

六福集團

LUKFOOK GROUP

【For Immediate Release】

**Lukfook Group (00590.HK) Announces
Annual Results for the Year Ended 31 March 2023
Revenue and Profit Attributable to Equity Holders Reached Approximately HK\$12 billion and
HK\$1.3 billion Respectively
Proposed Final Dividend of HK\$0.55 per share, with Annual Dividend of HK\$1.10 per share**

Financial Highlights:

- Revenue of the year increased by 2.0% to approximately HK\$12 billion
- SSSG¹ for the Hong Kong SAR² and Macau SAR³ market was +34.0% and -16.9% for the Mainland China⁴ market
- Gross profit reached HK\$3.2 billion, remained broadly flat with a slight decrease in gross margin by 0.6 p.p. due to increase in gold sales mix
- Operating profit decreased by 4.1% to HK\$1.6 billion with profit attributable to equity holders decreased by 7.7% to HK\$1.3 billion
- Proposed final dividend of HK\$0.55 per share, with annual dividend of HK\$1.10 per share and dividend payout ratio of 50.3%
- As at 31 March 2023, the Group had a global network of 3,105 shops, a net growth of 296 shops

	For the Year Ended 31 March		
	2023	2022	Y-o-Y
	HK\$'000	HK\$'000	Change
Revenue	11,977,844	11,737,803	+2.0%
Gross Profit	3,230,397	3,233,827	-0.1%
Profit Attributable to Equity Holders	1,284,757	1,392,364	-7.7%
Basic Earnings per Share	HK\$2.19	HK\$2.37	-7.6%
Final Dividend per Share	HK\$0.55	HK\$0.55	-
Annual Dividend per Share	HK\$1.10	HK\$1.10	-

(27 June 2023) —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 2023 (the “Year under review”). The Group’s retailing revenue experienced a favourable growth during the Year under review. However, such growth was netted off by the drop in wholesaling revenue owing to the sluggish demand for diamond products especially in Mainland. Consequently, during the Year under review, the Group’s total revenue increased marginally by 2.0% to HK\$11,977,844,000 (2022: HK\$11,737,803,000), while the Group’s overall gross profit margin slightly decreased by 0.6 p.p. to 27.0% (2022: 27.6%) because of the increase in gold sales mix. The Group’s gross profit was almost flat at HK\$3,230,397,000 (2022: HK\$3,233,827,000). Operating profit decreased by 4.1% to HK\$1,576,175,000 (2022: HK\$1,643,224,000) and operating profit margin declined by 0.8 p.p. to 13.2% (2022: 14.0%) as a result of reduced government subsidies related to VAT from decreased diamond imports to Mainland due to lackluster diamond sales performance there. In addition, under the high interest rate environment, the Group substantially reduced its bank loans to minimise interest expenses, resulting in a significant reduction in interest income because of the reduction in

¹ 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 China’s e-commerce business.

² Hong Kong SAR: Hereafter refers to as “Hong Kong”

³ Macau SAR: Hereafter refers to as “Macau”

⁴ Mainland China: Hereafter refers to as “Mainland”

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time deposits and notable decrease in net finance income by 80.8% to HK\$12,362,000 (2022: HK\$64,247,000). Net profit lowered by 7.7% to HK\$1,284,727,000 (2022: HK\$1,392,337,000) with a net profit margin of 10.7% (2022: 11.9%). Profit attributable to equity holders decreased by 7.7% to HK\$1,284,757,000 (2022: HK\$1,392,364,000) and basic earnings per share reduced by 7.6% to HK\$2.19 (2022: HK\$2.37) as well.

The Board proposed a final dividend of HK\$0.55 per ordinary share for the year ended 31 March 2023 (2022: final dividend of HK\$0.55 per ordinary share). Taking into account of the interim dividend paid, the total dividend for the year would amount to HK\$1.10 per ordinary share.

