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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

#### **PRESENTATION ON 2024/ 2025 INTERIM RESULTS**

A presentation in relation to the results of Chow Tai Fook Jewellery Group Limited and its subsidiaries for the six months ended 30 September 2024 is appended to this announcement.

By order of the Board  
**Chow Tai Fook Jewellery Group Limited**  
**Dr. Cheng Kar-Shun, Henry**  
*Chairman*

Hong Kong, 26 November 2024

*As at the date of this announcement, the executive directors are Dr. Cheng Kar-Shun, Henry, Mr. Cheng Chi-Heng, Conroy, Ms. Cheng Chi-Man, Sonia, Mr. Wong Siu-Kee, Kent, Mr. Cheng Kam-Biu, Wilson, Mr. Cheng Ping-Hei, Hamilton, Mr. Suen Chi-Keung, Peter and Mr. Liu Chun-Wai, Bobby; and the independent non-executive directors are Mr. Kwong Che-Keung, Gordon, Mr. Lam Kin-Fung, Jeffrey, Dr. Or Ching-Fai, Raymond, Ms. Cheng Ka-Lai, Lily, Mr. Chia Pun-Kok, Herbert, Ms. Fung Wing-Yee, Sabrina and Mr. Tang Ying-Cheung, Eric.*

CHOW TAI FOOK JEWELLERY GROUP

2024/2025  
INTERIM RESULTS  
INVESTOR  
PRESENTATION



2024.11.26

# 1H2025 HIGHLIGHTS

## Resilient operating profitability against macro headwinds

Revenue

HK\$39,408 million  
▼ 20.4%  
On constant fx  
▼ 20.0%

Operating profit <sup>2</sup>

HK\$6,776 million  
▲ 4.0%

Profit attributable to shareholders

HK\$2,530 million  
▼ 44.4%

Gross profit margin <sup>1</sup>

31.4% | 1H2024  
24.9%

Operating profit margin

17.2% | 1H2024  
13.2%

Dividend per share

HK\$0.20 | Payout ratio  
78.9%

<sup>1</sup> Gold loan impact was reclassified from cost of goods sold ("COGS") to "other gains and losses" for 1HFY2024 and before

<sup>2</sup> Aggregate of gross profit and other income, less selling and distribution costs and general and administrative expenses

# 1H2025 HIGHLIGHTS

Diligently executing five strategic priorities with a focus on brand transformation



## Brand transformation gains positive momentum

- First new concept store in HK
- Signature CTF Rouge Collection RSV > HK\$ 1.5 billion since launch



## Ongoing product and pricing optimisation

- Product offerings with varying value propositions
- Fixed-price mix in gold product RSV: **Doubled YoY to 14.2%**



## Improved margins and disciplined spending

- GPM **+650** bps YoY
- OPM **+400** bps YoY
- SG&A down by **2.8%** YoY
- Disciplined capex spending



## Preserve and perpetuate rich Chinese cultural heritage

- Launched a **five-year Chinese Gold Craftsmanship Heritage Education Programme**
- Committed **HK\$10 million** sponsorship in advancing social purpose

# BRAND TRANSFORMATION

Progressive rollout of refreshed stores to elevate customer experience

Launch new concept store at 42-46 Queen's Road Central, Hong Kong



# OPTIMISATION OF PRODUCT OFFERINGS

Exquisite design and craftsmanship to enhance brand desirability

CTF Rouge Collection



CTF Bond Collection



Chow Tai Fook  
Palace Museum Collection



# CHINESE GOLD CRAFTSMANSHIP HERITAGE EDUCATION PROGRAMME

## Enhance appreciation of Chinese gold craftsmanship among younger generation

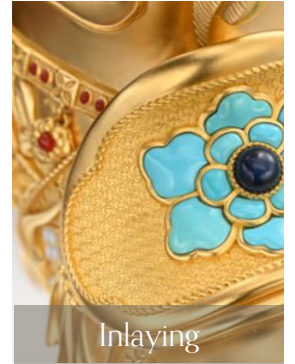
- Foster the understanding and appreciation of the Chinese gold artistry among younger generation, leading them to contribute to the preservation of Chinese culture and nurture a sense of national pride
- Partner with Hong Kong Palace Museum to provide diverse activities and learning resources, such as masterclasses and workshops, with a focus on Chinese goldsmithing, gold artefact design and related cultural exchange initiatives



Filigree



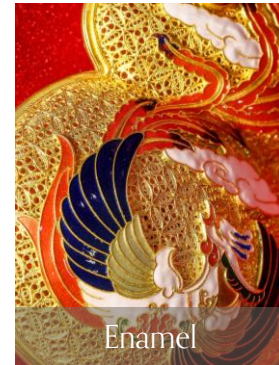
Granulation



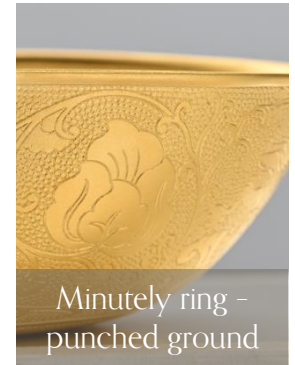
Inlaying



Carving



Enamel



Minutely ring - punched ground

# BUSINESS UPDATE

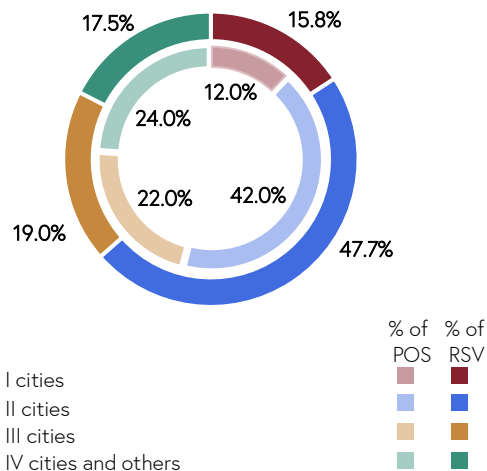
CHOW TAI FOOK JEWELLERY GROUP



# MAINLAND CHINA – CHOW TAI FOOK JEWELLERY POS

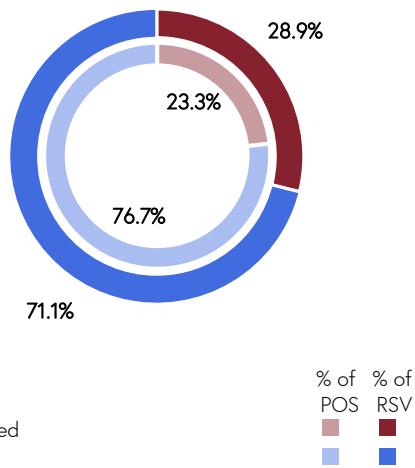
## Prioritise financial health of POS network and sustain market leadership

RSV and POS by tier of cities <sup>1</sup>



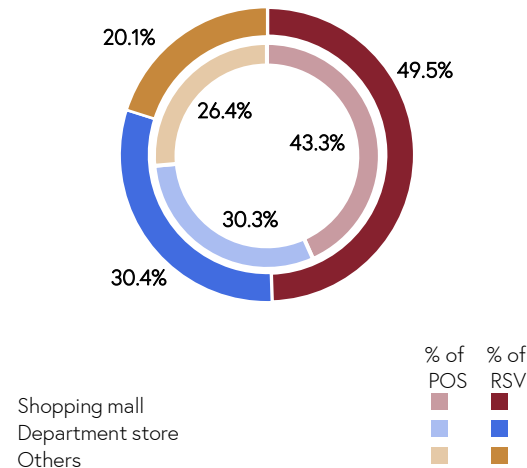
	RSV YoY	Net POS movement
Tier I cities	-18.4%	-36
Tier II cities	-20.1%	-73
Tier III cities	-20.4%	-52
Tier IV cities and others	-21.7%	-78

RSV and POS by operating model



	RSV YoY	Net POS movement
Self-operated	-25.6%	-7
Franchised	-17.7%	-232

RSV and POS by store format



	RSV YoY	Net POS movement
Shopping mall	-17.0%	-25
Department store	-22.8%	-85
Others	-23.4%	-129

