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(於百慕達成立之有限公司)
(Incorporated in Bermuda with Limited Liability)
Stock Code 股份代號 : 590

RETAIL SALES PERFORMANCE FOR THE SECOND QUARTER⁽¹⁾ OF FINANCIAL YEAR ENDING 31 MARCH 2024 AND THE NATIONAL DAY GOLDEN WEEK

Highlights

- The Hong Kong SAR, China⁽²⁾ and Macau SAR, China⁽³⁾ market has been the main growth driver for the Group's retailing business. In the second quarter, its same store sales⁽⁴⁾ (SSS) increased by 41% and retailing revenue⁽⁵⁾ rose by 63% year-on-year, reaching the pre-pandemic year level of 2Q FY2018/19 ("FY2019").
- Primarily driven by e-commerce business, retailing revenue in Mainland China⁽⁶⁾ rose by 26% year-on-year in 2Q, and recorded a 27% growth compared to 2Q FY2019, which helped offset the negative SSS growth of the Quarter there. Its retail sales value⁽⁷⁾ (RSV) increased by 5% year-on-year with over 70% growth when compared to 2Q FY2019.
- The overall RSV mix of gold⁽⁸⁾ products increased by 3p.p. to 78% year-on-year, and a 14 p.p. increase from 2Q FY2019, which served as the key growth engine for the Group's retailing business.
- During the National Day Golden Week, SSS in the Hong Kong and Macau market rose by nearly 50% and increased by almost 30% when compared to that of FY2019, while SSS in the Mainland market recorded a high single-digit decline and approximately a mid-teen decline when compared to that of FY2019.

	Group Overall	Hong Kong and Macau	Mainland
SSS	+31%	+41%	-8%
Retailing Revenue	+47%	+63%	+26%
RSV	+9%	+63%	+5%
Product Mix :	Gold and Platinum : 78% Fixed Price Jewellery : 22%	Gold and Platinum : 79% Fixed Price Jewellery : 21%	Gold and Platinum : 78% Fixed Price Jewellery : 22%
Net Shop Additions	+110	+2	+106

Remarks:

- The second quarter: Hereafter refers to as "2Q" or the "Quarter"
- Hong Kong SAR, China: Hereafter refers to as "Hong Kong"
- Macau SAR, China: Hereafter refers to as "Macau"
- Same store sales ("SSS") represented a comparison of sales of the same 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
- Retailing revenue included retail sales amount of self-operated shops and e-commerce business
- Mainland China: Hereafter refers to as "Mainland"
- Retail sales value("RSV") is calculated using the final retail price of products sold to customers in self-operated shops, licensed shops and the platforms of e-commerce business
- Gold refers to gold products sold by weight basing on international market price, i.e. at non-fixed price

Luk Fook Holdings (International) Limited (the “Company”), together with its subsidiaries (the “Group”), announces the retail sales performance of the Group for 2Q of the financial year ending 31 March 2024 (“FY2024”) covering the period from 1 July 2023 to 30 September 2023.

Group Overall

	2Q FY2024 vs 2Q FY2023	1Q FY2024 vs 1Q FY2023	2Q FY2023 vs 2Q FY2022
SSS			
Overall	+31%	+62%	+40%
• Gold	+30%	+67%	+62%
- Gold (by Weight)	+15%	+58%	+68%
• Fixed Price Jewellery	+36%	+54%	-8%
- Diamond	+19%	+42%	-15%
- Fixed Price Gold	+76%	+97%	+5%
Retailing Revenue - Year-on-Year			
Overall	+47%	+65%	+20%
RSV - Year-on-Year			
Overall	+9%	+24%	+6%
RSV - Product Mix	2Q FY2024	1Q FY2024	2Q FY2023
• Gold and Platinum	78%	75%	77%
• Fixed Price Jewellery	22%	25%	23%

Since the full reopening of borders amongst Hong Kong, Macau and Mainland in 4Q FY2023, the Hong Kong and Macau market has shown consistent improvement. Though facing a relatively high base effect in 2Q FY2024, the Group’s retailing business maintained its growth momentum with an overall SSS of +31%. Despite a yearly increase of 11% in the average international gold price in USD per ounce during the Quarter, the SSS for gold products still demonstrated a significant growth of 30%, while fixed price jewellery products increased by 36%. The SSS of diamond and fixed price gold products included in fixed price jewellery products were +19% and +76% respectively, with the Hong Kong and Macau market as the main driver of such growth.

