

What's Hot Today:

► **Luk Fook (590 HK, HK\$21.50, HK\$12.6bn) 1Q26 SSSG turned positive**

Luk Fook, a gold jewelry retailer in Hong Kong and China, reported a 14% YoY revenue growth in its 1Q26 (April-June 25). This growth was driven by sustained strong momentum in mainland China, where revenue surged by 31% YoY, while HK & Macau also returned to a positive growth of 8% YoY. E-commerce grew by 21% YoY, of which sales of fixed-price jumped 55% YoY in 1Q26 from just 10% in 1Q25, while gold sales rose 14% YoY.

Fixed-price gold drove growth. Overall SSSG (same store sales growth) for 1Q26 turned positive to 5% YoY, on the back of 19% YoY in mainland China and 3% YoY in HK & Macau. Notably, fixed-price gold products delivered an impressive 73% YoY SSSG, exceeding the 50% mark for the third consecutive quarter. This product segment contributed to about 17% of RSV in 1Q26, compared to 12% in the same period last year. This robust performance was attributed to a strong demand for its new collection Biabling (冰·鑽光影金) and the appointment of Chinese actor ChengYi (成毅) as brand ambassador. Meanwhile, the YoY SSS decline for diamond and weight-based gold products narrowed to 17% and 27% respectively, compared to the steeper drops of 36% and 39% in 4Q25, respectively.

Aggressive store network optimization. As of 30 June 2025, Luk Fook operated a total of 3,162 stores globally, with about over 97% of them in mainland China. In 1Q26, the company recorded a net closure of 125 stores, exceeding market expectations. Among these closed shops, 117 were under its core brand Luk Fook Jewelry, with the remaining being 3DG Jewelry stores. With net store closures for the previous quarters stood at 76, 65 and 56, the closure in the latest quarter indicating an increasingly aggressive store rationalization strategy. Despite the domestic store adjustments, Luk Fook remains optimistic about the growth potential in overseas markets. Hence, it plans to allocate more resources to overseas expansion, targeting a net addition of 20 stores in overseas markets for FY26.

China & HK Indices	CLOSE	1D	YTD
HSI	24,825	1.3%	23.8%
HSCCI	8,986	1.5%	23.3%
HSCCI	4,178	0.6%	10.5%
CSI300	4,058	0.6%	3.1%
Shanghai A	3,705	0.5%	-2.6%
Shanghai B	260	0.1%	-2.6%
Shenzhen A	2,252	0.4%	10.0%
Shenzhen B	1,254	0.2%	3.4%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	44,342	-0.3%	4.2%
S&P 500	6,296	-0.0%	7.1%
Nasdaq	20,895	0.0%	8.2%
Nikkei Index	39,819	-0.2%	-0.2%
FTSE Index	8,992	0.2%	10.0%
CAC Index	7,822	0.0%	6.0%
DA-X Index	24,289	-0.3%	22.0%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	3,349	0.3%	27.8%
STEEL (US\$/oz.)	2,109	1.1%	18.1%
SILVER (US\$/oz.)	38	0.1%	32.3%
CRUDE OIL (US\$/bbl)	67	-0.3%	-6.1%
COPPER (US\$/oz.)	9,778	1.5%	11.5%
ALUMINIUM (US\$/oz.)	2,629	2.0%	3.1%
PLATINUM (US\$/oz.)	1,429	-2.5%	58.1%
ZINC (US\$/oz.)	2,818	4.0%	-5.4%
WHEAT (US\$/bu)	546	2.4%	-1.1%
CORN (US\$/bu)	427	1.6%	-3.9%
SUGAR (US\$/lb)	N/A	N/A	
SOYBEAN (US\$/bu)	1,035	0.9%	0.5%
P/C (US\$/t.)	N/A	N/A	-6.8%
CRB	306	1.0%	3.0%
BDI			105.8%

