

【For Immediate Release】

**Lukfook Group (00590.HK) Announces  
Interim Results for the Six Months Ended 30 September 2020  
Revenue and Profit Attributable to Equity Holders Amounted to HK\$3.3 billion and  
HK\$291 Million Respectively  
Declared Interim and Special Dividends of HK\$0.225 and HK\$0.275 per share Respectively**

### Financial Highlights

- Revenue reached HK\$3.3 billion, representing a decrease of 47.0% as compared with the same period last year
- SSSG<sup>1</sup> for the Hong Kong SAR<sup>2</sup> and Macau SAR<sup>3</sup> market was -70.2%, while that for the Mainland China<sup>4</sup> market was -30.1%
- Gross profit decreased by 41.2% to HK\$1.1 billion, with overall gross margin increased by 3.3 p.p. to 33.2% under high gold price rise
- Operating profit decreased by 41.4% to HK\$387 million
- Profit attributable to equity holders decreased by 41.3% to HK\$291 million
- Basic earnings per share were HK\$0.50, decreased by 41.2%
- Proposed interim and special dividends of HK\$0.225 and HK\$0.275 per share, respectively, a total of 100.8% dividend payout ratio
- Net addition of 60 shops during the period with a total of 2,180 shops globally at period end

|  | For the six months ended 30 September |           |         |
|--|---------------------------------------|-----------|---------|
|  | 2020                                  | 2019      | Y-o-Y   |
|  | HK\$'000                              | HK\$'000  | Changes |
| <b>Revenue</b>                               | 3,343,776                             | 6,305,284 | -47.0%  |
| <b>Gross Profit</b>                          | 1,109,704                             | 1,886,243 | -41.2%  |
| <b>Profit Attributable to Equity Holders</b> | 291,191                               | 496,303   | -41.3%  |
| <b>Basic Earnings per Share</b>              | HK\$0.500                             | HK\$0.85  | -41.2%  |
| <b>Interim Dividend per Share</b>            | HK\$0.225                             | HK\$0.50  | -55.0%  |
| <b>Special Dividend per Share</b>            | HK\$0.275                             | -         | N/A     |

(26 November 2020) —The board of directors (the “Board”) of **Luk Fook Holdings (International) Limited** (the “Company”) (Stock Code: 00590.HK) is pleased to announce the interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2020 (the “Period under review”). During the Period under review, with the continuing

<sup>1</sup> Same store sales growth (“SSSG”) 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’s e-commerce business.

<sup>2</sup> Hong Kong SAR: Hereafter refers to as “Hong Kong”

<sup>3</sup> Macau SAR: Hereafter refers to as “Macau”

<sup>4</sup> Mainland China: Hereafter refers to as “Mainland”

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## LUKFOOK GROUP

impact of COVID-19 pandemic and high gold price, the Group recorded a substantial revenue drop of 47.0% to HK\$3,343,776,000 (2019: HK\$6,305,284,000). Nevertheless, the overall gross margin increased by 3.3 p.p. to 33.2% (2019: 29.9%) because of gold price rise. Gross profit therefore decreased by 41.2% only to HK\$1,109,704,000 (2019: HK\$1,886,243,000) and operating profit decreased by 41.4% to HK\$387,120,000 (2019: HK\$660,471,000). Operating margin was 11.6% (2019: 10.5%), while net margin was 8.8% (2019: 7.9%). Profit attributable to equity holders decreased by 41.3% to HK\$291,191,000 (2019: HK\$496,303,000) and basic earnings per share decreased by 41.2% to HK\$0.50 (2019: HK\$0.85).

The Board has resolved to declare an interim dividend of HK\$0.225 per ordinary share and a special dividend of HK\$0.275 per ordinary share for the Period under review, totalling HK\$0.50 per ordinary share (2019: HK\$0.50 per share) and a dividend payout ratio of 100.8% (2019: 59.1%).

**Mr. Wong Wai Sheung, Chairman and Chief Executive Officer of the Group** said, “As the border restrictions have not been fully lifted in Hong Kong, Macau and Mainland under the ongoing pandemic, same store sales in the Hong Kong and Macau market still fell notably yet at a slower pace. Same store sales for self-operated and licensed shops in the Mainland market recorded a much smaller decline due to more effective control of the pandemic in Mainland and gradual improvement of consumer sentiment. The retail sentiment in the market gradually recovered.”