# MAINLAND CHINA

## Enhance omni-channel experience with high touch engagement

### POS Network

- Net closed 239 CHOW TAI FOOK JEWELLERY POS in 1H2025. Expect net store closure to moderate in 2H2025 based on current observations of the trajectory and market conditions
- Stay agile and optimise store network by streamlining underperforming stores while focusing on maximising store productivity
- Continue to open new stores in promising locations on a selective basis, informed by a data-driven approach



### E-commerce Channel

RSV

▼ 0.6%

Contribution to  
respective RSV

5.6%

Contribution to respective  
retail sales volume

13.4%

Average selling price

HK\$2,400

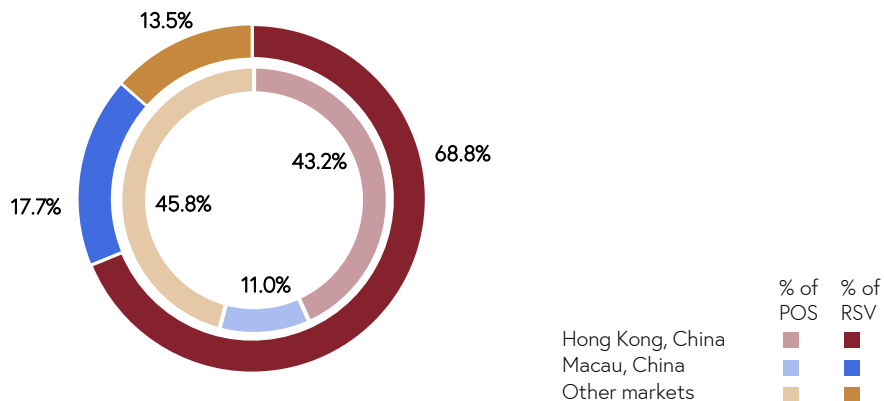
1H2024

HK\$2,100

# HONG KONG & MACAU OF CHINA AND OTHER MARKETS

## Stay agile in managing the evolving business dynamics

RSV and POS by geography



	RSV YoY	Net POS movement
Hong Kong, China	-25.6%	-1
Macau, China	-42.0%	-2
Other markets	-31.7%	+3

### Retail Network Management

Hong Kong and Macau of China

- Launched the first new concept store in Central, Hong Kong
- Net closure of 3 POS in 1H2025
- Continue to reassess business conditions and evaluate individual store location, scale and productivity to ensure margin resilience

# HONG KONG & MACAU OF CHINA AND OTHER MARKETS

## Prospect new growth opportunities in overseas

RSV (ex China DF)

▲ 8.5%

1H2025 net openings

3 POS

### Strategic Expansion in Southeast Asia and Globally

- As of Sep 2024, the Group had 61 CHOW TAI FOOK JEWELLERY POS in other markets
- Senior executive appointment (Ms. Gabriela Ferreira) committed to:
  - Leveraging her luxury retail experience across international brands to drive the Group's growth strategy in Southeast Asia
  - Building a team in Singapore to support business expansion and enhance brand desirability in targeted markets
- The Group is committed to exploring growth opportunities in travel retail markets and in areas with a significant customer population who understand and appreciate Chinese culture, art and beauty

# FINANCIAL REVIEW

CHOW TAI FOOK JEWELLERY GROUP



# 1H2025 INCOME STATEMENT HIGHLIGHTS

Margin resilience a testament to our focus on earnings quality

Revenue

HK\$39,408 million ▼ 20.4%

Gross profit

HK\$12,378 million ▲ 0.5 %

SG&A

HK\$5,978 million ▼ 2.8%

Operating profit

HK\$6,776 million ▲ 4.0%

Revenue YoY on constant fx

▼ 20.0%

Gross profit margin

31.4% | 1H2024 24.9%

SG&A ratio

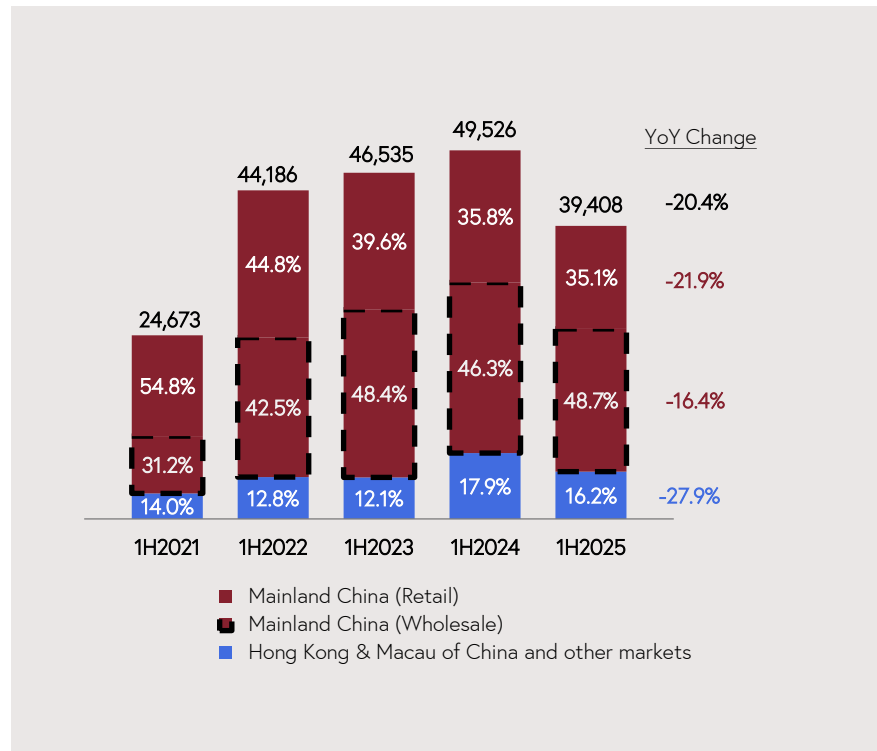
15.2% | 1H2024 12.4%

Operating profit margin

17.2% | 1H2024 13.2%

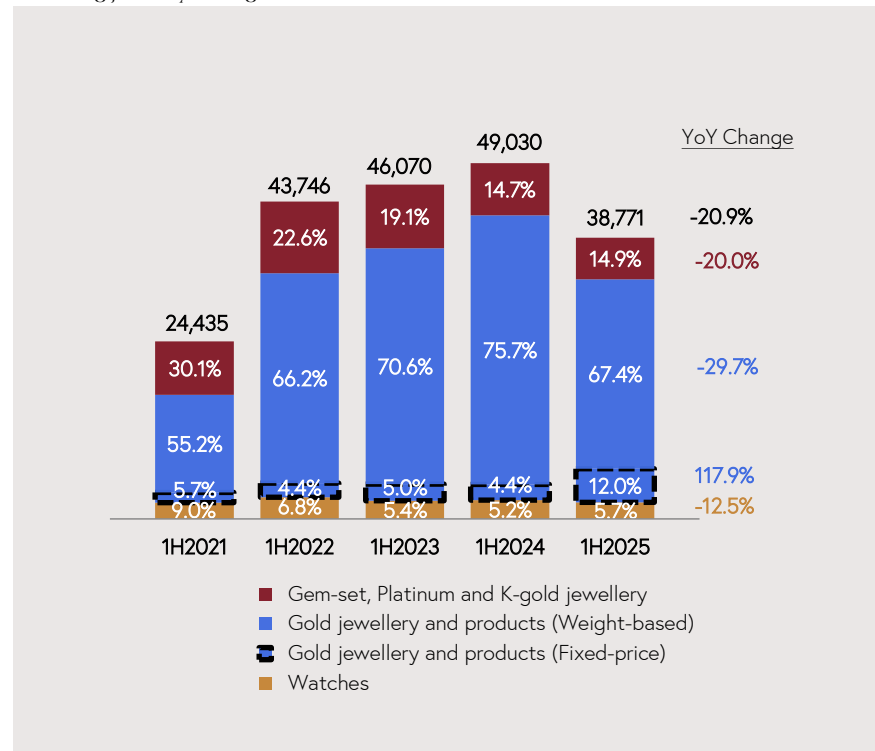
# REVENUE BREAKDOWN

Revenue by reportable segment (HK\$ m)