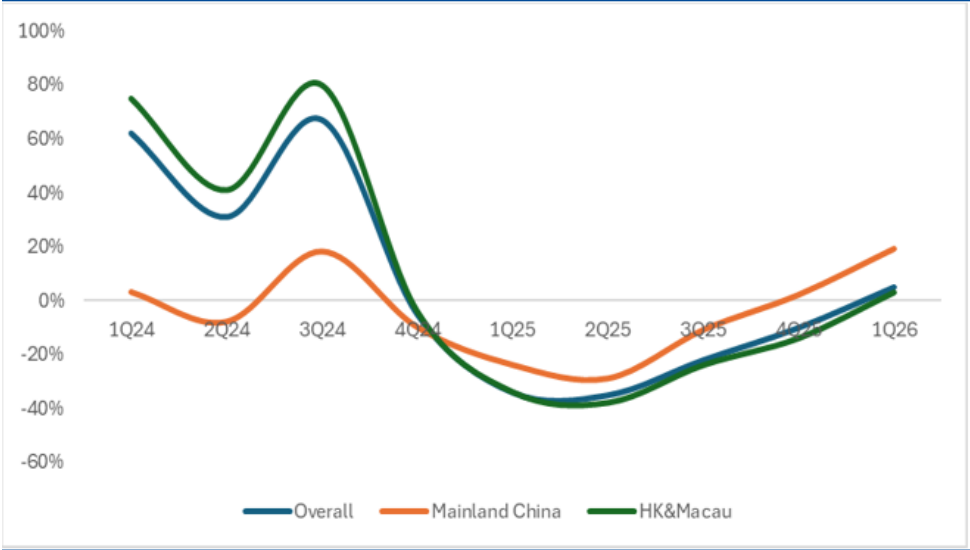
Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.848	0.860	148.810	0.801	7.175
HKD	0.127		0.110	18.967	10.217	0.914
EUR	1.163	9.123		173.000	1.073	8.339
JPY	0.007	5.273	0.578		0.539	0.048
CHF	1.248	9.787	1.073	185.665		8.948
RMB	0.139	1.094	0.120	20.736	0.112	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece	N/A	N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	16	0.1%

Source: Bloomberg

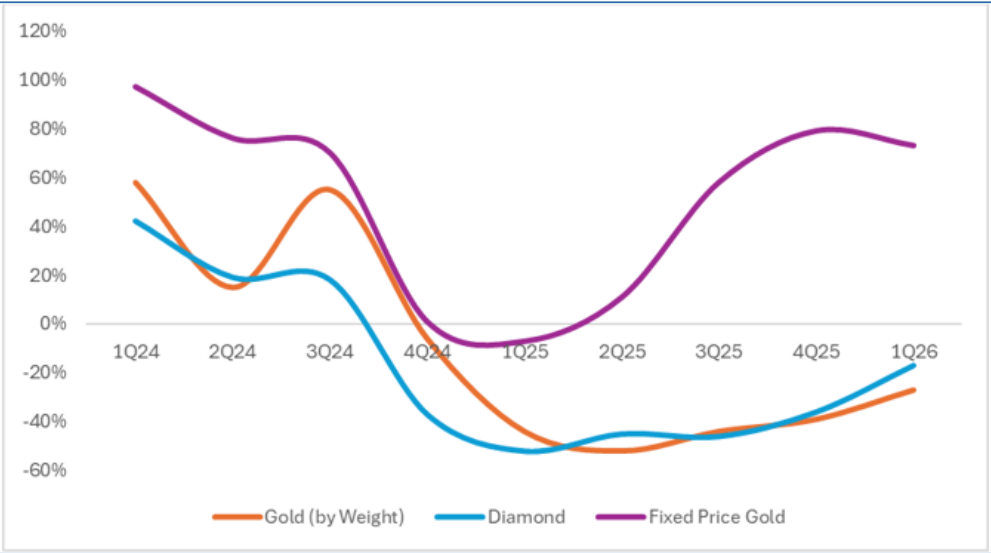
Our view: Thanks to effective marketing strategy, product differentiation and ramp up of fixed-price gold products, Luk Fook achieved continuous improvement in all markets, with impressive performance in Mainland China, while HK& Macau also turned around. However, earnings are likely to face more volatility, primarily due to rising gold prices and higher cost pressure from 3DG Jewelry consolidation. The counter is trading at 8.6x FY26E P/E. (Ensley LIU)

Fig 1: Overall and HK & Macau SSSG turned around, mainland China SSSG expanded to +19%



