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六福集團(國際)有限公司

LUK FOOK HOLDINGS (INTERNATIONAL) LIMITED

(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 ⁽¹⁾ FOR THE FOURTH QUARTER OF FINANCIAL YEAR ENDED 31 MARCH 2024

Highlights

- During the fourth quarter⁽²⁾, the Group's overall RSV⁽³⁾ increased by 5% year-on-year ("YoY") and exceeded the pre-pandemic year level of 4Q FY2018/19 ("FY2019") by over 50%.
- The Group's overall retailing revenue⁽⁴⁾ grew by 12% YoY in the fourth quarter and by over 10% when compared to 4Q FY2019.
- After the Group's acquisition of the controlling shareholding in Hong Kong Resources Holdings Limited (HKRH) on 12 January 2024, the business of its "3D-GOLD" jewellery brand boosted the Group's RSV and retailing revenue in 4Q, but had no impact on SSS⁽⁵⁾.
- Retailing revenue of the Hong Kong SAR⁽⁶⁾, China and Macau SAR⁽⁷⁾, China market rose by 10% YoY in the fourth quarter, surpassing the level of 4Q FY2019.
- Retailing revenue of the Mainland China⁽⁸⁾ market increased by 7% during the Quarter and over 20% when compared to the 4Q FY2019's level.
- The Group net added 230 shops in the Quarter, including 218 shops of the "3D-GOLD" brand. The Group added a net of 12 shops in 4Q when excluding the "3D-GOLD" shops.

	Group Overall	Hong Kong and Macau	Mainland
RSV	+5%	+10%	+9%
Product Mix :	Gold ⁽⁹⁾ and Platinum : 80% Fixed Price Jewellery : 20%	Gold and Platinum : 77% Fixed Price Jewellery : 23%	Gold and Platinum : 81% Fixed Price Jewellery : 19%
Retailing Revenue	+12%	+10%	+7%
SSS	-5%	-4%	-10%
Net Shop Additions	+230	+6	+224

Remarks:

- (1) Retail sales figures included HKRH Group's retail sales figures after the acquisition
- (2) The fourth quarter: Hereafter refers to as "4Q" or the "Quarter", covers the period from 1 January to 31 March
- (3) 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
- (4) Retailing revenue included retail sales amount of self-operated shops and e-commerce business
- (5) 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
- (6) Hong Kong SAR, China: Hereafter refers to as "Hong Kong"
- (7) Macau SAR, China: Hereafter refers to as "Macau"
- (8) Mainland China: Hereafter refers to as "Mainland"
- (9) 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 4Q of the financial year ended 31 March 2024 (“FY2024”) covering the period from 1 January 2024 to 31 March 2024.

Group Overall

	4Q FY2024 vs 4Q FY2023	3Q FY2024 vs 3Q FY2023	4Q FY2023 vs 4Q FY2022
RSV - Year-on-Year			
Overall	+5%	+46%	+19%
RSV - Product Mix			
	4Q FY2024	3Q FY2024	4Q FY2023
• Gold and Platinum	80%	79%	74%
• Fixed Price Jewellery	20%	21%	26%
Retailing Revenue - Year-on-Year			
Overall	+12%	+75%	+72%
SSS			
Overall	-5%	+67%	+83%
• Gold	+4%	+80%	+92%
- Gold (by Weight)	-6%	+55%	+87%
• Fixed Price Jewellery	-24%	+37%	+66%
- Diamond	-37%	+18%	+57%
- Fixed Price Gold	+1%	+70%	+89%

The Group’s overall RSV, including self-operated shops, licensed shops and e-commerce business, increased by 5% YoY during the fourth quarter and exceeded the level of 4Q FY2019 by over 50%. The Group’s overall retailing revenue, including self-operated shops and e-commerce business, rose by 12% during the Quarter and over 10% when compared to 4Q FY2019. If excluding HKRH Group’s retailing figures, the Group’s overall RSV and retailing revenue grew by 1% and 7% YoY respectively in 4Q.

Following the full reopening of borders amongst Hong Kong, Macau and Mainland in 4Q FY2023, the retailing market has gradually returned to normalcy, leading to a surge in revenge spending, particularly in March. Consequently, 4Q became the highest baseline quarter for the financial year. Additionally, the continuous record-breaking streak of gold prices in March, driven by global expectations of loose monetary policies, the increase in central banks' gold reserves and ongoing geopolitical tensions, weakened consumer sentiment and resulted in slowdown in sales of March. Furthermore, the further slip of RMB also impacted the overall performance of the Quarter.

