

# 六福集團

## LUKFOOK GROUP

【For Immediate Release】

**Lukfook (00590.HK) Announces  
Annual Results for the Year Ended 31 March 2017**  
Revenue and profit attributable to equity holders reached HK\$12.8 billion  
and HK\$1.02 billion respectively  
Proposed Final Dividend of HK\$0.40 per share and special dividend of  
HK\$0.15 per share

**Financial Highlights**

- Revenue and profit attributable to equity holders reached HK\$12.8 billion and HK\$1.02 billion respectively, reduced by 8.7% and increased by 6.1% respectively
- Mainland China became the largest contributing region for profit; its segmental profit accounted for more than half of the total, reaching 54.4%
- A final dividend of HK\$0.40 per share and special dividend of HK\$0.15 per share were proposed, with annual dividend of HK\$1.10 per share, dividend payout ratio is 63.5%
- As at 31 March 2017, the Group had a global network of 1,505 shops, a net growth of 68 shops

	For the Year Ended 31 March			
	HK\$	2017	2016	Changes (%)
		HK\$'000	HK\$'000	
Revenue		12,807,277	14,031,302	-8.7%
Gross Profit		3,277,061	3,254,111	+0.7%
Profit Attributable to Equity Holders		1,016,838	958,692	+6.1%
Basic Earnings Per Share		HK\$1.73	HK\$1.63	+6.1%
Dividend Per Share				
- Final		HK\$0.40	HK\$0.34	+17.6%
- Special		HK\$0.15	HK\$0.21	-28.6%
Annual Dividend Per Share		HK\$1.10	HK\$1.10	0%

(Hong Kong, 29 June 2017) —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 2017 (the “Year under review”). During the Year under review, the Group recorded slight revenue drop of 8.7% only to HK\$12,807,277,000 (2016: HK\$14,031,302,000). Nevertheless, the sales mix of gem-set jewellery products with a relatively higher gross margin increased, as a result of slowdown in demand for gold products due to the relatively high gold price. Together with the improved gross margin of both gold and gem-set jewellery products, the Group’s overall gross margin improved by 2.4 p.p. to 25.6% (2016: 23.2%). Gross profit therefore still improved by 0.7% to HK\$3,277,061,000 (2016: HK\$3,254,111,000) despite the decrease in revenue. The total operating expenses to revenue ratio increased to 16.8% (2016: 15.2%). Moreover, the much narrowed loss in the investments and operating activities in relation to Hong Kong Resources Holdings Company Limited (“HKRH”) and its subsidiaries contributed to the improvement in the Group’s business performance. Therefore, the operating profit increased by 6.4% to HK\$1,289,317,000 (2016: HK\$1,212,152,000) and the operating margin was 10.1% (2016: 8.6%), restoring to a double-digit level; the net margin was 8.0% (2016: 6.9%). The profit attributable to equity holders increased by 6.1% to HK\$1,016,838,000 (2016: HK\$958,692,000). Basic earnings per share were HK\$1.73 (2016: HK\$1.63).

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The directors proposed a final dividend of HK\$0.40 per ordinary share and a special dividend of HK\$0.15 per ordinary share, totalling HK\$0.55 per ordinary share for the year ended 31 March 2017 (2016: HK\$0.55 per share). Taking into account of the interim and special dividends paid, the total dividend for the year would amount to HK\$1.10 per ordinary share (2016: HK\$1.10 per ordinary share)

**Mr. Wong Wai Sheung, Chairman and Chief Executive** of the Group said, “During the Year under review, under the impact of the slowdown in economic growth in Mainland China and the changes to the Individual Visit Scheme, Mainland tourists tended to stay shorter period of time. Consumption expenditure per capita continued to fall with the poor macro-economic conditions and decreased spending power of consumers. The situation, however, has started to stabilise and improve recently.”

The retail business was the primary revenue source of the Group. During the Year under review, its revenue declined by 12.1% year-on-year to HK\$9,618,677,000 (2016: HK\$10,940,712,000) mainly because of sales decline in Hong Kong and Macau. It accounted for 75.1% (2016: 78.0%) of the Group’s total revenue. With improved gross margin, segmental profit in the retail business dropped by 4.4% only to HK\$690,021,000 (2016: HK\$721,645,000), representing 48.6% (2016: 55.5%) of the total; its segmental profit margin was 7.2% (2016: 6.6%). Benefited from the increase in sales of scrap gold and rough diamond, the wholesale business revenue increased by 4.3% over the corresponding period last year to HK\$2,672,459,000 (2016: HK\$2,562,697,000), accounting for 20.9% (2016: 18.2%) of the Group’s total revenue; its segmental profit, because of the improved gross margin as well, increased substantially by 55.8% to HK\$438,891,000 (2016: HK\$281,637,000), representing 30.9% (2016: 21.6%) of the total, while its segmental profit margin was 16.4% (2016: 11.0%). Due to depreciation of Renminbi, licensing income decreased by 2.2% to HK\$516,141,000 (2016: HK\$527,893,000), accounting for 4.0% (2016: 3.8%) of the Group’s total revenue; its segmental profit dropped by 2.5% to HK\$290,384,000 (2016: HK\$297,797,000), representing 20.5% (2016: 22.9%) of the total, while its segmental profit margin was 56.3% (2016: 56.4%).