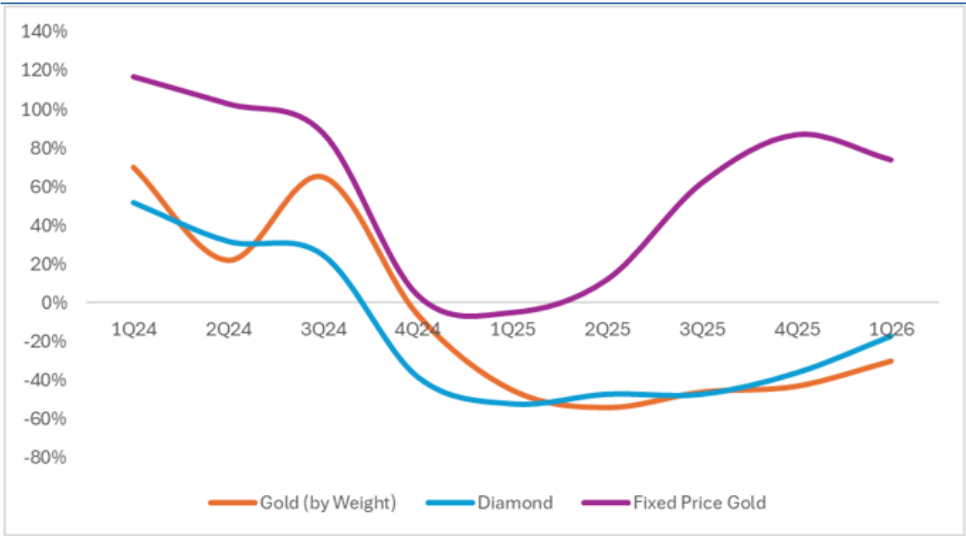
Source: Company Data, Sunwah Kingsway Research

Fig 2: SSSG (by product) - Overall



Source: Company Data, Sunwah Kingsway Research

Fig 3: SSSG (by product) – HK and Macau



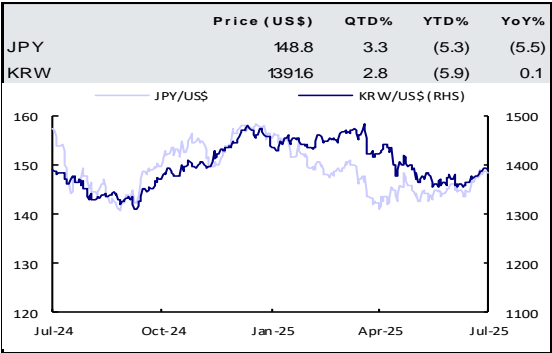
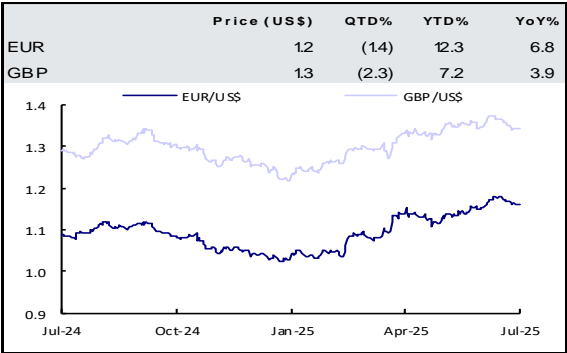
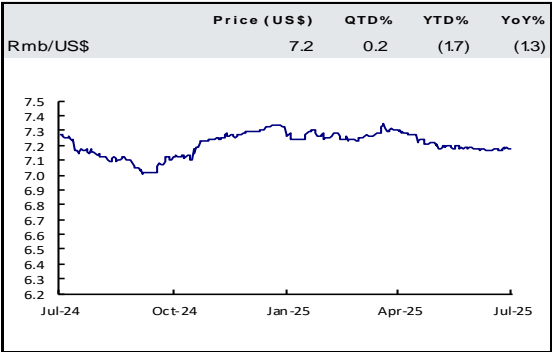
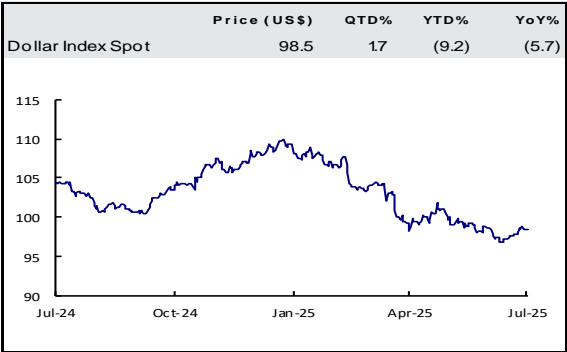
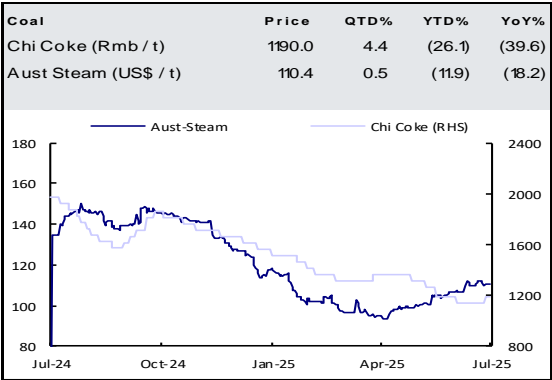
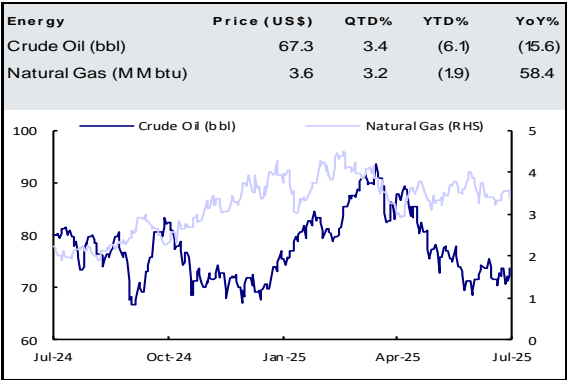
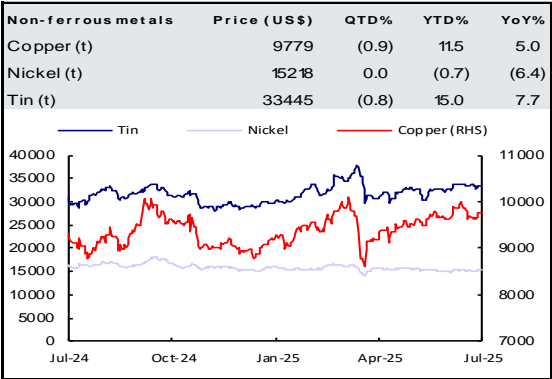
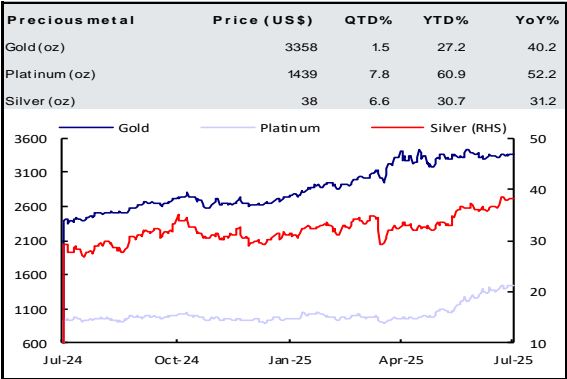
Source: Company Data, Sunwah Kingsway Research

