same Store basis

- Gold products delivered a SSSG of 14.4% in FY2019, boosted by both volume and ASP increase. Same Store ASP increased by 11.6% in FY2019 due to an increase in the average weight per product sold.

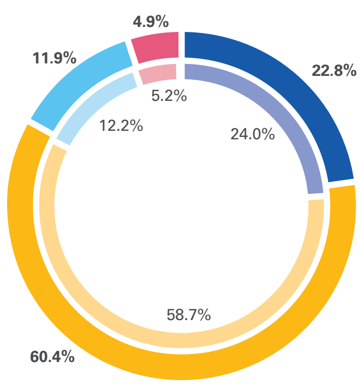
- A healthy SSS volume growth of 5.4% was recorded for gem-set jewellery in Hong Kong and Macau during FY2019. However, ASP trend of gem-set jewellery had turned negative since 2QFY2019 as consumer sentiment in high-end segment weakened owing to the deteriorated macroeconomic environment.

POS movement by store brand[1] — Mainland China

As at	31.3.2017	31.3.2018	During FY2019			31.3.2019
	Total	Total	Addition	Reduction	Net	Total
CHOW TAI FOOK JEWELLERY	2,118	2,317	603	(117)	486	2,803
CTF WATCH	117	106	11	(4)	7	113
T MARK	–	–	4	–	4	4
HEARTS ON FIRE	8	6	1	(4)	(3)	3
SOINLOVE	–	9	19	(1)	18	27
MONOLOGUE	3	11	30	(3)	27	38

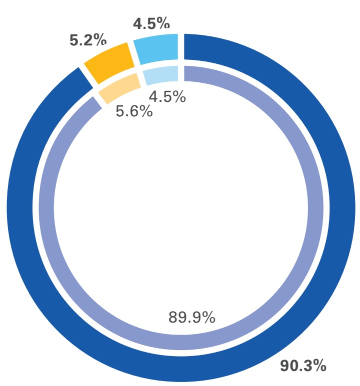
(1) Shop-in-Shop ("SIS") and Counter-in-Shop ("CIS") excluded

RSV by product



FY2018	FY2019		RSV YoY change
●	●	Gem-set jewellery	▲7.7%
●	●	Gold products	▲16.5%
●	●	Platinum/Karat gold products	▲10.9%
●	●	Watches	▲7.4%
		Overall	▲13.3%

RSV by channel



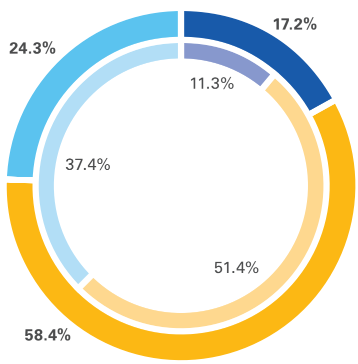
FY2018	FY2019		RSV YoY change
●	●	CHOW TAI FOOK JEWELLERY	▲13.6%
●	●	Other store brands[2]	▲6.6%
●	●	E-commerce[3]	▲13.7%
		Overall	▲13.3%

(2) CTF WATCH, T MARK, HEARTS ON FIRE, SOINLOVE and MONOLOGUE included
(3) Major platforms included Chow Tai Fook e-shop, Tmall, JD.com, Vipshop; online order distribution excluded (i.e. routing online orders to POS for delivery service)

The following analyses focus on CHOW TAI FOOK JEWELLERY POS which contributed approximately 90% of the RSV in Mainland China:

CHOW TAI FOOK JEWELLERY POS

RSV and POS by tier of cities

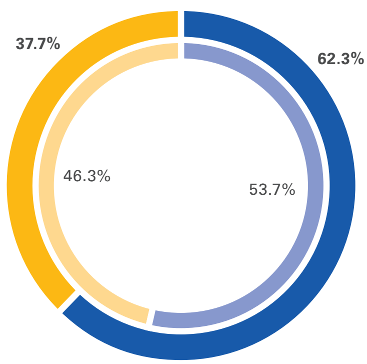


% of POS	% of RSV		RSV YoY change	FY2019 Net POS movement
		Tier I cities	▲13.7%	▲50
		Tier II cities	▲11.5%	▲185
		Tier III cities and others	▲19.0%	▲251

- In order to broaden our presence and extend market share in the county level cities, we have been leveraging franchisees to deepen our market penetration efficiently and effectively in these areas. As such, the pace of expansion in Tier III and lower tier cities was expedited in FY2019. Net openings reached 251 POS during the financial year.

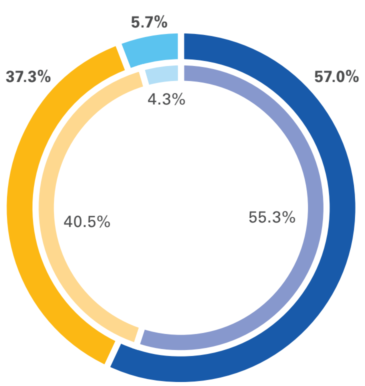
- Coupled with various growth drivers such as progressive urbanisation and infrastructural development, RSV growth in Tier III cities and others reached 19.0% year-on-year and it outperformed Tier I and II cities during FY2019. Its contribution increased to 24.3% in FY2019 compared to 23.0% in FY2018.

RSV and POS by operation model



% of POS	% of RSV		RSV YoY change	FY2019 Net POS movement
●	●	Self-operated	▲7.4%	▲111
●	●	Franchised	▲25.8%	▲375

RSV and POS by self-operated model



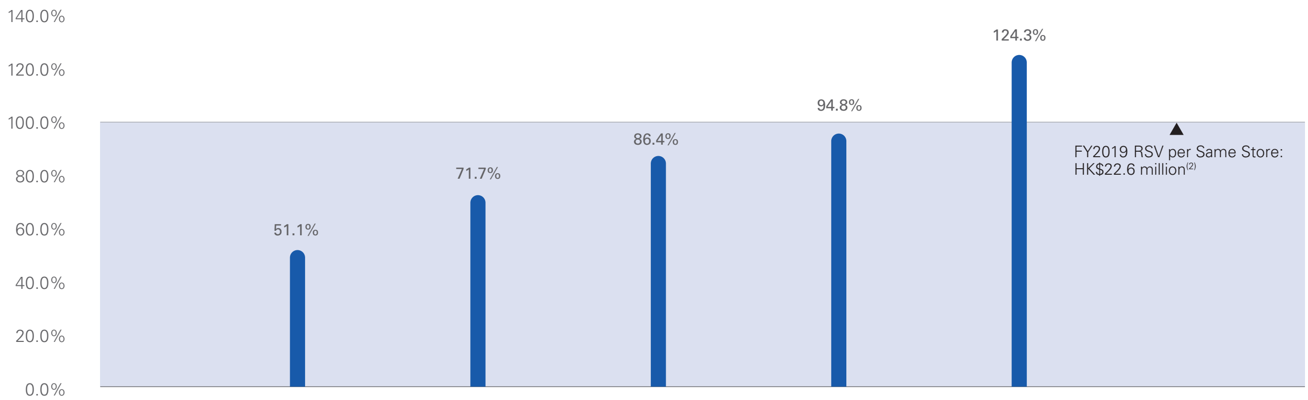
% of POS	% of RSV		RSV YoY change	FY2019 Net POS movement
●	●	Self-operated (Department store)	▲0.5%	▼15
●	●	Self-operated (Shopping mall)	▲24.3%	▲129
●	●	Self-operated (Standalone store)	▼11.4%	▼3

- In FY2019, our self-operated POS at shopping mall demonstrated an encouraging RSV growth of 24.3% as modernised shopping malls continued to be an attraction among the more affluent and sophisticated customers.

- We consolidated a net of 18 POS in standalone and department stores during FY2019.

Self-operated CHOW TAI FOOK JEWELLERY POS

RSV per store by store age



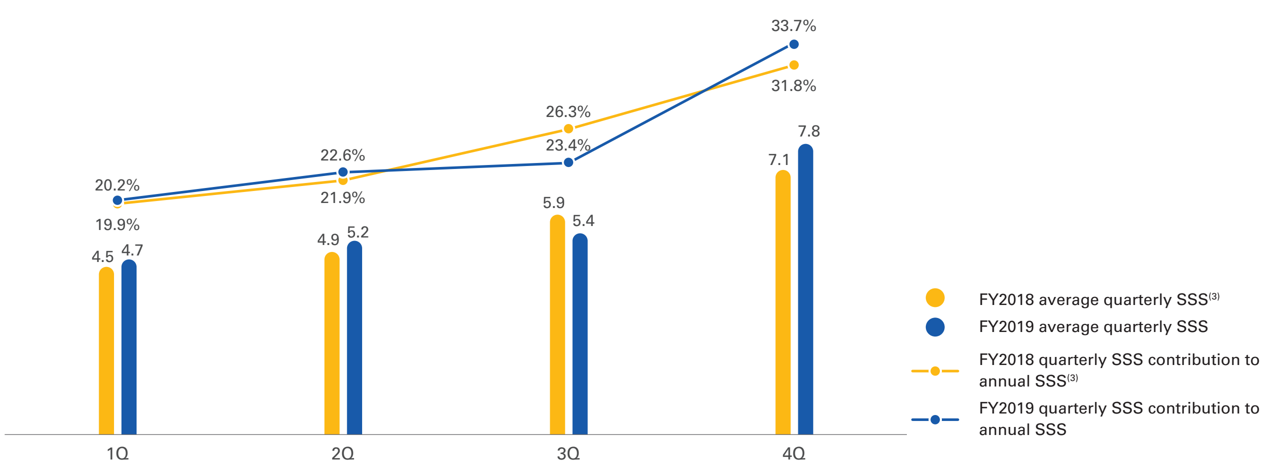
	Less than 2 years[1]	2–4 years	4–6 years	6–8 years	8 years or more	Total
POS opening date	4/2017–3/2019	4/2015–3/2017	4/2013–3/2015	4/2011–3/2013	3/2011 or before	
POS	335	236	200	280	453	1,504
% of POS	22.3%	15.7%	13.3%	18.6%	30.1%	100.0%

Ratio of annual RSV per store to RSV per Same Store

(1) For POS of age less than 1 year, RSV is adjusted on an annualised basis
(2) Value-added tax ("VAT") included

Average quarterly sales

(HK$ million)

