

## Covid-19 Resurgence Hits Hong Kong Jewelers



**Retail sales at Hong Kong-based jewelers Chow Tai Fook and Luk Fook fell in the third fiscal quarter amid a coronavirus wave in China and a rise in gold prices.**

Sales at Chow Tai Fook dropped 19% year on year for the three months ending December 31, the company said last week. The decrease follows a strong second quarter, when consumer sentiment improved as the Hong Kong government eased virus-related restrictions.

Retail sales slid 20% on the mainland, which accounts for around 87% of total proceeds. Sales slipped 11% in Hong Kong, Macau and other markets.

Same-store sales — at branches open for at least a year — plunged 33% on the mainland. Hong Kong and Macau witnessed an 8% drop, as a 40% decline in Macau outweighed 6% growth in the municipality.

Same-store sales of gold products were down 36% on the mainland and 11% in Hong Kong and Macau. Sales of gem-set jewelry decreased 32% in China and 2.9% in Hong Kong and Macau.

Meanwhile, for the same period, same-store sales at Luk Fook fell 10%. Sales remained strong in October, before plunging in November and December, the company noted.

“Due to the rebound in gold prices and the severe pandemic [on the] mainland, [sales]...turned from a positive to negative growth...despite a solid retail-sales performance and a relatively lower base as compared with the first half of the financial year,” Luk Fook explained.

Same-store sales at Luk Fook plummeted 45% in Macau but grew 13% in Hong Kong. Total same-store sales for the region fell 8%. In China, same-store sales plummeted 35%, while overall retail sales slumped 27%.

Same-store sales of gold products — including jewelry — decreased 33% in mainland China and 1% in Hong Kong and Macau as the price of gold rebounded at the beginning of November. Same-store sales of gem-set jewelry and similar items dropped 38% in China and 23% in Hong Kong and Macau.

*Image: A Chow Tai Fook store in Hong Kong. (Shutterstock)*