

SUMMARY

This summary is intended to give you an overview of the information contained in this prospectus. Since it is a summary, it does not contain all the information that may be important to you. You should read the prospectus in its entirety before you decide whether to invest in the Offer Shares.

OVERVIEW OF OUR BUSINESS

We are the leading jeweller by market share in the PRC as well as in the Hong Kong and Macau jewellery markets, with a market share of 12.6% and 20.1%, respectively, in 2010, according to the Frost & Sullivan Report. Our principal products are mass luxury and high-end luxury jewellery products, including gem-set jewellery, platinum/karat gold products, gold products and watches.

We believe that our iconic brand “周大福” (CHOW TAI FOOK) and our long-standing history of over 80 years of operations represent key competitive advantages of our business. We believe that our brand is recognised for its trustworthiness and authenticity, and that our products are known for their design, quality and value. Our wide range of jewellery products encompasses different raw materials as well as a range of product designs from classic to contemporary and spans the mass luxury market to high-end luxury market.

We have an extensive retail network, with 1,421 jewellery points of sale and 85 watch points of sale as at 30 September 2011. Our self-operated and franchised POS are strategically located in densely populated areas and prime shopping districts, thereby efficiently maximising our brand exposure and recognition. As at 30 September 2011, we had 453 franchised POS which were operated by over 150 franchisees, and amongst our self-operated POS, we had 189 joint-venture POS which were operated by over 20 joint-venture partners. We select our franchisees carefully and require our franchisees to operate the franchised POS according to our standards and consistent with our branding and marketing guidelines. We monitor the sales performance and inventory level of our franchised POS and also provide staff training. As at 30 September 2011, 862 out of 1,053 of our self-operated POS were operated as Concessionaire Counters.

We have an effective vertically integrated business model that gives us centralised and tight control over our processes, from raw material procurement, design, production and marketing to sales through our extensive retail network. We have an award-winning in-house design team, two specialised procurement departments and a total of twelve factories, nine jewellery factories and three diamond cutting and polishing factories. Our design team, procurement departments and factories employ over 6,000 employees. Our vertically integrated business model allows us to monitor and control the quality of our products, gives us the ability to respond quickly to our customers' needs and preferences, and serves as the backbone for our future growth. We also benefit from operational efficiencies that often translate into more competitive pricing for our products, which benefits our customers as well as attracts more customers, both new and repeat customers, to buy our products.

The following table sets forth our turnover by distribution channel and the percentage contribution to our total turnover for the years and periods indicated.

	Year ended 31 March							
	2009	% of total	2010	% of total	(2009-2010) Growth	2011	% of total	(2010-2011) Growth
	<i>HK\$million</i>		<i>HK\$million</i>			<i>HK\$million</i>		
Retail	14,926.1	81.1%	19,523.2	85.1%	30.8%	30,033.1	85.7%	53.8%
Wholesale ⁽¹⁾	3,484.8	18.9%	3,410.4	14.9%	(2.1)%	5,009.4	14.3%	46.9%
Total	18,410.9	100%	22,933.6	100%	24.6%	35,042.5	100%	52.8%

Note:

(1) Turnover from our wholesale channel refers to sales revenue derived from products sold to our franchisees.

SUMMARY

	Six months ended 30 September				
	2010	% of total	2011	% of total	Growth
	<i>HK\$million</i> (unaudited)		<i>HK\$million</i>		
Retail	11,251.1	84.5%	19,611.3	82.1%	74.3%
Wholesale ⁽¹⁾	2,063.9	15.5%	4,263.2	17.9%	106.6%
Total	13,315.0	100%	23,874.5	100%	79.3%

Note:

(1) Turnover from our wholesale channel refers to sales revenue derived from products sold to our franchisees.

The following table sets forth turnover by geographical segments and the percentage contribution of each segment to our total turnover for the years and periods indicated.