Compared to the pre-pandemic year of 2Q FY2019, the Group’s overall SSS remained flat, with a predominant reliance on the sales of gold products, albeit a 59% increase in the average international gold price when compared to 2Q FY2019.

The average exchange rate of RMB to HKD in the Quarter depreciated by 5% compared to both the same period last year and FY2019.

The Group’s overall retailing revenue, including self-operated shops and e-commerce business, experienced a notable increase of 47% during the Quarter and increased by 8% when compared to 2Q FY2019.

In addition, the Group’s overall RSV, including self-operated shops, licensed shops and e-commerce business, increased by 9% year-on-year during the Quarter and surpassed the level of 2Q FY2019 by nearly 40%.

Hong Kong and Macau Market

	2Q FY2024 vs 2Q FY2023	1Q FY2024 vs 1Q FY2023	2Q FY2023 vs 2Q FY2022
SSS			
Overall	+41%	+75%	+50%
• Gold	+39%	+81%	+79%
- Gold (by Weight)	+22%	+70%	+85%
• Fixed Price Jewellery	+52%	+65%	-10%
- Diamond	+32%	+52%	-15%
- Fixed Price Gold	+103%	+117%	+3%
Retailing Revenue - Year-on-Year			
Overall	+63%	+92%	+30%
Retailing Revenue - Product Mix	2Q FY2024	1Q FY2024	2Q FY2023
• Gold and Platinum	78%	73%	81%
• Fixed Price Jewellery	22%	27%	19%

Following the reopening of borders, the retailing market of Hong Kong and Macau showed sustained recovery. Despite the challenge of a relatively higher baseline, the Group's SSS in the Hong Kong and Macau market maintained buoyant growth in 2Q, reaching 41%. Notably, Macau demonstrated outstanding performance with a SSS of +95%, and +28% for Hong Kong. The Group's SSS in the Hong Kong and Macau market has restored to the level of 2Q FY2019, mainly driven by gold products.

By product, SSS of the Hong Kong and Macau market's gold products was +39%, and +52% for fixed price jewellery products. The significant growth in fixed price jewellery products was primarily driven by the sales of fixed price gold products, which more than doubled in terms of SSS and +32% for diamond products.

The Group's overall retailing revenue in the Hong Kong and Macau market increased by more than 60% year-on-year for 2Q and to a level comparable to 2Q FY2019.

Mainland Market

	2Q FY2024 vs 2Q FY2023	1Q FY2024 vs 1Q FY2023	2Q FY2023 vs 2Q FY2022
SSS			
Overall	-8%	+3%	-4%
• Gold	-5%	+6%	+3%
- Gold (by Weight)	-21%	-6%	0%
• Fixed Price Jewellery	-20%	-3%	-23%
- Diamond	-47%	-30%	-32%
- Fixed Price Gold	+4%	+26%	-17%
Sales Amount of E-commerce Business			
Overall	+43%	+40%	+8%
• Gold	+56%	+51%	+14%
• Fixed Price Jewellery	-13%	-4%	-15%
Retailing Revenue - Year-on-Year			
Overall	+26%	+38%	+0%
RSV - Year-on-Year			
Overall	+5%	+21%	+7%
RSV – Product Mix			
	2Q FY2024	1Q FY2024	2Q FY2023
• Gold and Platinum	78%	76%	76%
• Fixed Price Jewellery	22%	24%	24%

The macroeconomic in the Mainland market showed no signs of improvement and its consumption sentiment exhibited a slower recovery compared to the Hong Kong and Macau market. The overall SSS of the self-operated shops in Mainland was -8% during the Quarter, in which the SSS of gold products was -5% and -20% for fixed price jewellery products. E-commerce business in the Mainland market delivered strong sales growth, with a robust increase of 43% in 2Q. Consequently, the retailing revenue in Mainland, including the sales amount of self-operated shops and e-commerce business, increased by 26% year-on-year during the Quarter and outperformed 2Q FY2019's level by approximately 27%.

