VGR

// H1 FY2027

CHOW TAI FOOK JEWELLERY GROUP

HEARTS ON FIRE ENZO MONOLOGUE

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01

Executive Summary

Analysis by Pau Almar, VGR. Primary source: Chow Tai Fook Jewellery Group Limited, "Interim Results Announcement for the Six Months Ended 30 September 2026", interim report 2026/2027, HKEXnews, 24 November 2026. https://www1.hkexnews.hk/listedco/listconews/sehk/2026/1124/2026112400276.pdf

Revenue rose 13.5% to HK$44,263m; the stronger renminbi supplied 5.0 points

Revenue for the six months to 30 September 2026 was HK$44,263.1m against HK$38,986.1m. At constant exchange rates it grew 8.5%. The Mainland added HK$2,722.7m, up 8.5%, and Hong Kong, Macao and Other Markets HK$2,554.3m, up 37.6%, so the smaller segment rose to 21.1% of revenue from 17.4%. Hong Kong and Macao same-store sales rose 35.1%, with volume up 11.8%.

Gross margin fell 499bp to 25.6% and operating profit fell 18.2%

Gross profit fell 5.0% to HK$11,310.4m on 13.5% more revenue. The company attributes the lower margin to a smaller gold price benefit than a year earlier, partly offset by a higher retail share. Operating profit, which excludes gold hedging, fell HK$1,244.0m to HK$5,578.8m: the Mainland lost HK$1,390.6m and Hong Kong, Macao and Other Markets added HK$146.6m. The operating margin was 12.6% against 17.5%.

Profit doubled on a HK$4,480m swing in the gold-loan revaluation

Profit attributable to shareholders rose 98.7% to HK$5,033.7m. Gold loans, a short gold position held against the gold inventory, were revalued at a gain of HK$1,336.4m against a loss of HK$3,143.3m a year earlier. The swing of HK$4,479.7m is larger than the HK$3,281.6m rise in profit before tax. Without the revaluation in both periods, profit before tax fell 18.4% to HK$5,314.2m, close to the fall in operating profit.

Inventories rose HK$10,954m and net debt HK$11,262m in six months

Inventories were HK$74,670m at 30 September, up 17.2% since March and 15.0% at constant exchange rates; the company ascribes the rise to higher average gold costs. Pro forma free cash flow was an outflow of HK$7,479m and dividends paid HK$4,440m. Bank borrowings rose to HK$13,909m from HK$4,760m and net gearing to 86.3% from 54.4%. The interim dividend is HK$0.35 against HK$0.22, a payout of 68.6%.

The Mainland estate lost a net 498 points of sale

Chow Tai Fook JEWELLERY closed 535 Mainland points of sale and opened 37, leaving 4,807. Franchised retail sales value fell 7.8% and self-operated rose 18.5%. Mainland self-operated same-store sales rose 10.5% on 7.4% lower volume, with the average fixed-price gold item at HK$9,600 against HK$6,800. The company expects closures to moderate in FY2027 and gives no number.

WHAT TO WATCH

Q3 FY2027 operational update: Mainland self-operated same-store sales against +10.5% in the half.

Q3 FY2027 operational update: Mainland net closures against 498 in the first half.

FY2027 results: gross margin against 25.6% in the first half and 30.5% a year earlier.

FY2027 results: net gearing against 86.3% and bank borrowings against HK$13,909m.

VGR will publish the next Chow Tai Fook analysis when the figures are released.

