

# 六福集團

## LUKFOOK GROUP

【 For Immediate Release 】

**Lukfook Group (00590.HK) Announces  
Interim Results for the Six Months Ended 30 September 2015  
Revenue and Profit Attributable to Equity Holders amounted to  
HK\$ 6.965 Billion and HK\$ 463 Million Respectively  
Declared Interim Dividend of HK\$ 0.315 per Share**

### Financial Highlights

- Revenue reached HK\$6.965 billion, representing a decrease of 7.7% as compared with the same period last year
- Overall same store sales growth\*("SSSG") was -11.6%, while SSSG of gem-set jewellery products in Mainland China achieved 17.5%, representing positive growth for 10 consecutive quarters
- Small-scale "gold-rushes" improved the sales mix of gold products which bore relatively lower gross margin, resulting in a drop of 1.2p.p. in overall gross margin to 22.7%, gross profits dropped by 12.2% to HK\$1.579 billion
- Operating profit decreased by 39.3% to HK\$594 million
- Profit attributable to equity holders amounted to HK\$463 million, a decrease of 42.4% as compared with the same period last year
- The Board has declared an interim dividend and a special dividend totalling HK\$0.55 per share
- Opened 29 new stores in Mainland China and currently the Group had more than 1,400 Lukfook Jewellery shops world-wide

|                                       | HK\$ | For the six months ended 30 September |           |              |
|---------------------------------------|------|---------------------------------------|-----------|--------------|
|                                       |      | 2015                                  | 2014      | Y-o-Y Change |
|                                       |      | HK\$'000                              | HK\$'000  |              |
| Revenue                               |      | 6,964,909                             | 7,542,358 | -7.7%        |
| Gross Profit                          |      | 1,579,085                             | 1,798,941 | -12.2%       |
| Profit Attributable to Equity Holders |      | 463,428                               | 804,637   | -42.4%       |
| Basic Earnings per Share              |      | HK\$0.79                              | HK\$1.37  | -42.3%       |
| Dividend per Share                    |      |                                       |           |              |
| - Interim                             |      | HK\$0.315                             | HK\$0.55  | -42.7%       |
| - Special                             |      | HK\$0.235                             | NIL       | NIL          |
| Total                                 |      | HK\$0.55                              | HK\$0.55  | 0%           |

(Hong Kong, 26 November 2015) — The Board of Directors (the "Board") of Luk Fook Holdings (International) Limited (the "Company") (Stock Code: 00590.HK) is pleased to announce the

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unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2015 (the “Period under review”). During the Period under review, the revenue of the Group amounted to HK\$6,964,909,000 (2014:HK\$7,542,358,000), representing a decrease of 7.7% as compared with the same period last year, mostly contributed by the sales drop in gem-set jewellery products in the Hong Kong and Macau market. Nevertheless, the decline in revenue was less than expected. It was mainly attributable to the revenue contribution from the improved sales of gold products boosted by the small-scale “gold rushes” in July and August. However, with a higher-than-expected sales mix of gold products which bore relatively lower gross margin, overall gross margin decreased by 1.2p.p. to 22.7% (2014: 23.9%). Total gross profit therefore declined by 12.2% to HK\$1,579,085,000 (2014: HK\$1,798,941,000). The decrease in revenue, together with the increase in total rental expenses mainly contributed by the high rental of the loss-making new shops in certain Hong Kong prime locations, resulted in the increase in the total operating expenses to revenue ratio to 14.6% (2014:13.0%). Apart from that, the reduction in import of diamonds to Mainland China led to a decrease of VAT refund from HK\$71,948,000 same period last year to current period’s HK\$28,078,000. In addition, uncontrollable factors such as valuation of the fair value of convertible bond in Hong Kong Resources Holdings Company Limited turned from a gain of HK\$15,588,000 in the same period last year to a loss of HK\$20,060,000 in the current period. There was also an exchange loss of HK\$12,829,000 compared to an exchange gain of HK\$23,511,000 in the previous period and mainly attributable to the devaluation of Renminbi. Operating profit thus decreased by 39.3% to HK\$593,749,000 (2014: HK\$978,260,000) and operating margin was 8.5% (2014: 13.0%). Furthermore, the share of losses in associates increased from HK\$5,195,000 in the same period last year to current period’s HK\$46,517,000. The decrease of profit attributable to equity holders therefore enlarged to 42.4%, reaching HK\$463,428,000 (2014: HK\$804,637,000). Basic earnings per share amounted to HK\$0.79 (2014: HK\$1.37).