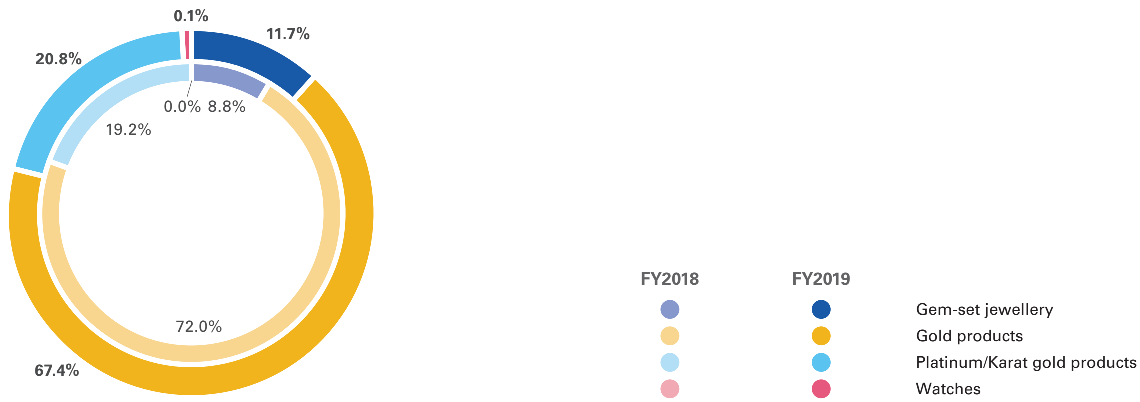


(3) SSS on FY2019 Same Store basis

- Average SSS contribution for 2HFY2019 was approximately 57%, generally similar to our normal seasonality.
- 4Q, being our peak season as driven by festive occasions such as Chinese New Year and Valentine's Day, usually accounts for the highest quarterly SSS contribution.

E-commerce business

RSV by product



	FY2019 RSV YoY change	FY2019 ASP	FY2018 ASP
Gem-set jewellery	▲51.4%	HK$1,600	HK$1,500
Gold products	▲6.0%	HK$1,500	HK$1,600
Platinum/Karat gold products	▲22.4%	HK$800	HK$900
Overall	▲13.2%	HK$1,300	HK$1,400

E-commerce business performance

FY2019

RSV

▲13.2%

YoY change

ASP

HK$1,300

FY2018: HK$1,400

FY2018 4.8% → FY2019 4.8%

of respective RSV

FY2018 12.5% → FY2019 13.6%

of respective retail sales volume

E-commerce platforms

80+

Unique daily visitors[1]

487,000

Number of followers[2]

6,986,000+

(1) *Source: Chow Tai Fook e-shop, Tmall and JD.com*

(2) *Source: Official Sina Weibo, Tencent Weibo and WeChat accounts*

- Our e-commerce business delivered a RSV growth of 13.2% in FY2019, a slower growth relative to FY2018 as a result of a high base of comparison.

- Higher-margin gem-set jewellery and platinum/karat gold products delivered a remarkable RSV growth of 51.4% and 22.4%, respectively.

- Contribution of the e-commerce business to the RSV in Mainland China was maintained at 4.8% during the financial year. In terms of retail sales volume, its share to Mainland China's operations further expanded to 13.6% in FY2019, with 12.8% and 0.8% of the contribution coming from e-commerce platforms and online order distribution, respectively.

Hong Kong, Macau and Other Markets Business

POS movement by store brand[1] — Hong Kong, Macau and other markets

As at	31.3.2017	31.3.2018	During FY2019			31.3.2019
	Total	Total	Addition	Reduction	Net	Total
CHOW TAI FOOK JEWELLERY	122	122	12	(4)	8	130
Hong Kong	83	80	3	(3)	–	80
Macau	19	19	–	–	–	19
Other markets	20	23	9	(1)	8	31
T MARK	–	–	1	–	1	1
HEARTS ON FIRE	13	14	1	–	1	15

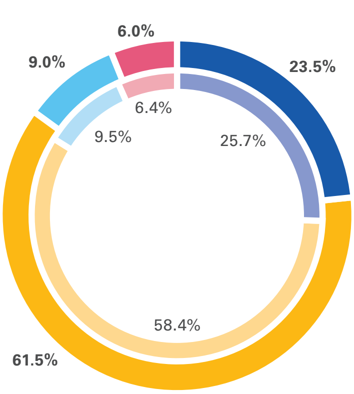
(1) SIS and CIS excluded

- For CHOW TAI FOOK JEWELLERY, we opened a net of 8 POS in FY2019 in other markets. Retail network in Hong Kong and Macau was stable at 99 POS.

- Furthermore, we opened our debut T MARK specialty store and our first HEARTS ON FIRE POS in Hong Kong in FY2019.

Hong Kong and Macau business

RSV by product



FY2018	FY2019		RSV YoY change
		Gem-set jewellery	▲1.8%
		Gold products	▲17.6%
		Platinum/Karat gold products	▲4.9%
		Watches	▲5.5%
		Overall	▲11.6%

Hong Kong and Macau industry performance

FY2019

Retail sales of jewellery industry in Hong Kong[1]

▲ 7.0%

YoY change

Number of Mainland visitors[2]

	Hong Kong	Macau
YoY change	▲ 16.7%	▲ 16.4%

Our Hong Kong and Macau performance

FY2019

Customer traffic at POS

▲ 4.8%

YoY change

RSV settled by China UnionPay, Alipay, WeChat Pay or RMB

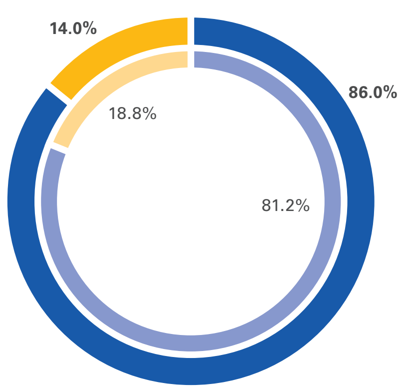
FY2018 44.6%

FY2019 46.5%

(1) Value of retail sales of jewellery, watches and clocks, and valuable gifts in Hong Kong according to Census and Statistics Department of the HKSAR Government

(2) Source: Commerce and Economic Development Bureau of the HKSAR Government and Macao Statistics and Census Service

RSV and POS by geography

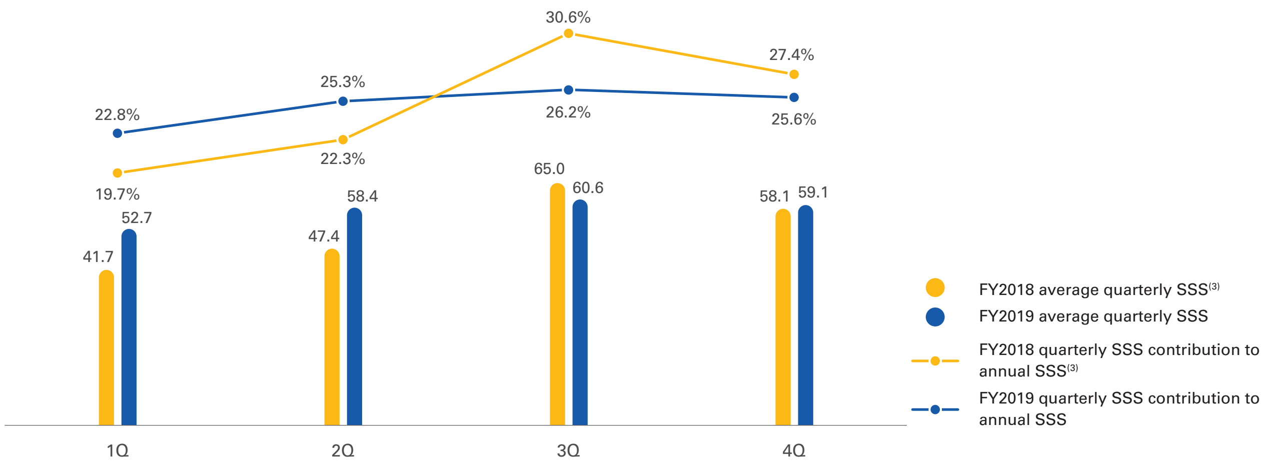


% of POS	% of RSV		RSV YoY change	FY2019 Net POS movement
		Hong Kong	▲ 11.8%	▲ 2
		Macau	▲ 9.2%	–

- Customer traffic saw a positive growth of 4.8% year-on-year in FY2019, despite the fact that the growth softened in the second half of the financial year.
- The percentage of RSV settled by China UnionPay, Alipay, WeChat Pay or RMB to the total RSV of Hong Kong and Macau market, a proxy for sales contribution from Mainland tourists, lifted from 44.6% in FY2018 to 46.5% in FY2019.

Average quarterly sales

(HK$ million)



(3) SSS on FY2019 Same Store basis

- SSS contribution of 2HFY2019 reduced to 52% from 58% in 2HFY2018 as the unsteady macro environment deterred consumer demand during the period, in particular during 3Q.

- 3Q, being our peak season as driven by Christmas and our annual mega sales, usually accounts for the highest quarterly SSS contribution for the Hong Kong and Macau market.

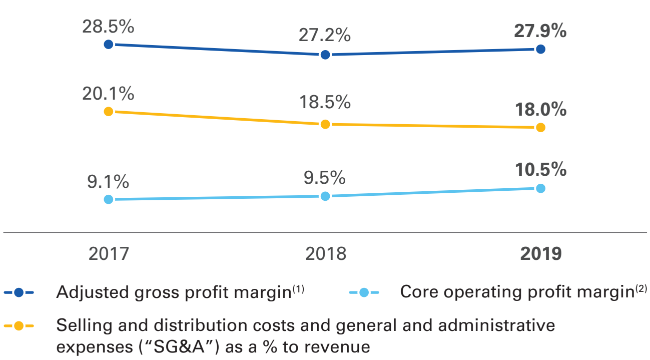
FINANCIALS

Despite macro uncertainties in 2HFY2019, our underlying competencies remained strong and our profitability demonstrated continuous improvement over the past three financial years.

