



【For Immediate Release】

**Lukfook (00590.HK) Announces
Annual Results for the Year Ended 31 March 2015**
Revenue and profit attributable to equity holders reached HK\$15.9 billion and
HK\$1.6 billion respectively, second highest in the annual record

Financial Highlights

- Revenue and profit attributable to equity holders reached HK\$15.9 billion and HK\$1.6 billion respectively, second highest in the annual record
- Overall gross margin of 24.1% improved by 2.2 p.p. with successful strategies on increasing mix of gem-set jewellery products, revenue mix of gem-set increased by 6.6 p.p. to 38.4%
- A final dividend of HK\$0.55 per share was declared, with annual dividend of HK\$1.10 per share, another second highest in record

	For the Year Ended 31 March			
	HK\$	2015	2014	Changes (%)
		HK\$'000	HK\$'000	
Revenue		15,922,708	19,214,930	-17.1%
Gross Profit		3,831,538	4,214,154	-9.1%
Profit Attributable to Equity Holders		1,614,805	1,864,928	-13.4%
Basic Earnings Per Share		HK\$2.74	HK\$3.17	-13.6%
Final Dividend Per Share		HK\$0.55	HK\$0.638	-13.8%
Annual Dividend Per Share		HK\$1.10	HK\$1.268	-13.2%

(Hong Kong, 25 June 2015) —The board of directors (the “Board”) of **Luk Fook Holdings (International) Limited** (the “Company”) (Stock Code: 00590.HK) is pleased to announce the annual results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2015 (the “Year Under Review”). During the year under review, the Group recorded revenue of HK\$15,922,708,000 (2014: HK\$19,214,930,000). Despite that there was a 17.1% decline over that of previous year, it was the Group’s second highest record. Benefiting from the growth in the sales mix of gem-set jewellery products which bear relatively higher gross margin, overall gross margin improved by 2.2 p.p. to 24.1% (2014: 21.9%). Gross profit therefore decreased by 9.1% only to HK\$3,831,538,000 (2014: HK\$4,214,154,000). Due to the decrease in revenue, total operating expenses, though at similar level as that of last year, had its ratio to revenue increased to 13.1% (2014: 10.8%), which partly offset the benefit of the increase in overall gross margin. Operating profit decreased by 14.4% to HK\$1,976,211,000 (2014: HK\$2,308,755,000). Operating margin was 12.4% (2014: 12.0%). The profit attributable to equity holders decreased by 13.4% to HK\$1,614,805,000 (2014: HK\$1,864,928,000), which was better than expected and was also the Group’s second highest record. Basic earnings per share were HK\$2.74 (2014: HK\$3.17).

The Board proposed a final dividend of HK\$0.55 per ordinary share (2014: HK\$0.638 per share) for the year ended 31 March 2015. Taking into account of the interim dividend payment, the total dividend for the year would amount to HK\$1.1 per ordinary share (2014: HK\$1.268 per ordinary share), another second highest in record.

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Mr. Wong Wai Sheung, Chairman and Chief Executive of the Group said, “During the year under review, although the high base effect as a result of the gold rushes has faded in the second half of the year, the challenging global economy, currency depreciation and relaxed visa requirements in other popular tourist destinations hampered the consumer sentiment of Mainland Chinese tourists in Hong Kong and Macau. Nevertheless, with the Group’s outstanding sales strategy, sales mix of gem-set jewellery products which bear higher gross margin has been successfully increased. The growth in overall gross margin resulted in a profit improvement of the retail business in Mainland China. Together with the satisfactory performance in the wholesale business, it mitigated the impact of the drop of retail revenue in Hong Kong and Macau market. The Group performed well for the financial year 2014/15 and exceeded expectation. Though decreased when comparing against prior year, profit attributable to equity holders and dividend per share were still the second highest in our record with a handsome return to the shareholders.”

The retail business continued to be the primary sales driver for the Group with its revenue declined by 22.3% to HK\$12,551,573,000 (2014: HK\$16,163,683,000), accounting for 78.8% (2014: 84.1%) of the Group’s total revenue. After the completion of the acquisition of 50% interest in the issued share capital of China Gold Silver Group Company Limited, an operating company engaging in jewellery retailing and franchising under the brandname of “3D-GOLD”, the Group became one of its suppliers. Together with the increase in number of licensed shops, the wholesale revenue grew by 14.8% over the previous year to HK\$2,793,382,000 (2014: HK\$2,432,916,000), accounting for 17.6% (2014: 12.7%) of the Group’s total revenue. Licensing income decreased by 6.6% to HK\$577,753,000 (2014: HK\$618,331,000), mainly because the gold sales returned to a relatively normal level. It accounted for the remaining 3.6% (2014: 3.2%) of the Group’s total revenue. Gold products remained the most favourite item among customers and together with platinum products contributed approximately 60.2% (2014: 67.2%) of the Group’s total sales with a decrease of 26.1% (2014: +53.6%). Although there was a low consumption sentiment in the overall market, the Group was successful in maintaining the sales of gem-set jewellery products. The mix of gem-set jewellery products of the Group’s total sales therefore increased to 39.8% (2014: 32.8%) with its sales and gross profit tie with last year’s level.