The Group’s overall SSS in 4Q FY2024 was -5%. Compared to the pre-pandemic year of FY2019, the Group’s overall SSS was +5%, with a primary reliance on the sales of gold products. Additionally, the average international gold price has risen by nearly 60% compared to 4Q FY2019.

Even though the average international gold price in USD per ounce rose by around 10% YoY during the Quarter, the SSS for gold products still saw a growth of 4%, while fixed price jewellery products was -24%. The SSS of fixed price gold and diamond products included in fixed price jewellery products were +1% and -37% respectively.

The average exchange rate of RMB to HKD in the Quarter depreciated by 5% YoY and by 6% against FY2019.

Hong Kong and Macau Market

	4Q FY2024 vs 4Q FY2023	3Q FY2024 vs 3Q FY2023	4Q FY2023 vs 4Q FY2022
Retailing Revenue - Year-on-Year			
Overall	+10%	+97%	+140%
Retailing Revenue - Product Mix			
	4Q FY2024	3Q FY2024	4Q FY2023
• Gold and Platinum	77%	78%	73%
• Fixed Price Jewellery	23%	22%	27%
SSS			
Overall	-4%	+80%	+124%
• Gold	+5%	+94%	+145%
- Gold (by Weight)	-6%	+65%	+135%
• Fixed Price Jewellery	-24%	+46%	+88%
- Diamond	-38%	+25%	+76%
- Fixed Price Gold	+4%	+88%	+125%

Borders amongst Hong Kong, Macau and Mainland fully reopened in 4Q FY2023. Despite the challenges posed by a high baseline and gold prices at new peaks, the Group's overall retailing revenue in the Hong Kong and Macau market increased 10% YoY in the Quarter and outperformed the level of 4Q FY2019. The Group's overall retailing revenue in the Hong Kong and Macau market rose by 8% in 4Q when excluding HKRH Group's retailing revenue.

The Group's SSS in the Hong Kong and Macau market recorded high single-digit growth in January and February, but was impacted by the continued new highs in gold prices in March. Therefore, the Group experienced a 4% decline in SSS in the Hong Kong and Macau market for the Quarter, while Hong Kong's SSS was -2%, and -8% for Macau. The Group's SSS in the Hong Kong and Macau market has also surpassed the level of 4Q FY2019, mainly driven by the sales of gold products. Noteworthy is that the Macau market stood out with its nearly 20% growth.

SSS of the Hong Kong and Macau market's gold products was +5%, and -24% for fixed price jewellery products, of which fixed price gold products was +4% and -38% for diamond products.

Mainland Market

	4Q FY2024 vs 4Q FY2023	3Q FY2024 vs 3Q FY2023	4Q FY2023 vs 4Q FY2022
RSV - Year-on-Year			
Overall	+9%	+37%	+16%
RSV – Product Mix			
	4Q FY2024	3Q FY2024	4Q FY2023
• Gold and Platinum	81%	80%	75%
• Fixed Price Jewellery	19%	20%	25%
Retailing Revenue - Year-on-Year			
Overall	+7%	+39%	+10%
Sales Amount of E-commerce Business			
Overall	+15%	+36%	+23%
• Gold	+18%	+43%	+33%
• Fixed Price Jewellery	-12%	-11%	-21%
SSS			
Overall	-10%	+18%	-6%
• Gold	-3%	+22%	-3%
- Gold (by Weight)	-17%	+3%	-13%
• Fixed Price Jewellery	-39%	-2%	-15%
- Diamond	-60%	-35%	-33%
- Fixed Price Gold	-26%	+23%	-2%

In spite of the lackluster macroeconomic conditions in the Mainland market and the spike in gold price, the overall RSV in Mainland, including self-operated shops, licensed shops and e-commerce business, increased by 9% YoY during the Quarter, in which the RSV of gold products and fixed price jewellery products rose by 18% and decreased by 16% respectively. RSV of fixed price gold products, which is in the fixed price jewellery category, recorded a 4% drop YoY, while diamond products decreased by over 40%. In comparison to 4Q FY2019, the overall RSV in Mainland increased by over 70%, which was mainly contributed by sales of gold products. The growth rate of Mainland's RSV for 4Q was 4% when excluding the HKRH Group's RSV.

The retailing revenue in Mainland, including the sales amount of self-operated shops and e-commerce business, rose by 7% YoY during the Quarter and exceeded 4Q FY2019's level by over 20%. Excluding the HKRH Group's RSV, the Group's YoY growth of retailing revenue in Mainland for the Quarter was 5%. E-commerce business in the Mainland market still demonstrated double-digit growth reaching 15% in 4Q and over 2.5 times increase when compared to 4Q FY2019, mainly driven by sales of gold products. If excluding HKRH Group, the e-commerce business in Mainland still achieved a low double-digit YoY growth.