Mr. Wong Wai Sheung, Chairman and Chief Executive Officer of the Group said, “During the Year under review, due to the low base effect and the benefit from the reopening of borders amongst Hong Kong and Macau and the Mainland in the fourth quarter, the business in Hong Kong and Macau was on its way to normalcy, and its SSSG during the Year under review maintained a positive growth. The momentum of recovery in Hong Kong and Macau continued in the first quarter of FY2024, with SSSG of approximately +70.0% from April to 21 June 2023 and relatively flat for Mainland. The pandemic that caused global disruption is behind us. All walks of life are in gradual recovery. However, the macro economic outlook, including Mainland, remains uncertain. The Group will continue to move forward, be pragmatic and prudent in expanding its business in Hong Kong, the Mainland and overseas with a view to restore our pre-pandemic performance in the upcoming year.”

During the Year under review, retailing business was the main source of revenue of the Group. Benefiting from the significant improvement in tourists traffic and spendings in Hong Kong and Macau after the reopening of borders, coupled with the favourable gold sales, the Group’s retailing revenue increased by 18.4% to HK\$8,771,929,000 (2022: HK\$7,407,905,000), accounting for 73.2% (2022: 63.1%) of the Group’s total revenue. With the recovery of retail sales in Hong Kong and Macau, its segment profit increased significantly by 88.5% to HK\$681,982,000 (2022: HK\$361,768,000), accounting for 39.6% (2022: 20.7%) of the total and its segment profit margin was 7.8% (2022: 4.9%). Despite the increase in the number of licensed shops, due to the sluggish demand for diamond products in the Mainland, the Group’s wholesaling revenue decreased by 30.0% to HK\$2,152,453,000 (2022: HK\$3,076,720,000), accounting for 18.0% (2022: 26.2%) of the Group’s total revenue, and its segment profit decreased by 37.4% to HK\$265,127,000 (2022: HK\$423,676,000), accounting for 15.4% (2022: 24.2%) of the total, and its segment profit margin was 12.3% (2022: 13.8%). As the segment profit of wholesaling business included profits from inter-segment sales to self-operated shops, if including inter-segment sales in the denominator, its segment profit margin would be 6.5% (2022: 9.7%). During the Year under review, the licensing income decreased by 15.9% to HK\$1,053,462,000 (2022: HK\$1,253,178,000) because of the decrease in the number of new licensed shops as compared to last financial year and shrinking demand of diamond products, accounting for 8.8% of the Group’s total revenue (2022: 10.7%). Its segment profit margin was 73.7% (2022: 77.0%), while its segment profit decreased by 19.5% to HK\$776,527,000 (2022: HK\$964,435,000), accounting for 45.0% (2022: 55.1%) of the total.

Due to strong demand in the Year under review, the sales amount of gold and platinum products increased by 24.6% to HK\$6,886,227,000 (2022: HK\$5,526,978,000), accounting for 63.0% (2022: 52.7%) of the overall sales amount (the Group’s revenue minus licensing income). Gross margin of its gold and platinum products was almost flat at 17.4% (2022: 17.7%). Its gross profit therefore increased by 22.0% to HK\$1,196,586,000 (2022: HK\$980,728,000), accounting for 49.4% (2022: 43.8%) of the overall gross profit (consolidated gross profit of the Group minus gross profit from licensing income). On the other hand, the sales of fixed price jewellery products decreased by 18.5% to HK\$4,038,155,000 (2022: HK\$4,957,648,000), accounting for 37.0% (2022: 47.3%) of the overall sales amount (the Group’s revenue minus licensing income). Gross margin of fixed price jewellery products increased by 4.9% to 30.3% (2022: 25.4%) as a result of reduced discount offering and elevated retail selling prices in response to the increase in replenishment cost. Their gross profit therefore decreased by 2.7% to HK\$1,223,925,000 (2022: HK\$1,258,395,000), accounting for 50.6% (2022: 56.2%) of the overall gross profit (consolidated gross profit of the Group minus gross profit of licensing income).