Profitability

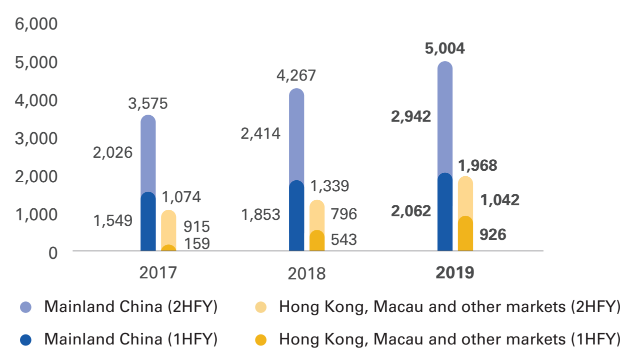
Overall

For the year ended 31 March



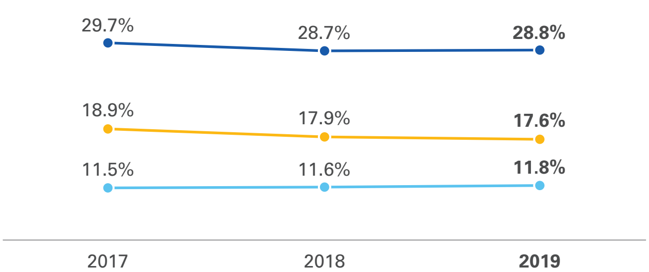
Core operating profit(2) of major reportable segment

For the year ended 31 March
(HK$ million)



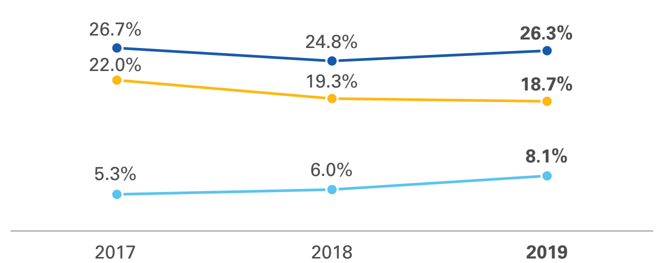
Mainland China

For the year ended 31 March



Hong Kong, Macau and other markets

For the year ended 31 March



(1) Adjusted gross profit and the corresponding 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 SG&A, which the Company believes is useful in gaining a more complete understanding of its operational performance and the underlying trend of its core business

Group

(HK$ million)	1HFY2018	2HFY2018	1HFY2019	2HFY2019	1HFY YoY change	2HFY YoY change
Revenue	24,754	34,402	29,703	36,958	▲20.0%	▲7.4%
Adjusted gross profit	7,097	9,022	8,338	10,263	▲17.5%	▲13.7%
Adjusted gross profit margin	*28.7%*	*26.2%*	*28.1%*	*27.8%*	*▼0.6% pts*	*▲1.6% pts*
Other income	186	222	167	229	▼10.2%	▲3.1%
SG&A	(4,887)	(6,033)	(5,517)	(6,508)	▲12.9%	▲7.9%
SG&A as a % to revenue	*19.7%*	*17.5%*	*18.6%*	*17.6%*	*▼1.1% pts*	*▲0.1% pts*
Core operating profit	2,396	3,211	2,989	3,984	▲24.7%	▲24.1%
Core operating profit margin	*9.7%*	*9.3%*	*10.1%*	*10.8%*	*▲0.4% pts*	*▲1.5% pts*

- Core operating profit margin continuously improved over the past three financial years.
- In FY2019, the core operating profit grew strongly by 24.4% and the corresponding margin improved by 100 basis points. This was attributable to the increase in adjusted gross profit margin as well as the benefit of operating leverage.
- Among the two segments, Mainland China continued to be our main profit contributor and accounted for more than 70% of the Group's core operating profit in FY2019.

Mainland China

(HK$ million)	1HFY2018	2HFY2018	1HFY2019	2HFY2019	1HFY YoY change	2HFY YoY change
Revenue	14,944	21,860	18,022	24,410	▲20.6%	▲11.7%
Adjusted gross profit	4,593	5,980	5,358	6,881	▲16.7%	▲15.1%
Adjusted gross profit margin	*30.7%*	*27.4%*	*29.7%*	*28.2%*	*▼1.0% pts*	*▲0.8% pts*
Other income	131	161	102	151	▼22.3%	▼6.6%
SG&A	(2,872)	(3,727)	(3,398)	(4,089)	▲18.3%	▲9.7%
SG&A as a % to revenue	*19.2%*	*17.1%*	*18.9%*	*16.8%*	*▼0.3% pts*	*▼0.3% pts*
Core operating profit	1,853	2,414	2,062	2,942	▲11.3%	▲21.9%
Core operating profit margin	*12.4%*	*11.0%*	*11.4%*	*12.1%*	*▼1.0% pts*	*▲1.1% pts*

- Core operating profit margin demonstrated continuous improvement across the three financial years. Thanks to operating leverage, core operating profit margin improved sequentially from 11.4% in 1HFY2019 to 12.1% in 2HFY2019.
- In FY2019, core operating profit increased by 17.3% and the corresponding margin grew by 20 basis points.

- Adjusted gross profit margin in FY2019 grew slightly by 10 basis points to 28.8%. Margin by product at retail level improved, yet it was partially offset by a less favourable product mix and higher wholesale contribution.

- Thanks to adjusted gross profit margin improvement by product at retail level and operating leverage, core operating profit growth in 2HFY2019 accelerated by 21.9% and the corresponding margin grew by 110 basis points.

Hong Kong, Macau and other markets

(HK$ million)	1HFY2018	2HFY2018	1HFY2019	2HFY2019	1HFY YoY change	2HFY YoY change
Revenue	9,810	12,542	11,681	12,548	▲19.1%	▲0.0%
Adjusted gross profit	2,504	3,042	2,980	3,382	▲19.0%	▲11.2%
Adjusted gross profit margin	*25.5%*	*24.3%*	*25.5%*	*27.0%*	–	▲*2.7% pts*
Other income	55	61	65	78	▲19.0%	▲28.9%
SG&A	(2,016)	(2,306)	(2,119)	(2,419)	▲5.1%	▲4.9%
SG&A as a % to revenue	*20.5%*	*18.4%*	*18.1%*	*19.3%*	▼*2.4% pts*	▲*0.9% pts*
Core operating profit	543	796	926	1,042	▲70.5%	▲30.8%
Core operating profit margin	*5.5%*	*6.3%*	*7.9%*	*8.3%*	▲*2.4% pts*	▲*2.0% pts*

- Core operating profit increased by 46.9% in FY2019 and the corresponding margin demonstrated continuous improvement across the three financial years. It also improved sequentially from 5.5% in 1HFY2018 to 8.3% in 2HFY2019.

- In FY2019, adjusted gross profit margin expanded by 150 basis points to 26.3% as margin normalised, where there was a one-off inventory impairment provision made during FY2018, and the wholesale contribution in FY2019 reduced. Although margin by product at retail level improved, such impact was offset by a higher gold product sales mix.

- In 2HFY2019, uplift in adjusted gross profit margin, coupled with an improvement in SG&A ratio, core operating profit margin grew strongly by 200 basis points year-on-year to 8.3%.

Gross profit margin

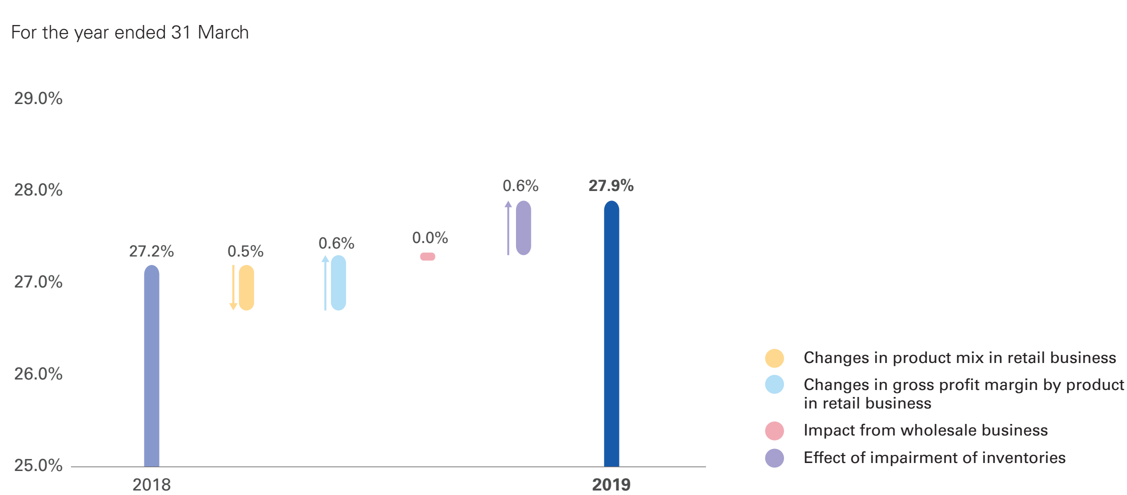
Unrealised loss (gain)

For the year ended 31 March	2017	2018	2019
Gross profit margin	29.2%	27.4%	**27.9%**
Unrealised loss (gain) on gold loans	(0.7)%	(0.2)%	**0.0%**
Adjusted gross profit margin	28.5%	27.2%	**27.9%**

- Unrealised loss (gain) for the year represents the net effect of (i) the reversal of the loss (gain) recorded due to the timing difference in recognising the effect of long and short position in gold when we take a snapshot position at the end of the previous financial year; and (ii) the loss (gain) arising from such timing difference at the end of the current financial year.

- We use gold loans (short position in gold) for economic hedge purpose to mitigate the financial impact of the gold price fluctuations in our gold inventories (long position). While the long-term effect of long and short positions in gold is expected to net out each other through the sales of gold products, a loss (gain) may arise due to a short-term timing difference between the time when a loss (gain) on gold loans is recorded in the cost of goods sold and the time when sales of hedged gold inventories are recognised, when we take a snapshot position at the end of the reporting period.