The overall SSS of self-operated shops in Mainland was -10% during the Quarter, in which the SSS of gold products was -3% and -39% for fixed price jewellery products.

Licensed shops, which accounted for over 96% of the total shop count in Mainland, experienced a decline of 3% in same store sales growth during the Quarter, with +4% and -24% for gold products and fixed price jewellery products respectively. For fixed price jewellery products, same store sales growth of fixed price gold products was -14% and -51% for diamond products. When compared to 4Q FY2019, same store sales growth of licensed shops was nearly flat.

Number of Shops

As at 31 March 2024, the Group had a total of 3,583 shops worldwide, net added 230 shops in 4Q, primarily driven by the addition of 218 shops from the “3D-GOLD” brand under HKRH. The Group added a net of 12 new shops in the Quarter when excluding the 3D-GOLD shops.

The Group had a total of 146 “Lukfook” self-operated shops worldwide including 68 in Mainland, 50 in Hong Kong, 17 in Macau, and 11 in overseas. As at the same date, together with 2,962 licensed shops in Mainland and 9 in overseas, there were a total of 3,117 “Lukfook” shops globally.

The Group had a total of 68 “3D-GOLD” self-operated shops worldwide including 63 in Mainland, 4 in Hong Kong and 1 in Macau. As at the same date, together with 150 licensed shops in Mainland, there were a total of 218 “3D-GOLD” shops globally.

The Group had a net addition of 224 shops in Mainland in 4Q, of which 3 were “Lukfook” shops, 7 were “Heirloom Fortune” shops, 2 “Love LUKFOOK JEWELLERY” shops, 213 “3D-GOLD” shops and reduced 1 “Lukfook Joaillerie” shop. As at 31 March 2024, the Group had a total of 3,490 shops in Mainland, including 3,030 “Lukfook” shops, 56 “Goldstyle” shops, 146 “Heirloom Fortune” shops, 27 “Lukfook Joaillerie” shops, 18 “Love LUKFOOK JEWELLERY” shops, and 213 “3D-GOLD” shops. The Group’s global distribution network is summarised as follows:

Global Distribution Network

	Countries and Regions	Main-brands/Sub-brands/ Product Lines	Changes in 4Q FY2024	As at 31 Mar 2024
Self-operated Shops	Mainland	• "Lukfook"	-	68
		• "3D-GOLD"	+63	63
		• "Goldstyle"	-	1
		• "Lukfook Joaillerie"	-	3
		• "Heirloom Fortune"	+2	15
	Sub-total		+65	150
	Hong Kong	• "Lukfook"	-	50
		• "3D-GOLD"	+4	4
	Macau	• "Lukfook"	+1	17
		• "3D-GOLD"	+1	1
	Other Regions	• "Lukfook"	-1	11
• "Lukfook Joaillerie"		+1	1	
Sub-total		+6	84	
Total			+71	234
Licensed Shops	Mainland	• "Lukfook"	+3	2,962
		• "3D-GOLD"	+150	150
		• "Goldstyle"	-	55
		• "Lukfook Joaillerie"	-1	24
		• "Heirloom Fortune"	+5	131
		• "Love LUKFOOK JEWELLERY"	+2	18
	Sub-total		+159	3,340
Other Regions	• "Lukfook"	-	9	
Sub-total		-	9	
Total			+159	3,349
Worldwide Total			+230	3,583
By Brand	"Lukfook"	Sub-total	+3	3,117
	"3D-GOLD"	Sub-total	+218	218
	Other Sub-brands/ Product Lines	Sub-total	+9	248

Outlook

Since the demand for diamond products remains subdued in the Mainland, the Group will continue to actively promote non-diamond fixed price jewellery products in order to enhance the performance of fixed price jewellery products. Moreover, the ongoing improvement in macroeconomic conditions will help to boost the business growth of the Hong Kong and Macau market. Furthermore, the high gold price will affect sales performance in short-term, but this could also help to improve the Group's gross margin. Sales will be recovered while gold prices become normalised. In addition, benefitting from operational leverage and the gradual recovery of the Mainland market, the Group is therefore cautiously optimistic about surpassing pre-pandemic performance in FY2024 and the growth of its mid- to long-term business.

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, 18 April 2024

As at the date of this announcement, the Company's Executive Directors are Mr. WONG Wai Sheung (Chairman and Chief Executive Officer), Mr. WONG Ho Lung, Danny (Deputy Chairman), Ms. WONG Hau Yeung, Ms. WONG Lan Sze, Nancy and Dr. CHAN So Kuen; the Non-executive Directors are 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.