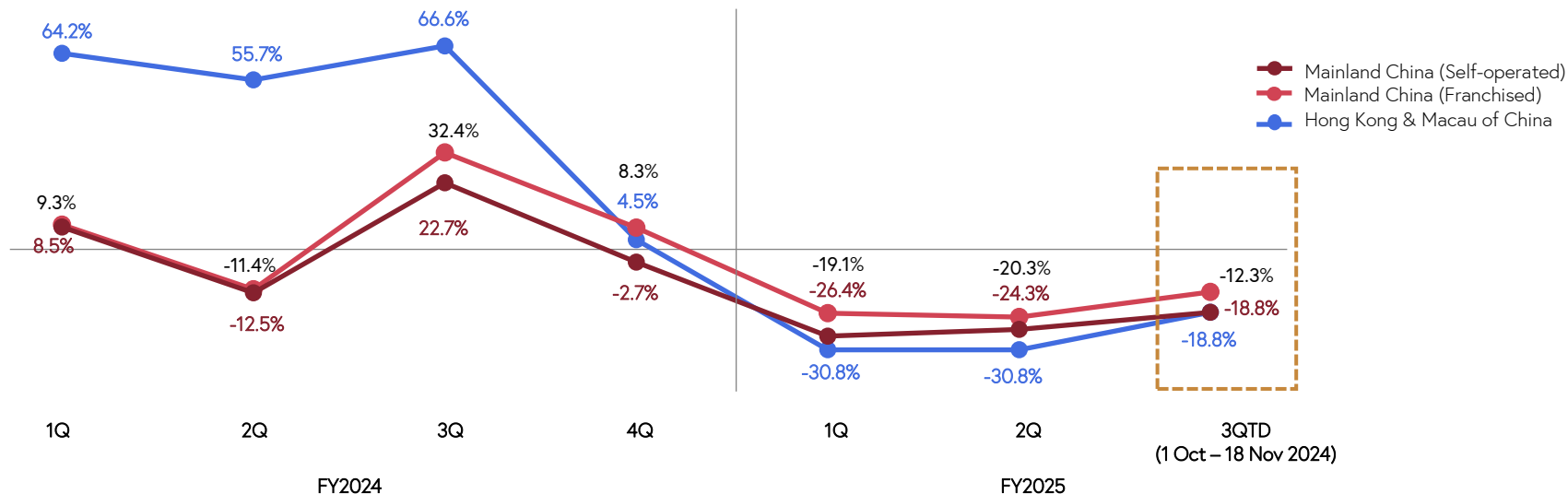
Revenue by product (HK\$ m)

(Excluding jewellery trading and service income from franchisees)



# SAME STORE SALES GROWTH ("SSSG") – MAJOR MARKETS

Sequential improvement across all operating markets

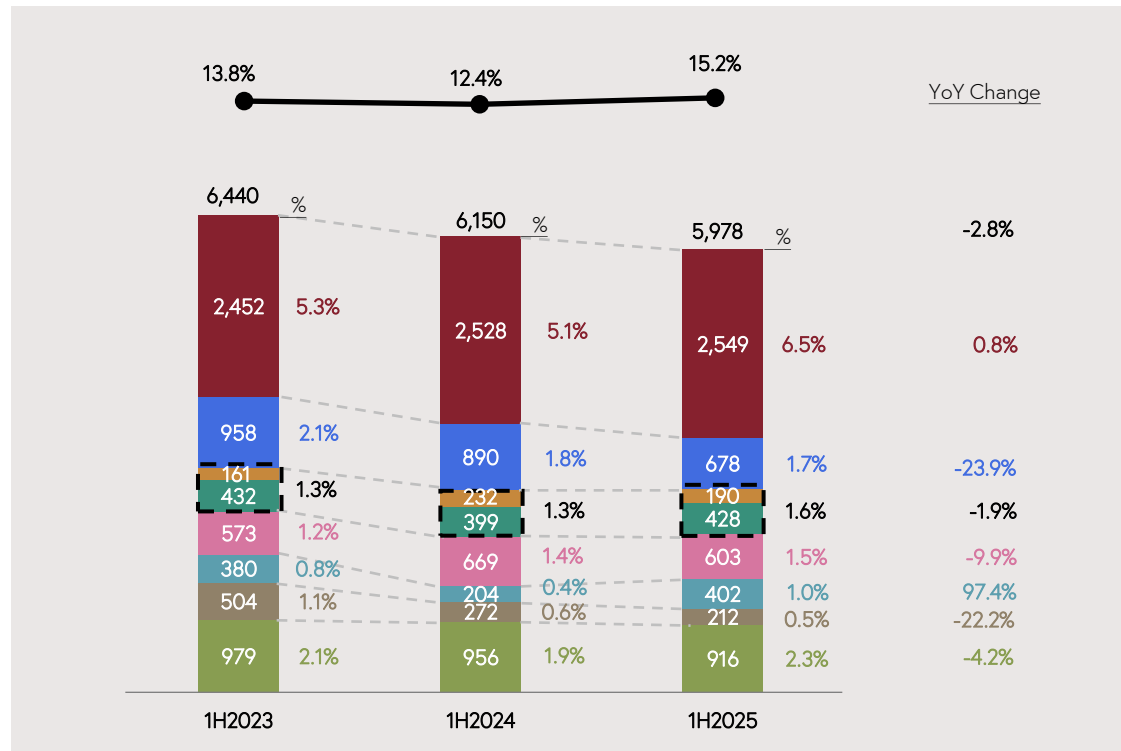


Mainland China (Self-operated) (1H2025)	SSSG	SSS volume growth	SS ASP <sup>1</sup>
Overall	-25.4%	-34.9%	N/A
Gem-set, Platinum and K-gold jewellery	-29.8%	-34.4%	HK\$8,900 <sup>2</sup>
Gold jewellery and products	-26.4%	-35.3%	HK\$6,300

Hong Kong & Macau of China (1H2025)	SSSG	SSS volume growth	SS ASP <sup>1</sup>
Overall	-30.8%	-36.1%	N/A
Gem-set, Platinum and K-gold jewellery	-24.2%	-23.7%	HK\$15,900 <sup>2</sup>
Gold jewellery and products	-34.8%	-38.9%	HK\$9,200

# SG&A ANALYSIS (HK\$M)

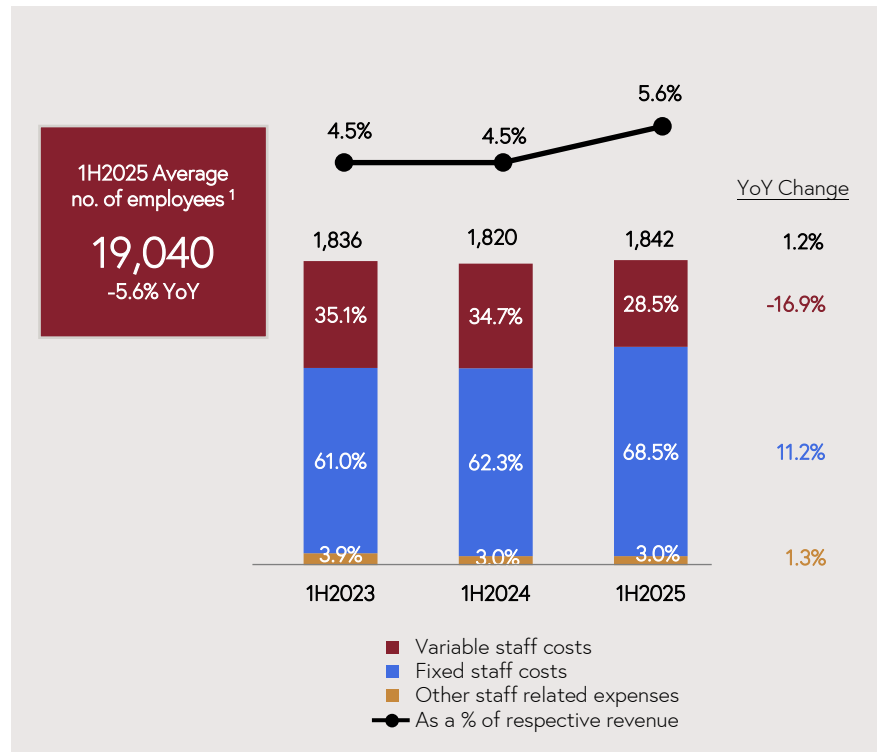
Continued execution of disciplined cost management