Fig 4: SSSG (by product) – Mainland China



Source: Company Data, Sunwah Kingsway Research

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Existing Home Sales	MoM		23-Jul-25
Initial Jobless Claims	WoW		24-Jul-25
New home Sales	MoM		24-Jul-25
Durable Goods Orders	MoM		25-Jul-25
Wholesale Inventories	MoM		29-Jul-25
Consumer Confidence	MoM		29-Jul-25
GDP	QoQ		30-Jul-25
Personal Income & Spending	MoM		31-Jul-25
ISM Manufacturing PMI	MoM		1-Aug-25
Employment Report	MoM		1-Aug-25
Factory Orders	MoM		4-Aug-25
Trade Balance	MoM		5-Aug-25
CPI	MoM		12-Aug-25
PPI	MoM		14-Aug-25
Business Inventories	MoM		15-Aug-25
Retail Sales	MoM		15-Aug-25
Industrial Production	MoM		15-Aug-25
Housing Starts / Building Permits	MoM		19-Aug-25
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI Manufacturing	MoM		31-Jul-25
Foreign Exchange Reserves	QoQ		7-Aug-25
Trade Balance	MoM		7-Aug-25
Money Supply - M2	MoM		9-Aug-25
PPI	MoM		9-Aug-25
CPI	MoM		9-Aug-25
Retail Sales	MoM		15-Aug-25
Industrial Production	MoM		15-Aug-25
GDP	YoY		20-Oct-25

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
CPI	MoM		21-Jul-25
Trade Balance	MoM		28-Jul-25
GDP	QoQ		31-Jul-25
Money Supply - M2	MoM		31-Jul-25
Retail Sales	MoM		31-Jul-25
PMI	MoM		5-Aug-25
Foreign Currency Reserve	MoM		7-Aug-25
Unemployment Rate	MoM		19-Aug-25
Producer Prices Index	QoQ		15-Sep-25
Industrial Production	QoQ		15-Sep-25
Composite Interest Rate	MoM		

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