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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 SECOND 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 second quarter (“2Q”) of financial year ending 31 March 2020 (“FY2020”) covering the period from 1 July 2019 to 30 September 2019.

### SAME STORE SALES GROWTH (“SSSG”)\* FOR 2Q OF FY2020

	2Q FY2020 vs 2Q FY2019	1Q FY2020 vs 1Q FY2019	2Q FY2019 vs 2Q FY2018
<b>Overall</b>	<b>-37%</b>	<b>-10%</b>	<b>+14%</b>
Gold	-43%	-19%	+23%
Gold (by weight)	-53%	-19%	+30%
Gem-set jewellery	-25%	+4%	+5%
<b>Hong Kong &amp; Macau</b>	<b>-39%</b>	<b>-10%</b>	<b>+17%</b>
Gold	-46%	-20%	+30%
Gold (by weight)	-55%	-20%	+36%
Gem-set jewellery	-26%	+6%	+4%
<b>Mainland China</b>	<b>-25%</b>	<b>-7%</b>	<b>+4%</b>
Gold	-28%	-4%	-
Gold (by weight)	-44%	-12%	+4%
Gem-set jewellery	-18%	-7%	+18%

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 a relatively higher base, strong gold price, and the continuing impact of social incidents in Hong Kong and US-China trade war on market sentiment, the SSSG of the Group's retail business for 2Q FY2020 was -37%. The overall SSSG of gold products and gem-set jewellery products were -43% and -25% respectively. Attributed by the highest base month in 2Q, August was the worst performing month for the overall SSSG of both Mainland China ("Mainland") and Hong Kong & Macau markets.

The SSSG of Hong Kong & Macau market for 2Q FY2020 was -39% as a result of high gold price, high base effect, together with substantial decline in the number of visitors to Hong Kong due to the recent ongoing social activities. Its SSSG of gold products and gem-set jewellery products were -46% and -26% respectively. Both the sales volume and average selling price ("ASP") of gem-set jewellery products was a double-digit drop. Same store sales in the first two weeks of October further declined due to widened drop in the number of visitors to Hong Kong. The Group has adopted natural turnover as a cost-saving measure for staff costs without any redundancy scheme so as to ride out the storm together with employees. At the same time, the Group is also proactively negotiating with all landlords in Hong Kong for rental reduction. Rental renewal depends very much on whether the relevant shop is still profitable under new rental. A single-digit drop in the rental renewal is expected for the year and a double-digit drop is expected for the next financial year.

Because of the high gold price and the macro economic downturn in connection with the US-China trade war, the SSSG of Mainland market for 2Q FY2020 was -25%. Its SSSG of gold products and gem-set jewellery products were -28% and -18% respectively. The sales volume of gem-set jewellery products was a double-digit drop, while its ASP was a single-digit growth. Besides, Mainland licensed shops recorded a low double-digit same store sales decline, while its same store sales of gem-set jewellery products was a low single-digit drop during the period. The same store sales of both self-operated shops and licensed shops showed some improvements in the first two weeks of October against 2Q.

## **NUMBER OF SHOPS**

Driven by the Group's multi-brand strategy, apart from the net addition of 94 "Lukfook" shops in Mainland (which included a net addition of 95 licensed shops and net decrease of 1 self-operated shop), there were an addition of 5 "Goldstyle" shops (including 1 self-operated shop and 4 licensed shops) and 1 "Dear Q" self-operated shop, with a reduction of 1 "3D-GOLD" self-operated shop in Mainland during 2Q. As at 30 September 2019, the Group had an operation of 1,881 "Lukfook" shops, 6 "Goldstyle" shops, 3 "Dear Q" shops, and 4 "3D-GOLD" shops, totalling 1,894 shops in Mainland market. It is expected that the net shop additions in the Mainland market for FY2020 will be at least 200 shops, 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 1Q FY2020 (Revised)	Changes in 2Q FY2020	30 September 2019
<b>Lukfook</b>	Self-operated	-4	-1	136
	Licensed	36	95	1,745
	Sub-total	32	94	1,881
<b>Goldstyle</b>	Self-operated	-	1	1
	Licensed	1	4	5
	Sub-total	1	5	6
<b>Dear Q</b>	Self-operated	2	1	3
<b>3D-GOLD</b>	Self-operated	-	-1	4
<b>Total</b>	Self-operated	-2	-	144
	Licensed	37	99	1,750
	<b>Total</b>	<b>35</b>	<b>99</b>	<b>1,894</b>

As at 30 September 2019, the Group had a total of 210 “Lukfook” self-operated shops including 136 in Mainland, 51 in Hong Kong, 12 in Macau, and 11 overseas. As at the same date, together with licensed shops of 1,745 in Mainland, 1 in Cambodia, and 1 in the Philippines, there were a total of 1,957 “Lukfook” shops worldwide. Together with shops of other brands in Mainland, the Group had a total of 1,970 shops globally. The Group’s global distribution network of “Lukfook” shops is summarised as follows:-

## GLOBAL DISTRIBUTION NETWORK OF “LUKFOOK” SHOPS

	30 September 2019	Changes in 2Q FY2020
<b>Self-operated shops</b>		
Hong Kong	51	4
Macau	12	1
Mainland	136	-1
Other Locations	11	-
Sub-total	210	4
<b>Licensed shops</b>		
Mainland	1,745	95
Other Locations	2	-
Sub-total	1,747	95
<b>Total “Lukfook” shops</b>	<b>1,957</b>	<b>99</b>

## **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 2019

*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.*