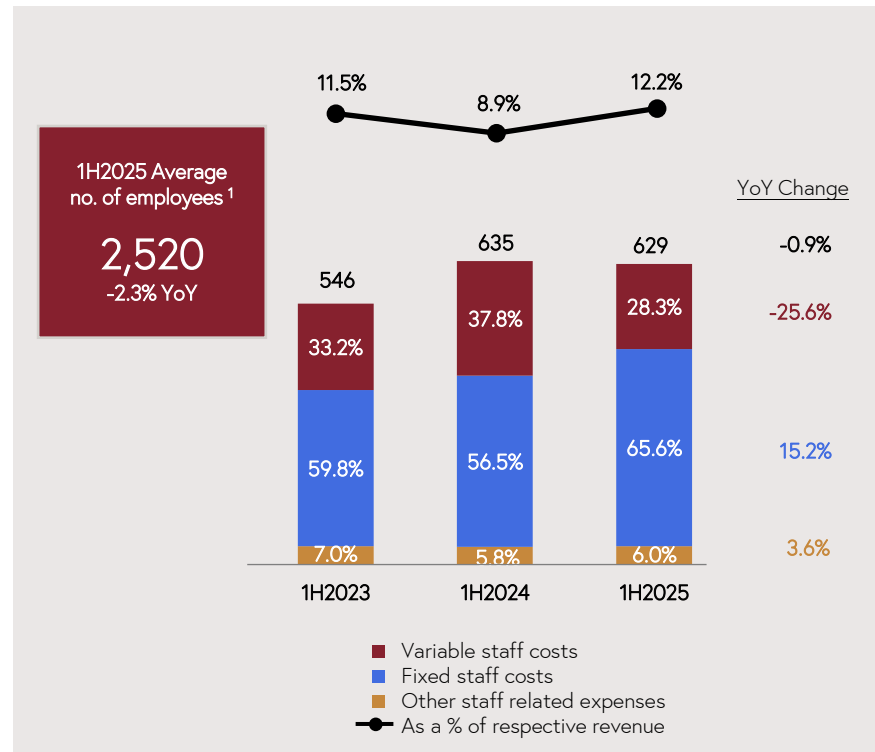
- Staff costs and related expenses
- Concessionaire fees
- Rental expenses
- Depreciation and amortisation (Right-of-use assets, "ROUA")
- Depreciation and amortisation (Property, plant and equipment)
- Advertising and promotion expenses
- Packaging materials
- Other SG&A
- As a % of revenue