Changes in adjusted gross profit margin

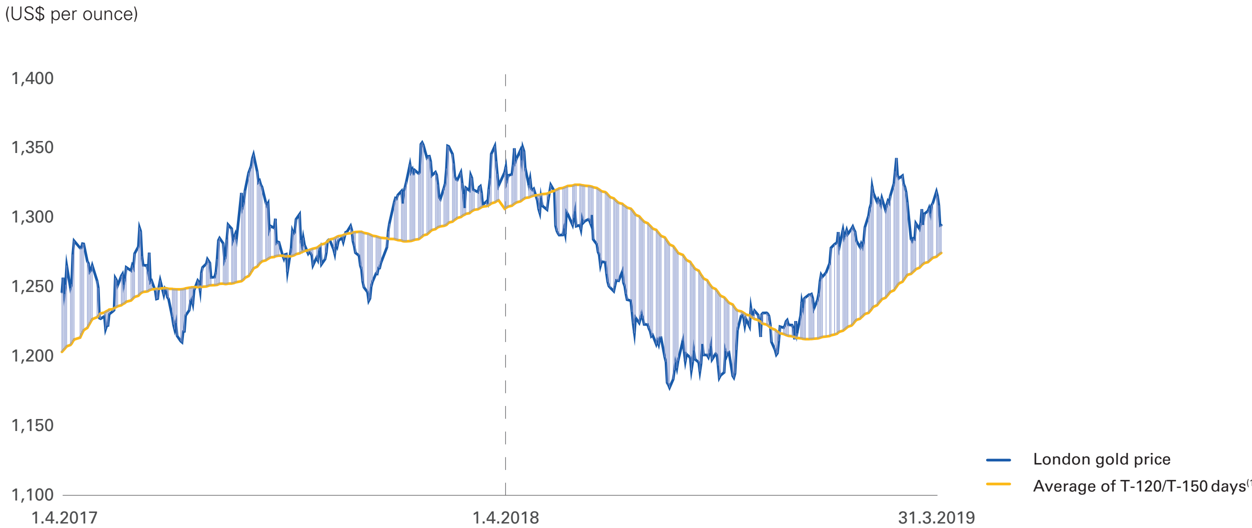


- At group level, adjusted gross profit margin increased by 70 basis points when compared to FY2018. The relatively lower margin in FY2018 was affected by a one-off inventory impairment provision made during that financial year.

- At retail level, benefitting from our differentiated product offerings, gross profit margin by product improved, yet it was partially offset by a less favourable product mix.

- Impact from wholesale business has minimal impact to the adjusted gross profit margin as the wholesale margin improvement was offset by the increased wholesale contribution.

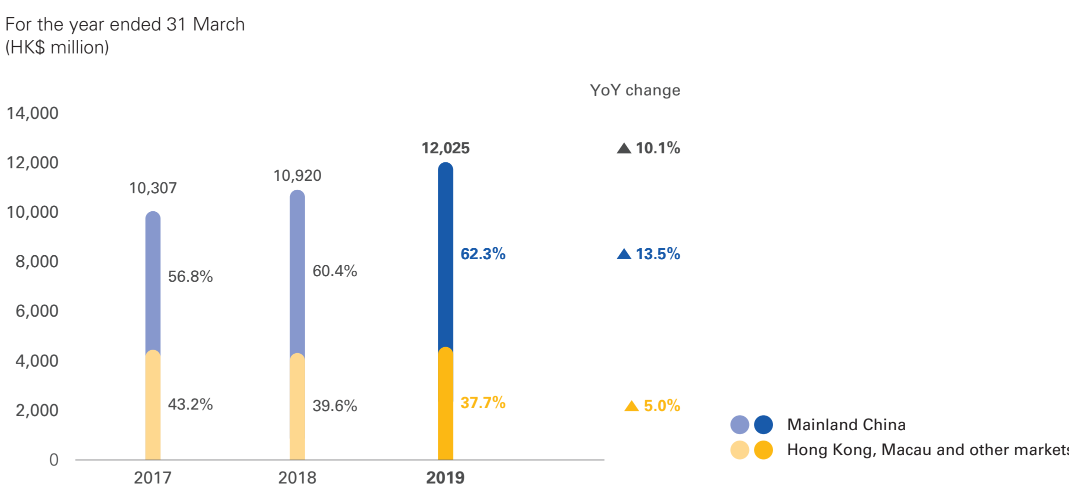
London gold price



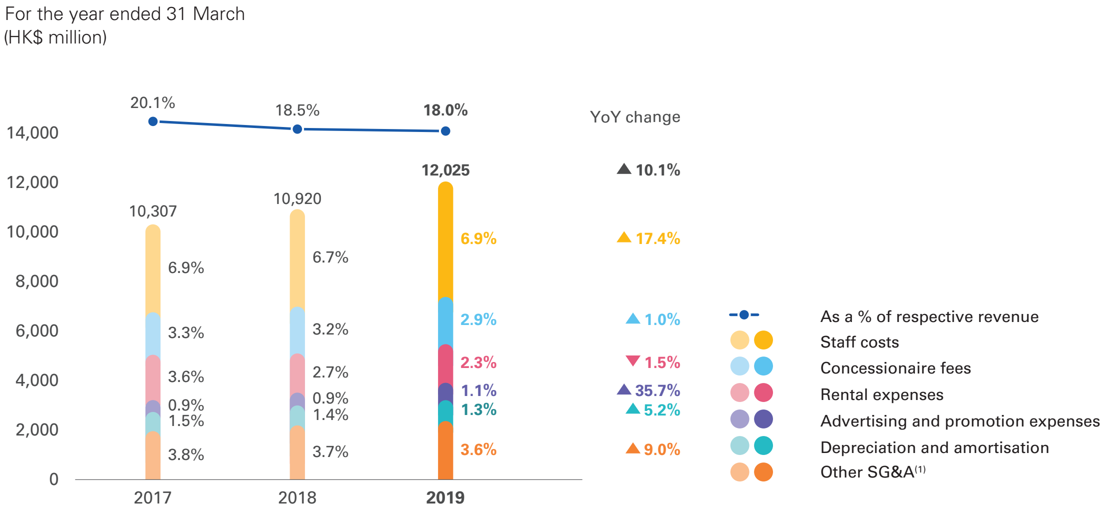
(1) *Average of T-120/T-150 days refers to the average gold price of previous 120 or 150 days on rolling basis, being a proxy of the average price of our hedged gold inventories. As gold inventories turnover lengthened in FY2019, average of T-120 days and T-150 days was used for FY2018 and FY2019, respectively*

SG&A

SG&A by reportable segment



SG&A to revenue ratio



(1) Other SG&A mainly represented bank charges incurred for sales transaction settlement, royalty fees for the sales of licensed products, certificate expenses, packing materials and utilities

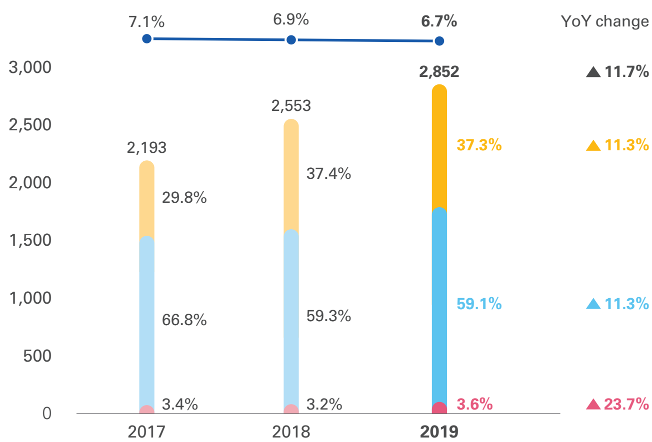
- Mainland China segment contributed over half of SG&A over the past three financial years.
- SG&A expenses increased by 10.1% to HK$12,025 million in FY2019 as most of our major SG&A components increased, except for rental expenses which recorded a 1.5% decrease.
- Advertising and promotion expenses increased by 35.7% and its corresponding ratio to revenue normalised to 1.1% as more resources have been put on increasing our brands' exposure and lifting brand equity.
- Thanks to operating leverage, SG&A ratio fell by 50 basis points to 18.0%.

Major SG&A components

Staff costs and related expenses

Mainland China

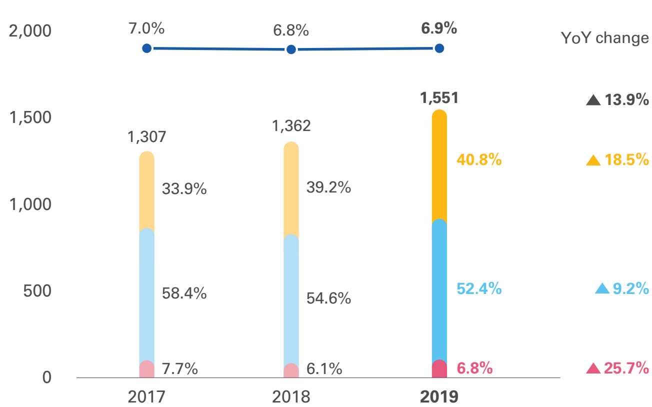
For the year ended 31 March
(HK$ million)



FY2019

Hong Kong and Macau

For the year ended 31 March
(HK$ million)



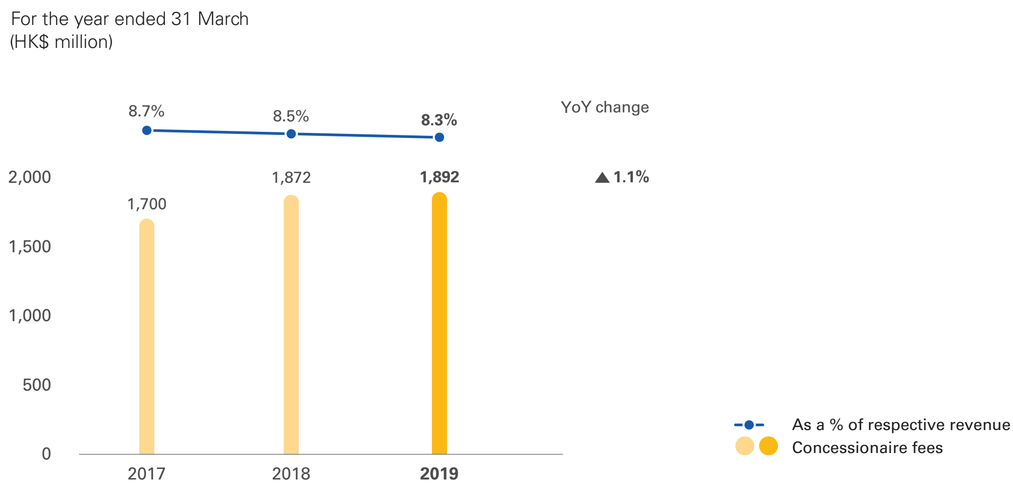
FY2019

(1) Employees in production function excluded
(2) Other staff related expenses mainly included staff messing, medical care, educational expenses, etc.