The period in figures

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CHOW TAI FOOK JEWELLERY GROUP · SEHK: 1929 · H1 FY2027 · HKD

FINANCIAL YEAR ENDS 31 MARCH 2027 · PERIOD ENDED 30 SEPTEMBER 2026 · REPORTED 24 NOVEMBER 2026 · ANALYSIS 25 NOVEMBER 2026

NET REVENUES	GROSS PROFIT	OPERATING PROFIT	NET PROFIT
+13.5%	−5.0%	−18.2%	+97.8%
44,263 vs 38,986	11,310 vs 11,908	5,579 vs 6,823	5,073 vs 2,564

	GROSS MARGIN	OPERATING MARGIN	RoS
	25.6%	12.6%	11.5%
	from 30.5%	from 17.5%	from 6.6%

REVENUE, CONSTANT FX	MAINLAND SSSG	NET GEARING	INVENTORY DAYS
+8.5%	+10.5%	86.3%	414
reported +13.5%	self-operated, from +2.6%	from 54.4% in March	from 424 a year earlier

HK$m, six months to 30 September against the same half-year a year earlier; operating profit is the company's measure, before gold-loan revaluation

03 · THE RESTATEMENT BRIDGE

The gold-loan revaluation accounts for more than the whole rise in profit

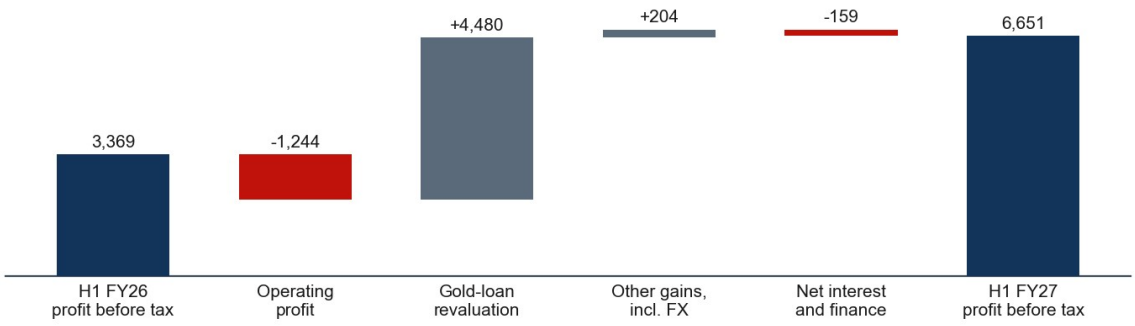
The group borrows gold as a short position against the gold it holds in inventory. The loans are revalued at market price each period and the inventory is not, so a gold price move produces an accounting gain or loss that the company calls temporary, expecting the two positions to offset as the inventory is sold. Since FY2025 it books the revaluation in other gains and losses, below operating profit. A fall in gold prices during the half produced a gain of HK$1,336.4m; a year earlier the line was a loss of HK$3,143.3m.

PROFIT BEFORE TAX BRIDGE, HK$M	H1 FY27	H1 FY26	CHANGE
Operating profit	5,578.8	6,822.8	**(1,244.0)**
Gold-loan revaluation	1,336.4	(3,143.3)	**+4,479.7**
Other gains, losses and associates	167.8	(36.7)	**+204.5**
Interest income	38.1	65.1	**(27.0)**
Finance costs	(470.5)	(338.9)	**(131.6)**
Profit before tax	6,650.6	3,369.0	**+3,281.6**

Source: Chow Tai Fook Jewellery Group, Interim Report 2026/2027, 24 November 2026, condensed consolidated income statement, segment note and cash flow statement (PDF p.65, p.69, p.73). Changes, shares and margins are VGR arithmetic on the disclosed figures. The other line includes a net FX gain of HK$151.4m against a loss of HK$1.9m.

The gold-loan swing added HK$4,480m; operating profit took away HK$1,244m

Chow Tai Fook profit before tax, H1 FY2027 against H1 FY2026 · HK$m



Source: Chow Tai Fook Jewellery Group, Interim Report 2026/2027, 24 November 2026. Bridge: VGR arithmetic.