The Board declared an interim dividend of HK\$0.315 (2014: HK\$0.55 per share) and special dividend of HK\$0.235, totalling HK\$0.55 per ordinary share for the six months ended 30 September 2015. Payout ratio is 69.9% (2014: 40.3%).

**Mr. Wong Wai Sheung, Chairman and Chief Executive of Lukfook Group** said, “During the Period under review, the slowing economic growth in Mainland China, relaxed visa requirements and currency devaluation in Europe, Japan and Korea as well as a strong Hong Kong dollar against other currencies have caused the Mainland tourists to switch to overseas for consumption. These adversely affected the retail industry in Hong Kong and Macau and hindered the recovery of the retail business of the Group”

The retail business continued to be the primary source of revenue for the Group. Retail revenue declined by 6.4% year-on-year to HK\$5,522,316,000 (2014: HK\$5,899,664,000), accounting for 79.3% (2014: 78.2%) of the Group’s total revenue. Because of the decrease in number of new licensed shops from same period last year’s 65 to current period’s 23, the wholesale revenue fell by 13.9% over the same period last year to HK\$1,171,992,000 (2014: HK\$1,361,887,000), accounting for 16.8% (2014: 18.1%) of the Group’s total revenue. Licensing revenue decreased by

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3.6% to HK\$270,601,000 (2014: HK\$280,807,000) for the same reason, accounting for the remaining 3.9% (2014: 3.7%) of the Group's total revenue. Sales of gold products, remained the most favourite item among customers, and together with platinum products recorded a decrease of 1.7% to HK\$4,188,884,000 (2014: 4,263,201,000) contributing to approximately 62.6% (2014: 58.7%) of the Group's total sales, excluding licensing revenue. The sales of gem-set jewellery products declined by 16.4% to HK\$2,505,424,000 (2014: HK\$2,998,350,000) and contributed approximately 37.4% (2014:41.3%) of the Group's total sales.

During the Period under review, the overall same store sales growth\* ("SSSG") of the Group was -11.6% (2014: -41.0%). SSSG for the Hong Kong and Macau market and the Mainland China market were -12.6% (2014: -40.7%) and +1.2% (2014: -44.1%) respectively. SSSG for gold and platinum products was -5.6% (2014: -50.1%) and that for gem-set jewellery products was -22.0% (2014: -12.9%).

Mainland Chinese visitors remained the primary customer group for the Hong Kong retail business, which led Hong Kong market remained as the key source of revenue for the Group, contributing approximately 60.4% (2014: 59.5%) of the Group's total revenue. The performance of the Macau market was even worse than that of the Hong Kong market, which the revenue generated from the Macau market decreased by 16.2% to HK\$920,098,000 (2014: HK\$1,098,274,000), contributing 13.2% (2014: 14.6%) of the Group's total revenue. Revenue from the Mainland China market decreased by 6.1% to HK\$1,770,610,000 (2014: HK\$1,886,471,000), accounting for 25.4% (2014: 25.0%) of the Group's total revenue.

During the Period under review, the Group opened a net total of 29 Lukfook shops (including 23 licensed shops and 6 self-operated shops), and 4 3D-GOLD self-operated shops established by the new joint venture (the Group held 51% equity) with a licensee in Mainland China. The number of shops in Hong Kong and Macau and overseas remained unchanged. Accordingly, as at 30 September 2015, the Group had a total of 1,412 Lukfook shops globally in Mainland China, Hong Kong, Macau, Singapore, Korea, the United States, Canada and Australia and 4 3D-GOLD shops operated in Mainland China, further implementing our dual-brand strategy.

\* Same store sales 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.

**Mr. Wong Wai Sheung, Chairman and Chief Executive** of the Group said, "With continuing uncertainty in global economy, the overall operating environment will remain challenging. However, in the long run, as the per capita income in Mainland China increases, the Group believes that there will still be strong customer demand for jewellery products, therefore the Group remains positive about the mid-to long- term business prospect. The Group will continue to optimise the retail network, maintain the expansion strategy of focusing on the development in the Mainland China market, and further strengthen the cooperation with e-commerce platforms to expand our distribution channels, and also offer more fashionable and affordable jewellery products which are suitable for wearing in workplace, in order to attract middle-class

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consumers. Looking ahead, the Group will maintain its pragmatic and prudent business strategy to capture growth opportunities, thereby strengthening our leading position in the jewellery retail market.”

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### **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 1,400 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](http://lukfook.com).**

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