	Year ended 31 March							
	2009	% of total	2010	% of total	(2009-2010) Growth	2011	% of total	(2010-2011) Growth
	<i>HK\$million</i>		<i>HK\$million</i>			<i>HK\$million</i>		
PRC	10,005.2	54.3%	12,629.0	55.1%	26.2%	19,471.8	55.6%	54.2%
Hong Kong, Macau and other Asian markets ⁽¹⁾	8,405.7	45.7%	10,304.6	44.9%	22.6%	15,570.7	44.4%	51.1%
Total	18,410.9	100%	22,933.6	100%	24.6%	35,042.5	100%	52.8%

Note:

(1) For Hong Kong, Macau and other Asian markets, approximately 31.4%, 38.6% and 43.6% of our retail turnover were settled through China UnionPay or in RMB (cash) for FY2009, FY2010 and FY2011, respectively.

	Six months ended 30 September				
	2010	% of total	2011	% of total	Growth
	<i>HK\$million</i> (unaudited)		<i>HK\$million</i>		
PRC	7,520.8	56.5%	13,371.4	56.0%	77.8%
Hong Kong, Macau and other Asian markets ⁽¹⁾ ..	5,794.2	43.5%	10,503.1	44.0%	81.3%
Total	13,315.0	100%	23,874.5	100%	79.3%

Note:

(1) For Hong Kong, Macau and other Asian markets, approximately 42.2% and 49.3% of our retail turnover were settled through China UnionPay or in RMB (cash) for the 1HFY2011 and 1HFY2012, respectively.

SUMMARY

The following table sets forth turnover by product types and the percentage contribution of each product type to our total turnover for the years and periods indicated.

	Year ended 31 March							
	2009	% of total	2010	% of total	(2009-2010) Growth	2011	% of total	(2010-2011) Growth
	<i>HK\$million</i>		<i>HK\$million</i>			<i>HK\$million</i>		
Gem-set jewellery	5,488.5	29.8%	6,625.7	28.9%	20.7%	8,962.9	25.6%	35.3%
Platinum/karat gold products	2,688.3	14.6%	3,574.5	15.6%	33.0%	4,869.4	13.9%	36.2%
Gold products	9,077.9	49.3%	11,124.7	48.5%	22.5%	18,724.7	53.4%	68.3%
Watches	1,156.2	6.3%	1,608.7	7.0%	39.1%	2,485.5	7.1%	54.5%
Total	18,410.9	100%	22,933.6	100%	24.6%	35,042.5	100%	52.8%

	Six months ended 30 September				
	2010	% of total	2011	% of total	Growth
	<i>HK\$million (unaudited)</i>		<i>HK\$million</i>		
Gem-set jewellery	3,526.4	26.5%	5,642.7	23.6%	60.0%
Platinum/karat gold products	2,125.3	16.0%	3,713.9	15.6%	74.7%
Gold products	6,517.5	48.9%	12,690.4	53.1%	94.7%
Watches	1,145.8	8.6%	1,827.5	7.7%	59.5%
Total	13,315.0	100%	23,874.5	100%	79.3%

We have grown rapidly during the Track Record Period. Our turnover increased by 24.6% from HK\$18,410.9 million in FY2009 to HK\$22,933.6 million in FY2010, and further increased by 52.8% to HK\$35,042.5 million in FY2011 (representing a CAGR of 38.0%). Our turnover increased from HK\$13,315.0 million for 1HFY2011 to HK\$23,874.5 million for 1HFY2012, representing an increase of HK\$10,559.5 million or 79.3%. Correspondingly, our profit for the year increased by 15.3% from HK\$1,914.4 million in FY2009 to HK\$2,206.8 million in FY2010, and further increased by 66.4% to HK\$3,672.5 million in FY2011 (representing a CAGR of 38.5%). Our profit increased from HK\$1,223.2 million for 1HFY2011 to HK\$2,820.9 million for 1HFY2012 representing an increase of HK\$1,597.7 million or 130.6%.