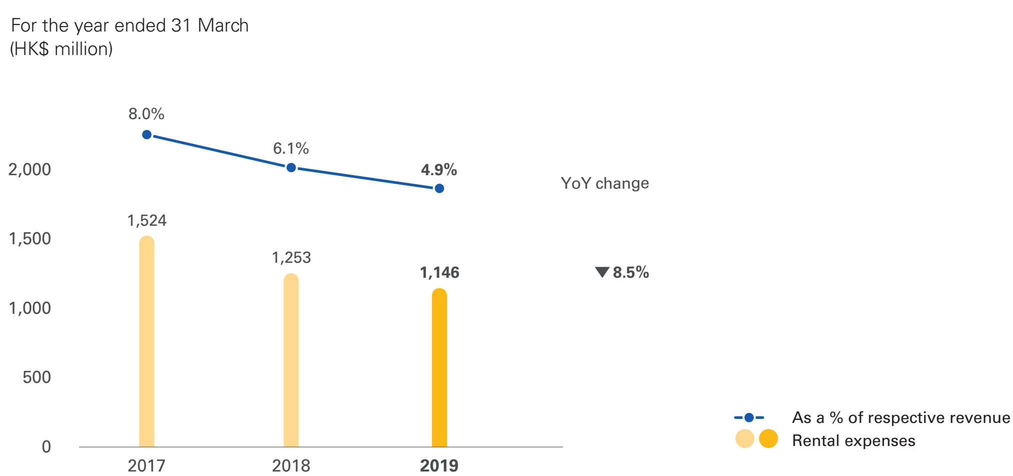
- Staff costs and related expenses in both reportable segments increased in FY2019. We aim for a balance between fixed and variable portion to incentivise performance.
- In Mainland China, increase in staff costs was generally in line with business growth.
- In Hong Kong and Macau, such increment was largely attributable to the additional headcount for experienced specialists in various corporate functions so as to strengthen the Group's capabilities for long-term sustainable growth.

Concessionaire fees and rental expenses

Mainland China



Hong Kong and Macau



- In Mainland China, concessionaire fees increased by 1.1% as sales improved. The slight decline in concessionaire fees ratio was mainly due to the shift of sales mix towards gold products, which are generally subject to lower rates.

- In Hong Kong and Macau, rental expenses fell by 8.5% and rental expenses ratio shrank by 120 basis points to 4.9% in FY2019, which was mainly attributable to the effect of the renewals and closures in FY2018. We achieved an average reduction on rental renewal of approximately 3% in FY2019.

Other income, other gains and losses and other expenses

For the year ended 31 March	2017 HK$ million	2018 HK$ million	2019 HK$ million	2019 YoY change
Other income	330	408	**396**	**▼3.0%**
Other gains and losses	(286)	342	**(276)**	**N/A**
Other expenses	(215)	(48)	**(57)**	**▲19.1%**

- Other income mainly arose from the government grants received by the subsidiaries in Mainland China.
- Other gains and losses mainly represented a net foreign exchange loss of HK$241 million (FY2018: net foreign exchange gain of HK$343 million) due to the depreciation of RMB.
- Other expenses mainly represented the amortisation of other intangible assets arising from the acquisition of Hearts On Fire.

Interest income, finance costs and taxation

For the year ended 31 March	2017 HK$ million	2018 HK$ million	2019 HK$ million	2019 YoY change
Interest income from banks	122	67	**83**	**▲23.6%**
Other interest income	18	13	**–**	**▼100.0%**
Finance costs on bank borrowings	(93)	(111)	**(209)**	**▲88.7%**
Finance costs on gold loans	(143)	(133)	**(161)**	**▲21.4%**
Taxation	(1,227)	(1,629)	**(1,668)**	**▲2.4%**

- Finance costs on gold loans increased by 21.4% was mainly due to a relatively higher average ratio between gold loan and gold inventory in FY2019 as compared to FY2018 as the Group stocked up more gold inventories amid robust customer demand.
- Finance costs on bank borrowings increased by 88.7% as the bank borrowings and the corresponding rates increased during FY2019.
- Effective tax rate decreased from 27.9% in FY2018 to 26.3% in FY2019 as more withholding tax expenses were incurred in FY2018.

Return on equity

- We use return on equity ("ROE") to measure the efficiency of generating profits from each unit of shareholder equity.
- Net profit margin stayed at 7.0%. ROE improved by 260 basis points to 14.9% as the equity multiplier increased.

ROE = Net profit / Total equity

14.9% ▲2.6% pts (FY2018: 12.3%)

7.0% Net profit margin (FY2018: 7.1%) — Net profit / Revenue

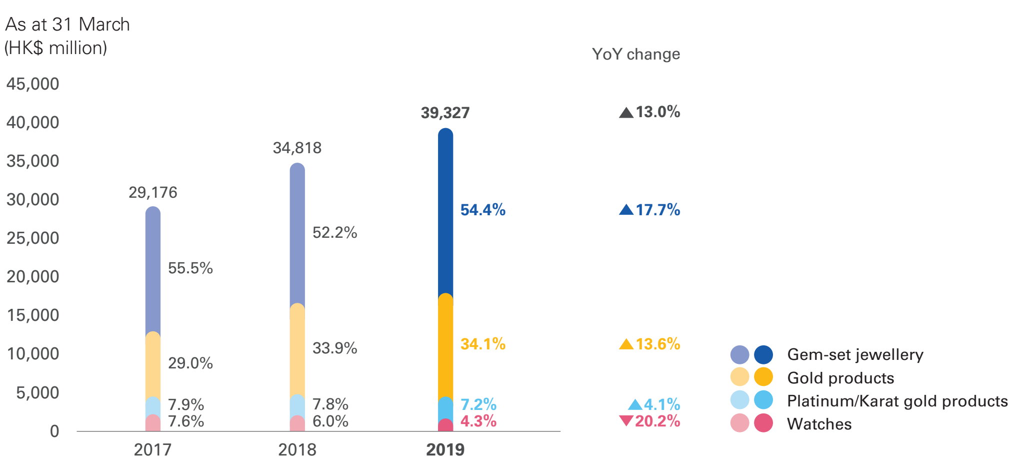
1.1 times Assets turnover (FY2018: 1.0 times) — Revenue / Total assets

2.0 times Equity multiplier (FY2018: 1.7 times) — Total assets / Total equity

Inventory Turnover and Capital Structure

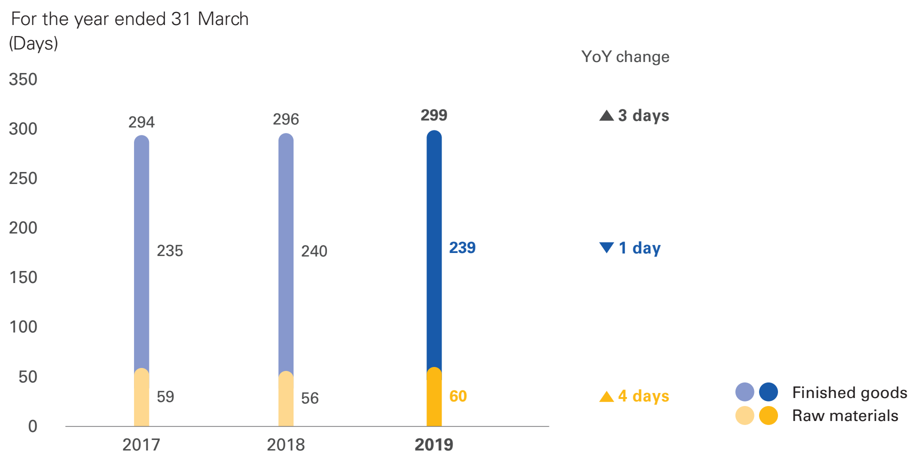
Inventory balances and turnover period

Inventory balances by product(1)



(1) *Packing materials excluded*

Inventory turnover period by category(2)



(2) *Being inventory balances, excluding packing materials, at the end of the reporting period divided by cost of goods sold for the year, multiplied by 365*

- Inventory balances, excluding packing materials, increased by 13.0% and reached HK$39,327 million as at 31 March 2019.
- Inventory turnover period lengthened by 3 days compared to that of FY2018.
- As at 31 March 2019, approximately HK$4,590 million or 11.6% of our total inventory balances were held by franchised POS (31 March 2018: approximately HK$3,290 million or 9.4% were held by franchised POS).

Capital structure

As at	31.3.2018 HK$ million	% to total equity	**31.3.2019 HK$ million**	**% to total equity**	**Increase (decrease) HK$ million**	**Denominated currency[1]**	**Interest rate structure[1]**
Non-current assets	8,258	24.2%	**8,459**	**26.9%**	201	N/A	N/A
Inventories	34,929	102.4%	**39,486**	**125.7%**	4,557	N/A	N/A
Cash and cash equivalents[2]	7,944	23.3%	**7,641**	**24.3%**	(303)	Mainly HKD, RMB and USD	Mainly variable interest rate
Total borrowings[3]	13,258	38.9%	**18,069**	**57.5%**	4,811		
Bank borrowings	7,923	23.3%	**10,057**	**32.0%**	2,134	HKD	Variable interest rate
Gold loans	5,335	15.6%	**8,012**	**25.5%**	2,677	RMB and USD	Fixed interest rate
Net debt[4]	5,314	15.6%	**10,428**	**33.2%**	5,114	N/A	N/A
Working capital[5]	28,593	83.9%	**26,307**	**83.8%**	(2,286)	N/A	N/A
Total equity	34,098	100.0%	**31,403**	**100.0%**	(2,695)	N/A	N/A

(1) Information about denominated currency and interest rate structure related to the condition as at 31 March 2019
(2) Bank balances and cash equivalents included
(3) As at 31 March 2019, bank borrowings amounted to HK$7,460 million and all the gold loans would be matured within 12 months while bank borrowings amounted to HK$1,999 million would be matured in more than 1 year but not exceeding 2 years and HK$598 million would be matured in more than 2 years but not exceeding five years
(4) Aggregate of bank borrowings, gold loans, net of cash and cash equivalents
(5) Being net current assets

- We principally meet our working capital and other liquidity requirements through a combination of capital contributions, including cash flows from operations, bank borrowings and gold loans. Gold loans are also used for economic hedge purpose to mitigate the financial impact of the price fluctuations in the Group's gold inventories.