The VGR basis, both periods restated

HK$M	H1 FY27	H1 FY26	CHANGE
Profit before tax, reported	6,650.6	3,369.0	**+97.4%**
less gold-loan revaluation	5,314.2	6,512.3	**−18.4%**
less gold loan and net FX	5,162.8	6,514.2	**−20.7%**
Operating profit, company measure	5,578.8	6,822.8	**−18.2%**
Effective tax rate	23.7%	23.9%	

Source: Chow Tai Fook Jewellery Group, Interim Report 2026/2027, 24 November 2026. Changes, shares and margins are VGR arithmetic on the disclosed figures. The tax effect of the revaluation is not disclosed, so net profit is not restated.

The renminbi averaged 5.9% higher against the Hong Kong dollar than a year earlier. The company publishes growth at constant exchange rates, and the difference is the currency bridge. Currency added 5.0 points to revenue growth and 3.0 points to operating profit growth.

CHANGE	REPORTED	CONSTANT FX	FX BRIDGE
Revenue, year on year	+13.5%	+8.5%	+5.0pp
Operating profit, year on year	−18.2%	−21.2%	+3.0pp
Inventory, since 31 March	+17.2%	+15.0%	+2.2pp
Bank deposits and cash, since 31 March	−15.0%	−16.3%	+1.3pp

Source: Chow Tai Fook Jewellery Group, Interim Report 2026/2027, 24 November 2026 (PDF p.60). Rates are the company's; the bridge is VGR arithmetic.

04 · GROWTH COMPOSITION

The two segments added about equal amounts of revenue

Revenue rose HK$5,277.0m. The Mainland, more than three-quarters of the group, supplied 51.6% of the increase and Hong Kong, Macao and Other Markets 48.4%. In the Mainland retail revenue grew 24.5% and wholesale revenue fell 5.4%. In Hong Kong, Macao and Other Markets retail grew 38.7% and wholesale 29.9%.

SEGMENT REVENUE, HK$M	H1 FY27	H1 FY26	CHANGE	SHARE OF INCREASE
Chinese Mainland	34,917.0	32,194.3	**+8.5%**	51.6%
Hong Kong, Macao and Other	9,346.1	6,791.8	**+37.6%**	48.4%
Group	44,263.1	38,986.1	**+13.5%**	100.0%

Source: Chow Tai Fook Jewellery Group, Interim Report 2026/2027, 24 November 2026, note 3 (PDF p.73); external revenue is segment revenue less inter-segment sales. Changes, shares and margins are VGR arithmetic on the disclosed figures.

By product, weight-based gold jewellery revenue rose 18.7%, which the company links to the pull-back in gold prices, and watch revenue fell 6.8%. The signature collections grew retail sales value 44.5% and supplied 9.4% of group retail sales value against 6.9%; the DAWN collection alone generated more than HK$2.7bn. Product revenue is given as growth rates only, so the HK$ mix cannot be built. The company cites official data showing Mainland retail sales of gold, silver and jewellery down 2.4% in the first nine months of 2026.

05 · SAME-STORE SALES AND PRICES

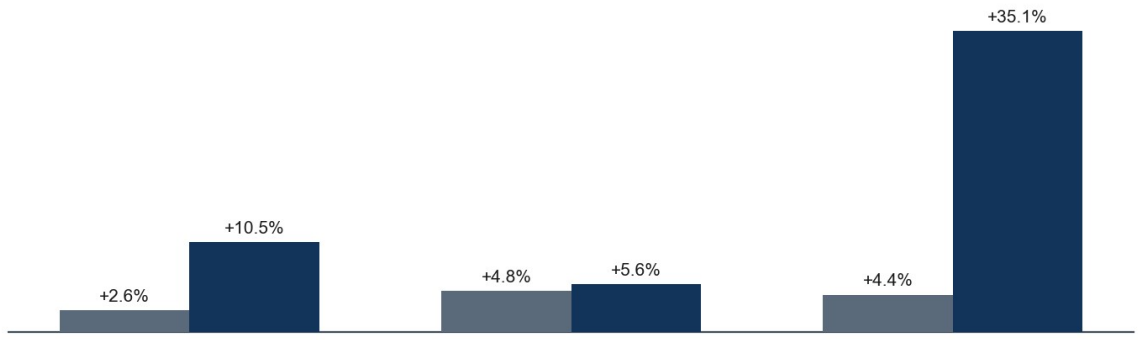
Same-store sales rose on higher prices and fewer pieces

Mainland self-operated same-store sales rose 10.5% while volume fell 7.4%; excluding watches the rise was 13.2%. Franchised stores grew 5.6% on 11.6% lower volume. Hong Kong and Macao was the only market where volume rose. Group retail volume in the Mainland was 5,517,000 pieces against 6,453,000.

