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(於百慕達註冊成立之有限公司)
(Incorporated in Bermuda with Limited Liability)
Stock Code 股份代號 : 0590

SALES PERFORMANCE OF RETAIL BUSINESS FOR THE THIRD QUARTER OF FINANCIAL YEAR ENDING 31 MARCH 2020

Luk Fook Holdings (International) Limited (the “Company”), together with its subsidiaries (the “Group”), announces the sales performance of retail business of the Group’s self-operated shops for the third quarter (“3Q”) of financial year ending 31 March 2020 (“FY2020”) covering the period from 1 October 2019 to 31 December 2019.

OVERALL SAME STORE SALES GROWTH (“SSSG”)*

	3Q FY2020 vs 3Q FY2019	2Q FY2020 vs 2Q FY2019	3Q FY2019 vs 3Q FY2018
Overall	-25%	-37%	-10%
Gold	-20%	-43%	-9%
Gold (by weight)	-33%	-53%	-7%
Gem-set jewellery	-32%	-25%	-8%

Remarks:

* Same store sales growth of the period represented a comparison of sales of the same Lukfook self-operated shop having full day operations in the comparable periods and such data did not include sales of licensed shops and Mainland China’s e-commerce business

With the continuing impact of strong gold price, US-China trade war and social incidents in Hong Kong** on market sentiment, the SSSG of the Group’s retail business for 3Q FY2020 was -25%. The overall SSSG of gold products and gem-set jewellery products were -20% and -32% respectively. The overall decline has relented when compared to the previous quarter. Amongst that, Hong Kong and Mainland*** markets recorded narrowed decline, while Macau market**** restored to growth since October 2019.

Remarks:

** Hong Kong SAR: Hereafter refers to as “Hong Kong”

*** Mainland China: Hereafter refers to as “Mainland”

**** Macau SAR: Hereafter refers to as “Macau”

SSSG OF HONG KONG & MACAU MARKET

	3Q FY2020 vs 3Q FY2019	2Q FY2020 vs 2Q FY2019	3Q FY2019 vs 3Q FY2018
Overall	-27%	-39%	-9%
Gold	-21%	-46%	-8%
Gold (by weight)	-34%	-55%	-5%
Gem-set jewellery	-35%	-26%	-8%

The SSSG of Hong Kong & Macau market for 3Q was -27% as a result of high gold price together with substantial decline in the number of visitors to Hong Kong contributed by the recent ongoing social activities. Its SSSG of gold products and gem-set jewellery products were -21% and -35% respectively. The sales volume of its gem-set jewellery products was a double-digit drop, but the average selling price (“ASP”) recorded a low double-digit increase. Macau market turned around from decline to growth during the quarter, with SSSG of gold products recorded a mid-teen growth in particular, while that for its gem-set jewellery products remained flat. In the first two weeks of January 2020, same store sales decline was gradually narrowed in Hong Kong while continual growth momentum was seen in Macau market.

The Group has adopted natural turnover as a cost-saving measure for staff costs without any redundancy scheme. At the same time, the Group is also proactively negotiating with landlords in Hong Kong for rental reduction. Rental renewal depends very much on whether profit is expected for the relevant shop under new rental. A single-digit drop in the rental renewal is predicted for the current financial year and a double-digit drop for the next financial year. The Group will reduce the number of shops in areas which are considerably impacted by the social incidents in Hong Kong, and search for opportunities for opening new shops in Macau market and expects to have 3 net shop additions in Hong Kong and Macau market altogether in this financial year.

MAINLAND MARKET

	3Q FY2020 vs 3Q FY2019	2Q FY2020 vs 2Q FY2019	3Q FY2019 vs 3Q FY2018
<i>SSSG of Self-operated Shops[#]</i>			
Overall	-12%	-25%	-14%
Gold	-12%	-28%	-16%
Gold (by weight)	-30%	-44%	-18%
Gem-set jewellery	-9%	-18%	-5%
<i>Same Store Sales Performance of Licensed Shops^{###}</i>			
Overall	-3%	-13%	-6%
Gold	-4%	-18%	-8%
Gem-set jewellery	+3%	-1%	+4%

Remarks:

[#] The number of Lukfook self-operated shops in Mainland was 125, accounting for 6% of the total

^{###} The number of Lukfook licensed shops in Mainland was 1,844, accounting for 94% of the total. Therefore, the operating performance of licensed shops would be more representative in reflecting the Group's overall performance in Mainland