# SG&A – STAFF COSTS AND RELATED EXPENSES (HK\$M)

## Mainland China

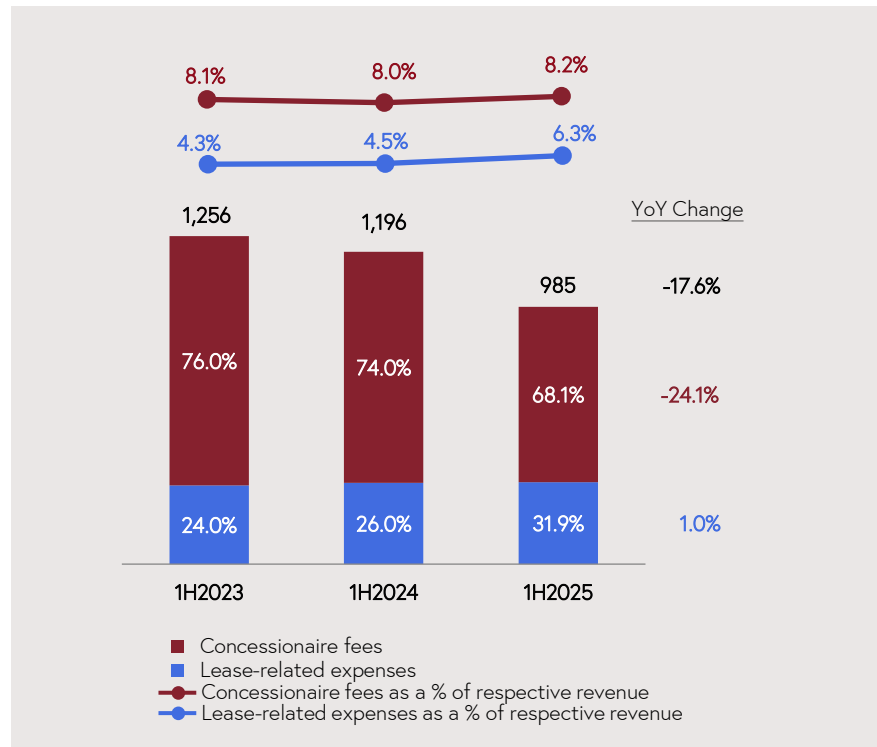


## Hong Kong & Macau of China

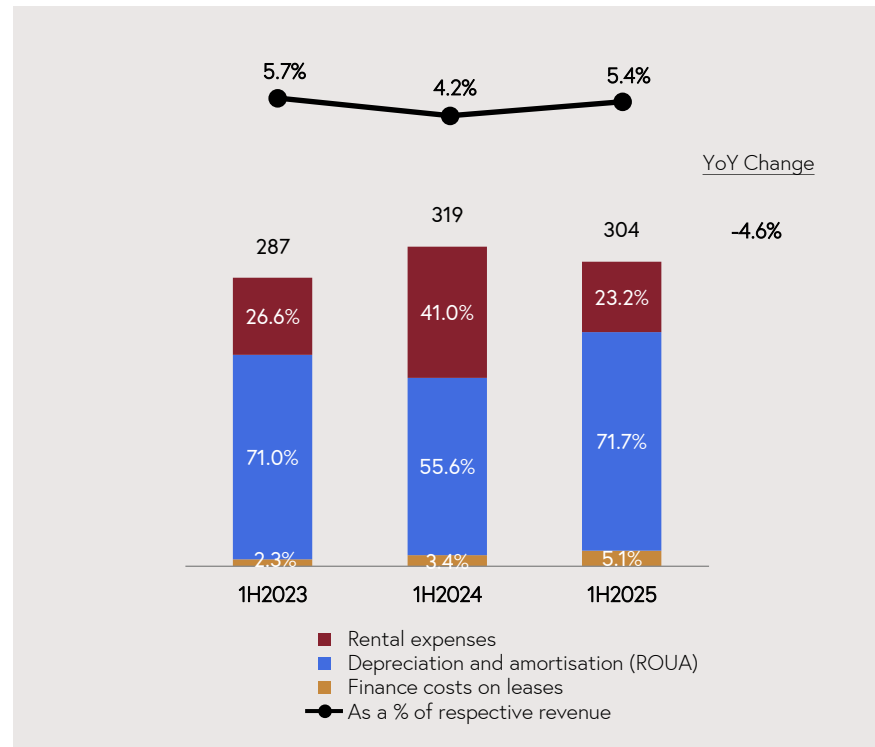


# SG&A – CONCESSIONAIRE FEES AND LEASE – RELATED EXPENSES (HK\$M)

## Mainland China

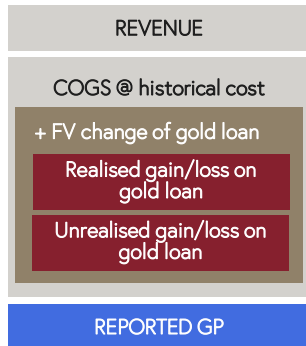


## Hong Kong & Macau of China

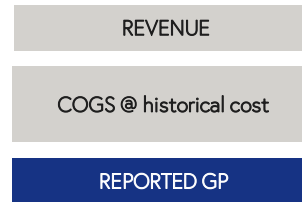


# RECLASSIFICATION OF GOLD LOAN P/L IMPACT

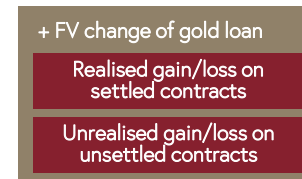
OLD



NEW



OPERATING PROFIT



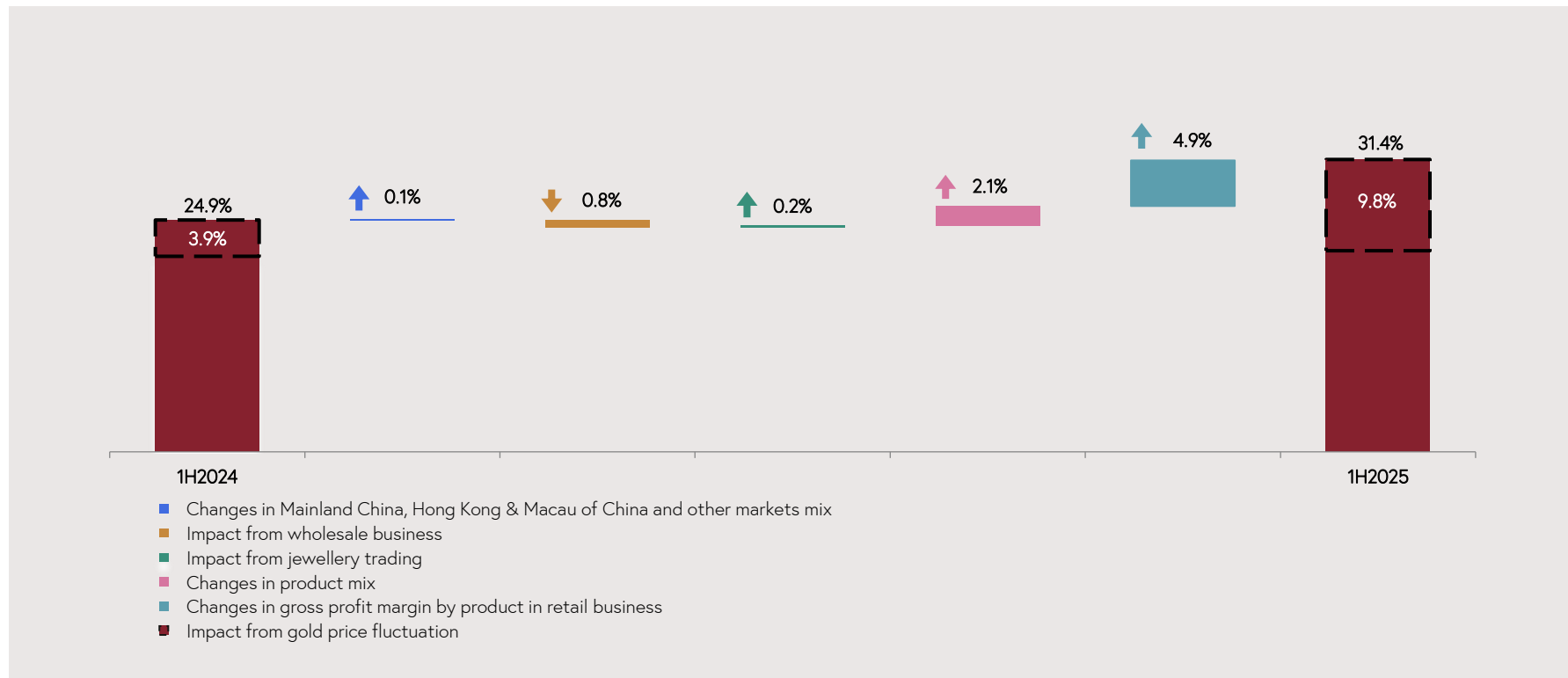
**Context:**

- Gold loans (short positions in gold) help mitigate the financial impact of gold price fluctuations on inventories (long positions). Over time, the effects of long and short positions are expected to offset through the sale of gold inventories
- Per accounting standards, gold loan contracts are revalued at market price at each financial reporting period's end or upon settlement, while gold inventories are not. This discrepancy leads to temporary accounting gains or losses. Previously, these gains or losses were included in the cost of goods sold ("COGS"), affecting reported gross and operating profit
- With or without the reclassification, the underlying trend of key performance indicators remains similar (Appendix II)

**Key rationale for the change:** Better reflect the core underlying operational performance and separate the impact of hedging

# 1H2025 MOVEMENTS IN GROSS PROFIT MARGIN

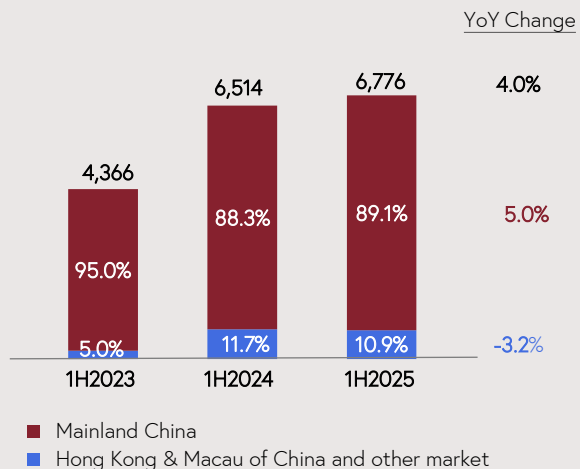
Driven by the product mix improvement and gold price surge



# OPERATING PROFIT AND PROFITABILITY ANALYSIS

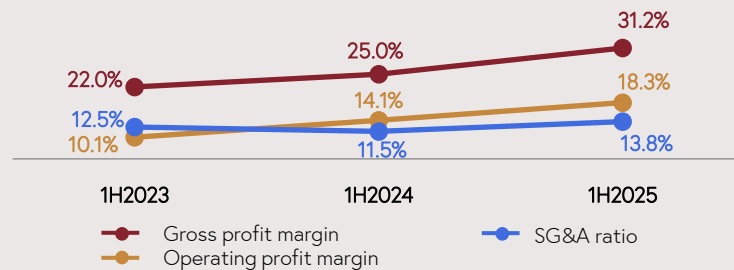
## Improving operating margin trend across all operating markets

Operating profit by reportable segment (HK\$m)

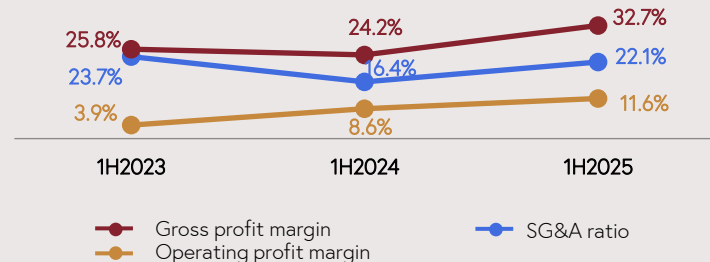


Operating profit YoY	1H2024	1H2025
Mainland China	38.6%	5.0%
Hong Kong & Macau of China and other markets	252.0%	-3.2%

Profitability - Mainland China



Profitability - Hong Kong & Macau of China and other markets



# PROFIT BEFORE TAXATION

For the six months ended 30 September (HK\$m)	1H2024	1H2025	YoY Change
Operating profit	6,514	6,776	262
Other gains and losses	(182)	(3,135)	(2,953)
- Fair value change of gold loan	33	(3,065)	(3,098)
- Net Fx gain / (loss)	(209)	(34)	175
- Others	(6)	(36)	(30)
Other expenses	(32)	(31)	1
Share of losses of associates	(9)	(8)	1
Interest income	111	78	(33)
Finance costs	(328)	(306)	22
Profit before taxation	6,074	3,374	(2,700)

## Major Movement

### Fair value change on gold loan

1H2025

Net loss HK\$3,065m:

- Net loss on settled loans: HK\$1,601m
- Net loss on unsettled loans: HK\$1,464m

1H2024

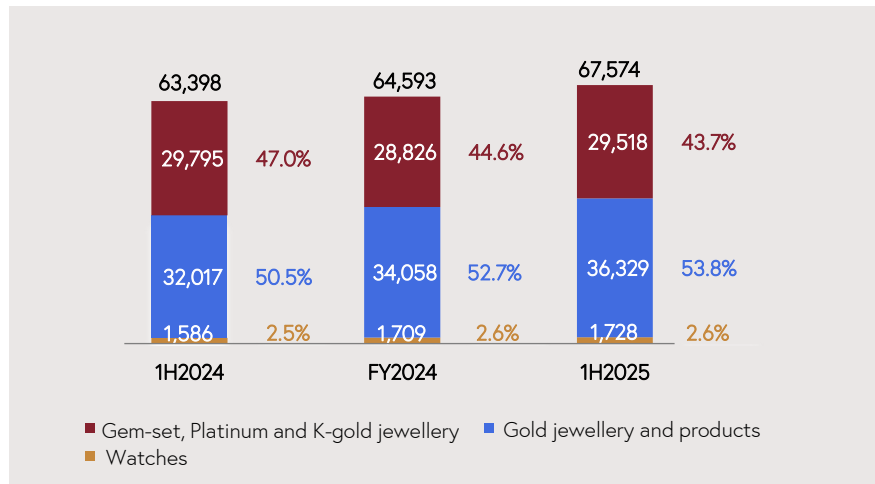
Net gain HK\$33m:

- Net loss on settled loans: HK\$491m
- Net gain on unsettled loans: HK\$524m

# INVENTORY AND CAPITAL EXPENDITURE (HK\$M)

## Prudent inventory and capex management amidst market uncertainty

Inventory balances by product<sup>1</sup>

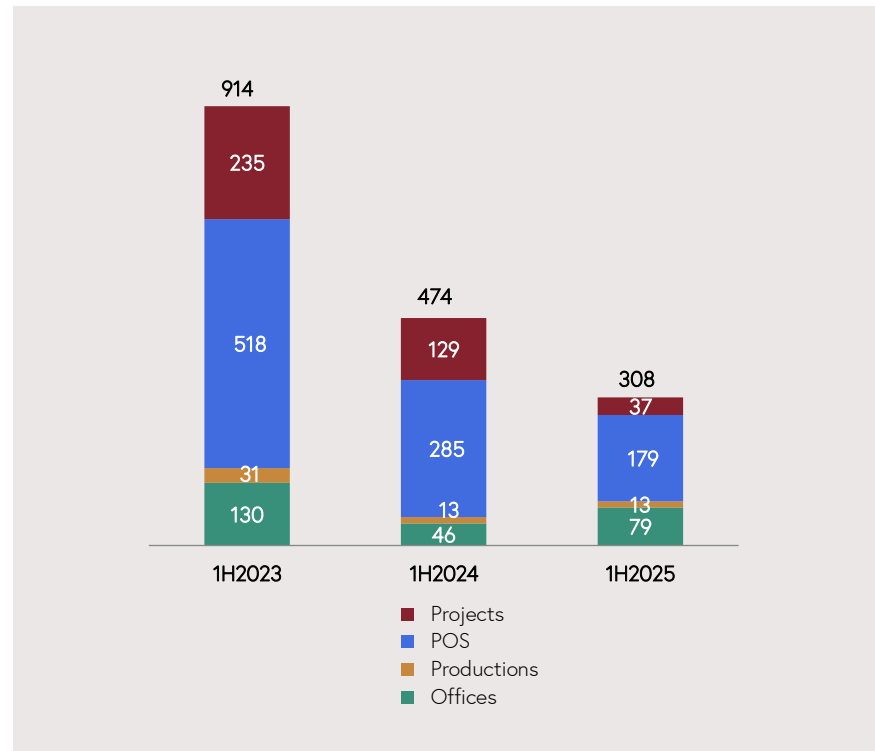


Inventory turnover period by category <sup>2</sup> (day)	1H2024	FY2024	1H2025
Finished goods	238	221	354
Raw materials	74	65	103
Overall	312	286	457

<sup>1</sup> Packaging materials excluded

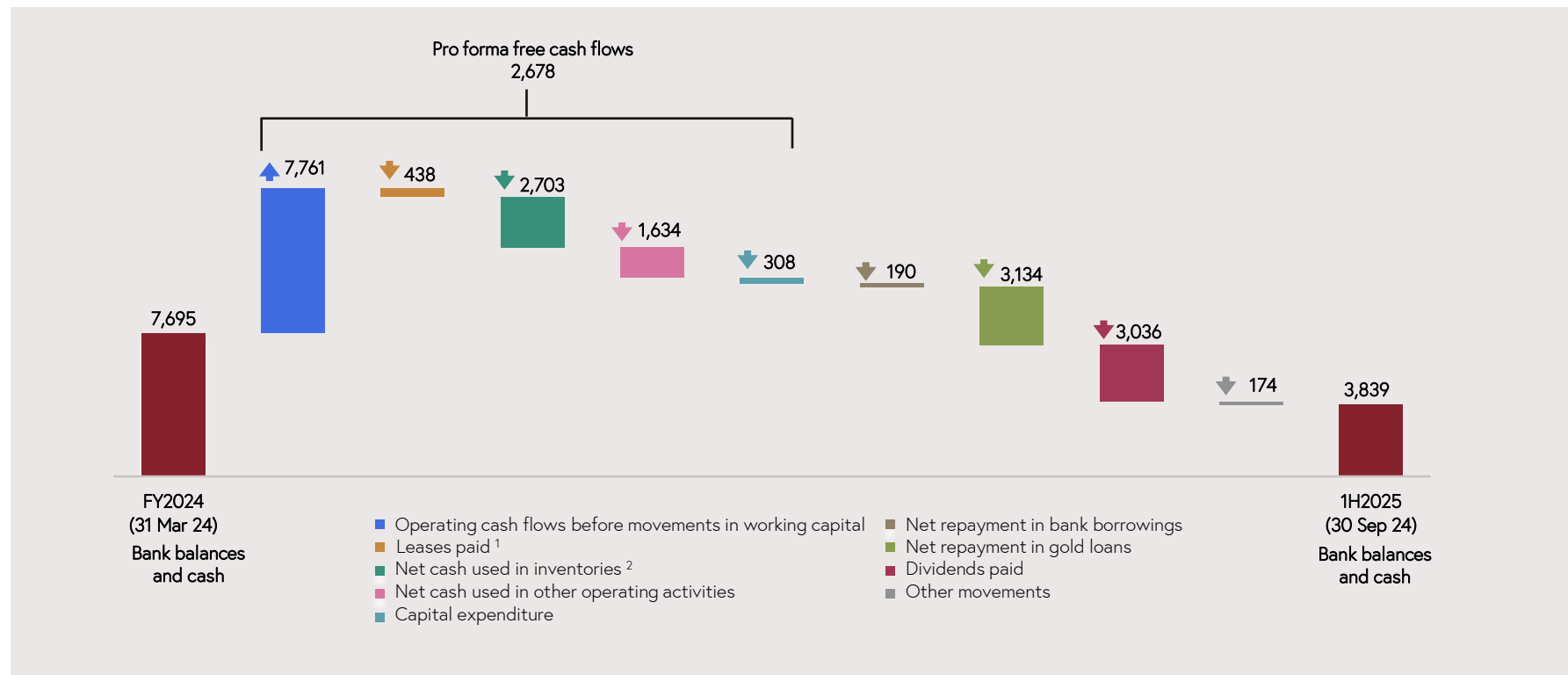
<sup>2</sup> Inventory turnover period = Closing inventory balances (excluding packaging materials) / cost of goods sold x 365 or 366 (for FY) or 183 (For 1HFY)

Capex by function



# SUMMARY – MOVEMENTS IN CASH FLOWS (HK\$M)

Sustained generation of free cash flows despite macro challenges



<sup>1</sup> With adoption of IFRS 16, leases paid was included in financing activities

<sup>2</sup> Net cash used in inventories excluded net drawdown/repayment of gold loans

# CAPITAL STRUCTURE HIGHLIGHTS

Effective capital management for financial stability and total shareholder returns

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Bank deposits and cash equivalents<sup>1</sup>

HK\$3,839

million

As at 31 Mar 24

HK\$7,695 million

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Total Equity

HK\$26,381

million

As at 31 Mar 24

HK\$26,746 million

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Bank borrowings

HK\$3,956

million

As at 31 Mar 24

HK\$4,136 million

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Net gearing ratio<sup>2</sup>

0.4%

As at 31 Mar 24

Net cash position

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Gold loans

HK\$24,507

million

As at 31 Mar 24

HK\$24,488 million

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Hedging ratio

66.7%

As at 31 Mar 24

69.1%

<sup>1</sup> Bank balances and cash and short-term bank deposits included

<sup>2</sup> Being the bank borrowings, net of bank deposits and cash equivalents, divided by total equity

# MARKET OUTLOOK

CHOW TAI FOOK JEWELLERY GROUP



# MARKET OUTLOOK

- We stay nimble and vigilantly monitor market dynamics and consumption trends which will inform the ongoing calibration of our growth strategy amidst market uncertainty. This also sees us prioritising financial and operational resources in strengthening business resilience and competitiveness
- Based on our current observations and expectation of a narrowing SSS decline and moderated POS closure rate for 2H2025, business fundamentals should improve sequentially from 1H2025, barring market externalities and unforeseen circumstances
- We will continue to focus on the overall financial health of our retail network to ensure margin resilience and maintain financial discipline in cost management and capital expenditure to deliver high earnings quality
- Going forward, we stay confident in the long-term prospects of the industry. We will diligently execute our five strategic priorities to further reinforce our market leadership, positioning for sustainable growth in the future and creating long-term value for our stakeholders