During the Year under review, the overall SSSG of the Group was +24.4% (2022: +45.4%). SSSG for the Hong Kong and Macau market was +34.0% (2022: +42.0%), and -16.9% (2022: +40.1%) for the Mainland market. SSSG for gold and platinum products was +35.0% (2022: +51.5%) and +1.9% (2022: +33.8%) for fixed price jewellery products.

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With the reopening of borders amongst Hong Kong, Macau and the Mainland, the number of Mainland tourists visiting Hong Kong has increased significantly, with visitor arrivals statistics released in April 2023 showing an increase of approximately 390 times year-on-year to approximately 3.36 million from January to March 2023. As a result, the Group's retailing revenue in Hong Kong increased significantly by 57.9% to HK\$4,239,220,000 (2022: HK\$2,684,577,000) for the Year under review. Mainland visitor arrivals to Macau in 2022 decreased by 27.5% over last year to approximately 5.11 million and per capita spending of Mainland visitors slightly decreased by 0.3% year-on-year. The Group's revenue generated from Macau decreased by 6.2% to HK\$1,626,973,000 (2022: HK\$1,734,715,000) during the Year under review. Overall speaking, revenue from the Hong Kong, Macau and overseas markets increased by 30.9% to HK\$6,586,019,000 (2022: HK\$5,032,192,000). During the Year under review, the Mainland was affected by the pandemic most of the time and coupled with a slow recovery in consumer sentiment, its retailing revenue decreased by 8.7% to HK\$2,306,955,000 (2022: HK\$2,527,026,000). During the Year under review, total revenue from the Mainland market decreased by 19.6% to HK\$5,391,825,000 (2022: HK\$6,705,611,000).

During the Year under review, under the multi-brand strategy, the Group operated a total of 1 brand and 4 sub-brands/product lines – “Lukfook”, “Goldstyle”, “Dear Q”, “Lukfook Joaillerie” and “Heirloom Fortune”. There was a net addition of 296 shops globally, including a net of 219 “Lukfook” shops and a net of 77 shops of sub-brand/product line in the Mainland. As at 31 March 2023, the Group had a global network of 3,105 shops (2022: 2,809 shops), including 2,938 “Lukfook” shops (2022: 2,719 shops), with business spanning across Hong Kong, Macau, Mainland, Malaysia, Cambodia, the Philippines, Laos, the United States, Canada and Australia, and operated 73 “Goldstyle” shops (2022: 84 shops), 13 “Lukfook Joaillerie” shops (2022: 2 shops) and 81 “Heirloom Fortune” shops (2022: 3 shops) in Mainland.

Mr. Wong Wai Sheung, Chairman and Chief Executive Officer of the Group concluded, “The Group has set up its brand new three-year corporate strategy before commencement of FY2023 with Mainland Market Expansion, Branding and Operational Efficiency as its three main focuses so as to foster its future business growth. Under the “dual circulation” policy and prioritising the expansion of domestic demand by the Mainland government, the Group remains optimistic about the mid- to long-term business prospects in Mainland. Therefore, the Group will focus its expansion in the Mainland market, and expect to net add 300 “Lukfook” shops in fourth-and fifth-tier cities in the new financial year, while the target for net addition of new brands' stores in Mainland is about 50 shops. The Group will further strengthen its brand image and positioning to strengthen brand recognition through leveraging of innovative approaches and making use of various media. Apart from that, the Group will also enhance its product quality assurance, optimise service quality, improve support for licensees and offer products that meet market needs. The Group also recognises the importance of environmental protection and climate change and the awareness of environmental protection among stakeholders, including consumers, and thus the Group will set up a long-term goal of carbon neutrality to enhance the Group's contribution to environmental protection. In order to enhance its competitive edge, the Group will improve its operational efficiency by revamping its supply chain management and implementing automation, big data management and data analytics system.”

~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 a total of over 3,170 points of sale in 11 countries and regions currently. The Group will continue to identify new business opportunities in the international markets to keep in line with 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.

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