COMPETITIVE STRENGTHS – HIGHLIGHTS

(i) Iconic and trusted brand with over 80 years of heritage

We have an iconic and trusted brand in the Greater China region. With over 80 years of heritage and our corporate values of “sincerity • eternity”, our customers’ trust in our brand has stood the test of time. We believe we were one of the first in Hong Kong and Macau to launch 999.9 gold jewellery products in 1956. In 1990, we implemented the “一口價” (Fixed Price) Policy, a policy that implements a suggested retail price for every product. According to an independent market survey on jewellery brands in the PRC by Bain & Company in November 2010, we were ranked along with “Tiffany” and “Cartier” as the “Top Three Brands Most Likely to be Purchased in 2010”.

(ii) Loyal, experienced and dynamic management team

The trust which our Company places on our core management team, the bond and comradeship built amongst the team members and their loyalty to our Company set important cultural tones and corporate values for the rest of our workforce. These inspire allegiance towards the Company amongst the new and existing management members and employees.

SUMMARY

(iii) Strong growth underpinned by favourable macro and industry backdrop

According to the Frost & Sullivan Report, the forecast CAGR of the PRC's nominal GDP for 2010 to 2015 is 13.5%. During the same period, the retail value of the PRC jewellery market is forecasted to grow at an even faster CAGR of 38.6%. We focus on the mass luxury segment in the PRC which, according to the Frost & Sullivan Report, represented approximately 56.7% of the total jewellery market in the PRC in 2010. The mass luxury segment in the PRC is also forecasted to exhibit the strongest growth prospect (forecasted CAGR for 2010 to 2015 of 39.1%) relative to the rest of the jewellery retail industry in the PRC.

During the Track Record Period, our turnover growth had been higher than that of the jewellery and watch markets in the PRC, and in the Hong Kong, Macau and other Asian markets.

<u>Growth rate comparison</u>	<u>FY2010</u>	<u>FY2011</u>	<u>Six months ended 30 September 2011</u>
The PRC			
The Group	26.2%	54.2%	77.8%
Jewellery and watch markets ⁽¹⁾	24.3%	37.9%	44.7%
Hong Kong, Macau and other Asian markets			
The Group ⁽²⁾	22.6%	51.1%	81.3%
Jewellery and watch markets ⁽¹⁾	16.9%	39.1%	48.8%
Total			
The Group ⁽²⁾	24.6%	52.8%	79.3%
Jewellery and watch markets ⁽¹⁾	22.6%	38.1%	45.5%

Source: Data of jewellery and watch markets from the Frost & Sullivan Report as of November 2011.

Notes:

(1) Industry data calendarised to March year end.

(2) The Group's turnover for FY2010 and FY2011 included turnover contribution from our self-operated Taiwan POS which was insignificant. Our POS in Singapore and Malaysia are franchised POS and the corresponding wholesale turnover was recorded in Hong Kong.

We achieved Same Store Sales Growth of 33.8% and 61.9% in FY2011 and 1HFY2012, respectively. We also recorded a net increase of 179 POS on average annually from 1 April 2008 to 31 March 2011, representing a CAGR of 18.3%, and a net increase of 148 POS from 1 April 2011 to 30 September 2011.

BUSINESS STRATEGIES

(i) Continue to recruit, develop and retain talent

We actively pursue a strategy to recruit, develop and retain talented employees by (a) providing them with tailored training programmes and instilling our corporate values of "sincerity • eternity" into them, (b) aligning employees' compensation and incentives with their performance and (c) providing them with a clear career path with opportunities for additional responsibilities and promotions.

(ii) Increase Same Store Sales and continue to encourage repeat customer purchases

We target to achieve this by (a) strengthening our customer loyalty programme, (b) optimising the product mix at our POS and stepping up our efforts to promote higher value products and (c) reinforcing our corporate values to strengthen customers' confidence in the "周大福" (CHOW TAI FOOK) brand.