SAME-STORE SALES	SSSG H1 FY27	VOLUME H1 FY27	SSSG H1 FY26	VOLUME H1 FY26
Mainland self-operated	**+10.5%**	**−7.4%**	+2.6%	−9.7%
Mainland franchised	**+5.6%**	**−11.6%**	+4.8%	−11.6%
Hong Kong and Macao	**+35.1%**	**+11.8%**	+4.4%	−9.4%

Source: Chow Tai Fook Jewellery Group, Interim Report 2026/2027, 24 November 2026 (PDF p.11, p.35). Company figures.

Same-store sales rose fastest in Hong Kong and Macao
Same-store sales growth, H1 FY2026 (light) against H1 FY2027 (dark) · %



Source: Chow Tai Fook Jewellery Group, Interim Report 2026/2027, 24 November 2026. Company figures.

Average selling prices explain the gap between value and volume. In the Mainland the average fixed-price gold item sold for HK$9,600 against HK$6,800, and weight-based gold for HK$10,400 against HK$9,000. In Hong Kong and Macao fixed-price gold averaged HK$8,800 against HK$5,400, while weight-based gold same-store sales rose 52.6% on 53.3% more volume.

MAINLAND AVERAGE SELLING PRICE, HK$	H1 FY27	H1 FY26	CHANGE
Fixed-price gold jewellery	9,600	6,800	+41.2%
Gem-set jewellery	8,900	8,800	+1.1%
Weight-based gold jewellery	10,400	9,000	+15.6%

Source: Chow Tai Fook Jewellery Group, Interim Report 2026/2027, 24 November 2026 (PDF p.40-41). Changes, shares and margins are VGR arithmetic on the disclosed figures.

06 · THE ESTATE

A net 498 Mainland closures, almost all franchised

Chow Tai Fook JEWELLERY had 4,807 points of sale in the Mainland at 30 September, 9.4% fewer than in March. Of these 3,281, about 68%, are franchised, and for about 37% of the franchised stores the group keeps ownership of the inventory. Franchised retail sales value fell 7.8% and self-operated rose 18.5%. A closure of franchised stores moves revenue from wholesale to retail, which is part of why Mainland retail revenue rose 24.5% while wholesale fell. The group does not split the effect out.

POINTS OF SALE	31 MAR 2026	OPENED	CLOSED	30 SEP 2026
Chow Tai Fook JEWELLERY, Mainland	5,305	37	(535)	4,807
All brands, Mainland	5,540	n/d	n/d	5,039
All brands, group	5,689	n/d	n/d	5,192

Source: Chow Tai Fook Jewellery Group, Interim Report 2026/2027, 24 November 2026 (PDF p.11, p.44). n/d: not disclosed.

The company reports that newer stores averaged monthly retail sales of HK$1.5m, about 21% above stores of the same age a year earlier, that refreshed stores lifted productivity by about 15%, and that 13 Signature Boutiques sell about eight to ten times the average same store. It expects the pace of closures to moderate in FY2027 and plans its first global flagship at Shanghai K11 in November 2026.

07 · MARGINS BY SEGMENT

Both segments lost margin; the Mainland lost more profit

Gross margin fell about 500bp in both segments on VGR arithmetic, by 499bp in the Mainland and 604bp in Hong Kong, Macao and Other Markets after inter-segment eliminations. SG&A grew 9.3%, slower than revenue, and fell to 13.5% of revenue from 14.0%. Other income fell to HK$227.7m from HK$368.1m. The Mainland generated 77.5% of operating profit against 83.7%.

