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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

RETAIL SALES PERFORMANCE FOR THE SECOND QUARTER OF FINANCIAL YEAR ENDING 31 MARCH 2021

Luk Fook Holdings (International) Limited (the “Company”), together with its subsidiaries (the “Group”), announces the retail sales performance of the Group for the second quarter (“2Q”) of financial year ending 31 March 2021 (“FY2021”) covering the period from 1 July 2020 to 30 September 2020.

OVERALL SAME STORE SALES GROWTH (“SSSG”)⁽¹⁾

	2Q FY2021 vs 2Q FY2020	1Q FY2021 vs 1Q FY2020	2Q FY2020 vs 2Q FY2019
Overall	-55%	-71%	-37%
Gold ⁽²⁾	-46%	-67%	-43%
Gold (by weight)	-57%	-73%	-53%
Fixed price jewellery	-65%	-77%	-25%

With the continuing impact of COVID-19 pandemic, the overall SSSG of the Group’s retail business was -55% for 2Q FY2021. The SSSG of gold products and fixed price jewellery products were -46% and -65% respectively.

Entering September 2020, the retail sentiment in various regions all showed progressive recovery. The overall SSSG of the Group’s self-operated shops thus improved from about -60% in July and August 2020 to about -40% in September 2020.

Remarks

- ⁽¹⁾ 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
- ⁽²⁾ Gold refers to gold products sold by weight based on international market price, i.e. at non-fixed price

SSSG OF HONG KONG⁽³⁾ & MACAU⁽⁴⁾ MARKET

	2Q FY2021 vs 2Q FY2020	1Q FY2021 vs 1Q FY2020	2Q FY2020 vs 2Q FY2019
Overall	-63%	-76%	-39%
Gold	-53%	-72%	-46%
Gold (by weight)	-61%	-77%	-55%
Fixed price jewellery	-74%	-81%	-26%

The SSSG of Hong Kong and Macau market for 2Q was -63%, and the SSSG of its gold products and fixed price jewellery products were -53% and -74% respectively. The decline was slightly narrowed as compared to the last quarter. As the border restriction has been gradually lifted in Macau in September 2020, its SSSG therefore improved significantly from about -90% in previous months to about -50% in September 2020. The SSSG in the Hong Kong market also improved from about -60% in previous months to about -40% in September 2020. In addition, the retail sales amount in the Hong Kong and Macau market during the quarter fell by about 60% year-on-year.

The SSSG in the Hong Kong market in the first week of October 2020 improved substantially to around -20%, while that of the Macau market maintained at a similar level of about -50% as in September 2020.

MAINLAND⁽⁵⁾ MARKET

	2Q FY2021 vs 2Q FY2020	1Q FY2021 vs 1Q FY2020	2Q FY2020 vs 2Q FY2019
<i>SSSG of Self-operated Shops⁽⁶⁾</i>			
Overall	-15%	-40%	-25%
Gold	-15%	-45%	-28%
Gold (by weight)	-33%	-59%	-44%
Fixed price jewellery	-16%	-32%	-18%
<i>Same Store Sales Performance of Licensed Shops⁽⁷⁾</i>			
Overall	-4%	-19%	-13%
Gold	-6%	-28%	-18%
Fixed price jewellery	-4%	-12%	-1%

Remarks:

⁽³⁾ Hong Kong SAR: Hereafter refers to as "Hong Kong"

⁽⁴⁾ Macau SAR: Hereafter refers to as "Macau"

⁽⁵⁾ Mainland China: Hereafter refers to as "Mainland"

⁽⁶⁾ The number of "Lukfook" self-operated shops in Mainland as at 30 September 2020 was 79, accounting for 4% of the total

⁽⁷⁾ The number of "Lukfook" licensed shops in Mainland as at 30 September 2020 was 1,954, accounting for 96% of the total. Therefore, the operating performance of licensed shops would be more representative in reflecting the Group's overall performance in Mainland

Due to more effective control of the pandemic in the Mainland market, the retail sentiment gradually recovered during the quarter, with a more significant improvement as compared to the last quarter. The SSSG of “Lukfook” self-operated shops in Mainland for 2Q was -15%. The SSSG of its gold products and fixed price jewellery products were -15% and -16% respectively. Its same store sales improved from double-digit drop in July and August 2020 to high single-digit drop in September 2020, and improved to low single-digit drop in the first week of October 2020.