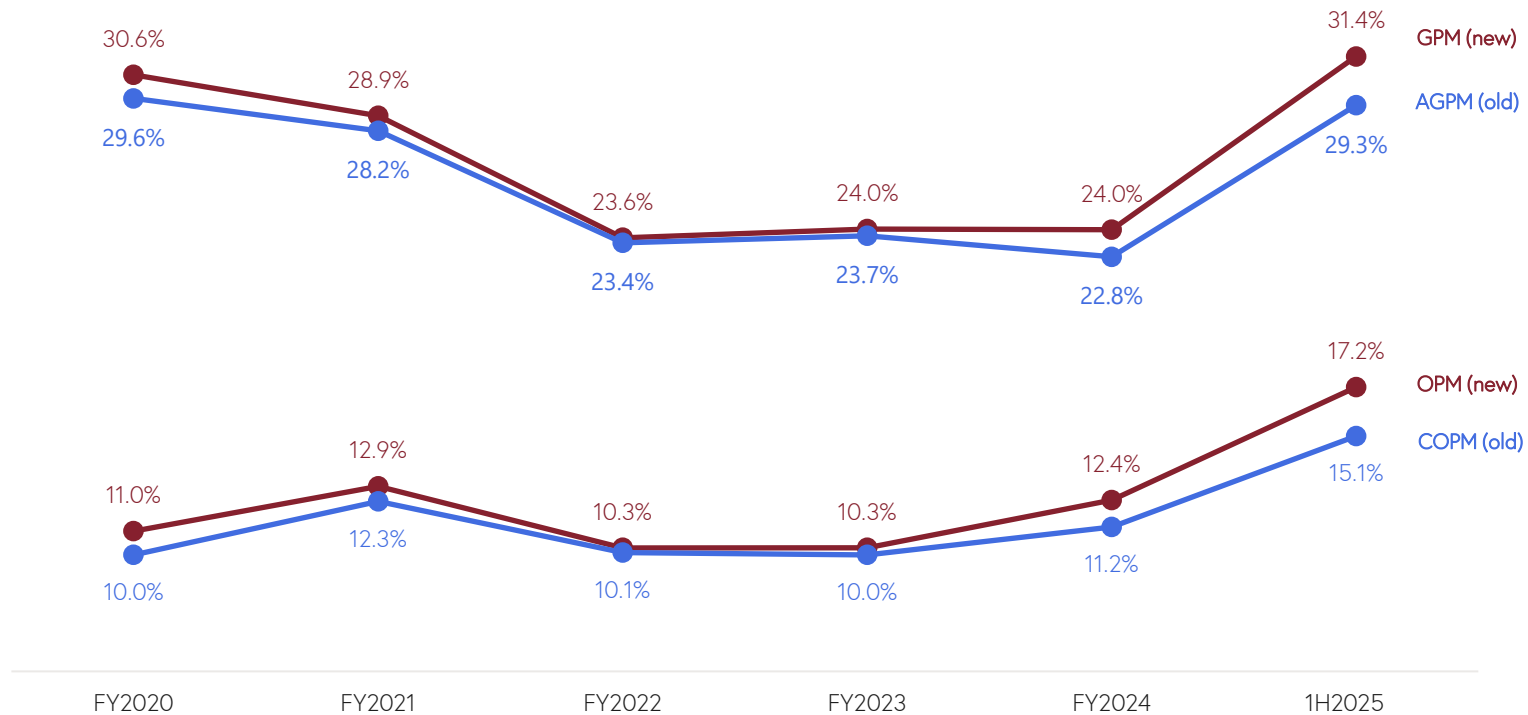
# APPENDIX

# APPENDIX I – RECLASSIFICATION OF GOLD LOAN P/L IMPACT – FY24 (HK\$ billion)

OLD				NEW		
	REVENUE	108.7		REVENUE	108.7	
	COGS @ historical cost	(82.7)		COGS @ historical cost	(82.7)	
	+ Realised gain/loss on gold loan	(1.2)		+ FV change of gold loan	(3.7)	
				Realised gain/loss on gold loan		
				Unrealised gain/loss on gold loan		
<hr/>						
	ADJUSTED GP	24.8		REPORTED GP	22.3	
	+Other income - SG&A	(12.6)		+Other income - SG&A	(12.6)	
<hr/>						
	CORE OPERATING PROFIT	12.2		OPERATING PROFIT	9.7	
	+ Unrealised gain/loss on gold loan	(2.5)		+ FV change of gold loan	(3.7)	
				Realised gain/loss on settled contracts		
				Unrealised gain/loss on unsettled contracts		
	Other gain/loss + other expense + net finance cost	(1.0)		Other gain/loss + other expense + net finance cost	(1.0)	
<hr/>						
	PBT	8.7		PBT	8.7	

## APPENDIX II – RECLASSIFICATION OF GOLD LOAN IMPACT

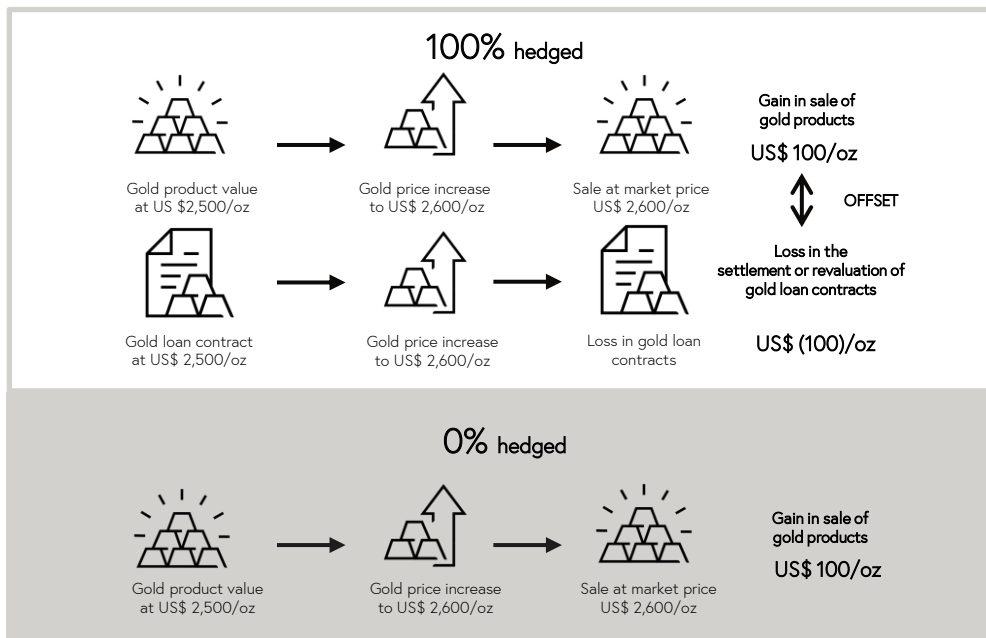
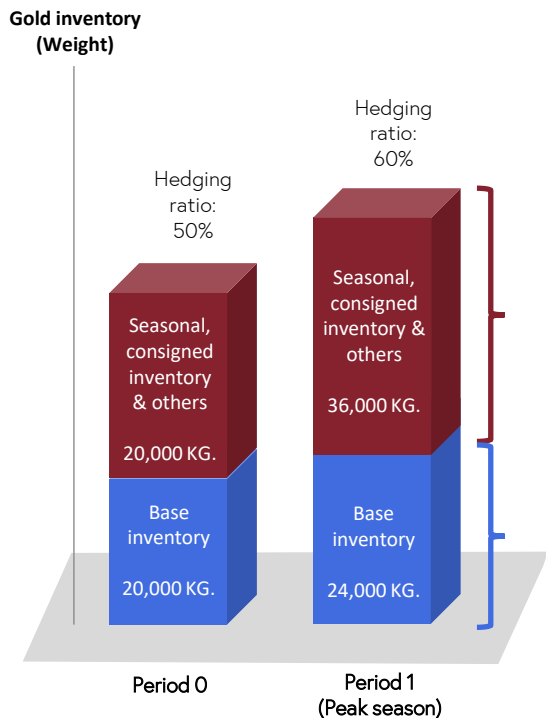
Underlying trend is similar before and after the reclassification