Licensed shops, which accounted for over 97% of the total shop count in Mainland, experienced a -8% in same store sales growth during the Quarter, with -5% and -14% for gold products and fixed price jewellery products respectively. For fixed price jewellery products, same store sales growth of diamond products was -42% and +1% for fixed price gold products. When compared to 2Q FY2019, same store sales growth of licensed shops was -8%.

Furthermore, the overall RSV in Mainland, including self-operated shops, licensed shops and e-commerce business, increased by 5% year-on-year during the Quarter, in which the RSV of gold products and fixed price jewellery products recorded 9% growth and 6% decline respectively. RSV of fixed price gold products, which is in the fixed price jewellery category, recorded a 13% growth year-on-year, while diamond products had a 37% decline. In comparison to 2Q FY2019, the overall RSV in Mainland increased by nearly 70%, which was mainly contributed by sales of gold products.

Number of Shops

As at 30 September 2023, the Group had a total of 143 “Lukfook” self-operated shops worldwide including 67 in Mainland, 50 in Hong Kong, 16 in Macau, and 10 in overseas. As at the same date, together with 2,916 licensed shops in Mainland and 9 in overseas, there were a total of 3,068 “Lukfook” shops worldwide. Including 221 shops of other sub-brands and/or product lines in Mainland, the Group had a total of 3,289 shops globally.

The Group had a net addition of 106 shops in Mainland in 2Q, of which 75 were “Lukfook” shops and 23 were “Heirloom Fortune” shops, 5 “Lukfook Joaillerie” shops, and 8 “Love LUKFOOK JEWELLERY”, and reduced 5 “Goldstyle” shops. As at 30 September 2023, the Group had a total of 3,204 shops including 2,983 “Lukfook” shops, 62 “Goldstyle” shops, 121 “Heirloom Fortune” shops, 26 “Lukfook Joaillerie” shops and 12 “Love LUKFOOK JEWELLERY” in Mainland. The Group’s global distribution network is summarised as follows:

Global Distribution Network

		Countries and Regions	Changes in 2Q FY2024	As at 30 Sep 2023
“Lukfook” Shops	Self-operated Shops	• Mainland	0	67
		• Hong Kong	+2	50
		• Macau	0	16
		• Other Regions	0	10
		Sub-total	+2	143
	Licensed Shops	• Mainland	+75	2,916
		• Other Regions	+2	9
		Sub-total	+77	2,925
	Total		+79	3,068
Sub-brands/ Product Lines in Mainland	Self-operated Shops	• “Goldstyle”	0	1
		• “Lukfook Joaillerie”	0	2
		• “Heirloom Fortune”	0	13
	Licensed Shops	• “Goldstyle”	-5	61
		• “Lukfook Joaillerie”	+5	24
		• “Heirloom Fortune”	+23	108
		• “Love LUKFOOK JEWELLERY”	+8	12
	Total		+31	221
Worldwide Total		+110	3,289	

National Day Golden Week's Performance and Outlook

This year marked the first National Day Golden Week after the return to normalcy following the pandemic. During this Golden Week period from 30 September to 6 October 2023, the Hong Kong and Macau market sustained growth momentum, with an increase of approximately 50% in SSS, while the Mainland market's self-operated shops recorded a high single-digit decline, mainly due to a significant number of outbound travellers during the long holiday period. In comparison to the pre-pandemic National Day Golden Week of FY2019, SSS in the Hong Kong and Macau market increased by nearly 30%, while the Mainland market recorded around a mid-teen decline.

Given the decreased demand for diamond products in Mainland, the Group will continue to actively promote non-diamond fixed price jewellery products, especially fixed price gold products, in order to improve fixed price jewellery products' performance. With a backdrop of strong recovery of tourism industry and local demand in Hong Kong and Macau, robust business growth momentum in the Hong Kong and Macau market is expected. Coupled with the low base effect and anticipated benefits from operating leverage, the Group is looking forward to restoring and exceeding its FY2019 performance in the current financial year.

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, 17 October 2023

As at the date of this announcement, the Company's Executive Directors are Mr. WONG Wai Sheung (Chairman and Chief Executive Officer), 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. TSE Moon Chuen, 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.