- The Group's daily operation was mainly financed by operating cash flows, and mainly relied on short-term borrowings to satisfy inventory financing needs during peak seasons, working capital for future expansion plans and unexpected needs. The Group has not experienced any difficulties in repaying its borrowings.

- The Group's income and expenditure were mostly denominated in HKD and RMB, while its assets and liabilities were mostly denominated in HKD, RMB and USD.

Effect of RMB fluctuation

- As part of our business operation was in Mainland China, the fluctuation in RMB would post some impact to our performance.

- Transactions entered by the Hong Kong entities but denominated in RMB, including the inter-group transactions with the Mainland China subsidiaries, are converted into HKD, the functional currency of the Group, initially using the spot rate at the date of transaction and the unsettled transactions are retranslated at closing exchange rate at the balance sheet date. Such translation differences between the spot rate and closing exchange rate are recognised in profit or loss, negatively affecting our profit for the year when RMB depreciated.

- Exchange difference also arises when i) incomes and expenses of the Mainland China segment are translated into HKD, the presentation currency of the Group, at the average exchange rate, while the corresponding assets and liabilities are translated at closing exchange rate and ii) change in closing exchange rates at the current financial year of the net assets of the Mainland China segment from the closing rates at the previous financial year. Such differences are recognised in the translation reserve in equity.

- The table below illustrates the fluctuation of RMB and the impact to our financial performance:

FY2019	Closing exchange rate YoY change	Average exchange rate YoY change
RMB to HKD	▼ 7%	▼ 1%

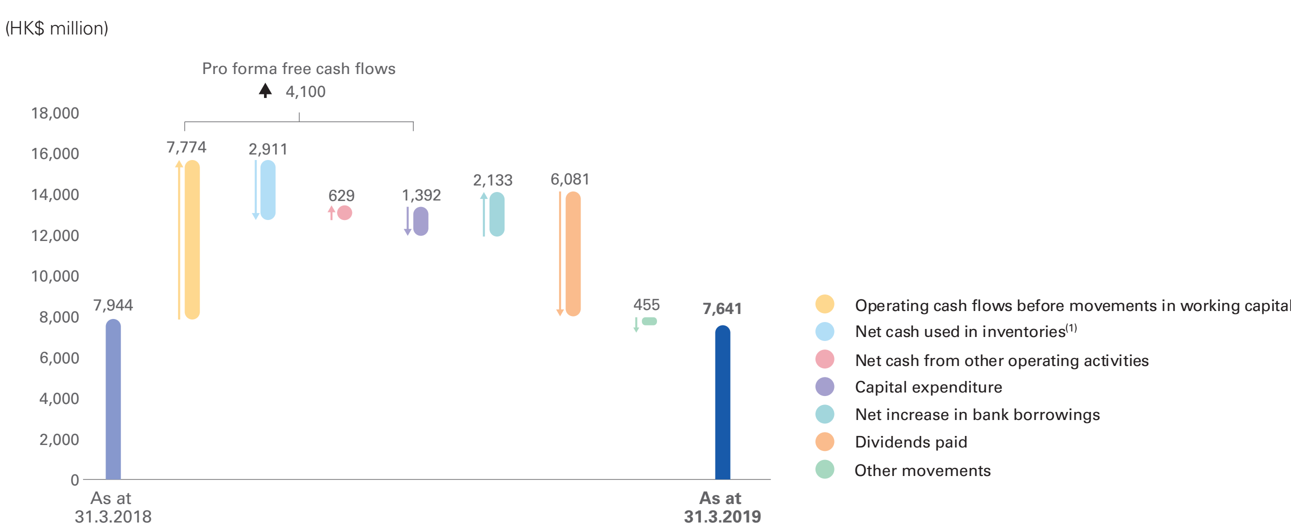
For the year ended 31 March	2018 As reported	2018 Constant exchange rate basis	2019 As reported	2019 Constant exchange rate basis
Revenue YoY change	▲15.4%	▲14.0%	▲12.7%	▲13.2%
Core operating profit YoY change	▲20.6%	▲18.7%	▲24.4%	▲24.9%
Changes in inventory balances	▲19.4%	▲13.6%	▲13.0%	▲16.7%
Changes in cash and cash equivalents	▲0.0%	▼7.5%	▼3.8%	▲0.7%

- Revenue and core operating profit on constant exchange rate basis are calculated by translating current year's revenue and core operating profit of the Mainland China segment in RMB into HKD using the prior year's average RMB to HKD exchange rates. We believe using constant exchange rate basis could enhance the comparability between two financial years.

Cash flows

For the year ended 31 March	2017 HK$ million	2018 HK$ million	2019 HK$ million
Operating cash flows before movements in working capital	5,702	6,879	7,774
Net cash used in inventories[(1)]	(2,424)	(2,455)	(2,911)
Net cash from (used in) other operating activities	(49)	232	629
Purchase of jewellery collectibles	(378)	(553)	–
Capital expenditure	(862)	(1,084)	(1,392)
Pro forma free cash flows	1,989	3,019	4,100
Net change in bank borrowings	(1,112)	1,102	2,133
Dividends paid	(5,148)	(4,260)	(6,081)
Other movements	(787)	140	(455)
Net increase (decrease) in cash and cash equivalents	(5,058)	1	(303)

Major cash flows items for FY2019



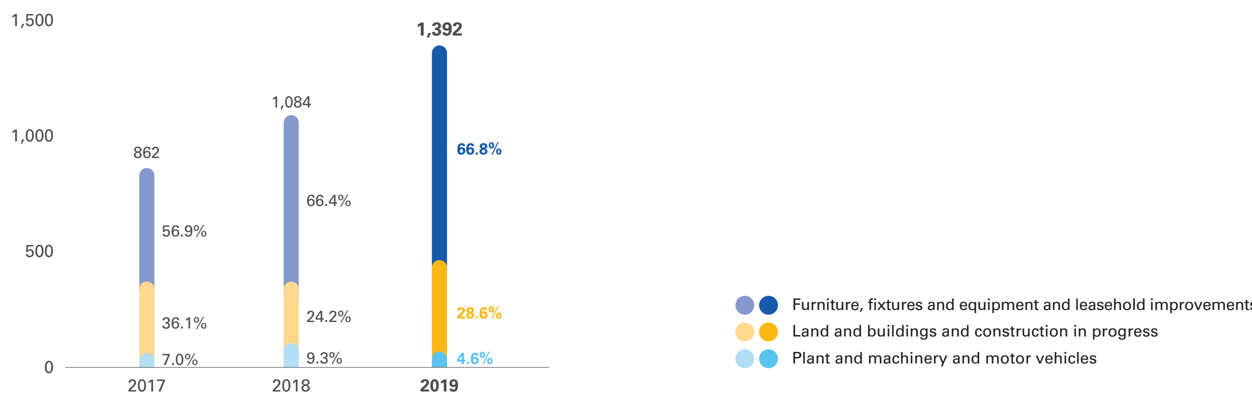
(1) Net cash used in inventories included net change in inventories, gold loan raised and repayment of gold loans

Capital expenditure

- The Group's capital expenditure incurred during FY2019 amounted to HK$1,392 million (FY2018: HK$1,084 million).

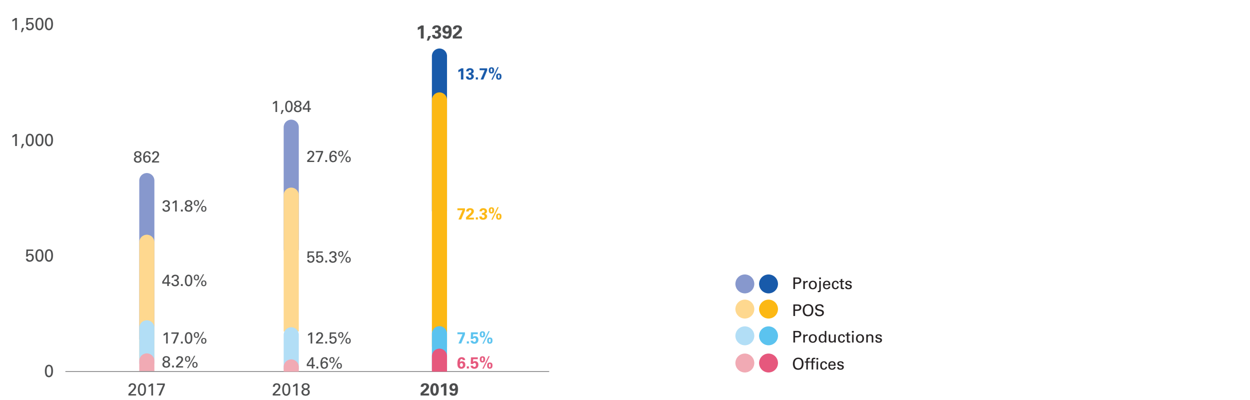
Capital expenditure by nature

For the year ended 31 March
(HK$ million)



Capital expenditure by function

For the year ended 31 March
(HK$ million)



CORPORATE STRATEGIES

FY2019 marked another year of growth for our business. Despite a dampened macro-economic outlook due to continued US-China trade tensions in 2HFY2019, our core competence as an innovative and agile industry leader has yielded positive results.

We have three long-term goals, namely market share expansion, customer experience improvement and stable returns to our shareholders. We have strategies and plans in place across the Group to ensure that we achieve these objectives.

Our "Smart+ 2020" strategic framework, a three-year strategic plan focused on enhancing customer experience, launched in FY2018, has provided us with powerful impetus for growth. Over the last year, we have achieved several exciting strategic milestones as a result. Through the relentless and diligent execution of our "Smart+ 2020" strategic framework, we are confident that we can deliver a seamless and compelling customer experience that ensures we create long-term shareholder value.

Business Development

Customers' preference in our key markets have changed rapidly over the last five years. Some themes are common and some are specific to their respective markets. Nowadays, consumers are increasingly sophisticated to seek more personalised products and exclusive experiences. This phenomenon is particularly true for relatively affluent groups. Younger customers, on the other hand, focus on mobile, social media and online experiences as an important benchmarks to evaluate their selection of brands. These two common themes are generally applicable across all of our key markets.

Mainland China shares these common themes, and has the additional challenge of being a vast and geographically diverse market with dispersed retail channels that are forcing brand owners and retailers to reposition their network and channel strategies to stay relevant.