MARGIN	H1 FY27	H1 FY26	CHANGE
Group gross margin	25.6%	30.5%	**(499bp)**
Group SG&A to revenue	13.5%	14.0%	**(53bp)**
Group operating margin	12.6%	17.5%	**(490bp)**
Mainland gross margin	24.5%	29.5%	**(499bp)**
Mainland operating margin	12.4%	17.7%	**(537bp)**
Hong Kong, Macao and Other gross margin	29.5%	35.5%	**(604bp)**
Hong Kong, Macao and Other operating margin	13.4%	16.3%	**(290bp)**

Source: Chow Tai Fook Jewellery Group, Interim Report 2026/2027, 24 November 2026, note 3 (PDF p.73). Changes, shares and margins are VGR arithmetic on the disclosed figures. Changes on unrounded ratios; the company prints -490bp for group gross margin on rounded figures.

The company attributes the group decline to a lower gold price benefit on a like-for-like basis, offset in part by a higher share of retail sales. Its margin bridge is a chart without readable direction marks in the filing text, so its components are not used here.

08 · INVENTORY

Inventories rose 17.2% in six months

Inventories were HK$74,670m against HK$63,716m in March. Excluding packaging they were HK$74,613m, up 19.1% on a year earlier, which the company ascribes to higher average costs of gold inventory after the earlier rise in gold prices. The turnover period was 414 days on the company's 183-day basis, or 412 days on 182 days, against 424 days a year earlier and 364 days for FY2026. Franchised stores held about HK$10,302m, 13.8% of the total.

INVENTORY	30 SEP 2026	31 MAR 2026	CHANGE
Inventories, HK$m	74,670	63,716	**+17.2%**
Held by franchised POS, HK$m	about 10,302	about 9,155	+12.5%
Share held by franchised POS	13.8%	14.4%	
Turnover period, days	414	364	

Source: Chow Tai Fook Jewellery Group, Interim Report 2026/2027, 24 November 2026 (PDF p.10, p.58). Changes, shares and margins are VGR arithmetic on the disclosed figures. The March turnover period is a full-year figure.

09 · BALANCE SHEET AND CASH

Borrowings funded the inventory and the dividend

Net cash used in operating activities was HK$3,820m, of which HK$9,265m went into inventories. Pro forma free cash flow, which excludes gold-loan drawdowns, was an outflow of

HK$7,479m against HK$3,628m. Dividends paid were HK$4,440m. Net bank borrowing of HK$9,049m covered most of the gap, and net debt rose to HK$28,659m. Finance costs on bank borrowings doubled to HK$141m and on convertible bonds rose to HK$208m from HK$100m, while interest income from banks fell to HK$38m.

NET DEBT, HK$M	30 SEP 2026	31 MAR 2026	CHANGE
Bank borrowings	13,909	4,760	**+9,149**
Gold loans	14,363	13,681	+681
Convertible bonds	7,410	7,218	+192
Bank deposits and cash	(7,023)	(8,262)	**+1,239**
Net debt	28,659	17,397	**+11,262**
Net gearing (net debt / total equity)	86.3%	54.4%	

Source: Chow Tai Fook Jewellery Group, Interim Report 2026/2027, 24 November 2026 (PDF p.10, p.58). Changes, shares and margins are VGR arithmetic on the disclosed figures.

CASH FLOW, HK$M	H1 FY27	H1 FY26	CHANGE
Operating cash flow before working capital	6,391	7,660	**(1,269)**
Net cash used in inventories	(9,265)	(6,781)	**(2,484)**
Net cash used in operating activities	(3,820)	(2,950)	**(870)**
Capital expenditure	(252)	(227)	(25)
Pro forma free cash flow	(7,479)	(3,628)	**(3,851)**
Dividends paid	(4,440)	(3,195)	(1,245)
Net change in bank borrowings	9,049	2,732	+6,317

Source: Chow Tai Fook Jewellery Group, Interim Report 2026/2027, 24 November 2026 (PDF p.11, p.61). Changes, shares and margins are VGR arithmetic on the disclosed figures.