Due to the impact of COVID-19 pandemic, during the Period under review, the Group’s retail business revenue substantially decreased by 61.5% year-on-year to HK\$1,727,458,000 (2019: HK\$4,487,359,000), accounting for 51.7% (2019: 71.2%) of total revenue. Its segment loss was HK\$22,200,000 (2019: profit of HK\$356,816,000), accounting for -5.3% (2019: 42.8%) of the total, and its segment profit margin was -1.3% (2019: 8.0%). Despite the increase in the number of licensed shops, as the retail sentiment has not yet recovered, the Group’s wholesale business revenue fell by 12.2% over the corresponding period last year to HK\$1,208,734,000 (2019: HK\$1,376,414,000), accounting for 36.1% (2019: 21.8%) of the Group’s total revenue. Its segment profit therefore decreased by 10.6% to HK\$147,475,000 (2019: HK\$164,986,000), accounting for 35.5% (2019: 19.7%) of the total. Its segment profit margin was 12.2% (2019: 12.0%). During the Period under review, licensing income decreased by 7.7% to HK\$407,584,000 (2019: HK\$441,511,000), accounting for 12.2% (2019: 7.0%) of the Group’s total revenue. Its segment profit margin was 71.2% (2019: 70.8%), while its segment profit decreased by 7.1% to HK\$290,271,000 (2019: HK\$312,594,000), accounting for 69.8% (2019: 37.5%) of the total.

During the Period under review, the overall SSSG of the Group was -63.9% (2019: -23.8%). SSSG for gold and platinum products was -57.1% (2019: -32.3%) and that for fixed price jewellery products was -71.8% (2019: -10.5%).

During the Period under review, the Group added a net total of 60 shops worldwide, out of which 44 were “Lukfook” shops including a net reduction of 2 self-operated shops in Hong Kong, a net addition of 1 self-operated shop in Macau and 45 shops in Mainland (including a net addition of 76 licensed shops and a net reduction of 31 self-operated shops). Apart from that, during the Period under review, the Group has also net added 20 “Goldstyle” shops (including net additions of 15 licensed shops and 5 self-operated shops), net reduced 1 “Dear Q” shop and 3 “3D GOLD” shops in Mainland. As at 30 September 2020, the Group had a global network of 2,180 shops (2019: 1,970 shops), including 2,106 “Lukfook” shops (2019: 1,957 shops), with business spanning across Hong Kong, Macau, Mainland, Singapore, Malaysia, Cambodia, the Philippines, the United States, Canada and Australia, and operated a total of 72 “Goldstyle” shops (2019: 6 shops) and 2 “Dear Q”



self-operated shops (2019: 3 shops) in Mainland.

**Mr. Wong Wai Sheung, Chairman and Chief Executive Officer of the Group** concluded, “As it would take some time for the Mainland tourists to come back to Hong Kong and for the retail atmosphere to resume normal, the Group will net reduce 2 shops in Hong Kong, and seek opportunities to net add 2 shops in Macau in the current financial year. Besides, the Group will keep on freezing salary and maintaining natural turnover measures for the upcoming year and continue to negotiate with shop landlords seeking for rental concessions so as to reduce costs. In view of the anticipated considerable growth of the middle-class population in Mainland, the Group remains optimistic about the mid- to long-term business prospects, and will focus its expansion in the Mainland market. The target for net addition of “Lukfook” shops in Mainland for this financial year will be adjusted upward to around 250 shops, mainly focused on opening licensed shops in fourth- and fifth-tier cities, while the target for net addition of new brands’ stores in Mainland is 50 shops, which will also be mainly licensed shops. The Group is also committed to further developing its e-commerce business and strengthening cooperation with various e-commerce platforms in Mainland, aiming to sustain the growth in e-commerce revenue at a target of 15% growth in this financial year. The Group looks forward to regaining business growth in the near future.”

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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 a total of over 2,220 points of sale in 10 countries and regions. The Group will continue to identify new business opportunities in the international markets 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 [www.lukfook.com](http://www.lukfook.com).**

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