SUMMARY

(iii) Further expand our jewellery POS network and geographical footprint in the Greater China region

We will continue to expand our jewellery business coverage in the Greater China region, particularly in Tier II cities, Tier III cities and Tier IV cities in the PRC. Currently, we have penetrated into only less than half of the 712 cities (including municipalities, prefecture-level cities and county-level cities) in the PRC and envision huge potential in the Greater China market. With plans to reach over 2,000 jewellery POS by 2016, we aim to open a net of approximately 200 jewellery POS per year, by opening wholly-owned POS and collaborating with joint-venture partners and franchisees to leverage on their local relationships.

(iv) Focus on diversifying our sales channels to broaden our customer base

We will focus on diversifying our sales channels, such as e-commerce channels, jewellery auctions and strategic distribution partnerships with prominent companies, to increase our access to a broader base of customers.

(v) Further enhance our upstream vertical integration business model

We will continue to strengthen our status as a preferred business partner with key suppliers such as the DTC and Rio Tinto, and explore additional opportunities in procuring high quality raw materials. We will also invest in and continue to improve our design and production capabilities.

(vi) Further enhance the synergy between our jewellery business and our watch business

We intend to expand our watch brand portfolio through increased cooperation with international watch suppliers and brands to retail additional mid- to high-end watch brands. For those POS which sell both jewellery products and watches, we aim to increase cross-selling in order to maximise Same Store Sales.

We believe the above measures, building on our competitive strengths, will allow us to achieve substantial growth. We aim to sustain our growth through, among others, POS expansion, Same Store Sales growth and continual enhancement of our product portfolio.

RISK FACTORS

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk Factors”. You should read that entire section carefully before you decide to invest in the Offer Shares.

We manage commodity price risks mainly by hedging gold price fluctuations through gold loan arrangements and bullion forward contracts, and passing on price increases to our customers through higher selling prices. The fair value changes of our gold loans for FY2009, FY2010, and FY2011, 1HFY2011 and 1HFY2012 were HK\$17.8 million, HK\$483.8 million, HK\$725.7 million, HK\$413.6 million and HK\$343.4 million, respectively. Changes in the fair value of gold loans and bullion forward contracts affect the cost of goods sold as they reflect our methods to hedge the risk of price changes in our gold inventory. Please see the sections headed “Risk Factors — Risks Related to Our Business — Fluctuations in prices, or any unavailability, of the raw materials that we use in our products may materially and adversely affect our business, results of operations or financial condition”, “Financial Information — Indebtedness — Gold Loans” and “Financial Information — Quantitative and Qualitative Analysis about Market Risk — Commodity price risk management”.

Our sales may be affected by seasonality as a result of the event-driven nature of the jewellery retail business. Please see the sections headed “Risk Factors — Risks Related to our Business — Our sales may be affected by seasonality” and “Financial Information — Principal Factors Affecting our Results of Operations — Seasonality”.

SUMMARY

SELECTED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME AND STATEMENTS OF FINANCIAL POSITION LINE ITEMS

	Year ended 31 March			Six months ended 30 September	
	2009	2010	2011	2010	2011
	HK\$million	HK\$million	HK\$million	HK\$million (unaudited)	HK\$million
Turnover	18,410.9	22,933.6	35,042.5	13,315.0	23,874.5
Gross profit	5,326.0	6,555.0	9,927.6	3,701.2	7,140.9
Profit for the year/period	1,914.4	2,206.8	3,672.5	1,223.2	2,820.9
Profit for the year/period attributable to:					
Owners of the Company	1,896.7	2,138.6	3,537.6	1,175.5	2,691.5
Non-controlling interests	17.7	68.2	134.9	47.7	129.4

	As at 31 March			As at 30 September
	2009	2010	2011	2011
	HK\$million	HK\$million	HK\$million	HK\$million
Current assets	13,504.3	15,961.6	27,503.2	36,186.8
Current liabilities	7,783.8	8,510.9	17,213.2	26,575.0
Net current assets	5,720.5	7,450.7	10,290.0	9,611.8
Net assets	6,441.9	8,335.4	11,672.9	11,416.6
Total assets	14,409.5	17,010.3	29,048.7	38,182.5