10 · METRICS NOT REPORTED

Seven measures are not reported

METRIC	STATUS	WHAT IT WOULD SETTLE
Realised gold price benefit, HK$	not disclosed	How much of the margin fall is gold
Tax effect of the gold-loan revaluation	not disclosed	Net profit on the VGR basis
Revenue by product, HK$	not disclosed	The product mix behind gross margin
Group same-store sales	not disclosed	One like-for-like rate for the group
Revenue moved from wholesale to retail by closures	not disclosed	Organic retail growth
Inventory by age and product	not disclosed	The quality of the HK$74.7bn stock
Quantified FY2027 outlook	not disclosed	The closure and margin path

Source: Chow Tai Fook Jewellery Group, Interim Report 2026/2027, 24 November 2026. The fixed-price share of Other Markets retail sales value appears as 27.4% on PDF p.29 and 44.0% on PDF p.55; neither is used.

11 · THE COMPANY'S ACCOUNT, TESTED

Three of six claims are supported by the disclosed figures

CLAIM	TEST	DISPOSITION
Profit growth "primarily attributable to a fair value gain" on gold loans	Swing HK$4,479.7m against a PBT rise of HK$3,281.6m	Supported.
"improved sales across our key markets"	Mainland +8.5%, Hong Kong, Macao and Other +37.6%	Supported.
"The resilient interim results"	Revenue +13.5%; operating profit −18.2%; PBT ex gold loan −18.4%	Partially supported; revenue grew, operating profit fell.
"Inventory turnover period decreased by 10 days compared to 1HFY2026"	414 days against 424	Supported; the stated causes are not verifiable from the disclosure.
Signature Boutiques at "approximately 8 to 10 times the average Same Store Sales"	No store-level figures	Not verifiable from the disclosure.
"we expect the pace of store closures to moderate in FY2027"	No closure target; 498 net closures in the half	Not verifiable from the disclosure.

Source: Chow Tai Fook Jewellery Group, Interim Report 2026/2027, 24 November 2026 (PDF p.13, p.25, p.32, p.58).

12 · METHOD, SOURCES AND PRECISION

Method, sources and precision

All figures come from the interim results announcement named in the Executive Summary, which contains the full interim report and was read in full. The financial statements are unaudited and were reviewed by PricewaterhouseCoopers. Page references are to the PDF; the printed page number is two lower. Growth and margins are calculated from figures in HK$m to one decimal; where the company prints a rate, its rate is shown and any difference from VGR arithmetic is stated. The VGR basis removes the gold-loan revaluation from both periods.

ITEM	PRECISION	NOTE
Revenue, profit and margin changes	Exact	Calculated from disclosed figures
Profit before tax ex gold loan	Exact	Both periods restated
Net profit ex gold loan	Not calculable	Tax effect not disclosed
Currency bridge	Exact	On the company's constant-rate growth
Franchise closure effect on retail	Not calculable	Revenue moved is not disclosed

VGR precision register.

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Analysis by Pau Almar, VGR.

METHODOLOGY

VGR Standardised Financial Analysis Methodology v2. Arithmetic before language; every finding names the disclosure that would settle it.

PRIMARY SOURCE

Chow Tai Fook Jewellery Group Limited (SEHK: 1929), "Interim Results Announcement for the Six Months Ended 30 September 2026", containing the Interim Report 2026/2027, 24 November 2026. https://www1.hkexnews.hk/listedco/listconews/sehk/2026/1124/2026112400276.pdf

WORKING RECORD

Chow Tai Fook_H1 FY2027_Source_Figures.md, with company-disclosed figures, VGR arithmetic and metrics not reported in separate parts, alongside the saved source text.

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