## APPENDIX III – INCOME STATEMENT SUMMARY

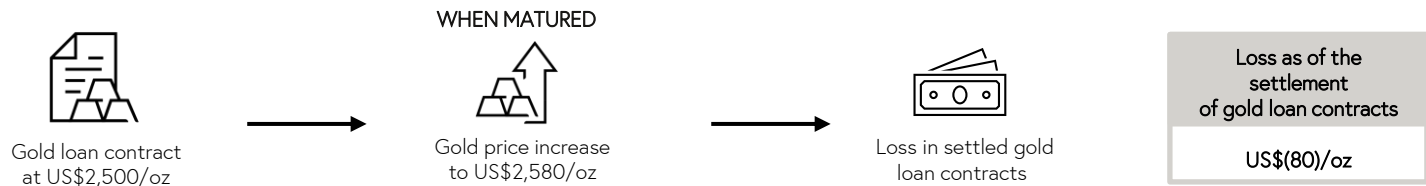
For the six months ended 30 September (HK\$m)	1H2023	1H2024	1H2025	YoY Change
<b>Revenue</b>	46,535	49,526	<b>39,408</b>	-20.4%
<b>Gross profit</b>	10,453	12,311	<b>12,378</b>	0.5%
Gross profit margin	22.5%	24.9%	<b>31.4%</b>	6.5% pts
<b>Selling and distribution costs and general and administrative expenses ("SG&amp;A")</b>	6,440	6,150	<b>5,978</b>	-2.8%
SG&A to revenue ratio	13.8%	12.4%	<b>15.2%</b>	2.8% pts
<b>Operating profit</b>	4,366	6,514	<b>6,776</b>	4.0%
Operating profit margin	9.4%	13.2%	<b>17.2%</b>	4.0% pts
<b>Profit before taxation</b>	4,519	6,074	<b>3,374</b>	-44.5%
<b>Profit attributable to shareholders</b>	3,336	4,551	<b>2,530</b>	-44.4%
<b>Earnings per share – Basic and Diluted</b>	HK\$0.33	HK\$0.46	<b>HK\$0.25</b>	-44.3%
<b>Interim dividend per share</b>	HK\$0.22	HK\$0.25	<b>HK\$0.20</b>	N/A

# APPENDIX IV – ILLUSTRATION OF HEDGING MECHANISM



# APPENDIX IV – ILLUSTRATION OF THE FAIR VALUE GAIN/LOSS ON GOLD LOANS

## Fair value loss on settled gold loan



## Revaluation loss on unsettled gold loan



# APPENDIX V – OUR SUSTAINABILITY

## Sustainability goals to achieve on or before 2029

### Craftsmanship



#### 2029 Goal

- Promote cross-generational craftsmanship, innovation and technology
- Cultivate the artisanal spirit through mass engagement and in-depth experiential programmes reaching 10 million people <sup>1</sup>

#### FY2024 highlights

**61 million+**

participants have joined mass engagement initiatives and in-depth experiential programmes over the years

**210+**

public craftsmanship activities

### Collaboration

with Shaanxi History Museum and Northwestern Polytechnical University to develop new pieces in HUA Collection

### People focused



#### 2029 Goal

- Cultivate our caring culture that embraces giving back to our community, employee development, diversity, inclusion, wellbeing and family-friendly practices
- Increase employees' volunteer service hours by 30% <sup>1</sup>

#### FY2024 highlights

**994,000+**

total training hours

**HK\$34.5 million**

of total donations

**15,000+**

of volunteer service

### Responsible sourcing



#### 2029 Goal

- Implement our Best Practice Principles for Suppliers
- Ensure 100% of key long-term suppliers are fully compliant

#### FY2024 highlights

**84%**

of key suppliers have signed our Best Practice Principles for Suppliers

### Due diligence process

on diamond suppliers strengthened, covering 96% active diamond suppliers

### Resource efficiency & carbon reduction



#### 2029 Goal

- Reduce the ecological footprint of our operations
- Reduce GHG intensity and water consumption intensity of the Group and waste generation intensity of production hubs by at least 15% <sup>1,2</sup>

#### FY2024 highlights

**34%**

reduction in GHG emissions intensity

**44%**

reduction in water use intensity

**60%**

reduction in waste intensity from production

### Climate

risks and opportunities identified through scenario analysis

<sup>1</sup> Base year for all numerical targets is FY2019

<sup>2</sup> In FY2023, targets of our production hubs have been revised to achieve a minimum reduction of 50% compared to FY2019

# APPENDIX V – OUR SUSTAINABILITY Reporting principles and recognitions

## Reporting principles

In additions to the Environmental, Social and Governance Reporting Guide of HKEX, our sustainability disclosure is also prepared with reference to the recommendations from:

- Global Reporting Initiative Sustainability Reporting Standards
- The Task Force on Climate-Related Financial Disclosures

## Recognitions

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周大福珠宝集团有限公司  
平信社

《可持续发展年鉴（中国版）》  
入选企业

中国企业标准全球CSA评分2023

标准名称:CSA评分2023: D1100  
评分日期:2023年11月15日  
标准名称:全球可持续发展年鉴(CSA): 评级标准:全球可持续发展年鉴全球  
CSA评分: 入选企业:周大福珠宝集团有限公司(周大福珠宝集团), 周大福珠宝  
集团网址:www.spglobal.com/esg/yearbook/china/sustainability\_in

S&P Global



CDP Climate Security Assessment 2023



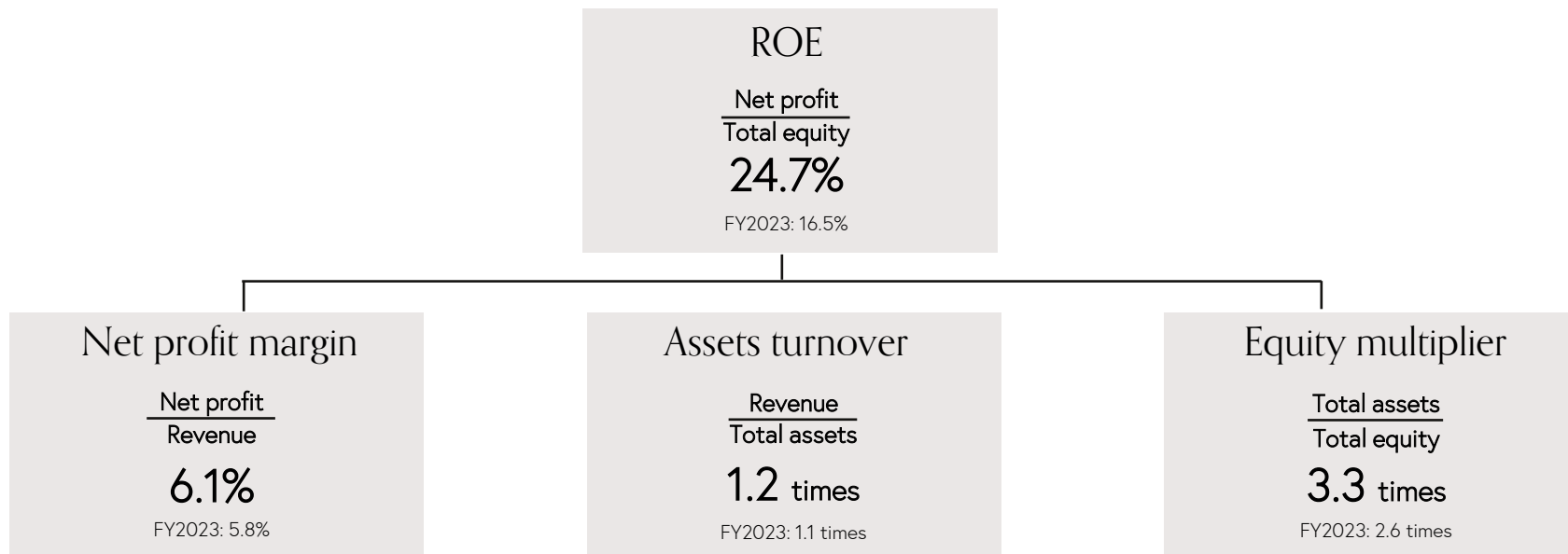
Note: Management level

CDP Water Change Assessment 2023



Note: Management level

## APPENDIX VI – FY2024 RETURN ON EQUITY



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