SELECTED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 March			Six months ended 30 September	
	2009	2010	2011	2010	2011
	HK\$million	HK\$million	HK\$million	HK\$million (unaudited)	HK\$million
Operating cash flows before movements in working capital	2,505.6	3,394.1	5,630.7	2,081.9	4,070.3
Change in working capital usage	(1,036.7)	(1,771.1)	(7,513.4)	(5,784.7)	(10,685.1)
Income tax paid	(365.5)	(399.0)	(729.6)	(216.8)	(403.9)
Net cash from (used in) operating activities	1,103.4	1,224.0	(2,612.3)	(3,919.6)	(7,018.7)
Net cash (used in) from investing activities	(2,851.1)	308.2	(75.9)	(229.7)	812.0
Net cash from (used in) financing activities	1,217.4	(716.1)	6,107.3	4,412.9	3,753.0
Net (decrease) increase in cash and cash equivalents	(530.3)	816.1	3,419.1	263.6	(2,453.7)
Cash and cash equivalents at the beginning of the financial year/period	1,802.4	1,289.9	2,106.7	2,106.7	5,604.8
Effect of foreign exchange rate changes ...	17.8	0.7	79.0	20.0	54.3
Cash and cash equivalents at the end of the financial year/period, representing bank balances and cash	<u>1,289.9</u>	<u>2,106.7</u>	<u>5,604.8</u>	<u>2,390.3</u>	<u>3,205.4</u>

SUMMARY

SHAREHOLDER INFORMATION

Controlling Shareholders

Immediately following the completion of the Global Offering and the Capitalisation Issue, assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised, CTF Holding, in which CTF Capital holds an approximate 74.1% interest, will hold 8,950,000,000 Shares (representing 89.5% of the enlarged issued share capital of the Company). CYT Family Holdings and CYT Family Holdings II in turn hold approximately 49.0% and 40.2% interest in CTF Capital, respectively. Please refer to the section headed “Relationship with our Controlling Shareholders” for details.

OFFERING STATISTICS

Market capitalisation at Listing	:	HK\$150.0 billion to HK\$210.0 billion
Offer size	:	Initially 10.5% (excluding Shares to be offered pursuant to the exercise of the Offer Size Adjustment Option or the Over-allotment Option) of the enlarged issued share capital of the Company
Offer Size Adjustment Option	:	Up to 2.1% of the enlarged issued share capital of the Company
Over-allotment Option	:	Up to 1.58% (assuming the Offer Size Adjustment Option is not exercised) and up to 1.89% (assuming the exercise of the Offer Size Adjustment Option in full) of the enlarged issued share capital of the Company
Offer Price per Share	:	HK\$15.00 to HK\$21.00 per Share
Board lot	:	200 Shares
Offering structure	:	95% International Offering and 5% Hong Kong Public Offering (subject to reallocation and the Over-allotment Option) Employee Preferential Offer (7% of Hong Kong Public Offering)
Use of proceeds (assuming the Offer Size Adjustment Option and Over-allotment Option are not exercised and assuming an Offer Price of HK\$18.00 per Share (being the mid-point of the indicative Offer Price range))	:	Net proceeds to the Company from the issue of new Shares: HK\$18,336.8 million, after deducting the underwriting fees and commissions (assuming the full payment of the discretionary incentive fee) and estimated expenses payable by the Company <ul style="list-style-type: none">Approximately 50.0% of the net proceeds will be used for sourcing and procurement of raw materials and inventory, which include rough and polished diamonds, gemstones, precious metals and watches to support the expansion of our operations