In Hong Kong and Macau, retailers have to deal with longer-term challenges, such as perusing incremental growth in these relatively mature markets, along with the evolving travel and spending preferences of inbound visitors.

In overseas markets, particularly in Southeast Asia, we see potential opportunities that we have yet to fully explore. Southeast Asian countries have greatly benefitted from globalisation trends. Their production capacity has increased rapidly in response to rising labour costs in Mainland China over the past few years. With the emergence of a larger and richer middle class in those Asian economies, we believe that there will be huge demand for quality products and services.

As for the scale of the global diamond jewellery market, it stood at sheering size of US$82 billion in 2017[1]. The United States alone has captured 50% of the global market share. Looking across the United States diamond market's value chain, which is highly fragmented and organised around functions, we believe that there is ample room for us to add value to the upstream, midstream and downstream through our built-in capabilities.

(1) Source: De Beers the Diamond Insight Report 2018

Mainland China

CHOW TAI FOOK JEWELLERY and endorsed brands

- Across our established CHOW TAI FOOK JEWELLERY retail network, we have rolled out and upgraded selective POS to JEWELRIA and ARTRIUM, targeting sophisticated customers seeking international luxury jewellery selections and unique experiences. Our shops are segmented strategically in order to provide matching products, environments and experiences to our diverse customer groups.

- Deepening market penetration will be one of our key areas of focus over the next three to five years. Lower tier cities, in particular those at county level, will be further explored through franchise model in order to leverage franchisees' local knowledge and access.

Other brands

- Multi-brand strategy continues to thrive in Mainland China to enrich our product offerings and differentiation that broaden our customer spectrum.

- HEARTS ON FIRE, a premium diamond brand with delicate cutting and polishing skills, is rolled out in relatively mature markets in the form of SIS and CIS, leveraging the strength of our existing network.

- T MARK, our proprietary diamond brand with a unique traceability feature, penetrates quickly in Mainland China primarily in the form of CIS.

- SOINLOVE and MONOLOGUE target millennials' specific needs. They will be further rolled out through online and offline channels to acquire and cultivate brand awareness amongst new younger customers.

Retail Network in Mainland China

As at 31 March 2019

CHOW TAI FOOK JEWELLERY 2,769 POS		HEARTS ON FIRE 3 POS	159 SIS/CIS
ARTRIUM 2 POS		T MARK 4 POS	500 CIS
JEWELRIA 32 POS	CTF Watch 113 POS	SOINLOVE 27 POS	MONOLOGUE 38 POS
Total POS in Mainland China 2,988 POS			

Hong Kong, Macau and Other Markets

Hong Kong and Macau

CHOW TAI FOOK JEWELLERY and endorsed brands

- Selective POS opening for CHOW TAI FOOK JEWELLERY is planned in FY2020.
- ARTRIUM made its debut in Hong Kong as an exclusive showroom to provide exquisite jewellery products with unique experience to our high-end customers in the market.

Other brands

- We will consider the rollout of other brands in FY2020 to capture younger customers in the market depending on market demand.

Other markets

- We will focus on CHOW TAI FOOK JEWELLERY by further market penetration through partnerships with local retailers.
- New openings in FY2019 covered Cambodia, Japan, Korea, Malaysia, Singapore and Vietnam.
- Further explorations for opportunities in Southeast Asia, in particular the growth potential from Mainland tourists and local customers there.
- Regional exclusive products with locality features will create differentiation in our product offerings.

Retail Network in Hong Kong, Macau and other markets

As at 31 March 2019

CHOW TAI FOOK JEWELLERY		**HEARTS ON FIRE**	
Hong Kong and Macau	Other markets		
98 POS	31 POS	15 POS	27 SIS/CIS
ARTRIUM		**T MARK**	
1 POS		1 POS	55 CIS

Total POS in Hong Kong, Macau and other markets

146 POS

Wholesale Business

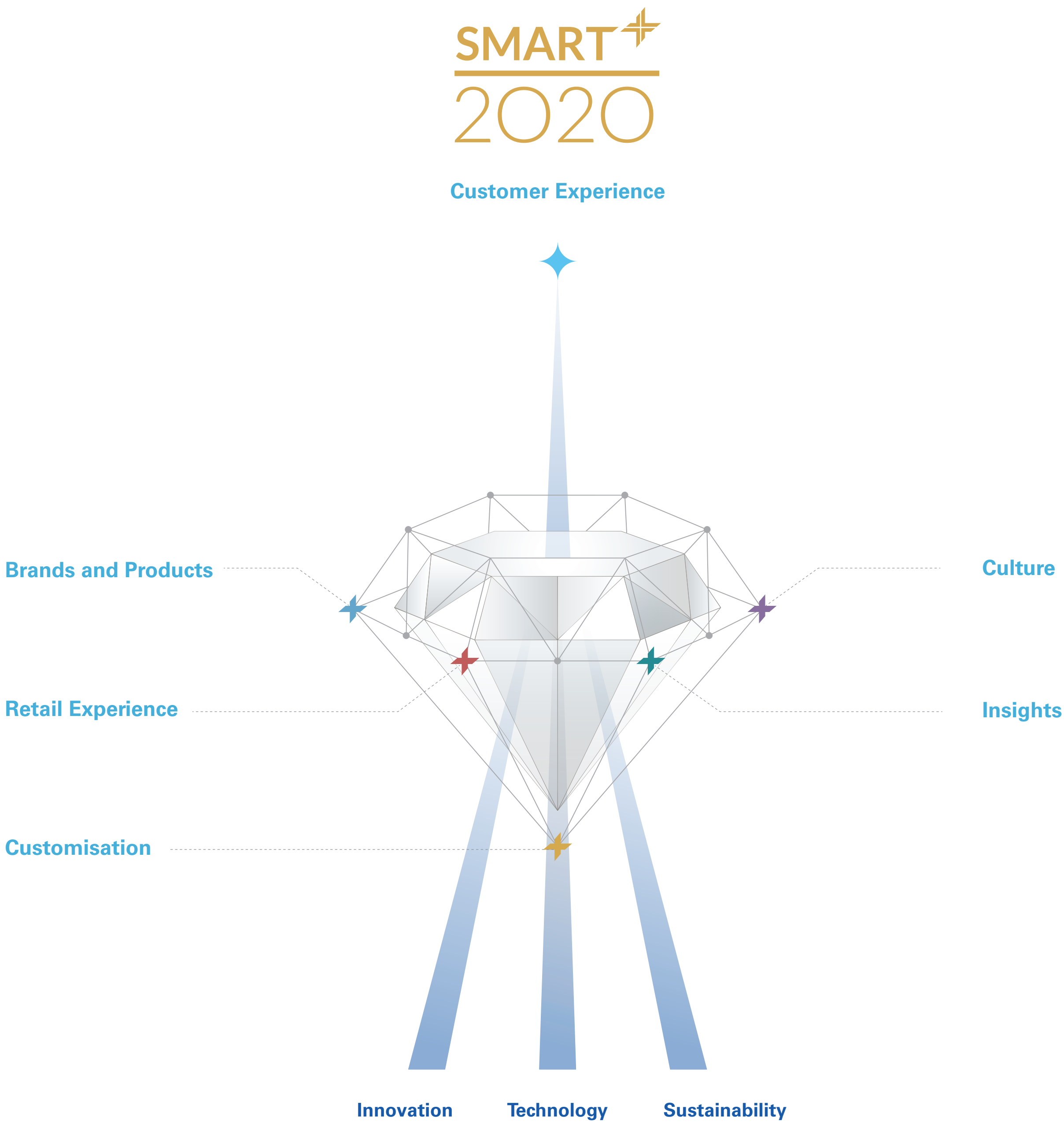
- We established Chow Tai Fook North America ("CTFNA") business hub in Boston, the United States, which is positioned to be a leading, single source wholesaler by delivering products, services and know-how especially on technological innovations that help drive profitability and strengthen jewellery retail businesses in the North American market.

- CTFNA will offer customised, specialty collections in the diamond and fine jewellery segments, as well as private label offerings, to address the evolving needs of jewellery consumers.

- The Group's know-how and scale, combined with the deep local knowledge and experience of the North American team allows us to deliver deep value to the retail jewellers in North America.

"Smart+ 2020" Strategic Framework

Our "Smart+ 2020" strategic framework is a three-year strategic work plan supported by our dedicated Smart working teams, which are tasked with the delivery of each strategy from conception through to execution.



Brands and Products

CHOW TAI FOOK JEWELLERY and endorsed brands

CHOW TAI FOOK JEWELLERY

- CHOW TAI FOOK JEWELLERY, an iconic brand with 90-year heritage, continued to invest and innovate in product offerings and features.

- Revamped initiatives continued in selective CHOW TAI FOOK JEWELLERY POS to offer varied store layouts, experiences and diversified product offerings.

Highlighted collections of CHOW TAI FOOK JEWELLERY

- Two highlighted pure gold and 22 Karat gold collections, namely CTF • HUÁ Collection and 17916 Collection were well-received by customers for their craftsmanship, originality and creativity.

- The CTF • HUÁ Collection emphasises a natural balance of cultural footprint and modern aesthetic. A CTF • HUÁ specialty shop was opened in Shunde, Mainland China in April 2019.

ARTRIUM

- Our first ARTRIUM showroom was opened in Hong Kong in March 2019. It is poised to offer an unprecedented luxury jewellery experience. Guests are invited to browse a selection of jewellery tailored to their tastes and needs in an elegant, private showroom. The exceptional customer service in ARTRIUM brings beauty and enjoyment to customers during their appreciation of the exquisite jewellery creation.

- Fantastical Creatures Collection was awarded "High-end Jewellery Best New Arrival" of Hurun Best of the Best Award 2019 in Mainland China in recognition of its perfect balance of meticulous craftsmanship.

JEWELRIA

- JEWELRIA continues to build up its international product offerings by bringing in more new brands from overseas.

T MARK

- T MARK has been disrupting the jewellery industry since its launch in 2016. We revolutionised industry best practice with the innovative "4Ts" concept and the use of blockchain technology that strengthen the T MARK product as a guarantee for a natural and authentic diamond.

- In FY2019, sales of T MARK products accounted for 19.4% and 25.9% of the RSV of our diamond products in Mainland China and Hong Kong and Macau, respectively.

- RSV growth reached 75.8% and 72.8% in Mainland China and Hong Kong and Macau, respectively.