Accounting for around 96% of Mainland’s “Lukfook” shops, the licensed shops recorded lower same store sales decline of 4% during the quarter. The same store sales of its gold products and fixed price jewellery products dropped by 6% and 4% respectively. Its same store sales in last quarter recorded double-digit drop, while the same store sales for the three months during 2Q and the first week of October 2020 were roughly the same, and maintained at a mid to low single-digit decline.

In addition, the retail sales amount of the overall Mainland shops including the self-operated shops and licensed shops during the quarter turned from a decrease to an increase, with a low single-digit growth, among which the retail sales amount of its diamond products recorded double-digit growth.

NUMBER OF SHOPS

During 2Q, the Group had a net increase of 50 “Lukfook” shops in Mainland, which included net increase of 78 licensed shops and net decrease of 28 self-operated shops. The decreased self-operated shops included 19 shops operated under a joint-venture with a licensee, which were converted into licensed shops during the quarter. In addition, the Group had also a net addition of 12 “Goldstyle” shops in Mainland during the quarter (which included net increase of 7 licensed shops and 5 self-operated shops). As at 30 September 2020, the Group had a total of 2,107 shops including 2,033 “Lukfook” shops, 72 “Goldstyle” shops and 2 “Dear Q” shops in the Mainland market. The details of distribution network in Mainland are summarized as follows:-

MAINLAND DISTRIBUTION NETWORK

Shop number of different brands		Changes in 2Q FY2021	As at 30 September 2020
“Lukfook”	Self-operated	-28	79
	Licensed	+78	1,954
	Sub-total	+50	2,033
“Goldstyle”	Self-operated	+5	8
	Licensed	+7	64
	Sub-total	+12	72
“Dear Q”	Self-operated	-1	2
“3D-GOLD”	Self-operated	-3	-
Total	Self-operated	-27	89
	Licensed	+85	2,018
	Total	+58	2,107

As at 30 September 2020, the Group had a total of 149 “Lukfook” self-operated shops worldwide including 79 in Mainland, 47 in Hong Kong, 12 in Macau, and 11 in overseas. As at the same date, together with the licensed shops of 1,954 in Mainland, 1 in Cambodia, and 2 in the Philippines, there were a total of 2,106 “Lukfook” shops worldwide. Including the 74 shops of new brands in Mainland, the Group had a total of 2,180 shops globally. The Group’s global distribution network is summarized as follows:-

GLOBAL DISTRIBUTION NETWORK

	Changes in 2Q FY2021	As at 30 September 2020
“Lukfook”: Self-operated shops		
Hong Kong	-2	47
Macau	+1	12
Mainland	-28	79
Other Locations	-	11
Sub-total	-29	149
Licensed shops		
Mainland	+78	1,954
Other Locations	-	3
Sub-total	+78	1,957
Total “Lukfook” shops	+49	2,106
New brands (including “Goldstyle” & “Dear Q”):		
Mainland	+8	74
Total	+57	2,180

It is expected to take time for the Mainland tourists arrival to Hong Kong and for the retail atmosphere to recover. The Group will net reduce 5 shops in Hong Kong, and seek opportunities for opening 2 more shops in Macau during FY2021. The target for net additions in Mainland will be not less than 150 shops for “Lukfook” and 50 shops for new brands, most of which will be licensed shops.

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 October 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), Mr. HUI Chiu Chung, JP and Mr. LI Hon Hung, BBS, MH, JP; the Independent Non-executive Directors are Mr. IP Shu Kwan, Stephen, GBS, JP, Mr. MAK Wing Sum, Alvin, Ms. WONG Yu Pok, Marina, JP and Mr. HUI King Wai.