Gold products remained the most favourite item; together with platinum products, their revenue decreased by 14.7% (2016: -10.9%) to HK\$7,012,528,000 (2016: HK\$8,225,319,000) due to the relatively high gold price which had adversely affected the demand, accounting for 57.1% (2016: 60.9%) of the overall sales (the Group’s revenue minus licensing income). However, the high gold price also led to an increase in gross margin of gold products of 1.6 p.p. to 15.2% (2016: 13.6%), gross profit of gold and platinum products therefore decreased slightly by 2.4% only to HK\$1,094,924,000 (2016: HK\$1,122,157,000), accounting for 36.9% (2016: 38.1%) of the overall gross profit (consolidated gross profit of the Group minus gross profit of licensing income). On the other hand, sales of gem-set jewellery products stayed flat at HK\$5,278,608,000 (2016: HK\$5,278,090,000), accounting for 42.9% (2016: 39.1%) of the overall sales. Gross margin of gem-set jewellery products increased slightly by 0.9 p.p. to 35.5% (2016: 34.6%), its gross profit, as a result, increased by 2.6% to HK\$1,873,848,000 (2016: HK\$1,826,796,000), accounting for 63.1% (2016: 61.9%) of the overall gross profit.

During the Year under review, the overall same store sales growth\* of the Group was -18.3% (2016: -19.3%). SSSG for Hong Kong and Macau market was -19.5% (2016: -20.1%) and that for the Mainland China market was -4.8% (2016: -8.2%). The SSSG for gold and platinum products was -24.6% (2016: -16.7%). The Group’s same store sales drop of gem-set jewellery products substantially narrowed to -6.3% (2016: -24.1%) because of the much improved performance in Hong Kong and Macau market under the relatively low base situation.

\* Same storesales growth 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.

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The Hong Kong market has been the key source of revenue for the Group. Visitors from Mainland China had been the major driver for the retail business growth in Hong Kong for the past few years. Due to the impact of overall market performance, the Group's retail revenue in Hong Kong decreased by 19.4% to HK\$6,227,060,000 (2016: HK\$7,727,658,000) during the Year under review. However, the revenue of the wholesale business generated from the Hong Kong market increased by 45.5% to HK\$713,900,000 (2016: HK\$490,646,000) due to the increase in sales of scrap gold and wholesale of rough diamonds. With the better business environment in Macau than Hong Kong, the Group's revenue generated from the Macau market decreased by only 11.9% to HK\$1,549,409,000 (2016: HK\$1,758,769,000). Revenue from the Mainland China market increased by 5.7% to HK\$4,134,091,000 (2016: HK\$3,911,751,000), accounting for 32.3% (2016: 27.9%) of the Group's total revenue.

During the Year under review, the Group added a net total of 68 new shops worldwide, including a net addition of 64 Lukfook shops in Mainland China, 1 self-operated shop in New York, the United States and 2 self-operated shops in Kuala Lumpur, Malaysia, as well as re-opening of 1 licensed shop in Seoul, Korea. As at 31 March 2017, the Group had a global network of 1,505 shops (2016: 1,437 shops), including 1,496 Lukfook shops (2016: 1,428 shops) and 9 3D-GOLD self-operated shops (2016: 9 shops) operated in Mainland China, with business spanning over Hong Kong, Macau, Mainland China, Singapore, Korea, Malaysia, the United States, Canada and Australia.

**Mr. Wong Wai Sheung, Chairman and Chief Executive of the Group** concluded, "Based on the continually improving market sentiment, the Group continues to be optimistic about the prospects of the mid- to long-term business development and will endeavor to focus on enriching the product offerings, expanding its network in Mainland China and implementing market-oriented branding strategies, with a view to optimise the business development of the Group. Therefore, the Group will sharpen its competitive edge and consolidate its leading position in the jewellery retail market through its pragmatic and prudent business strategies, proactive response to market challenges and a firm grip on opportunities."

~End~

### **About Luk Fook Holdings (International) Limited (Stock Code: 00590.HK)**

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 over 1,500 shops in Hong Kong, Macau, Mainland China, Singapore, Korea, Malaysia, 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](http://lukfook.com).**

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