Application of innovative technology and value-added services to enhance 4T's marketability

Value-added protection on T MARK diamond

- In collaboration with key insurance providers, a value-added service on selective T MARK diamond products will soon be available for customers in FY2020.

Digital diamond grading report

- Our collaboration with Gemological Institute of America ("GIA") to adopt blockchain technology allows our customers to receive their diamond's permanent and immutable GIA grading certification.

- As of 31 March 2019, GIA digital diamond grading report was made available at 10 POS in Hong Kong and shall be rolled out to Mainland China in FY2020.

Anti-counterfeiting jewellery ID card

- Traceability of T MARK diamond is further enhanced with an anti-counterfeiting feature on the T MARK jewellery ID card. Scan of the unique code on the jewellery ID card will provide the traceable records of the matching T MARK diamond.

Third-party certification

- The integrity and traceability of T MARK have been certified by the world's leading inspection, verification, testing and certification third party, SGS in April 2019.

HEARTS ON FIRE

- In FY2019, RSV growth of HEARTS ON FIRE was -21.9% and 18.6% in Mainland China and Hong Kong and Macau, respectively.

- Sales of HEARTS ON FIRE accounted for 2.0% and 4.3% of the RSV of our diamond products in Mainland China and Hong Kong and Macau, respectively.

SOINLOVE and MONOLOGUE

- SOINLOVE and MONOLOGUE were successfully introduced to younger customers through revolving interactions between online and offline platforms.

- Endorsement by key opinion leaders (KOLs) on social media and product collections with appealing stories proved to be successful in marketing SOINLOVE and MONOLOGUE to our targeted customers.

Retail Experience

Technology infused shop

- Responding to evolving customer purchase behaviour, especially amongst the younger segments, selective shops in Tier I and II cities in Mainland China will pioneer the application of in-store technology.

- Cloud kiosks were installed in-store to provide a renewed shopping experience, a wider selection of products not limited to store level and support an enhancement in transaction efficiency. We opened the store with these innovations in Guangzhou in FY2019.

Experience shop

- Experience shops with thematic layouts were opened in selective locations in Mainland China after the success of our experience shops in Hong Kong in FY2018. Each experience shop is infused with its respective local culture to create a unique blend for each market.

Self-service experience corner

- Extension of grab-and-go concept at self-service experience corner in designated locations enables us to reach a broader group of target consumers with ease and explore more opportunities in different settings. During FY2019, 26 self-service experience corners were installed in locations such as hotels and VIP lounges in some key train stations in Mainland China.

- New themes and exclusive jewellery collections were introduced to increase the attractiveness of our experience corners.

Customer relationship management

- In Mainland China, customers can manage their membership accounts through their mobile devices. They can also redeem the earned bonus points through WeChat mini programme for lifestyle rewards and privileges at anytime.

- Members are also invited to join the loyalty programme, Good Living Plus (GLP+), for additional privilege redemptions including leisure, hospitality and travelling enjoyments at our partners' facilities to enjoy greater privileges.

Chow Tai Fook membership programme

Mainland China

As at 31 March 2019

2,200,000

Number of members

FY2019

22.2%

Members' repeat purchase as a % of respective RSV

Hong Kong and Macau

As at 31 March 2019

1,050,000

Number of members

FY2019

34.5%

Members' repeat purchase as a % of respective RSV

Customisation

- Our C2M experience centre in Shenzhen serves as a platform to interact with our customers and enhance customer experience who use our D-ONE customised order system.

- Customisation initiates when customers selected their diamond and jewellery settings according to their own preferences. Our intellected Smart production framework enables us to manufacture a customised order and have it be ready for delivery within 24 hours. The grand opening of C2M experience centre is expected in FY2020.

Insights

- Inventory assortment efficiency has improved since an analytics programme was applied to our inventory management system for gold products in Hong Kong and Macau at the beginning of FY2019. The need for manual adjustment is greatly reduced since the inventory assortment process has become more digitalised and efficient. This analytics programme shall be rolled out to Mainland China upon the full launch in Hong Kong and Macau.

- Members' check-in through Smart Trays was piloted at certain selected POS in Mainland China. This initiative helps us identify loyal members and provide relevant products and services that help facilitate product design and assortment strategies.

Culture

Celebrating our 90th anniversary

Live broadcast of Managing Director, Kent Wong

- The first live broadcast from Kent Wong, the Managing Director, to all employees from different regions of the Group took place in March this year to kick off our celebration to the 90th Anniversary of Chow Tai Fook.

- Leveraging this remarkable milestones, we invited Han Meilin, the prominent artist who created the 2008 Beijing Summer Olympics mascots, to design a limited edition gold badge exclusively for our 90th Anniversary celebration. As a token of our appreciation to our employees, every employee was entitled to an extra day leave and a 90th Anniversary gold badge.

Corporate video

- A new corporate video with a theme of "Heritage • Innovation • Sharing" was launched in April this year.

CTF Brand Hall

- Located at our Shenzhen headquarters, the CTF Brand Hall opened in May this year showcasing the key milestones of the Group and jewellery culture over the past 90 years.

Internal innovative incubators

Unbounded working environment

- The "Slash" working space concept was developed to provide an unbounded and user-friendly working environment that enables the flow and exchange of ideas. It is a new working model aimed at providing work flexibility and instilling creativity in our teams and our people.

- An internal online communications tool was piloted in FY2019 across Mainland China. The tool streamlines work through progress tracking digitalisation for projects and administrative tasks. It also serves as an effective and efficient virtual communication platform.

External innovative incubators

Loupe

- Design Residency Programme is established by Loupe for the development of design talent in the jewellery industry. Opportunities are offered to these local and international designers, including the participation in different exhibitions to showcase their jewellery collections.

- We equip our design talent with additional skills in order to further develop their careers. These include special jewellery making techniques, practical knowledge in business operations and sales techniques, along with market updates through interactions with the industry.

BUSINESS OUTLOOK AND STRATEGIES

In light of the macro headwinds and a tough comparison base as we head into 1HFY2020, we are cautiously optimistic for FY2020. The US-China trade talks may take some time to settle in our view. Nonetheless, with the stimulus measures from the Chinese government such as lowering reserve requirement ratio, various tax cuts, spurring lending, particularly to small and medium-sized companies and enlarging infrastructure spending, we believe these would help to mitigate the impact on the economy and consumer sentiment. As to grab a greater market share and optimise the Group's brand competence in Mainland China, we will continue to deepen our market penetration strategically in lower tier and county level cities in Mainland China in the next three to five years.

As such, our "Smart+ 2020" three-year strategic framework serves as the backbone for our business development and transformation. We are delighted to observe some recognisable outcomes underpinned by technology, innovation and sustainability. We would continue our efforts in the following areas, namely: (1) Implementing multi-brand strategy and enriching retail experience to breakthrough customers' inherent expectations on jewellery store; (2) Reinforcing customer experience with personalised engagement in the manufacturing process through the customer-led C2M business model; (3) Building up of effective operation models by deriving useful insights from big data analytics; and (4) Incubating talents internally within the Group and externally for the jewellery industry by promoting the innovative and entrepreneurial culture and providing broader horizons to unleash their creativity and talents.

We are determined to prioritise sustainability as the overarching principle of our future development over the next decade. Our sustainability strategy initiatives are focused in four priority areas: (1) By committing to Responsible Sourcing across our supply chain, we will meet the optimal industry standards and practices; (2) To foster heritage and craftsmanship skills and to promote product innovation under Craftsmanship, Innovation & Technology; (3) To protect our planet via a sustainable operation under Resource Efficiency & Carbon Reduction; and (4) To cultivate a decent people-centric workplace, and uphold our People Focused attitude though nurturing wellbeing in our community. These measurable goals will steer us towards the Group's centenary.

FINAL DIVIDEND, SPECIAL DIVIDEND AND ANNUAL GENERAL MEETING

The Board recommended the payment of a final dividend of HK$0.20 per share (FY2018: HK$0.15 per share) and a special dividend of HK$0.30 per share (FY2018: HK$0.30 per share) for FY2019, amounting to approximately HK$5,000 million (FY2018: HK$4,500 million). Such payment of dividends will be subject to the approval of shareholders at the forthcoming annual general meeting of the Company to be held on Friday, 2 August 2019 and is payable to shareholders whose names appear on the register of members of the Company at the close of business on Friday, 9 August 2019. It is expected that the proposed final and special dividends will be paid on or about Wednesday, 21 August 2019. Notice of the annual general meeting will be published and despatched to shareholders of the Company in the manner required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") in due course.

REVIEW OF ANNUAL RESULTS

The Audit Committee of the Company has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements of the Group for FY2019.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2019 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 March 2019, the Company was in full compliance with all applicable principles and code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Directors confirmed that they had complied with the required standard as set out in the Model Code and the Company's code of conduct during FY2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlements to attend and vote at the forthcoming annual general meeting of the Company, the register of members of the Company will be closed from Tuesday, 30 July 2019 to Friday, 2 August 2019, both days inclusive, during which period no transfer of share of the Company will be registered. All transfers of shares of the Company accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 29 July 2019.

In order to establish entitlements to the proposed final and special dividends, the register of members of the Company will be closed on Friday, 9 August 2019 and no transfer of share of the Company will be registered on that day. All transfers of shares of the Company accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 8 August 2019.

For and on behalf of the Board
Dr. Cheng Kar-Shun, Henry
Chairman

Hong Kong, 6 June 2019

As at the date of this announcement, the executive directors are Dr. Cheng Kar-Shun, Henry, Mr. Wong Siu-Kee, Kent, Dr. Cheng Chi-Kong, Adrian, Mr. Cheng Chi-Heng, Conroy, Mr. Cheng Ping-Hei, Hamilton, Mr. Chan Sai-Cheong, Mr. Suen Chi-Keung, Peter, Mr. Chan Hiu-Sang, Albert, Mr. Liu Chun-Wai, Bobby and Mr. Cheng Kam-Biu, Wilson; the non-executive director is Ms. Cheng Chi-Man, Sonia; and the independent non-executive directors are Dr. Fung Kwok-King, Victor, Dr. Or Ching-Fai, Raymond, Mr. Kwong Che-Keung, Gordon, Mr. Cheng Ming-Fun, Paul, Mr. Lam Kin-Fung, Jeffrey and Ms. Cheng Ka-Lai, Lily.