SUMMARY

- Approximately 18.5% of the net proceeds will be used for the repayment of the remaining portion of the Related Party's Loans
- Approximately 18.0% of the net proceeds will be used for repayment in full of the HK\$3,300.0 million Pre-IPO Bank Loan Facility, which is the funding facility for the purpose of the Pre-IPO Dividend
- Approximately 5.0% of the net proceeds will be used for the refurbishment of our new and existing POS and the acquisition of properties as wholly-owned POS
- Approximately 5.0% of the net proceeds will be used to purchase production and research and development equipment and for the construction of our new office building in Shenzhen
- The remaining amount will be used for working capital and other general corporate purposes

As each of the Offer Size Adjustment Option and the Over-allotment Option is granted by the Selling Shareholder, and not the Company, the Company will not receive any proceeds from any exercise of the Offer Size Adjustment Option or the Over-allotment Option.

PROFIT FORECAST FOR THE YEAR ENDING 31 MARCH 2012

On the bases and assumptions set out in "Appendix III — Profit Forecast" and, in the absence of unforeseen circumstances, certain profit forecast data of the Group for the year ending 31 March 2012 are set out below:

Forecast consolidated profit attributable to the owners of the Company for the year ending 31 March 2012 ⁽¹⁾	not less than HK\$6,300.0 million
Unaudited forecast earnings per Share on a pro forma basis for the year ending 31 March 2012 ⁽²⁾	not less than HK\$0.63

Notes:

- (1) Please also see the section headed "Risk Factors — Risks Related to our Business — The potential impact of any future fluctuation in the prices of gold and platinum on our profit forecast is unclear".
- (2) The unaudited forecast earnings per Share on a pro forma basis is calculated by dividing the forecast consolidated profit attributable to the owners of the Company for the year ending 31 March 2012 by 10,000,000,000 Shares as if such Shares had been issued on 1 April 2011. The number of Shares used in this calculation includes the Shares in issue as at the date of this prospectus and the Shares to be issued pursuant to the Global Offering but excludes any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme or the issue mandate, or any Shares which may be repurchased pursuant to the repurchase mandate.

SUMMARY

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company per Share⁽¹⁾:

Based on an Offer Price of HK\$15.00 per Offer Share	HK\$2.62
Based on an Offer Price of HK\$21.00 per Offer Share	HK\$3.24

Note:

(1) Please see “Appendix II—Unaudited Pro Forma Financial Information” for further details regarding the assumptions used and the calculation method.

PRE-IPO DIVIDEND AND INTERIM DIVIDEND

During 1HFY2012, a dividend in the amount of HK\$3,300.0 million (the “**Pre-IPO Dividend**”) was declared and distributed to CTF Holding, our Controlling Shareholder. The Pre-IPO Dividend was fully financed by a term loan of HK\$3,300.0 million from the Joint Global Coordinators and their affiliated entities (the “**Pre-IPO Bank Loan Facility**”). The Pre-IPO Bank Loan Facility is subject to an interest rate which is HIBOR (Hong Kong Interbank Offer Rate) plus 0.85% per annum for the first six months after signing and 1.4% per annum thereafter. Interest shall accrue upon utilisation of the Pre-IPO Bank Loan Facility. For more details of the Pre-IPO Dividend, our historical dividends and the Pre-IPO Bank Loan Facility, please refer to the sections headed “Financial Information — Indebtedness — Bank borrowings — Pre-IPO Bank Loan Facility” and “Financial Information — Dividends and Dividend Policy”.

In addition, on 16 November 2011, our Board declared an interim dividend in the amount of HK\$1,200.0 million for 1HFY2012 (the “**Interim Dividend**”) to CTF Holding, our Controlling Shareholder. The Interim Dividend will be paid out of our distributable profits and will be financed by our cash flows from our operations or available internal cash resources. We are satisfied, after due and careful inquiry, that after the payment of the Interim Dividend, we will have sufficient working capital available to satisfy our requirements for at least 12 months after the Listing. Please refer to the section headed “Financial Information — Dividends and Dividend Policy” for further details of the Interim Dividend.