During the year under review, the overall same store sales growth* (“SSSG”) of the Group was -28.3% (2014: +26.2%). SSSG for the Hong Kong and Macau market and the Mainland China market were -28.2% (2014: +23.6%) and -29.8% (2014: +45.4%) respectively. SSSG for gold and platinum products was -34.3% (2014: +37.9%) and that for gem-set jewellery products was -13.8% (2014: +5.0%).

Mainland Chinese visitors continued to be the major driver for the retail business in Hong Kong. Hong Kong market remained the key source of revenue for the Group, contributing approximately 59.8% (2014: 62.2%) of the Group’s total revenue. Its revenue decreased by 20.4% to HK\$9,513,081,000 (2014: HK\$11,957,141,000). The performance of Macau market was similar to that of Hong Kong market. Revenue decreased by 21.5% to HK\$2,264,882,000 (2014: HK\$2,886,397,000), contributing 14.2% (2014: 15.0%) of the Group’s total revenue. The Group successfully boosted the sales of gem-set jewellery products in Mainland China. Revenue from the Mainland China market was HK\$4,003,262,000 (2014: HK\$4,226,770,000), representing a slight decrease of 5.3% over last year despite the high base effect. This accounted for 25.1% (2014: 22.0%) of the Group’s total revenue, further reducing the Group’s business reliance on the Hong Kong and Macau market.

During the year under review, the Group opened a net total of 111 shops (among which 115 new licensed shops were opened and 4 self-operated shops were closed) in Mainland China, 3 new shops in Hong Kong and 1 licensed shop in Korea for the first time. As at 31 March 2015, the Group had a total of 1,383 shops globally in Mainland China, Hong Kong, Macau, Korea, Singapore, the United States, Canada and Australia.

*Same Store Sales Growth represents a comparison of sales of the same self-operated shop having full month operations in the comparable periods and such data does not include sales of licensed shops.

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Moreover, China Gems Laboratory Limited, a subsidiary of the Group, achieved ISO 11426 international accreditation on fire assay for gold jewellery and became the only gemmological laboratory in Hong Kong that meets the requirements of three HKAS ISO/IEC 17025 testing accreditations (jadeite testing, diamond testing and gold content testing). China Gems Laboratory Limited is the first laboratory in Hong Kong to obtain GB/T9288 China national accreditation in gold testing. Furthermore, the Group entered into a three-year rough diamond sales contract with De Beers Group of Companies (“De Beers”), the world’s largest diamond producer. This made us become one of the 84 Sightholders of De Beers. It further demonstrates the Group’s leading position in jewellery industry and facilitates the Group’s manufacturing of more high quality diamond products. The Group believes that, in the long run, high quality product offering helps to enhance customers’ brand loyalty and the Group’s overall business development.

Mr. Wong Wai Sheung, Chairman and Chief Executive concluded, “Currently, the global economic situation remains uncertain. Economic slowdown in Mainland China, the adjustment to the policy of Individual Visit Scheme, and the overseas currency devaluation have caused the Mainland Chinese tourists to switch to neighbouring countries for consumption, which affected the business growth of the Group. The Group remains prudent about our business development in short term. However, the Group is still optimistic about the mid- to long-term business development. The Group will continue to utilise cross-selling techniques, offer more product series which are diversified and may meet mass market needs. This helps to entice customers’ desire for consumption and boost the sales of gem-set jewellery products which bear relatively higher gross margin. Therefore, the Group will maintain its pragmatic and prudent business strategy, and will also take a proactive approach towards market challenges, thereby uplifting its competitive advantage and strengthening its leading position in the jewellery retail market.”

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About Luk Fook Holdings (International) Limited (Stock Code: 00590)

The Group principally engages in the sourcing, designing, wholesaling, trademark licensing and retailing of a variety of gold and platinum jewellery and gem-set jewellery products, with nearly 1,400 shops in Hong Kong, Macau, Mainland China, Singapore, Korea, the United States, Canada and Australia. The Group will continue to identify new business opportunities in the international market in response to its corporate vision, “Brand of Hong Kong, Sparkling the World”.

For more information, please visit the official website of Lukfook Group at lukfook.com.

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