Because of the high gold price and the macro economic downturn in connection with the US-China trade war, the SSSG of Mainland Lukfook self-operated shops for 3Q was -12%. Its SSSG of gold products and gem-set jewellery products were -12% and -9% respectively. Nevertheless, the various sales declines were narrowed when compared to the previous quarter. Both the sales volume and ASP of gem-set jewellery products were a high single-digit drop. Besides, the licensed shops, which accounted for 94% of Mainland's Lukfook shops, recorded same store sales decline which narrowed to -3% during the quarter, while its same store sales growth of gem-set jewellery products was +3%. The same store sales of both Lukfook self-operated shops and licensed shops in Mainland showed further improvements with restoration to growth in the first two weeks of January 2020 when compared to 3Q and the gem-set jewellery products of licensed shops notably achieved double-digit same store sales growth.

NUMBER OF SHOPS

Driven by the Group's multi-brand strategy, apart from the net addition of 88 "Lukfook" shops in Mainland (which included a net addition of 99 licensed shops and a net decrease of 11 self-operated shops), there were an addition of 39 "Goldstyle" shops (including 3 self-operated shop and 36 licensed shops), with a reduction of 1 "3D-GOLD" self-operated shop in Mainland during 3Q. As at 31 December 2019, the Group had an operation of 1,969 "Lukfook" shops, 45 "Goldstyle" shops, 3 "Dear Q" shops, and 3 "3D-GOLD" shops, totalling 2,020 shops in Mainland market. Apart from actively seeking expansion opportunities in Macau, the Group will also speed up expansion in Mainland, with target of at

least 300 net shop additions there for FY2020, most of which would be licensed shops at low-tier cities. The details of distribution network in Mainland are summarised as follows:-

MAINLAND DISTRIBUTION NETWORK

Shop number of different brands		Changes in 3Q FY2020	31 December 2019
Lukfook	Self-operated	-11	125
	Licensed	+99	1,844
	Sub-total	+88	1,969
Goldstyle	Self-operated	+3	4
	Licensed	+36	41
	Sub-total	+39	45
Dear Q	Self-operated	-	3
3D-GOLD	Self-operated	-1	3
Total	Self-operated	-9	135
	Licensed	+135	1,885
	Total	+126	2,020

As at 31 December 2019, the Group had a total of 199 “Lukfook” self-operated shops including 125 in Mainland, 51 in Hong Kong, 12 in Macau, and 11 overseas. As at the same date, together with licensed shops of 1,844 in Mainland, 1 in Cambodia, and 2 in the Philippines (one of them was newly opened during 3Q), there were a total of 2,046 “Lukfook” shops worldwide. Together with shops of other brands in Mainland, the Group had a total of 2,097 shops globally. The Group’s global distribution network of “Lukfook” shops is summarised as follows:-

GLOBAL DISTRIBUTION NETWORK OF “LUKFOOK” SHOPS

	31 December 2019	Changes in 3Q FY2020
Self-operated shops		
Hong Kong	51	-
Macau	12	-
Mainland	125	-11
Other Locations	11	-
Sub-total	199	-11
Licensed shops		
Mainland	1,844	+99
Other Locations	3	+1
Sub-total	1,847	+100
Total “Lukfook” shops	2,046	+89

CAUTION STATEMENT

The board of directors of the Company wishes to remind investors that the above operational data is based on the Company's internal records which have not been audited by auditors. **Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By Order of the Board

Luk Fook Holdings (International) Limited

WONG Wai Sheung

Chairman & Chief Executive Officer

Hong Kong, 16 January 2020

As at the date of this announcement, the Company's Executive Directors are Mr. WONG Wai Sheung (Chairman and Chief Executive Officer), Mr. TSE Moon Chuen (Deputy Chairman), Ms. WONG Hau Yeung, Ms. WONG Lan Sze, Nancy and Dr. CHAN So Kuen; the Non-executive Directors are Mr. WONG Ho Lung, Danny (Deputy Chairman), Ms. YEUNG Po Ling, Pauline, Mr. HUI Chiu Chung, JP and Mr. LI Hon Hung, BBS, MH, JP; the Independent Non-executive Directors are Mr. TAI Kwok Leung, Alexander, Mr. IP Shu Kwan, Stephen, GBS, JP, Mr. MAK Wing Sum, Alvin, Ms. WONG Yu Pok, Marina, JP and Mr. HUI King Wai.